

**ARTICLES OF ASSOCIATION  
OF THE SLOVAK PERFORMING AND MECHANICAL RIGHTS SOCIETY**

with the content of a statute pursuant to Act No. 185/2015 Coll. Copyright Act, as amended, (hereinafter the "*Copyright Act*")  
(hereinafter the "*Articles of Association*")

**Article 1  
Legal Status**

- 1.1 The Slovak Performing and Mechanical Rights Society (hereinafter "SOZA") is an independent legal entity with own legal personality, which, on its own behalf, collects, manages and distributes remuneration for authors and publishers of musical works belonging to these entities pursuant to Copyright Act and relevant implementing rules.
- 1.2 SOZA is an association of physical and legal entities under Act No. 83/1990 Coll. on Association of Citizens, as amended, which is a legal representative of the former SOZA. Registered office is SOZA, Rastislavova 3, 821 08 Bratislava, Slovak Republic. SOZA operates in the territory of the Slovak Republic. SOZA exercises the scope of authority in relation to foreign countries under international agreements concluded with similar foreign organizations. SOZA is a member of international organisations, such as CISAC, BIEM, GESAC, etc.

**Article 2  
Definition of Terms**

- 2.1. For the purposes of the Articles of Association, the terms stated below in this article of the Articles of Association are interpreted as follows.
- 2.2. SOZA member means
- a) an author (a composer or an author of a verbal part of a musical work);
  - b) a publisher;
  - c) an heir of copyrights;
- who has met membership conditions stipulated by the Articles of Association and did not reject to become a SOZA member.
- 2.3. Collective rights management means the management of the exercise of property rights pursuant to the Copyright Act by means of the organisation of collective management.
- 2.4. Rights holder means
- a) an author;
  - b) an heir of copyrights;
  - c) a person exercising property rights of the author pursuant to the Copyright Act.
- 2.5. Other collective rights management organisations (hereinafter "CMO") mean domestic collective rights management organisations with registered office in the Slovak Republic pursuant to the Copyright Act; foreign collective rights management organisations and similar organisations.
- 2.6. Similar organisation under Paragraph 2.5 of the Article of the Articles of Association means a so-called independent management entity, which is any legal entity entitled, under an agreement with a rights holder, to manage property rights on behalf of several rights holders and in the interest of common benefit of these rights holders, as the only or main subject matter of its activity, and which is not owned or controlled, directly or indirectly, fully or partially, by rights holders and which carries out its activity in order to achieve profit, and any other similar entities.

- 2.7. Interest of SOZA members is an interest that brings material gain or other benefit to all or many SOZA members (hereinafter the "*SOZA Interest*").
- 2.8. Conflict of interests means a conflict between the SOZA Interests or the interests of all SOZA members and the interest of a member of a SOZA body arising from his legal or factual relation with other CMO, Big Users of musical works and related persons that could negatively influence the performance of his tasks and duties arising for him from the function performed in SOZA under the Copyright Act, the Articles of Association and other internal rules of SOZA (hereinafter the "*Conflict of Interests*").
- 2.9. Related person means a relative in the ascending line, sibling and husband; other persons in a family or similar relation are considered persons related to each other, if a harm suffered by one of them would be reasonably felt by the other one as its own. The level of kinship of two persons is determined according to the number of births which one goes through from the other one in direct line and in indirect line both persons from the closest common ancestor.
- 2.10. Big user of musical works (hereinafter the "*Big Users*") is any
- a) radio broadcaster;
  - b) television broadcaster;
  - c) retransmission operator;
  - d) producer of sound carriers;
  - e) entity making music works available to the public through other form of transmission;
- the financial obligations of which toward SOZA, as a licensee, for the previous year exceed EUR 20,000.00 excluding VAT according to SOZA Royalty Tariffs before discount;
- f) other licensee the financial obligations of which toward SOZA, as a licensee, for the previous year exceed EUR 10,000.00 excluding VAT according to SOZA Royalty Tariffs before discount.

### **Article 3** **SOZA Mission**

- 3.1. SOZA mission is to protect the common interests of the holders of rights to musical works, create conditions for a balanced internal integration of the interests of differentiated groups of rights holders and for the cooperation and coordination of a procedure with other similar entities in Slovakia and abroad.
- 3.2. The main subject matter of SOZA activity is the collective management of copyrights, i.e. the collective exercise and protection of property rights of the holders of rights to musical works through the fact that SOZA, for the common benefit of represented rights holders, primarily
- makes it possible to legally use musical works in the public and sets its conditions by means of the conclusion of cumulative license agreements;
  - monitors and implements obligations from cumulative license agreements, from unauthorised use of musical works and exercises the rights of rights holders to remuneration for the use of their works;
  - collects remunerations for the use of musical works and distributes them to entitled rights holders in accordance with Distribution Rules;
  - protects managed rights abroad by concluding international copyright agreements with foreign collective management organisations;
  - protects the rights managed by the foreign collective management organisations under the international copyright agreements in the territory of the Slovak Republic;
  - supports the development of music-making in the Slovak Republic and supports musical art;
  - submits to the competent national authorities proposals for solutions and measures in the field of legal protection of the authors of musical works.

