

TEOSTO FUND RULES

1. Title of Fund

The title of the fund is Teosto Fund.

2. Background

According to Article 3 of the Finnish Composers' Copyright Society Teosto, Teosto is a non-profit organisation. Its purpose is to administer and oversee musical and related literary copyright in Finland and abroad and to promote Finnish musical arts and the conditions that underpin them. In order to carry out its statutory purpose, Teosto, in customer agreements concluded with its rightsholders, has agreed a maximum deduction of 10% over and above the costs arising as a result of its copyright management activities to be used for the purpose of promoting Finnish music. In addition, Teosto has agreed with international copyright management organisations and other rightsholders that a proportion of the remuneration for the use of copyright collected will be retained for social, cultural or other equivalent purposes. The aforementioned funding sources shall be referred to as "national funds". In 2009, Teosto debited 5.7% of the performing right royalties for use as national funds. However, it is anticipated that the funding streams for promoting Finnish musical arts and the general conditions that underpin it will be reduced or eliminated in future.

In its meeting on 16 December 2009, Teosto took the decision on a fixed-term increase in the rate of deduction for national funds purposes and on a gradual decrease to be applied later so as to eliminate the deduction in its entirety after 2018. The purpose of the aforementioned decision is to raise capital for a new fund and to transfer responsibility for funding activities to promote Finnish musical arts and the general conditions that underpin it to this fund.

3. Purpose of the fund

The purpose of the fund is to maintain and secure the continuity of funding available for Teosto's activities to promote the Finnish musical arts and the general conditions that underpin it in a situation where the funding sources available at the time of the fund's inception and relating to the promotional activity are due to be reduced or eliminated.

4. Powers relating to the fund

The fund's operating principles and the manner in which the funds will be distributed will be agreed at a Teosto general meeting. Teosto's Board of Trustees is responsible for decision-making on revenue raising activities and investing the fund's assets as well as the management of the fund's administrative aspects. Teosto's Board of Trustees will present a plan setting out future activities as well as a report on the previous year to the Teosto general meeting.

5. Fundraising activities

The fund may raise capital through fees, which Teosto,

- (i) in accordance with the contract between the rightsholder and Teosto, may charge for the purposes of promoting Finnish music as set out under Article 2 of the fund rules, and which Teosto may
- (ii) raise for social, cultural or other purposes in line with agreements concluded between Teosto and international copyright management organisations or Teosto and other rightsholders,
- (iii) as well as any other funds designated for the purpose of promoting Finnish musical arts and the general conditions that underpin it and are allocated to the fund.

The fund may additionally raise funds through

- (iv) donations, bequests, grants and other forms of financial aid,
- (v) merging other funds with it,
- (vi) income derived from property, stocks and shares or other movable assets or the sale of such assets and
- (vii) other funds which are designated for activities that serve the purpose of the fund.

6. Fund management and administration

The fund's assets must be held separately from other Teosto funds.

The fund will be managed by a treasurer appointed by the Teosto Board of Trustees. The funds must be managed in a manner in line with the purpose of the fund and in accordance with the investment plan adopted by the Teosto Board of Trustees annually. Teosto's Board of Trustees may also issue more detailed guidance and instructions on the management.

7. Use of Fund assets

The Fund's assets will be distributed for the purpose of promoting Finnish musical art and the general conditions that underpin it, as proposed by the Teosto Board of Trustees and in line with the decisions taken at the Teosto general meeting. The Teosto Board of Trustees may appoint a separate working group or working groups for the purpose of preparing and presenting proposals to the Board on how the Fund's assets should be distributed. Any such working group must be able to demonstrate sufficient expertise in financial management and cultural matters.

8. Confirming and amending Fund rules

The Fund's rules will be confirmed at the Teosto general meeting. The Fund's rules may be amended by a decision taken at the Teosto general meeting. The decisions to confirm and amend the Fund rules will be taken in line with Teosto's rules.

9. Winding up the Fund

The Fund may be wound up by a decision of the Teosto general meeting. The decision to wind up the Fund will be taken in line with Teosto's rules.

In the event that the Fund is wound up, the remaining assets will be used in a manner that best serves Teosto's statutory purpose.

10. Entry into force of the rules

The Fund rules will enter into force when they are ratified by the Teosto general meeting. The fund will be established when the fund rules enter into force.