

**Regulations on Remuneration Rates for Air and/or Cable Transmission (Including Retranslation)
of the Phonograms Published for Commercial Purposes Subject to Collective Management by
Georgian Rightholders Association (GERA)**

These Regulations set the rates and payment procedures for the broadcasting of phonograms issued for the commercial purposes by TV, radio and/or cable (among them through retranslation), the rights on which are subject to collective management by GERA (hereinafter referred to as Phonograms).

1. Categories of Payers

Payers for transfer of rights on the compositions and their use through broadcasting by TV, radio and/or cable (among them through retranslation) (hereinafter the Users) are as follows:

- 1.1 Legal entities and/or natural persons, as well as the other persons providing airing of phonograms by TV (among them through retranslation);
- 1.2 Legal entities and/or natural persons, as well as the other persons providing broadcasting of phonograms by TV, cable (among them through retranslation);
- 1.3 Legal entities and/or natural persons, as well as the other persons providing airing of the phonograms by satellite, through retranslation of the TV channels and/or individual shows of the airing or cable broadcasting organization (satellite television);
- 1.4 Legal entities and/or natural persons, as well as the other persons providing broadcasting of the phonograms by cable, in the cable TV networks, through retranslation of the TV channels and/or individual shows of the airing or cable broadcasting organization (cable television);
- 1.5 Legal entities and/or natural persons, as well as the other persons providing broadcasting of the phonograms by radio, by airing and/or by cable, among them through retranslation (wireless and wire radio);
- 1.6 Legal entities and/or natural persons, as well as the other persons providing broadcasting of the phonograms by airing and/or by cable, internet network or similar digital networks, by TV and/or radio (among them by retranslation), through internet site or application;
- 1.7 Legal entities and/or natural persons, as well as the other persons providing broadcasting of the phonograms by airing and/or by cable, internet network for the purpose of providing background of internet sites.

2. General Provisions

2.1 Rates and payment procedures, for each user, are determined by the license agreement made between GERA and user, based on the rates and minimal payments determined in accordance with these Regulations.

2.2 Users using the phonograms in number of ways simultaneously shall pay for each way of use of the compositions separately, in accordance with the license agreements.

2.3 If scopes of broadcasting using the phonograms cannot be determined, the license agreements between GERA and user specified in sections 1.1, 1.2, 1.5 can be made regarding the percentage of broadcasting using the phonograms in total time of TV or radio shows, as 50%. In addition, upon completion of the first month of license agreement GERA shall be entitled to revise the rates, based on actual data of broadcasting using the phonograms, provided by the user in the report of phonograms use.

2.4 For the users, whose funding from the state budget is 100%, the amount payable can be set as fixed sum, for the relevant accounting period.

2.5 In case specified in Section 2.4 of these Regulations the fixed sum of payment shall be calculated based on the interest rate stated in these Regulations, from the user's incomes in the previous calendar year.

2.6 In addition, amount payable to GERA calculated according to the previous section will be reduced by 20%, but it shall not be less than the amount stated in the following sections of these Regulations: 3.2, 4.2, 5.2, 6.4, 6.6, 6.8.

2.7 Users shall provide to GERA, among them, at a time of execution of the license agreement, the documents confirming input data affecting calculation of rates and/or payments, among them the data about incomes, providing the basis for calculation of the amount payable.

3. Use of Phonograms in TV, by Air and Cable Transmission, Including Retranslation

3.1 Payment for TV transmission of the phonograms by air and/or cable, including retranslation by the users specified in sections 1.1 and 1.2 shall be based on the ratio between the time of used phonograms and total time of broadcasted and/or retranslated TV shows and shall be calculated from the total income of the user for the accounting period (calendar month).

3.2 Remuneration payable by the users specified in sections 1.1 and 1.2 of these Regulations shall be:

Ratio between the time of used phonograms and total time of TV shows	Remuneration rate (Percentage of the user's income¹)
No more than 24.99%	0.22% but no less than GEL 210
25% - 49.99%	0.38% but no less than GEL 420
50% - 74.99%	0.52% but no less than GEL 633
75% - 100%	0.68% but no less than GEL 787

4. Use of Phonograms in Radio Transmission by Air and Cable Including Retranslation

4.1 Payment for radio transmission of the phonograms by air and/or cable, including retranslation shall be based on the ratio between the time of used phonograms and total time of broadcasted and/or retranslated shows and shall be calculated from the total income of the user for the accounting period (calendar month).