- 3.3. SOZA deals with activities that do not fall into the content of collective management (i.e. activities outside the definition of the provision of Paragraph 3.2 of this Article of the Articles of Association) only if it is in compliance with the rule of law of the Slovak Republic, beneficial for the performance of collective management and in the scope that is effective.
- 3.4. SOZA primarily does not deal with the management of moral rights, individually exercised property copyrights, claims of individual authors arising from these relations, etc., not belonging to the content of the collective rights management.

#### **Article 4 Membership**

- 4.1. SOZA member can be:
- a) an author;
  - b) a publisher of musical works;
  - c) an heir of copyrights;
- who has met membership conditions stipulated by the Articles of Association and did not reject to become a SOZA member.
- 4.2. SOZA membership is individual for authors, heirs and publishers of musical works.
- 4.3. A publisher who is a legal entity is represented, in relation to its membership rights, by a statutory body or an authorised representative.
- 4.4. SOZA distinguishes two types of membership:
- a) membership with voting rights;
  - b) membership without voting rights.

#### **Article 5 Conditions for the Acquisition and Loss of Membership**

- 5.1. An author who wants to become a SOZA member must meet the following conditions:
- a) conclude with SOZA a representation agreement in its current form; and
  - b) pay to a SOZA account an administrative fee for the processing of membership application.
- 5.2. A publisher who wants to become a SOZA member must meet the following conditions:
- a) submit to SOZA valid license agreements for the publication of works, however, not less than 10 musical works;
  - b) conclude with SOZA a representation agreement; and
  - c) pay to a SOZA account an administrative fee for the processing of membership application.
- 5.3. An heir of the rights holder can also become a SOZA member. An heir who wants to become a SOZA member must meet the following conditions:
- a) submit to SOZA a valid certificate of inheritance which shows that he has acquired rights to the protected works;
  - b) conclude with SOZA a representation agreement; and
  - c) pay to a SOZA account an administrative fee for the processing of membership application.
- 5.4. The amount of the administrative fee for the processing of the membership application, maturity date and the terms of payment will be determined by a Supervisory Board in a special rule.

- 5.5. The SOZA membership starts on the day of the signing of the representation agreement on the part of SOZA and the applicant.
- 5.6. A member loses its SOZA membership by:
- a) the dissolution of the member - a legal entity without legal successor as of the dissolution;
  - b) the termination of authorisation to do business in connection with the activity of a publisher;
  - c) on the day of the delivery of a member's written notice of the termination of SOZA membership;
  - d) the exclusion of a member;
  - e) when a member did not conclude a representation agreement, on the thirtieth day of this fact;
  - f) the expiry of a period for the payment of a membership fee under the provision of Paragraph 8.3. Article 8 of the Articles of Association;
  - g) the death of a member if it is a member who is a physical entity, as of the date of death;
  - h) declaring a member dead if it is a member who is a physical entity, as of the date that is stated as a date of death in a judgement declaring the person dead.

## **Article 6**

### **Adopting an Applicant as a Member**

- 6.1. A membership applicant's written application is a precondition for the proceedings on adoption.
- 6.2. Supervisory Board decides on the adoption of the membership applicant within 90 days of the receipt of his membership application. Within the decision-making process, the Supervisory Board will review, in addition to legal conditions under the Copyright Act, the meeting of membership conditions by the membership applicant under the Articles of Association.
- 6.3. SOZA informs on a decision to adopt the membership applicant or on a decision to reject the membership applicant, stating the reasons for rejection, electronically, by a letter delivered to an address stated in the membership application or to other address notified by the applicant later.
- 6.4. A membership applicant rejected by SOZA can submit written objection to the decision on rejection within 30 days of the delivery of the decision on rejection. Objections are submitted in writing to the Supervisory Board, which will submit them to the Arbitration Committee together with relevant documentation.
- 6.5. The Arbitration Committee will review the membership applicant's objections to the decision of the Supervisory Board on the rejection of the applicant.
- 6.6. The Arbitration Committee will reject the membership applicant's objections that were
- a) submitted late; and/or
  - b) submitted by a person not authorised to submit objections.
- 6.7. The Arbitration Committee can
- a) confirm the decision of the Supervisory Board to reject the membership applicant if it is factually correct; or
  - b) change it if the conditions for confirmation are not met.
- 6.8. SOZA informs the membership applicant on the decision under Paragraph 6.7 of this Article of the Articles of Association electronically, by a letter delivered to an address stated in the membership application or to other address notified by the applicant.
- 6.9. SOZA publishes a list of members on its website.

