

Company number: 14185811

THE COMPANIES ACT 2006

Private company limited by guarantee and not having a share capital

**ARTICLES OF ASSOCIATION OF
AUDIOVISUAL LICENSING ALLIANCE (AVLA) LIMITED**
(as adopted by Special Resolution passed on 23 August 2022)

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PART 1: PRELIMINARY

1. EXCLUSION OF MODEL ARTICLES

The model Articles for private companies limited by guarantee shall not apply to the company.

2. DEFINITIONS AND INTERPRETATION

In these Articles:

“**the Act**” means the Companies Act 2006.

“**Alliance**” means the company registered in England under company number 14185811.

“**Annual Transparency Report**” means the annual report on the operations and financial performance of the Alliance in such form and containing such information as is required by the Regulations.

“**Authorised Uses**” means the uses of AVLA Repertoire which the Alliance is authorised to license pursuant to the Rights granted under Membership Agreements with Members on the terms of licences which have been approved in accordance with these Articles.

“**AVLA Repertoire**” means the entirety of the works and performances that comprise the Members’ Repertoires and for which Members of the Alliance have authorised the Alliance to exercise the Rights.

“**Board Meeting**” means a meeting of the Board of Directors.

“**Board of Directors**” means the board of Directors for the time being of the Alliance.

“**Chair**” means both Co-Chairs or an Independent Chair as determined pursuant to Article 7.3, or in relation to any particular meeting of the Board of Directors, as determined pursuant to Article 7.4 (as the case may be). “**Co-Chairs**” and “**Independent Chair**” have the meanings set out in Article 7.3.

“**Collective Management Organisation**” means any organisation which (a) is authorised by law or by way of assignment, licence or any other contractual arrangement to manage copyright or rights related to copyright on behalf of more than one Right Holder, for the collective benefit of those Right Holders, as its sole or main purpose, and (b) is either owned or controlled by its members or is organised on a not-for-profit basis, or both.

“**Conflicted Director**” has the meaning set out in Article 18.2 (Authorisation of conflicts of interest).

“**Conflict Situation**” has the meaning set out in Article 18.2 (Authorisation of conflicts of interest).

“**the Copyright Act**” means the Copyright, Designs and Patents Act 1988 and save as set out herein all the expressions defined in the Copyright Act shall have the same meaning herein.

“**Copyright Owner**” includes:

- (a) any Person who owns works and/or upon whom rights are conferred in respect of works under Part 1 of the Copyright Act;
- (b) any Person who owns rights in performances and recordings and/or upon whom rights are conferred in respect of performances and recordings under Part II of the Copyright Act;
- (c) any Person having collective bargaining rights in respect of the exploitation of performances;

- (d) any other Person who is entitled to an interest in copyright works or rights in performances or who represents copyright owners or the owners of rights in performances.

“**clear days**” in relation to the period of a notice means the period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect.

“**Director**” means a director of the Alliance, and includes any person occupying the position of director, by whatever name called.

“**Dispute Resolution Procedure**” means the dispute resolution procedure which the Alliance may put in place and amend from time to time.

“**Distribution**” means any payment of monies which may, pursuant to the terms of the Distribution Policy, be made by the Alliance to Members and “distributed” and “available for distribution” shall have corresponding meanings.

“**Distribution Policy**” means the document setting out (i) the policy of the Alliance with respect to Distributions to Members and (ii) the policy of the Alliance on deductions from rights revenue and on any income arising from investment of rights revenue.

“**Electronic Form**” has the same meaning as in Section 1168 of the Companies Act 2006.

“**Event of Insolvency**” means in relation to a Member, when an order is made or a resolution is passed for the winding up of such Member, or an order is made for the appointment of an administrator to manage the affairs, business and property of such Member, or an administrator is appointed, or a receiver is appointed of any of such Member’s assets or undertaking, or such Member takes or suffers any similar or analogous action in consequence of debt, or an arrangement or composition is made by such Member with its creditors or an application to a court for protection from its creditors is made by such Member, or such Member suspends or ceases to carry on all or a substantial part of its business, or any analogous event to those stated above in any jurisdiction relevant to such Member.

“**General Assembly**” and “**Annual General Assembly**” mean respectively a general meeting of the Members and the annual general meeting of the Members.

“**Member**” means any Person who has been admitted to membership of the Alliance in accordance with these Articles and has been duly registered as a member in the Alliance’s Register of Members.

“**Member’s Repertoire**” means, in respect of each Member, the body of works in which copyright and/or rights in performances subsist and which the Member owns or controls and/or which are owned or controlled by Right Holders whom the Member is appointed to represent and which the Member authorises the Alliance to manage as specified in the Membership Agreement.

“**Membership Agreement**” means such form of agreement and other documentation as may from time to time be prescribed by the Directors, to be entered into by each Member relating to the Member authorising the Alliance to exercise the Rights.

“**Membership Criteria**” has the meaning given to it in Article 30.

“**Person**” means any legal or natural person.

“**Regulations**” means the Collective Management of Copyright (EU Directive) Regulations 2016 (S.I. 2016/221).

“**Right Holder**” means any Person, other than a Collective Management Organisation, that (a) holds a copyright and/or related right or (b) under an agreement for the exploitation of rights or by law is entitled to a share of rights revenue.

“**Right Holder Category**” means each of the categories of Right Holder of the Members, which on the formation of the Alliance shall be producers, directors, performers, authors and visual artists. Pursuant to Article 25.3(f) additional categories may be added from time to time.

“**Rights**” means

- (a) when used in respect of a particular Member, the rights set out and specified in that Member’s Membership Agreement in relation to the Member’s Repertoire for the Authorised Uses.
- (b) when used in respect of the Alliance as a whole, the aggregate of all rights granted by all Members to the Alliance.

“**Secretary**” means any person appointed to perform the duties of the Secretary of the Alliance from time to time.

“**Special Resolution**” and “**Ordinary Resolution**” have the following meanings in relation to decisions made at General Assemblies: an Ordinary Resolution means a resolution passed by a simple majority (more than 50%) of all votes weighted according to Article 27.1 including the votes of Members who are not present at the meeting; a Special Resolution means a resolution passed by at least 75% of all votes weighted according to Article 27.1 including the votes of Members who are not present at the meeting.

“**the United Kingdom**” means Great Britain and Northern Ireland, the Isle of Man and the Channel Islands, together with the territorial waters of the United Kingdom and the United Kingdom sector of the continental shelf referred to in Section 161 of the Copyright Act and British ships, aircraft and hovercraft as provided by Section 162 (2) of the Copyright Act.

“**working day**” has the meaning set out in Section 1173 Companies Act 2006.

In these Articles (if not inconsistent with the subject or context) any reference to:

a “document” includes reference to both an electronic communication and a document in electronic form;

an “electronic communication” means an electronic communication (as defined in the Act and/or Section 15(1) Electronic Communications Act 2000) comprising writing;

a document being “executed” includes references to it being executed under hand or seal or, in the case of an electronic communication, by electronic signature or such other means of verifying the authenticity of the communication that the Directors may from time to time approve;

“an instrument” means a written document having tangible form (by way of example on paper) which is not contained in an electronic communication;

“in writing” and “written” mean the representation of words, numbers or symbols in a legible and non-transitory form by any method or combination of methods, including electronic communication (as defined in the Act), facsimile, email, printing and photography.

Unless the context otherwise requires words or expressions contained in these Articles shall bear the same meaning as in the Act.

Reference to any statute or statutory provision includes a reference to statutory instruments and orders made further to it and includes consolidations or amendments or modifications or re-enactments.

Save as expressly provided:

- (a) reference to the singular includes a reference to the plural and vice versa; and
- (b) reference to any gender includes a reference to all other genders.