4.2 Remuneration payable by the users specified in Section 1.5 of these Regulations shall be:

Ratio between the time of used phonograms and total time of TV shows	Remuneration rates (Percentage of the user's income²)
No more than 19.99%	0.22% but no less than GEL 66
20% - 39.99%	0.36% but no less than GEL 73
40% - 59.99%	0.58% but no less than GEL 80
60% - 79.99%	0.76% but no less than GEL 86
Over 80%	0.9% but no less than GEL 93

¹ User's income providing basis for remuneration calculation according to these Regulations according to the income sources shall be set by the license agreement with the user.

² User's income providing basis for remuneration calculation according to these Regulations according to the income sources shall be set by the license agreement with the user.

5. Use of the Phonograms through Air and Cable Transmission, Including Retranslation, in Internet Network and Other Communication Networks

5.1 Remuneration for use of the phonograms in communication networks through internet sites or application by the users specified in Section 1.1 of these Regulations shall be calculated as percentage of user’s incomes generated from use of the mentioned phonograms.

5.2 For the purpose of these Regulations, transmission of phonograms in the communication networks shall mean transmission of the phonograms by air and/or cable through wire or wireless communication so that the users were able to listen to the phonogram in internet network or other similar digital networks in real time, independently selecting the phonograms or fragments thereof, without possibility of changing the phonograms’ sequence according to their choice, with the possibility of pausing the show without losing the possibility of perceiving content after resuming such show.

Internet site shall mean the computer software and other information in the information system access to which is provided by internet network for the user with the domain names and/or network addresses allowing identification of given internet site in the internet network administered by the user through which is provided transmission of the TV and/or radio channels in internet or similar digital networks by the user so that to allow the unlimited circle of individuals having access to internet network to watch or listen to the above TV or radio channels.

Application shall mean the special software administered by the user, among them the applications for mobile devices that can be installed and operated on the equipment, managed by the operation systems (iOS, Android, Windows etc.) by means of which the user provides air and/or cable transmission of his/her TV and radio channels and/or retranslation of the other TV and radio channels in internet and other similar networks to allow the unlimited circle of individuals, who have installed the mentioned software, watching and/or listening of the mentioned TV and/or radio channels.

5.3 Remuneration for transmission of the phonograms in the communication networks, through internet site or application shall be 0.5% of the user’s income.

5.4 Remuneration for transmission of the phonograms through communication for the purpose of generating income by the user, by the number of internet sites or applications, shall not be less than that for use of the composition on each internet site and/or in each application:

Number of internet sites or applications	Minimal remuneration per quarter for each internet site or application
Up to three	GEL 80
From four to six	GEL 74
From seven to nine	GEL 67
From ten to twelve	GEL 60
Twelve and more	GEL 54

5.5 Calculation of minimal remuneration as per Section 5.4 of these Regulations shall be applied in one year from the moment of actual commencement of phonograms transmission in communication network through any internet site or application administered by the user.

Before expiry of one year period from the moment of commencement of the phonograms use, minimal remuneration payable by the user of phonogram shall be GEL 250 per quarter, irrespective of the number of internet sites or applications through which the phonograms are used.

5.6 Remuneration for transmission of phonograms in communication networks through internet sites or applications provided not for the purpose of profit generation shall be GEL 125 per quarter.

Transmission of phonograms in communication networks through internet sites or applications may be recognized as not intended for profit generation, if the user is non-profit organization or natural person without the status of individual entrepreneur, not gaining incomes from the advertising and by providing broadcasting time to the third parties. In all other cases, transmission of the phonograms in communication networks through internet sites or applications by the user shall be recognized as intended for profit generation.

5.7 If the agreement is made with the user on use of the phonograms by their air and/or cable transmission in communication networks, including their retranslation, not providing for automatic prolongation for the term more than two calendar months, minimal remuneration shall be as per Section 5.5 or 5.6, with correction coefficient of 0.5.

5.8 Users specified in Section 1.7 of these Regulations providing transmission of the phonograms in communication networks as sound background of the internet sites or applications, shall pay remuneration amounting to GEL 10 per quarter for each internet site or application.

Sound background of the site or application shall mean uninterrupted and cyclical transmission of the composition in communication networks or application no more than 10 times, with transmission commencing at opening of the internet site or application and this is not related to the informational load of the internet site or application (background music), if the contents of such internet site or application is not related to broadcasting activities of the TV or radio channels.