## **Article 7**

### **The Rights and Duties of Members**

7.1. Member`s basic rights mainly include:

- a) participation in the meeting of General Assembly;
- b) elect, vote, propose candidates for SOZA bodies and to be elected to SOZA bodies in accordance with conditions laid down by the Articles of Association;
- c) to be informed on SOZA activities unless a special SOZA rule stipulates otherwise;
- d) vote in SOZA bodies, of which he is a member, on any submitted proposals, unless stipulated otherwise in the Articles of Association or a special SOZA rule;
- e) submit written comments and complaints according to a special SOZA rule;
- f) right to the complete information on the method of settlement and the settlement of his royalties under Article 27 of the Articles of Association.

7.2. Member`s basic duties mainly include:

- a) comply with the Copyright Act, the Articles of Association and other internal SOZA rules in relation to members;
- b) fulfil duties arising from representation agreement according to the Copyright Act;
- c) refrain from any action contrary to the Articles of Association, the interest of SOZA and representation agreement; especially not to enter into any legal relations that would harm the interests of SOZA or its members;
- d) provide on request, to the selected bodies of SOZA collaboration in the scope necessary for the fulfilment of their duties under the Articles of Association;
- e) duty to pay an annual membership fee in a proper and timely manner.

## **Article 8**

### **Membership Fee**

8.1. The Supervisory Board determines the amount and maturity date of membership fee.

8.2. If a SOZA member does not pay the membership fee in the amount and in the period determined by the Supervisory Board, the membership fee can be paid in the form of a set-off in the amount of the membership fee. If the membership fee was not paid in the amount and in the period determined by the Supervisory Board, SOZA will call upon the member to pay the membership fee additionally, while the notice will be delivered to the member in a way under the relevant provisions of representation agreement.

8.3. If the membership fee is not paid under Paragraph 8.2 of this Article of the Articles of Association, not even before 31 December of the given calendar year, his SOZA membership is automatically cancelled as of 1 January of the next calendar year. SOZA informs the former member on the loss of his membership under the relevant provisions of representation agreement.

8.4. The Supervisory Board can discharge from payment of the membership fee in exceptional and justified cases.

## **Article 9**

### **Member`s Right to Elect, Vote and to be Elected**

9.1. A member`s right to elect and vote is restricted on the basis of the following criteria:

- a) the duration of the membership and
- b) the amount of remuneration paid to the member.

9.2. The right to elect and vote at General Assembly belongs to SOZA members with voting right. The member obtains a voting right if he meets at least one of the following conditions:

- a) he is a SOZA member for the period of four years at least and royalties (fees) paid to

- him in one year (in any year) accounted for at least EUR 700.00 in the case of the authors of popular music and special functions' music or EUR 350.00 in the case of authors from other fields; or
- b) he is a SOZA member for the period of three years at least and his royalties during three consecutive years accounted for the triple of the amount under Sub-paragraph a) of this Paragraph of the Articles of Association; or
  - c) he is a SOZA member for the period of two years at least and his royalties during two consecutive years accounted for the double of the amount under Sub-paragraph a) of this Paragraph; or
  - d) he is a SOZA member:
    - for the period of one year at least and his royalties for the period of one year accounted for four-time of the basic amount under Sub-paragraph a) of this Paragraph of the Articles of Association; or
    - he is a member from the field of serious, brass, folk and jazz music who has
      - i. in each of four consecutive years permanent income of at least EUR 100.00; or
      - ii. in each of four consecutive years permanent income that at least in one year exceeds the amount of EUR 200.00.
  - e) Conditions for entitlement to elect and vote at General Assembly for authors under this Article of the Articles of Association also apply mutatis mutandis to the heirs and publishers of musical works; while financial limits are multiplied by the coefficient of three in relation to publishers.
- 9.3. The meeting of conditions under Paragraph 9.2 of this Article of the Articles of Association in relation to authors who compose works from various fields will be considered according to the prevailing nature of the work registered in SOZA and the scope of its use; if shares are equal, according to more advantageous criterion for the rights holder.
- 9.4. The right to be elected to the elected bodies of SOZA belongs to a SOZA member with voting right under Paragraph 9.2 of this Article of the Articles of Association, who is a SOZA member for at least three years and is not an heir.
- 9.5. In the case of heirs of one author the heirs exercise their right to elect and vote only by means of a common representative.
- 9.6. A member who does not meet conditions for entitlement to elect, vote and to be elected under the provisions of this Article of the Articles of Association, is not entitled to elect or to be elected to SOZA bodies and is not entitled to propose candidates to individual SOZA bodies. This is without prejudice to the right to elect and to be elected to the Assembly of Delegates of a member with voting right under Paragraph 9.2 of this Article of the Articles of Association.
- 9.7. Other rights and duties of the member arise from concluded representation agreements.