The headings are inserted for convenience only and shall not affect the construction of these Articles.

PART 2: COMMERCIAL PRINCIPLES

3. OBJECTS

The objects of the Alliance are, subject always to Article 25 (setting out powers of Members):

- 3.1 To exercise and, where necessary, enforce the Rights relating to the Authorised Uses which can most effectively be exercised by collective management under the Copyright Act and in particular:
 - (a) to identify and develop opportunities for licensing the Rights;
 - (b) to establish, administer and provide for the operation of licensing schemes;
 - (c) to act as a licensing body for the purpose of Section 116 and Schedule 2A of the Copyright Act including (without limitation) carrying out the functions of negotiating licence terms, issuing licences, collecting and distributing fees, royalties and other monies in respect of the works or performances of more than one author or performer;
 - (d) to act as agents for Members and to carry out such other functions on behalf of Members with respect to the exercise, registration, enforcement and protection of such rights as may form part of the Rights from time to time; and
 - (e) to carry out any other purpose which, in the opinion of the Alliance, may be incidental or conducive to the Rights and the above objects.
- 3.2 To make (and from time to time alter or vary) any rules for regulating:
 - (a) the manner in which, the period or periods for which and conditions under which Members shall authorise the Alliance to exercise and enforce the Rights and remedies in accordance with the objects of the Alliance;
 - (b) the method and proportions by which and the times at which the monies received by the Alliance in respect of licences, agreements or arrangements shall be divided, apportioned or paid among and to Members in accordance with the Distribution Policy; and
 - (c) the administration of the property or business of the Alliance and any matters incidental thereto.

4. AGENCY EXERCISE OF THE RIGHTS

Upon admission to membership the Alliance shall license and manage the Rights in accordance with the Membership Agreement subject to the approval of the terms of such licences in accordance with these Articles.

5. TERMINATION OF RIGHTS

5.1 Members have the right to terminate the authorisation to the Alliance to manage the categories of rights, types of works, parts of each Member's Repertoire and other subject matter of individual Right Holders upon serving three months' notice in writing. Such termination shall terminate the right of the Alliance to grant new licences of such rights but shall not affect licences already granted to licensees. The Alliance shall not require a Member that terminates rights under this Article to entrust them to another Collective Management Organisation.

5.2 The Alliance shall pay Members any amounts due for acts of exploitation that occurred, or under a licence granted, before the time when termination under Article 5.1 took effect. Members who have exercised their right under Article 5.1 shall retain such of their rights as are specified in regulation 4(e) of the Regulations.

5.3 Where the Alliance decides to offer licences for additional Authorised Uses, each Member has the right to exclude all or any part of the Member's Repertoire from the licence.

5.4 The Alliance shall in any event have no right to object if a Member or other Right Holder wishes to grant any licence for non-commercial uses of their works.

6. DISTRIBUTION ALLOCATION

Revenues shall be distributed to Members according to the Distribution Policy.

PART 3: DIRECTORS

DIRECTORS' POWERS AND RESPONSIBILITIES

7. DIRECTORS' GENERAL AUTHORITY AND POWERS AND APPOINTMENT OF CHAIR

7.1 Subject to these Articles and in particular Articles 19 and 25, the Directors are responsible for the management of the business of the Alliance, for which purpose they may exercise all the powers of the Alliance.

7.2 The Directors may meet together for the despatch of business, adjourn, and otherwise regulate their meetings, as they think fit. Generally, unless otherwise provided in these Articles or the Act, all questions arising at any meeting shall be decided by a majority of votes. In the case of an equality of votes the status quo shall prevail. The quorum necessary for the transaction of the business of the Directors shall be five Directors. If the necessary quorum is not present, the meeting shall stand adjourned to such time as shall be determined whether under Article 12.1 or otherwise. The quorum requirement shall be the same as for the first meeting, and if the necessary quorum is not present, the meeting shall stand adjourned on the same basis as the first meeting. In the event that a quorum is not present at a meeting which has been adjourned more than once, such a meeting shall nonetheless be deemed to be quorate for the transaction of the business of the Directors.

- 7.3 The Directors may elect from amongst the current Directors two Co-Chairs of meetings of the Board of Directors, meetings of the Members and meetings of persons undertaking the supervisory function under Article 19. One Co-Chair shall be appointed by the Members of the producer's Right Holder Category and one Co-Chair shall be appointed by the Members of the other Right Holder Categories. Alternatively, the Directors may recommend to the Members that a single Independent Chair be appointed, such Independent Chair to be appointed by Special Resolution. The Co-Chairs or an Independent Chair shall hold office for a period of two years and may be re-appointed. The Chair (including both Co-Chairs) may vote at meetings but shall not have a casting vote.
- 7.4 If at any Board Meeting one of the Co-Chairs is not present or ceases to be a participating Director, the other Co-Chair shall chair the Board Meeting. If no Co-Chairs or Independent Chair is elected, or if at any meeting a Co-Chair or Independent Chair is not present within ten minutes after the time appointed for holding the same, the Directors present may choose one of their number to be chair of the meeting. If both Co-Chairs are present, they shall alternate as chair of the meeting (or as they may otherwise agree between themselves).
- 7.5 A Board Meeting at which a quorum is present, shall be competent to exercise all the authorities, powers and discretions by or under the regulations of the Alliance for the time being vested in the Directors generally.
- 7.6 All monies received by the Alliance from the grant of licences or otherwise shall, subject to Article 25, be distributed or dealt with by the Directors in accordance with the Distribution Policy.
- 7.7 Before making any distribution to Members, the Directors may, subject to Article 25 and to the Distribution Policy and other applicable relevant decisions adopted by the Members:
- (a) pay or provide for all the expenses and outgoings of the Alliance, and for the repayment of Members' capital investments in the Alliance and loans raised by the Alliance and the interest (if any) thereon;
 - (b) pay any remuneration or benefits to any person at any time in the employment of the Alliance and the families and dependants of any such person and contribute to any pension or similar fund which may be established for the benefit of any such employees; and
 - (c) set aside such sum as it thinks necessary as a reserve fund to meet contingencies and to invest the sums set aside and deal with and vary such investments.
- 7.8 The Directors may, subject to Article 25 and to securing the agreement of the Members in General Assembly whenever required by the Regulations, make (and from time to time alter, delete and add to) rules which may deal with the following matters (without limitation):
- (a) the terms and conditions of the Membership Agreement, the Distribution Policy and any other procedures which are relevant to the contractual relationship between the Members and the Alliance;
 - (b) the form of proxy approved for General Assemblies;
 - (c) the forms of licence to be granted to such bodies as may be appropriate. The Board of Directors may enter into contractual arrangements with any appropriate and suitable organisation being an organisation properly authorised and constituted for such purpose for it to grant the licences determined by the Directors, to enforce such licences, to collect the appropriate fees under such licences and distribute them in accordance with the procedures agreed by the Directors and the Distribution Policy;

- (d) the payments to be made by such bodies for such licences, differentiating (if necessary) between different categories of licences;
 - (e) in cases where objections are raised or where doubts exist as between Members or between a Member and the Alliance, the procedure for application of the Dispute Resolution Procedure;
 - (f) accounting procedures relating to the fees collected from licensed bodies;
 - (g) the method and frequency of distribution to Members;
 - (h) how unclaimed payments are to be dealt with; and
 - (i) whether legal proceedings may be commenced without the sanction of the Board of Directors.
- 7.9 The Directors must ensure that the Alliance keeps a record, in writing, for at least 10 years from the date of the decision recorded, of every unanimous or majority decision taken by the Directors.
- 7.10 Subject to these Articles, the Directors may make any rule which they think fit about how they take decisions, and about how such rules are to be recorded or communicated to Directors.