## **Article 10**

### **The Exercise of Voting Rights**

- 10.1. Each SOZA member is entitled to participate in General Assembly.
- 10.2. The member exercises his rights at the General Assembly in person or by means of other SOZA member based on the original of officially certified written authorisation not older than three months. The verification of signature on the written authorisation can, based on the ID of authoriser, be performed before the General Assembly by an employee of SOZA Legal Department in the place of the General Assembly or during working hours in SOZA registered office.
- 10.3. Each member has one vote, except heirs. The heirs of author have one vote together, while they exercise their voting rights by means of a common representative.

- 10.4. A publisher who is a legal entity exercises its rights by means of its statutory body or a legal representative or by means of other SOZA member based on the original of officially certified written authorisation not older than three months.
- 10.5. At the General Assembly, one member can represent no more than five members. The meeting of conditions for representing a member based on authorisation is verified during presentation by the SOZA Legal Department, which will issue a mandate to the member with the corresponding number of votes. Based on the authorisation, authorised representative can represent a SOZA member always only at the forthcoming meeting of the General Assembly. A new authorisation must be granted for the purpose of representation at the meeting of the General Assembly that will take place after the forthcoming meeting.
- 10.6. Heirs exercise their rights at the General Assembly by means of a common representative. Heirs will appoint a common representative within 15 days of the day on which at least two heirs of the author became SOZA members. If heirs do not appoint the common representative within the period according to the previous sentence, SOZA will appoint the common representative in the way that the common representative will be the heir who became a SOZA member as the first. Heirs can request the elected and authorised common representative to be changed, however such a change will enter into effect on 1st January of the calendar year following the year in which the request was delivered.
- 10.7. The exercise of voting rights through electronic means is governed by a special rule approved by the Assembly of Delegates.

#### **Article 11**

##### **The Consequences of Breach of the Rights and Duties by a SOZA Member**

- 11.1. The breach of the duties of a SOZA member means
- a) the breach of the Copyright Act on the part of the member; or
  - b) if the member did not fulfil or omitted to fulfil a duty stipulated by the Articles of Association or other internal SOZA rules, from which duties arise for the member; or
  - c) if he acted contrary to the provisions of representation agreement; or
  - d) if he breached the legitimate interests of SOZA.
- 11.2. The following sanctions can be imposed on the member for the beach of duties:
- a) admonition for the breach of duties of the SOZA member; or
  - b) the suspension of the exercise of membership rights and duties; i.e. the suspension of the exercise of the election and voting right and the right to be elected to SOZA bodies for as long as one year with effect from the first day of the calendar month following a final decision on the breach of member`s duties; or
  - c) the exclusion of a SOZA member; excluded SOZA member can become a SOZA member after three years of a final decision on exclusion.
- 11.3. Sanctions under Paragraph 11.2 of this Article of the Articles of Association can be imposed on a member within proceedings on the breach of duties of a SOZA member.
- 11.4. The proceedings on the breach of duties of a SOZA member are conducted by the Supervisory Board. Before imposing a sanction, the Supervisory Board is obligated to call upon a person concerned to give his opinion on the matter. It will determine a period not shorter than 15 working days for the opinion. After the period according to the previous sentence expires, the Supervisory Board will determine a date of personal hearing about the matter and will invite the member concerned to the hearing. The Supervisory Board will determine the date of hearing about the matter within at least five working days of the date of the dispatch of an invitation for the hearing to the last known address of the member concerned.
- 11.5. The member concerned is entitled to
- a) give his opinion on the matter discussed during proceedings on the breach of duties of a SOZA member;

- b) participate in hearing about the matter before the Supervisory Board and to give his opinion on a matter that is the subject matter of the proceedings on the breach of duties of a SOZA member;
  - c) appeal against a decision of the Supervisory Board.
- 11.6. The Supervisory Board will stop the proceedings on the breach of duties of a SOZA member, if
  - a) the member concerned died or was declared dead;
  - b) the member concerned was deprived of legal capacity;
  - c) the membership of the member concerned has been terminated.
- 11.7. The Supervisory Board can discuss the matter in the absence of the member concerned if the member concerned agreed with it in writing or if he did not ask in writing for the adjournment of the discussion for a serious reason at least two working days before the date of discussion.
- 11.8. The discussion in the proceedings on the breach of duties of a SOZA member is not public.
- 11.9. The Supervisory Board
  - a) shall stop the proceedings on the breach of duties of a SOZA member under Paragraph 11.6 of this Article of the Articles of Association;
  - b) shall acquit the member concerned of a charge if it was not proved that the member concerned had breached a duty for which he is blamed.
  - c) shall decide on the breach of a duty of the SOZA member concerned if it was proved that there had been a breach of a duty of a member and will impose a sanction.
- 11.10. The decision under Paragraph 11.9 of this Article of the Articles of Association is delivered to the member concerned to the last known address. The member concerned can raise objections to the decision of the Supervisory Board. Objections are submitted in writing to the Supervisory Board within 30 days of the delivery of the decision of the Supervisory Board.
- 11.11. The Arbitration Committee decides on the objections of the member concerned to the decision of the Supervisory Board.
- 11.12. The Arbitration Committee will reject the objections of the member concerned, if these were
  - a) submitted late; and/or
  - b) submitted by a person not authorised to submit objections.
- 11.13. The Arbitration Committee can confirm the decision of the Supervisory Board under Paragraph 11.9 of this Article of the Articles of Association
  - a) if it is factually correct; or
  - b) change it if the conditions for confirmation are not met.
- 11.14. The decision under Paragraph 11.13 of this Article of the Articles of Association is delivered to the member concerned to the last known address.
- 11.15. Provisions on preventive measures and sanctions also apply mutatis mutandis to a member who is a legal entity if its statutory body, member, associate, shareholder, person with a stake or controlling entity commits actions under Paragraph 11.1 of this Article of the Articles of Association.

## **Article 12**

### **SOZA Bodies**

- 12.1. SOZA bodies are as follows:
  - a) General Assembly;
  - b) Management Board;



- c) Supervisory Board;
- d) Arbitration Committee;
- e) Classification Committee.

### **Article 13** **General Assembly**

- 13.1. General Assembly is the supreme body of SOZA.
- 13.2. General Assembly shall meet at least once a year.
- 13.3. General Assembly, in connection with the exercise of collective rights management,
  - a) approves amendments to the Articles of Association;
  - b) elects and removes
    - 1. the Management Board and decides on its remuneration;
    - 2. the Supervisory Board and decides on its remuneration;
    - 3. the Arbitration Committee and decides on its remuneration;
    - 4. the Classification Committee and decides on its remuneration;
  - c) approves the principles of the collection, distribution and payment of royalties, equitable remuneration, private copying remuneration and additional remuneration of rights holders collected by collective management organisation, including the income from the recovery of unjust enrichment and damage compensation (hereinafter the *"income from the exercise of collective rights management"*);
  - d) approves special principles of the use of royalties, equitable remuneration and additional remuneration collected by collective management organisation, in relation to which it is impossible to identify or find a rights holder to whom they belong (hereinafter the *"non-distributable remuneration"*) and private copying remuneration;
  - e) approves a proposal for the use of the non-distributable remuneration;
  - f) decides on the creation of a fund for supporting social, cultural and educational needs in favour of members and rights holders, including transparent and non-discriminatory conditions for providing financial means from this fund;
  - g) approves the principles of common appreciation of income from the exercise of collective rights management, including risk management principles reflecting the appreciation only in the interest of rights holders with adequate security, liquidation and avoidance of dependence on one source of profit;
  - h) approves the principles of the application of effectively incurred costs for providing of the service of collective rights management;
  - i) approves the acquisition or transfer of a title to immovable property of the collective management organisation;
  - j) approves a proposal for fusion, merger or split of the collective management organisation;
  - k) approves a proposal for
    - 1. the establishment and foundation of other legal entity or a SOZA share in other legal entity with registered office outside the territory of the Slovak Republic;
    - 2. the establishment and foundation of other legal entity or a SOZA share in other legal entity with registered office in the territory of the Slovak Republic exceeding EUR 30,000.00 excluding VAT up to EUR 100,000.00 excluding VAT, including;
    - 3. the establishment and foundation of other legal entity or a SOZA share in other legal entity with registered office in the territory of the Slovak Republic exceeding EUR 100,000.00 excluding VAT;
  - l) approves, based on the opinion of the Supervisory Board,
    - 1. annual report;
    - 2. SOZA financial statements;