8. DUTIES OF DIRECTORS AND RECORDS

- 8.1 The Directors shall cause minutes to be made of all appointments of officers made by them, of the names of the Directors present at each meeting of the Directors and of any committee or working group of the Directors, and of all resolutions and proceedings at all meetings of the Alliance, and of the Directors, and of committees or working groups of Directors and any such minutes if signed (including for the avoidance of doubt electronically) by the Chair of such meeting or by the Chair of the next succeeding meeting shall be sufficient evidence without any further proof of the facts therein stated.
- 8.2 The Directors may act notwithstanding any vacancy in the Board but if the number of Directors is less than the minimum prescribed herein they may only act as Directors to admit Persons to membership of the Alliance, fill vacancies in the Board of Directors or summon a General Assembly.
- 8.3 Each Director shall make an annual individual statement in writing that shall be put before the Members in General Assembly containing the following information:
- (a) any interests in the Alliance;
 - (b) any agreed remuneration or benefits (including pensions and benefits in kind received in the preceding financial year from the Alliance);
 - (c) any amounts received from the Alliance in the preceding financial year as a Right Holder whether via the Member that he/she represents or otherwise; and
 - (d) any actual or potential conflict between any personal interests and those of the Alliance or between any obligations owed to the Alliance and any duty owed to any other Person.

9. EXECUTIVE OFFICERS AND SECRETARY

- 9.1 Subject to the provisions of the Act, the Directors may appoint such persons as they see fit to the office of managing director or to any other executive office under the company, and may appoint one or more of their number to such offices.

- 9.2 The Directors may enter into an agreement or arrangement with any Director for their employment by the company or for the provision by them of any services outside the scope of the ordinary duties of a Director. Any such appointment, agreement or arrangement may be made upon such terms as the Directors determine and they may remunerate any such Director for their services as they think fit. A managing director and a Director holding any other executive office shall not be subject to retirement by rotation. Furthermore, the Directors may enter into an agreement with a Member for the provision of services upon such terms as the Directors determine.
- 9.3 Any person who is not a Director who is appointed to an executive office may be invited to participate in meetings of the Board but shall not be entitled to vote and shall not be counted towards the quorum.
- 9.4 The Directors may appoint any person who is willing to act as the Secretary of the Alliance for such term, at such remuneration and upon such conditions as they may think fit, and any Secretary so appointed may be removed by them at any time.
- 9.5 The Directors may from time to time, by resolution, appoint a temporary substitute for the Secretary or two or more persons as joint secretaries and one or more deputy and/or assistant secretaries and any person so appointed shall for all the purposes of these Articles be deemed during the term of his appointment to be the Secretary.

10. DELEGATION OF DUTIES OF DIRECTORS

- 10.1 The Directors may delegate any of their powers to such persons, committees or working groups consisting of such persons as they think fit. Any committee or working group so formed shall, in the exercise of the powers so delegated, conform to any regulations which may be imposed on it by the Directors. All acts and proceedings of such committees shall be reported as soon as is reasonably practicable to the full body of Directors.
- 10.2 If the Directors so specify, any delegation under Article 10.1 may authorise further delegation of the Directors' powers by any person to whom they are delegated.
- 10.3 The Directors may revoke any delegation in whole or part, or alter its terms and conditions.

11. COMMITTEES AND WORKING GROUPS

- 11.1 Committees or working groups to which the Directors delegate any of their powers must follow procedures and terms of reference which are based as far as they are applicable on those provisions of these Articles which govern the taking of decisions by Directors.
- 11.2 A committee or working group may elect a chair of its meetings. If no such chair is elected, or if at any meeting the chair is not present within ten minutes after the time appointed for holding the same, the Directors present may choose one of their number to be chair of the meeting.
- 11.3 A committee or working group may meet and adjourn as it thinks proper. Questions arising at any meeting shall, unless otherwise provided by these Articles be determined by a majority of votes of the Directors present, and in the case of an equality of votes the status quo shall prevail.

BOARD MEETINGS

12. CALLING A BOARD MEETING

- 12.1 Any Director, including any Managing Director, Chief Executive Officer or person filling any like role who is appointed by the Directors from time to time, may call a Board Meeting (including an adjourned Board Meeting) by giving at least one week's notice of the meeting to the Directors or by authorising the Secretary (if any) to give such notice.
- 12.2 Notice of any Board Meeting must indicate:
- (a) its proposed date and time;
 - (b) where it is to take place;
 - (c) the matters to be discussed; and
 - (d) if it is anticipated that Directors participating in the meeting will not be in the same place, how it is proposed that they should communicate with each other during the meeting.
- 12.3 Save as provided otherwise in these Articles, notice of a Board Meeting must be given to each Director in writing but may be communicated by electronic means as provided by these Articles.
- 12.4 Notice of a Board Meeting need not be given to Directors who waive their entitlement to notice of that meeting.

13. PARTICIPATION IN BOARD MEETINGS

- 13.1 Subject to these Articles, Directors participate in a Board Meeting, or part of a Board Meeting, when:
- (a) the meeting has been called and takes place in accordance with these Articles, and
 - (b) they can each communicate orally (including by means of telephone, video conference or other audio or audio-visual link or any other form of telecommunication) to the others any information or opinions they have on any particular item of the business of the meeting.
- 13.2 In determining whether Directors are participating in a Board Meeting, it is irrelevant where any Director is or how they communicate with each other, provided that all persons participating in the meeting can hear each other.
- 13.3 If all the Directors participating in a meeting are not in the same place, they may decide that the meeting is to be treated as taking place wherever any of them is.
- 13.4 If a Director is unable to attend a Board Meeting, they shall notify the Director who has called the meeting and shall state if a duly appointed alternate Director shall attend in their place.

14. DECISION-MAKING BY DIRECTORS

- 14.1 The general rule about decision-making by Directors is that any decision of the Directors must be
- (a) a majority decision at a meeting (more than 50% of the Directors who are present at the Board Meeting, excluding any Conflicted Directors); or
 - (b) a decision taken in accordance with Article 15 (Unanimous Decisions);

unless these Articles provide that a resolution approved by not less than 75% of all Directors (who are not Conflicted Directors) is required.

- 14.2 In respect of any of the following matters, the approval by a resolution of Directors approved by not less than 75% of all Directors (who are not Conflicted Directors) including any Directors who are not present at the Board Meeting shall be required:
- (a) a resolution of the Directors for the purposes of Article 30.2 or Article 35.2;
 - (b) the terms of any licence offered by the Alliance;
 - (c) the commencement or settlement of litigation or any related arbitration by the Alliance;
 - (d) approval of the annual budget and any significant variations of it;
 - (e) taking out or granting any loan or providing any security for any loan by the Alliance;
 - (f) any acquisition, sale, disposal, assignment, leasing or mortgaging by the Alliance of any land or immovable property; and
 - (g) any decisions delegated to the Directors under Article 25.4.
- 14.3 A resolution in writing, signed by all the Directors for the time being entitled to receive notice of a meeting of the Directors, shall be as valid and effectual as if it had been passed at a meeting of the Directors duly convened and held.
- 14.4 All acts done by any meeting of the Directors or by a committee of Directors, or by any person acting as a Director shall notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such Director or person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and was qualified to be a Director.

15. UNANIMOUS DECISIONS

- 15.1 A decision of the Directors is taken in accordance with this Article when all eligible Directors indicate to each other by any means they share a common view on a matter.
- 15.2 Such a decision may take the form of a resolution in writing where each eligible Director has signed one or more copies of it or to which each eligible Director has otherwise indicated agreement in writing.
- 15.3 A decision may not be taken in accordance with this Article if the eligible Directors would not have formed a quorum at a Board Meeting held to discuss the matter in question.