- m) decides on the voluntary termination of the exercise of collective rights management under the Copyright Act;
  - n) notes a declaration of a member of the Management Board and the Supervisory Board under the Copyright Act with regard to their relation to SOZA as a member or rights holder, including any remuneration and other monetary payments paid by SOZA to them in the previous year;
  - o) approves the co-option of SOZA members to all elected bodies;
  - p) approves Distribution Rules on a proposal of the Supervisory Board;
  - q) approves a proposal for receiving a credit or for granting a loan, or for granting a security for the credit or the loan if the amount of the credit, the loan or the security for the credit or loan accounts for EUR 100,000.00 excluding VAT.
  - r) approves a rule under Paragraph 21.2. Article 21 of the Articles of Association laying down the procedure for the exercise of supervision by the Supervisory Board;
  - s) decides on other matters under the Articles of Association.
- 13.4. Resolutions of the General Assembly are implemented by a SOZA body which, under the Articles of Association, is competent to implement the given or similar resolutions.

#### **Article 14**

##### **The Convocation of General Assembly**

- 14.1. The Supervisory Board convenes General Assembly once a year by means of an invitation delivered in the following ways:
- a) an invitation delivered to a member by means of an ISpA information system, if the member has access to the system and selected the delivery of documents in this form;
  - b) an invitation delivered to a member electronically to an e-mail address, if the member has not access to the ISpA information system and selected the delivery of documents from SOZA in electronic form; or
  - c) a written invitation delivered to a member to his last known address, if the member did not select the delivery by means of the ISpA or to an e-mail address selected by him.
- 14.2. The written invitation to the General Assembly shall be delivered to members at least 14 days before the date of the General Assembly. Invitations sent in the way under Paragraph 14.1(a) or (b) of this Article of the Articles of Association are delivered to members after the date of the General Assembly has been approved, however at least 14 days before the date of the General Assembly. The General Assembly is usually held on the last Wednesday in May of the current calendar year.
- 14.3. The timetable of the preparation of the General Assembly, including the determination of the date, is approved by the Supervisory Board so that it is possible to publish it at least 45 days before the planned date of the General Assembly.
- 14.4. In addition to an ordinary session of the General Assembly, the Supervisory Board can convene an extraordinary session of the General Assembly. The Supervisory Board is obligated to convene the extraordinary session of the General Assembly if a written request is submitted by at least one third of SOZA members with voting rights under Paragraph 9.2. of Article 9 of the Articles of Association. In such a case, the Supervisory Board is obligated to determine a date of the extraordinary session of the General Assembly without undue delay so that it can be convened in a manner and within deadlines under Paragraph 14.2 of this Article of the Articles of Association.
- 14.5. Agenda of the ordinary and extraordinary session of the General Assembly is prepared by the Supervisory Board. The agenda shall include
- proposals of individual SOZA bodies on their own initiative or on the initiative of SOZA members;
  - members' proposals submitted by means of a petition signed by five percent of members with voting rights under Paragraph 9.2. of Article 9 of the Articles of Association, if delivered to SOZA within 30 days before the date of the session.

- 14.6. Written proposals and comments to the General Assembly agenda or to the wording of documents sent together with an invitation to the General Assembly, which are to be discussed at the General Assembly session, must be delivered to SOZA at least one week before the date of the General Assembly session. Written proposals and comments sent after the above date will not be included in the agenda of the General Assembly session.

### **Article 15**

#### **Conducting a General Assembly Session**

- 15.1. A General Assembly session is conducted by a chairman of the Supervisory Board or a person authorised by him. The General Assembly session runs according to an approved agenda.
- 15.2. The Management Board in cooperation with the elected bodies and professional units of SOZA are in charge of tasks associated with the preparation, organisation and course of the General Assembly session.
- 15.3. Details of the course of the General Assembly session are governed by Rules of Procedure approved by the General Assembly.
- 15.4. Documents related to the General Assembly are signed by a chairman and vice-chairman of the Supervisory Board. In their absence, the documents are signed by persons from among the members of the Supervisory Board authorised by them.

### **Article 16**

#### **The Quorum of the General Assembly and the Adoption of Decisions**

- 16.1. The General Assembly has a quorum in such a number in which it takes place.
- 16.2. The General Assembly decides by an absolute majority of SOZA members with voting rights under Paragraph 9.2. of Article 9 of the Articles of Association participating in voting in the case of adopting any decisions under Paragraph 13.3. of Article 13 of the Articles of Association, with the exception of
- a) decisions under Paragraph 13.3(a) and (j) of Article 13 of the Articles of Association, when it is always necessary to have consent of at least two thirds majority of SOZA members with voting rights under Paragraph 9.2. of Article 9 of the Articles of Association participating in voting,
  - b) decision under Paragraph 13.3(m) of Article 13 of the Articles of Association, when it is always necessary to have consent of at least three quarters majority of all SOZA members with voting rights under Paragraph 9.2. of Article 9 of the Articles of Association.
- 16.3. The General Assembly can adopt a final decision only to the points included in the agenda of the General Assembly under Article 14 of the Articles of Association.
- 16.4. In the event of an equality of votes, the chairman of the Supervisory Board has two votes.