DIRECTORS' ADMINISTRATIVE ARRANGEMENTS

16. APPOINTMENT OF DIRECTORS

- 16.1 The Directors of the Alliance shall at all times include:
- (a) four Directors representing producers;
 - (b) one Director representing authors;

- (c) one Director representing performers;
 - (d) one Director representing directors; and
 - (e) one Director representing visual artists.
- 16.2 The Members of each Right Holder Category shall be entitled to nominate their respective Directors for election to the Board of Directors. Any such nomination shall be confirmed in writing and signed by the Members and served on the Alliance at its registered office. No such nomination or confirmation and commencement of appointment shall take effect until it is ratified by Ordinary Resolution of the Members in a General Assembly. If the Members do not so ratify the appointment the nominating Members shall have the right to make a further nomination further to this Article 16.2, such process to continue until such Member's nomination has been duly ratified.
- 16.3 If the Alliance makes an application for authorisation to operate an extended collective licensing scheme and the application is authorised by the Secretary of State, two additional, independent Directors may be appointed if a majority of the Board so decides. These Directors would represent Right Holders who are not represented by Members. The Members of the producers' Right Holder Category shall be entitled to nominate one such Director for approval by the Board of Directors. The other Members shall be entitled to nominate the other Director for approval by the Board of Directors. No such nomination or confirmation and commencement of appointment shall take effect until it is ratified by Ordinary Resolution of the Members in a General Assembly.
- 16.4 The Members of each Right Holder Category may appoint up to two observers. Such observers should be directors, employees or professional advisors of the Members. Members shall procure that observers agree all information relating to the Alliance is confidential. Such observers would be entitled to participate in meetings of the Board of Directors but shall not be entitled to vote.
- 16.5 Each Director shall retire at the next General Assembly immediately following the fourth anniversary of the date of their appointment as a Director but may, subject to Article 16.2 be nominated for re-election.
- 17. ALTERNATE DIRECTORS**
- 17.1 A Director may appoint another person as their alternate and may at any time revoke such appointment.
- 17.2 An alternate Director shall be entitled to notice of meetings of Directors, to attend and vote as a Director at any meeting at which their appointor is not personally present and generally in the absence of his appointor to exercise all the functions of their appointor as a Director.
- 17.3 An alternate Director shall be deemed not to be an officer of the Alliance but shall be deemed to be the agent of his appointor.
- 17.4 An alternate Director shall cease to be an alternate Director if for any reason their appointment is revoked. In the event that their appointor ceases to be a Director, the alternate may continue to act and attend meetings as a representative of a Member until such time as a new Director is nominated and ratified pursuant to Article 16.2 whereupon the new Director shall be entitled to appoint their own alternate under Article 17.1.
- 17.5 All appointments and revocations of appointment of alternate Directors shall be in writing under the hand of the appointor left at the Alliance's registered office.
- 17.6 Every instrument appointing an alternate Director shall as nearly as circumstances will admit be in the following form or to the effect following on paper bearing the name of the Alliance:

"I a Director of this Alliance in pursuance of the power in that behalf contained in the Articles of Association of the Alliance do hereby nominate and appoint of to act as alternate Director in my place at any meeting of the Directors which I am unable to attend and to exercise all my duties as a Director of the Alliance

AS WITNESS my hand thisday of 20....."

18. AUTHORISATION AND REPORTING OF CONFLICTS OF INTEREST

18.1 A Director who is in any way directly or indirectly interested in a contract or a proposed contract with the Alliance shall declare the nature of his interest at a meeting of the Directors in accordance with Sections 177 and 182 of the Act.

18.2 Subject to and in accordance with the Act:

- (a) the Directors may authorise any matter or situation arising on or after the date of adoption of these Articles in which a Director (the "**Conflicted Director**") has, or can have, a direct or indirect interest which conflicts, or possibly may reasonably be regarded to conflict, with the interests of the Alliance and for this purpose a conflict of interest includes a conflict of interest and duty and a conflict of duties (the "**Conflict Situation**");
- (b) any authorisation given in accordance with this Article 18 shall be effective only if:
 - (i) any requirement as to the quorum at any meeting of the Directors at which the matter is considered is met without counting either the Conflicted Director or any other interested Director; and
 - (ii) the matter or situation was agreed to and any relevant resolution was passed without counting the votes of the Conflicted Director and without counting the votes of any other interested Director pursuant to declarations made under Article 18.1 (or such matter or situation would have been so agreed and such relevant resolution would have been so passed if their votes had not been counted);
- (c) in considering any request for authorisation in respect of a Conflict Situation, the Directors shall, acting in the best interest of the Alliance, be entitled to exclude the Conflicted Director from any meeting or any part of a meeting or other discussion (whether oral or written) including in (but not limited to) circumstances when the declared interests of the Director pursuant to Article 18.1 relate to litigation or arbitration proceedings (whether current or proposed) in which the Alliance is or is likely to be involved and the Conflict Situation is relevant to the same. In such circumstances the Directors who are not Conflicted Directors shall also be entitled to withhold from such Conflicted Director any board papers or other documents, papers or information concerning the recognition and/or authorisation of such Conflict Situation;
- (d) subject always to the duty of each Director to declare any interests as required by Article 18.1 and the Act and to Article 18.2(c), it is confirmed and acknowledged that, to ensure the operational efficiency and effectiveness of the Alliance as provided under Article 5.3(a), any Director (whether or not he is a Conflicted Director) will be entitled to participate in a meeting and a Conflicted Director, whose Conflict Situation has been authorised by the Directors pursuant to Article 18.2(a), may be authorised by the board of Directors to vote on any matter relevant to Directors (including relating to the Distribution Policy and Membership Criteria) notwithstanding that such Director may otherwise have a Conflict Situation. Any authorisation by the board of Directors as to whether a Conflicted Director can vote, will be made by the board of Directors at any meeting convened

pursuant to Article 18.2 and the provisions of Article 18.2(b) will apply mutatis mutandis. In circumstances where a Conflict Situation arises in relation to Distribution Policy or Membership Criteria which affects all Directors then the Directors are authorised to obtain independent advice on such matters and may invoke the Dispute Resolution Procedure in order to determine the appropriate action to be taken.