### **Article 17**

#### **The Principles of Election to SOZA bodies**

- 17.1. A list of candidates is a result of a nomination which, in accordance with professional keys of individual bodies according to the Articles of Association, is prepared by the Supervisory Board based on its own proposals and proposals of SOZA members.
- 17.2. Every SOZA member with voting right under Paragraph 9.2. of Article 9 of the Articles of Association is entitled to propose his candidate at least 30 days before the date of the General Assembly. SOZA members' nomination must be submitted in writing to SOZA address and it must contain candidate's name and surname, date of birth, permanent address if it is a physical entity, and candidate's name, registration number and registered

office if it is a legal entity, and professional group for which he is nominated to a relevant SOZA body.

- 17.3. Nomination must include a declaration of the candidate or his statutory representative, signed in his own hand, that he agrees with the nomination to a relevant SOZA body and he is not aware of any obstacles of eligibility for election or conflict of interests under the Articles of Association.
- 17.4. In addition to its own nomination, the Supervisory Board also submits all proposals for nomination from among the members who meet conditions stated in this Article of the Articles of Association.
- 17.5. The first round of elections is conducted in the form of secret vote.
- 17.6. Candidates to SOZA bodies for a professional group of publishers are elected by publishers who are present at the General Assembly separately from other SOZA members. Publishers do not participate in the voting on the representatives of other SOZA members in elected SOZA bodies.
- 17.7. Candidates to SOZA bodies for authors are elected by SOZA members, except publishers, who are present at the General Assembly separately from publishers. SOZA members, except publishers, do not participate in the voting on the representatives of publishers in elected SOZA bodies.
- 17.8. A ballot cast must respect professional keys under the Articles of Association, otherwise it is invalid. It is impossible for a physical entity to be a part of an elected SOZA body and the Assembly of Delegates as a SOZA member - physical entity and simultaneously as a representative of a publisher.
- 17.9. In the case of objections to an author's membership of a professional group for the purposes of elections to bodies consisting of professional groups, the General Assembly will be interrupted for necessary period until Election Committee gives its final judgement on the objections.
- 17.10. In the first round, only a candidate who obtained an absolute majority of votes of SOZA members with voting right under Paragraph 9.2. of Article 9 of the Articles of Association participating in voting can be elected.
- 17.11. The second round of elections takes place when the necessary number of candidates in the first round did not obtain an absolute majority of votes. The provision of Paragraph 17.6 and 17.7 of this Article of the Articles of Association also applies to the second round of elections, in which candidates for positions that were not occupied in the first round of the elections are elected.
- 17.12. Details on the process of elections are governed by Election Rules. The Election Rules are approved by the General Assembly.

## **Article 18**

### **The Assembly of Delegates**

- 18.1. The General Assembly can decide that its powers will be exercised by the Assembly of Delegates as a narrowed General Assembly. The Assembly of Delegates is not a SOZA body.
- 18.2. The Assembly of Delegates, if established, can exercise the following powers of the General Assembly:
  - a) elects and removes the Management Board and decides on its remuneration;
  - b) approves the principles of the collection, distribution and payment of income from the performance of collective rights management;
  - c) approves special principles of using non-distributable remuneration and private copying remuneration;
  - d) approves a proposal for the use of the non-distributable remuneration;