- 18.3 If any Conflict Situation is authorised or otherwise permitted under these Articles, the Conflicted Director:
- (a) shall not be required to disclose to the Alliance (including the Directors or any committee) any confidential information relating to such Conflict Situation which that Director obtains or has obtained otherwise than in that Director's capacity as a Director of the Alliance, if to make such disclosure would give rise to a breach of obligation or confidence owed by that Director to another Person in relation to such matter, office, employment or position;
 - (b) shall, subject to authorisation pursuant to Article 18.2(d), be entitled to attend or be absent from all or any meetings of the Directors (or any committee) at which anything relating to such Conflict Situation will or may be discussed; and
 - (c) shall, subject to authorisation pursuant to Article 18.2(d), be entitled to make such arrangements as that Director thinks fit to receive or not to receive documents or information (including, without limitation, board papers (or those of any committee of it)) relating to any such conflict; and in so doing, such Conflicted Director shall not be in breach of any general duty owed to the Alliance pursuant to Sections 171 to 177 (inclusive) of the Act, and the provisions of this Article 18 shall be without prejudice to any equitable principle or rule of law which may excuse the Conflicted Director from disclosing information or attending meetings or receiving documents or information, in circumstances where such disclosure, attendance or receipt would otherwise be required under these Article.
- 18.4 For the purposes of this Article, any interest of a Person who is for any purpose of the Act (excluding any statutory modification thereof not in force when this regulation becomes binding on the Alliance), connected with a Director shall be treated as an interest of the Director.
- 18.5 If the Alliance has or may have any claim or right against a Member or any associated company of that Member or if any claim is brought, threatened or asserted by a Member or an associated company of that Member against the Alliance, no Director appointed by such Member shall be entitled to:
- (a) vote on any resolution relating to such matter or attend, speak or be counted in the quorum at any meeting of the Directors or any committee of the Directors to the extent of considering or discussing any such matter; or
 - (b) access or to receive or see copies of any board papers (including any agenda, board minutes and draft minutes) or other papers or legal advice provided to the Alliance in connection with any such matter.
- 18.6 The quorum at any meeting of the Directors or a committee or working group of the Directors, to the extent of considering and voting on any resolution in relation to which a Director is not entitled to vote by virtue of a Conflict Situation, shall be the greater of two eligible Directors or one third of the eligible Directors and the eligible Directors shall exercise all the powers of the Alliance in relation to the matter in question.
- 18.7 Any Conflict Situation which arises as a result of any Director being a director or employee of a Member, or an associated company of any Member, or otherwise owing any duty to any such Person shall, without prejudice to Articles 18.1 and 18.2 and matters disclosed by the Director in

the Register of Interests of the Alliance be deemed noted and authorised at any future meeting of the Directors for the purposes of Section 185 of the Act.

- 18.8 If any question as to the right to participate in the meeting (or part of the meeting) should arise in respect of the Chair (including for the avoidance of doubt, either or both Co-Chairs), the question is to be decided by a decision of the Directors at that meeting, for which purpose the Chair is not to be counted as participating in the meeting (or that part of the meeting) for voting or quorum purposes.

19. SUPERVISORY FUNCTION

- 19.1 The supervisory function required under the Regulations shall be exercised by the non-executive Directors of the Alliance in providing a fair and balanced representation of the different categories of Members of the Alliance, who shall, acting in compliance with the requirements of the Regulations, continuously monitor the activities and the performance of the duties of the persons who manage the business of the Alliance, including the implementation of the decisions of the general assembly of Members and may, subject to Article 25.3, recommend, consider and/or approve remuneration and other benefits of Directors including without limitation pensions benefits and severance pay.
- 19.2 The persons exercising the supervisory function shall meet quarterly and shall report annually on its activities to the Members in General Assembly.
- 19.3 The persons exercising the supervisory function shall have responsibility for the matters set out in Article 25.4 (h), (i), (j) and (k) where these matters have been delegated to those persons by a Special Resolution of the Members.
- 19.4 Each person exercising the supervisory function shall make an annual individual statement to the General Assembly on conflicts of interest, containing the information referred to in Article 8(3).

20. TERMINATION AND DISQUALIFICATION OF DIRECTORS

- 20.1 A person ceases to be a Director as soon as:
- (a) the Member by which that Director's appointment was nominated chooses to terminate that Director's term of office and notice of such termination signed by the relevant Member is served on the Alliance at its registered office, such termination to take effect only once it has been ratified by Ordinary Resolution of the Members in a General Assembly;
 - (b) the Member by which that Director was appointed ceases to be a Member pursuant to Article 35;
 - (c) that person ceases to be a Director by virtue of any provision of the Act or is prohibited from being a director by law;
 - (d) a bankruptcy order is made against that person;
 - (e) a composition is made with that person's creditors generally in satisfaction of that person's debts;
 - (f) a registered medical practitioner who is treating that person gives a written opinion to the Alliance stating that that person has become physically or mentally incapable of acting as a director and is likely to remain so for more than three months;
 - (g) notification is received by the Alliance from the Director that the Director is resigning from office, and such resignation has taken effect in accordance with its terms; or

- (h) that person has, for a period of six months or more than three consecutive meetings (whichever is longer), been absent without permission of the Directors from meetings of the Directors and without arranging for an alternate Director to attend relevant meetings held during that period in circumstances other than in a Conflict Situation and the Directors make a decision that that person's office be vacated.

20.2 The Alliance may by Ordinary Resolution at a General Assembly remove any Director before the expiration of the Director's period of office notwithstanding anything in these Articles or in any agreement between the Alliance and such Director.

21. DIRECTORS' REMUNERATION

21.1 Directors may undertake any services for the Alliance which the Directors decide.

21.2 Directors shall not be entitled to any remuneration from the Alliance for their services without the prior recommendation of the persons exercising the supervisory function in accordance with Article 19.3 and Ordinary Resolution of the Members in accordance with Article 25.4(b).

22. DIRECTORS' EXPENSES

Subject to Article 19.3 the Alliance may pay any reasonable expenses which the Directors and the Secretary of the Alliance (if any) properly incur in connection with their attendance at (or returning from):

- (a) meetings of Directors or committees of Directors; or
- (b) General Assemblies; or
- (c) otherwise in connection with the business of the Alliance, the exercise of their powers and the discharge of their duties and responsibilities in relation to the Alliance.

PART 4: MEMBERS

GENERAL ASSEMBLIES

23. ANNUAL AND OTHER GENERAL ASSEMBLIES

23.1 The Alliance shall hold one General Assembly as its Annual General Assembly in each calendar year in addition to any other meetings in that year, and shall specify the meeting as such in the notice calling it. The Annual General Assembly shall be held at such time and place (including by video conference) as the Directors shall appoint.

23.2 All General Assemblies other than Annual General Assemblies shall be called General Assemblies.

23.3 The Directors may, whenever they think fit, convene a General Assembly, and General Assemblies shall also be convened on such requisition, or, in default, may be convened by such requisitionists, as provided by Sections 303 and 304 of the Act. If at any time there are not within the United Kingdom sufficient Directors capable of forming a quorum, any five Members of the Alliance may convene a General Assembly in the same manner as nearly as possible as that in which meetings may be convened by the Directors.

24. NOTICE OF GENERAL ASSEMBLIES

- 24.1 Any General Assembly of the Alliance including an Annual General Assembly or a meeting called for the passing of a Special Resolution or a resolution appointing a person as a Director shall be called by at least twenty eight clear days' notice in writing unless the Members shall have given consent to shorter notice being provided for the transaction of business as required by the Act.
- 24.2 The notice shall specify the place, the day and the hour of meeting and, the general nature of the business to be dealt with at that meeting and shall be given, in any manner permitted by these Articles (as permitted by the Act) or in such other manner, if any, as may be prescribed by the Alliance in General Assembly, to such persons as are, under these Articles, entitled to receive such notice from the Alliance provided always that a meeting of the Alliance shall, notwithstanding that it is called by shorter notice than that specified in this Article be deemed to have been duly called if it is so agreed:
- (a) in the case of a meeting called as the Annual General Assembly, by all the Members entitled to attend and vote; and
 - (b) in the case of any other meeting, by agreement of not less than the equivalent of 80% of the Members having a right to attend and vote at the meeting.
- 24.3 The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.

25. MEMBERS' POWERS

- 25.1 At General Assemblies no quorum is required and each Member shall have one vote, weighted in accordance with Article 27.1.
- 25.2 The Members may, by Special Resolution, direct the Directors to take, or refrain from taking, any specified action.
- 25.3 No such Special Resolution as referred to under Article 25.2 invalidates anything which the Directors have done before the passing of the resolution.
- 25.4 The following matters shall not be carried out without the approval of the Members by a Special Resolution in General Assembly or (where responsibility for such matters has been delegated to the Directors carrying out the supervisory function as specified in Article 19) a resolution supported by at least 75% of all Directors:
- (a) the adoption of or any amendment to the Distribution Policy (including the Distribution Rules) where such change could constitute a change to the Alliance's general policy as to:
 - (i) the Net revenue percentage of a Category; or
 - (ii) the deductions from licence revenue and from any income arising from the investment of licence revenue;
 - (b) the adoption of or any amendment to the general investment policy with regard to:
 - (i) licence revenue; and
 - (ii) any income arising from the investment of licence revenue;
 - (c) the adoption of or any amendment to the general policy on use of non-distributable amounts;

- (d) the use of non-distributable amounts;
 - (e) any terms and conditions governing membership of the Alliance;
 - (f) any changes to the terms of the Articles of Association or Membership Agreement including addition of a new Right Holder Category;
 - (g) any changes to the Authorised Uses;
 - (h) the adoption of or any amendment to the risk management policy;
 - (i) the approval of any acquisition, sale or hypothecation of immovable property;
 - (j) the approval of mergers and alliances, the setting-up of subsidiaries, and the acquisition of other entities or shares or rights in other entities;
 - (k) the approval of taking out loans, granting loans or providing security for loans;
 - (l) the delegation of responsibility for the matters listed at sub-paragraphs (h), (i), (j) and (k) of this Article to the Directors exercising the supervisory function pursuant to Article 19;
 - (m) commencement of any action for the winding up or dissolution of the Alliance or arrangements with creditors.
- 25.5 Other decisions shall be made by Members by Ordinary Resolution in General Assembly, including the following decisions:
- (a) appointment and dismissal of Directors;
 - (b) approving any remuneration and other benefits of Directors including without limitation pensions benefits and severance pay;
 - (c) deciding upon the appointment and removal of the auditor;
 - (d) approving the annual accounts and Annual Transparency Report.

26. PROCEEDINGS AT GENERAL ASSEMBLIES

- 26.1 All Members of the Alliance shall have the right to participate in, and the right to vote at, any General Assembly of the Alliance. When a Member gives notice that they wish to participate in a General Assembly by means of telephone, video conference or other audio or audiovisual link or any other form of telecommunication, the Member will be enabled to participate in this way.
- 26.2 The Chair appointed under Article 7.3 shall preside as chair of the meeting at every General Assembly of the Alliance. If at any General Assembly one of the Co-Chairs is not present, the other Co-Chair shall chair the General Assembly. If both Co-Chairs are present, they shall alternate as chair of the meeting (or as they may otherwise agree between themselves). If no Co-Chair or Independent Chair is present within fifteen minutes after the time appointed for holding the same, or are present but unwilling to act, the Directors present shall elect one of their number or an officer of the Alliance to be chair of the meeting. Such person shall be the Chair of the meeting.

- 26.3 The Chair of the meeting shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.
- 26.4 At any General Assembly a resolution put to the vote of the meeting shall (subject to the Act) be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded (a) by the Chair or (b) by at least two Members present in person or by proxy or (c) by any Member or Members present in person or by proxy and representing not less than one-tenth of the total voting rights of all the Members having the right to vote at the meeting. Unless a poll be so demanded a declaration by the Chair that a resolution has on a show of hands been carried or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book containing the minutes of proceedings of the Alliance, shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution. The demand for a poll may be withdrawn.
- 26.5 Except as provided in Article 26.4 if a poll is duly demanded it shall be taken in such manner as the Chair directs, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.
- 26.6 In the case of an equality of votes, whether on a show of hands or on a poll, the status quo shall prevail.
- 26.7 A poll demanded on the election of a Chair, or on a question of adjournment, shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the Chair of the meeting directs, and any business other than that upon which a poll has been demanded may be conducted pending the taking of the poll.
- 26.8 If at any General Assembly any vote shall be counted which ought not to have been counted, or might have been rejected, the error shall not vitiate the results of the voting unless it be pointed out at the same meeting, and not in that case unless it shall, in the opinion of the Chair of the meeting, be of sufficient magnitude to vitiate the result of the meeting.

27. VOTES OF MEMBERS AND PROXY NOTICES

- 27.1 The aggregate voting rights of all Members in each Right Holder Category are allocated as follows:
- (a) producers: 50%;
 - (b) authors: 22%;
 - (c) performers: 16%;
 - (d) directors: 6%; and
 - (e) visual artists: 6%.
- 27.2 In the event the revenue shares of Right Holder Categories are changed, the percentages in Article 27.1 shall be changed to mirror them. In the event different revenues shares are used for different licences, the percentages in Article 27.1 may be amended by a Special Resolution of the Members in a General Assembly.

- 27.3 At the formation of the Alliance, there is one Member representing each Right Holder Category, except for visual artists for whom there are two Members representing them. Each of these two Members shall have 3% of the voting rights. If one of these Members leaves the Alliance, the remaining Member shall have 6% of the voting rights. If the Alliance decides to admit any new Members to any Right Holder Category, the Members existing immediately before such admission shall decide by Special Resolution how the voting rights within the relevant the Right Holder Category shall be apportioned between the Members.
- 27.4 On a poll, votes may be given either personally or by proxy. Every Member has the right to appoint another person as proxy to participate in, and vote at, a General Assembly of Members on the Member's behalf provided that the appointment does not result in a conflict of interest. The proxy holder must cast votes in accordance with the instructions issued by the appointing Member.
- 27.5 An appointment of a proxy shall be:
- (a) by means of an instrument or contained in electronic form;
 - (b) any usual or common form or in any other form which the Directors may from time to time approve; and
 - (c) executed by the Member or his agent or, if the Member is a corporation by a duly authorised officer, attorney or other authorised person or under its common seal.
- 27.6 The Directors may, if they think fit, but subject to the Act, at the expense of the Alliance send forms of proxy for use at the meeting and issue invitations contained in electronic communications to appoint a proxy in relation to the meeting in such form as the Directors may approve.
- 27.7 A proxy must be a Member of the Alliance.
- 27.8 The appointment of a proxy shall:
- (a) in the case of an instrument, be delivered personally or by post to the registered office or such other place within the United Kingdom as may be specified by or on behalf of the Alliance for that purpose
 - (i) in the notice convening the meeting; or
 - (ii) in any form of proxy sent by or on behalf of the Alliance in relation to the meeting;not less than 48 hours before the time fixed for holding the meeting.
 - (b) in the case of an appointment contained in an electronic communication, where an address has been specified by or on behalf of the Alliance for the purpose of receiving electronic communications:
 - (i) in the notice convening the meeting; or
 - (ii) in any form of proxy sent by or on behalf of the Alliance in relation to the meeting; or
 - (iii) in any invitation contained in an electronic communication to appoint a proxy issued by or on behalf of the Alliance in relation to the meetingbe received at that electronic address not more than 48 hours before the time appointed for holding the meeting.

In calculating the 48-hour period above, no account shall be taken of any day or part of a day that is not a working day.

- 27.9 No appointment of a proxy shall be valid after the expiration of twelve months from the date stated in it as the date of its execution.
- 27.10 Each proxy is valid for a single General Assembly. An appointment of a proxy shall, unless the contrary is stated on the proxy, also be valid for any adjournment of the meeting as for the meeting to which it relates.
- 27.11 An instrument or electronic communication appointing a proxy shall be in the following form or any other form which the Directors may approve from time to time:

“I/We of, being a Member/Members of the above-named Alliance, hereby appoint of.....or failing of.....as my/our proxy to vote for me/us on my/our behalf at the (Annual General or General as the case may be) Meeting of the Alliance to be held onthe day of 20....., and at any adjournment thereof.

Signed thisday of20.....”

- 27.12 The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.

28. REPRESENTATIVES OF MEMBERS

- 28.1 Any corporation or unincorporated body which is a Member of the Alliance may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Members of the Alliance, and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation or body represented as that corporation or body could exercise if it were an individual Member of the Alliance. Every such Member shall notify the Secretary of the Alliance in writing not less than twenty-four hours before a General Assembly of the name of its representative who will attend the meeting.
- 28.2 A representative must be an employee, director or professional adviser of the Member they represent.
- 28.3 Any Director or the Secretary may (but shall not be bound to) require evidence of the authority of any representative.

MEMBERSHIP RULES

29. MEMBERS

- 29.1 The Members of the Alliance are the initial subscribers and any other Persons admitted to membership.
- 29.2 For the purposes of registration of the Alliance the number of Members is declared to be unlimited.
- 29.3 The liability of the Members is limited.

- 29.4 Every Member undertakes to contribute to the assets of the Alliance in the event that the Alliance is wound up during the time that it is a Member or within one year afterwards, for the payment of debts and liabilities of the Alliance contracted before the time at which it ceases to be a Member, and the costs, charges and expenses or winding up of the same, and for the adjustment of the rights of the contributories among themselves, such amount not exceeding £1.
- 29.5 The membership rights of a Member are personal to that Member. No Member shall be entitled to transfer its rights of membership of the Alliance to any other Person.

30. MEMBERSHIP CRITERIA

- 30.1 Any society, guild, association, company or other body (including other Collective Management Organisations):
- (a) which is a legal entity and which is either:
 - (i) a substantial Copyright Owner or represents Copyright Owners in respect of a substantial number of works in which copyright or rights in performances subsist; or
 - (ii) represents a substantial number of Copyright Owners; and
 - (b) where the rights so owned or represented (i) relate to and are relevant to the Authorised Uses and (ii) are not otherwise owned or represented by one of the Members of the Alliance; and
 - (c) where the entity is not in the business of licensing the same or similar licensees for uses that are the same or similar to the Authorised Uses and/or its aims are not inconsistent or competitive with the aims of the Alliance; and
 - (d) where the entity is authorised to mandate the Alliance to license the Rights in copyright works or related rights owned or represented by them as set out in the Membership Agreement;

shall, subject to Article 30.3 and Article 33, meet the membership criteria of the Alliance (“**Membership Criteria**”) and be eligible to be admitted to membership of the Alliance, irrespective of the nationality, residence or establishment of either the body itself or the Right Holders it represents.

- 30.2 No applicant will be admitted to membership of the Alliance unless the Directors have passed a resolution supported by at least 75% of the Directors of the Alliance confirming that the applicant meets the Membership Criteria set out at Article 30.1.
- 30.3 In considering whether an applicant meets the Membership Criteria the Directors will consider the extent of the Member’s Rights and Member’s Repertoire and be entitled to take into account:
- (a) the need to ensure the operational efficiency and effectiveness of the Alliance given the range and types of Copyright Owners represented by Members of the Alliance and having regard to the proportionality of such representation in terms of allocation and application of the Alliance’s distributable revenues;
 - (b) whether and how the rights owned and/or controlled by the applicant or the Copyright Owners represented by the applicant relate to the licensing scheme(s) operated by the Alliance at the time of the application; and
 - (c) the need to avoid excessive, or unnecessary duplication of, administrative burdens which may be the responsibility of existing Members of the Alliance.

30.4 The Membership Criteria and the membership application process set out in Article 31 will be applied so as to ensure the timely, transparent, objective and non- discriminatory processing of applications for membership.

31. MEMBERSHIP APPLICATION PROCESS

31.1 Applicants will be required to set out in writing:

- (a) their eligibility for membership under Article 30.1 above; and
- (b) the nature of the copyright works or related rights that the applicant is proposing to authorise the Alliance to license.

31.2 All applicants are supplied with copies of the Articles of Association and the terms of the Membership Agreement.

31.3 The Directors shall also ensure that all applicants are aware of the terms upon which the Alliance operates and applies its Dispute Resolution Procedure to address disputes between the Alliance and one or more of its Members, Copyright Owners represented by Members, users or other Collective Management Organisations. This procedure provides for the Alliance to withhold monies that would otherwise be distributed to one or more Members pending resolution of a dispute which may relate to the monies withheld.

31.4 Applications for membership received by the Alliance will be referred to the Board of Directors. The Directors may request such further details from the applicant as they may reasonably require for the purposes of determining whether the applicant meets the Membership Criteria.

31.5 The Board of Directors will consider applications for membership referred to it at the first meeting of the Board of Directors following receipt by the Alliance of a completed application (or the subsequent Board Meeting if all information forming part of the application is received less than 7 days before a scheduled meeting of the Board of Directors).

31.6 If the Directors so resolve by resolution pursuant to Article 30.2, approval for the applicant to become a Member will be confirmed to the applicant in writing on the condition that the applicant executes a Membership Agreement. Such Membership Agreement will include provision for the applicant to confirm the Rights and Member's Repertoire authorized by the Member.

31.7 The Rights of new Members will be treated as forming part of the AVLA Repertoire under relevant licences issued by the Alliance from the date of the signature of the Membership Agreement.

32. APPLICATIONS FOR MEMBERSHIP THAT DO NOT MEET MEMBERSHIP CRITERIA

32.1 Any applicant who does not meet the Membership Criteria or in respect of whose application the Alliance is unable to reach a decision, will be informed in writing and an explanation provided setting out, as the case may be, why the Membership Criteria have not been met or the Alliance has been unable to make a decision.

32.2 If an applicant is informed that the application fails to meet the Membership Criteria or that the Alliance is unable to reach a decision with regard to its application or if the applicant is refused membership for refusing to enter into the Membership Agreement, the applicant may, if required by the Regulations, propose that the application is referred for review in accordance with the Dispute Resolution Procedure.

32.3 Nothing in these Articles shall interfere with any legal right which applicants may have to submit a complaint to the Secretary of State pursuant to the Regulations.

33. MEMBERSHIP AGREEMENTS

- 33.1 Applicants who meet the Membership Criteria will be required to execute a Membership Agreement.
- 33.2 All Members are required to observe the Articles of Association and the terms of the Membership Agreement, as amended from time to time.

34. REGISTER OF MEMBERS

- 34.1 The Directors shall cause a Register of Members to be kept at the registered office of the Alliance.
- 34.2 The Directors shall cause the Register of Members which is kept under the provisions of this Article to be completed and made available for inspection in accordance with the provisions of the Act.

35. TERMINATION OF MEMBERSHIP

The membership of a Member shall terminate:

- 35.1 upon the Member giving at least three months' notice in writing to the Alliance prior to the last date of the calendar year, such notice to take effect upon the last date of the calendar year;
- 35.2 if, in the reasonable opinion of the Directors, following a resolution of the Board of Directors supported by not less than 75% of the Directors, the Member ceases to meet the Membership Criteria. The Directors shall give written notice explaining reasons for the decision to the Member by reference to the relevant terms of the Membership Agreement and/or these Articles;
- 35.3 if termination is effected under the terms of the Membership Agreement;
- 35.4 if the Member suffers an Event of Insolvency.

PART 5: ADMINISTRATIVE ARRANGEMENTS

36. ACCOUNTS AND DIRECTORS' ANNUAL TRANSPARENCY REPORT

- 36.1 The Directors shall cause proper books of account to be kept in accordance with the provisions of Section 386 of the Companies Act 2006 with respect to: (a) all sums of money received and expended by the Alliance and the matters in respect of which the receipt and expenditure takes place; and (b) the assets and liabilities of the Alliance; and (c) all those matters required by the Act to be shown in the accounts of the Alliance.
- 36.2 Proper books shall not be deemed to be kept if there are not kept such books of account as are necessary to give a true and fair view of the state of the Alliance's affairs and to explain its transactions.
- 36.3 The books of account shall be kept at the registered office of the Alliance, or, subject to Section 388 of the Companies Act 2006 at such other place or places as the Directors think fit, and shall always be open to the inspection of the Directors.

- 36.4 The Directors shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Alliance or any of them shall be open to the inspection of Members or representatives not being Directors, and no Member or representative (not being a Director) shall have any right of inspecting any account or books or document of the Alliance except as conferred by the Regulations or at law or authorised by the Directors or by the Alliance in General Assembly.
- 36.5 The Directors shall from time to time cause to be prepared and laid before the Alliance in General Assembly such profit and loss accounts, balance sheets and Directors' reports and Annual Transparency Reports as are provided for in the Act and the Regulations.
- 36.6 A copy of every balance sheet (including every document required by law to be annexed thereto) which is to be laid before the Alliance in General Assembly, together with a copy of the Auditor's report, shall not less than fourteen days before the date of the meeting be sent to every Member of, and every holder of debentures of, the Alliance, provided that this Article shall not require a copy of those documents to be sent to any Person of whose address the Alliance is not aware.
- 36.7 The declaration of the Directors supported by the certificate of the Auditors as to the amount of the monies received by the Alliance shall be conclusive.

37. AUDIT

Auditors shall be appointed and their duties regulated in accordance with the Act and the Regulations.

38. COMMUNICATIONS

- 38.1 Subject to the provisions of the Act (and save as otherwise provided in these Articles), any document or information required or authorised to be sent or supplied by the Alliance to any Member or any other Person (including a Director) pursuant to these Articles, the Act or any other rules or regulations to which the Alliance may be subject, may be sent or supplied in hard copy form, in electronic form or in any other way in which documents or information may be sent or supplied by the Alliance pursuant to the Act.
- 38.2 Subject to these Articles, any notice or document to be sent or supplied to a Director in connection with the taking of decisions by Directors may also be sent or supplied by the means by which that Director has asked to be sent or supplied with such notices or documents for the time being.
- 38.3 The provisions of the Act which apply to sending or supplying a document or information required or authorised to be sent or supplied by the Act by making it available on a website shall, mutatis mutandis, apply to the sending or supplying of any document or information required or authorised to be sent by these Articles or any other rules or regulations to which the Alliance may be subject, by making it available on a website.
- 38.4 The Alliance may send or supply any document or information to a Member or any other Person (including a Director) pursuant to these Articles, the Act or any other rules or regulations to which the Alliance may be subject, either personally, or by post in a prepaid envelope addressed to the Member (or such other Person) at its registered address or address for service, or by leaving it at that address or any other address for the time being notified to the Alliance by the Member (or such other Person) for the purpose, or by sending or supplying it using electronic means to an electronic address for the time being notified to the Alliance by the Member (or such other Person) for the purpose, or by any other means authorised in writing by the Member (or such other Person) concerned.

- 38.5 If, on at least two consecutive occasions, the Alliance has attempted to send any document or information by electronic means to any address specified (or deemed specified) for the purpose and a delivery failure (or other similar) notification has been received by the Alliance, the Alliance thereafter shall send documents or information in hard copy form or electronic form (but not by electronic means) to such Member at its registered address or address for service within the United Kingdom (whether by hand, by post or by leaving it or them at such address), in which case the provisions of Article 38.6 shall apply.
- 38.6 If on three consecutive occasions, documents or information have been sent or supplied to any Member at its registered address or address for service of such documents or information but have been returned undelivered, such Member shall not thereafter be entitled to receive any documents or information from the Alliance until it shall have communicated with the Alliance and supplied in writing a new registered address or address for the service of documents or information or an electronic address to which documents or information may be sent or supplied using electronic means.
- 38.7 Any Member present, in person or by proxy, at any meeting of the Alliance shall be deemed to have received due notice of such meeting and, where requisite, of the purpose for which such meeting was called.
- 38.8 Save as provided otherwise in these Articles, any document or information addressed to a Member (or other Person to whom such document or information is required or authorised to be sent pursuant to these Articles, the Act or otherwise) at its registered address or address for service or electronic address, as the case may be, shall:
- (a) if hand delivered or left at a registered address or other address for service be deemed to have been served or delivered on the day on which it was so delivered or left;
 - (b) if sent or supplied by post be deemed to have been received at the expiration of 48 hours after the envelope was posted;
 - (c) if sent or supplied by electronic means (other than by means of a website), be deemed to have been received (if sent or supplied between the hours of 9 a.m. and 5 p.m. on a working day) at the time it was sent, or (if sent or supplied at any other time) at 9 a.m. on the next following working day; and
 - (d) if sent or supplied by means of a website, be deemed to have been received when the material was first made available on the website or, if later, when the recipient received (or is deemed to have received) notice of the fact that the material was available on the website.
- 38.9 In calculating a period of hours for the purpose of Article 38.8 no account shall be taken of any part of a day that is not a working day.
- 38.10 A Director may agree with the Alliance that documents sent to that Director in a particular way are to be deemed to have been received within a specified time of their being sent, and for the specified time to be less than those set out in Article 38.8.
- 38.11 Subject to Article 38.6, in providing such service or delivery it shall be sufficient to prove that the envelope containing the document or information was properly addressed and put into the post in a prepaid envelope or, in the case of a document or information sent or supplied by electronic means, that it was sent or supplied in accordance with the guidance issued by the Institute of Chartered Secretaries and Administrators entitled "Electronic Communications with Shareholders 2007" (as such guidance is amended or updated from time to time).

- 38.12 The Alliance shall not be held responsible for any failure in transmission beyond its reasonable control and the provisions of this Article shall apply regardless of any document or information being returned undelivered and regardless of any delivery failure notification or “out of office” or other similar response and any such “out of office” or other similar response shall not be considered to be a delivery failure.
- 38.13 Notice of every General Assembly shall be given in any manner hereinbefore authorised to every Member except those Members who (having no registered address within the United Kingdom) have not supplied to the Alliance an address within the United Kingdom or overseas for the giving of notice to them; and the Auditor for the time being of the Alliance.

No other Person shall be entitled to receive notices of General Assemblies.

39. INDEMNITY

Subject to the provisions of the Act, but without prejudice to any indemnity to which he may otherwise be entitled, each person who is a Director, alternate Director, officer, manager or Secretary of the Alliance shall be indemnified out of the assets of the Alliance against all costs, charges, losses, and liabilities incurred by him in the proper exercise of his powers, authorities and discretions including, without limitation, a liability incurred:

- (a) defending proceedings (whether civil or criminal) in which judgment is given in his favour or in which he is acquitted, or which are otherwise disposed of without a finding or admission of material breach on his part; or
- (b) in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Alliance.

For these purposes “the Act” as defined in Article 2 shall be deemed to include the Companies (Audit and Investigations and Community Enterprise) Act 2004.

40. WINDING UP

In the event of and upon the winding up or dissolution of the Alliance, whether voluntary or otherwise, at any time:

- (a) the rights and authorities granted to the Alliance by the Members shall cease and revert to the Members who mandated such rights and authorities to the Alliance;
- (b) sums available for Distribution at the date of such winding up shall be distributed in accordance with the Distribution Policy; and
- (c) the assets of the Alliance (other than any rights vested in or controlled by the Alliance pursuant to these Articles and any sums distributable) shall, insofar as they are available for the purpose, be apportioned among the Members in the proportions in which the Right Holders represented by each Member received shares of all the Alliance’s receipts during the year ending 31 March immediately prior to such winding up.