- e) decides on the creation of a fund for supporting social, cultural and educational needs in favour of members and rights holders, including transparent and non-discriminatory conditions for providing financial means from this fund;
  - f) approves the principles of common appreciation of income from the exercise of collective rights management, including risk management principles reflecting the appreciation only in the interest of rights holders with adequate security, liquidation and avoidance of dependence on one source of profit;
  - g) approves the principles of the application of effectively incurred costs for providing of the service of collective rights management;
  - h) approves the acquisition or transfer of a title to immovable property of the collective management organisation;
  - i) approves a proposal for the establishment and foundation of other legal entity or a SOZA share in other legal entity with registered office in the territory of the Slovak Republic exceeding EUR 30,000.00 excluding VAT up to EUR 100,000.00 excluding VAT, including;
  - j) approves, based on the opinion of the Supervisory Board, SOZA financial statements;
  - k) notes a declaration of a member of the Management Board and the Supervisory Board with regard to their relation to SOZA as a member or rights holder, including any remuneration and other monetary payments paid by SOZA to them in the previous year;
  - l) co-opts SOZA members to all elected bodies;
  - m) approves Distribution Rules on a proposal of the Supervisory Board;
  - n) approves, at the suggestion of the Supervisory Board, a rule under Paragraph 19.3. of Article 19 of the Articles of Association which lays down professional qualification preconditions for the function of a member of the Management Board and the method of the execution of the function;
  - o) approves a proposal for receiving a credit or for granting a loan, or for granting a security for the credit or the loan if the amount of the credit, the loan or the security for the credit or loan accounts for EUR 30,000.00 excluding VAT up to EUR 100,000.00 excluding VAT, including;
  - p) approves a rule under Paragraph 21.2 of Article 21 of the Articles of Association laying down the procedure for the exercise of supervision by the Supervisory Board.
- 18.3. The Assembly of Delegates is elected by SOZA members with voting right under Paragraph 9.2. of Article 9 of the Articles of Association in regular intervals for a period between the General Assembly sessions, however for four years at most.
- 18.4. The Assembly of Delegates consists of 33 members elected by the General Assembly, while
- 27 of the 33 members represent authors - lyricists and composers; and
  - 6 of 33 members represent publishers.
- 18.5. The Assembly of Delegates is elected by the General Assembly according to this professional key:
- 11 composers representing the field of serious music, folk music, brass music and film music, while within this group there is always elected at least one representative representing the field of serious music, one representative representing the field of folk music, one representative representing the field of brass music and one representative representing the field of film music;
  - 11 composers representing the field of popular music, jazz music and special functions' music, while within this group there is always elected at least one representative representing the field of popular music, one representative representing the field of jazz music and one representative representing the field of special functions' music;
  - 5 authors representing the authors of verbal part of musical works (lyricists);
  - 6 publishers.
- 18.6. The Assembly of Delegates elects its chairman and vice-chairman from among its members.
- 18.7. The membership in SOZA bodies is not incompatible with the membership in the Assembly of Delegates, unless the Articles of Association stipulate otherwise.
- 18.8. The chairman and the vice-chairman cannot be from the same professional group under

Paragraph 18.5 of this Article of the Articles of Association.

- 18.9. The Assembly of Delegates is governed by the Rules of Procedure approved by it.
- 18.10. The Assembly of Delegates has a quorum if an absolute majority of all delegates is present.
- 18.11. The Assembly of Delegates decides by an absolute majority of votes of all delegates in the case of adopting any decisions under Paragraph 18.2 of this Article of the Articles of Association, with the exception of decisions under Sub-paragraph a), h), i) and m) of the above provision of the Articles of Association, when it is always necessary to have consent of at least two thirds of all delegates.
- 18.12. Resolutions of the Assembly of delegates are implemented by a SOZA body which, under the Articles of Association, is competent to implement the given or similar resolutions.
- 18.13. The principles of elections to SOZA bodies under Article 17 of the Articles of Association also apply mutatis mutandis to the elections to the Assembly of Delegates, except the preparation of a list of candidates for the members of the Assembly of Delegates, which is prepared by the Supervisory Board based on the proposals of SOZA members.

## **Article 19**

### **The Management Board**

- 19.1. The Management Board is a management body under the provisions of the Copyright Act. The Management Board is a supreme executive body managing the operation of SOZA.
- 19.2. The Management Board consists of three members.
- 19.3. Members of the Management Board are persons regardless of their membership in SOZA who meet professional qualification preconditions for the execution of the function. Professional qualification preconditions for the execution of the function and the method of the execution of the function shall be defined by a special rule.
- 19.4. The term of office of the member of the Management Board is unlimited in time. The function of the member of the Management Board ceases to exist by
  - a) resignation of the member of the Management Board;
  - b) removal from the function under the Articles of Association;
  - c) death of the member of the Management Board as of the date of death;
  - d) declaring a member dead as of the date that is stated as a date of death in a judgement declaring the person dead.
- 19.5. The member of the Management Board cannot be a member of other elected SOZA body.
- 19.6. The Supervisory Board decides on the nomination of the members of the Management Board (a list of candidates). The Supervisory Board submits the nominated members of the Management Board to the General Assembly for approval, unless the Assembly of Delegates has been established.
- 19.7. The chairman of the Management Board and another member of the Management Board act jointly for SOZA as a statutory body, while details are laid down by a signing procedure approved by the Supervisory Board.
- 19.8. The Management Board, within its authority, mainly
  - a) submits to the Supervisory Board a financial plan draft and its preparation in connection with the evaluation of results from the previous calendar year;
  - b) negotiates conditions and concludes license agreements with users and strategic partners;
  - c) decides on the use of managed funds in the scope determined by the Supervisory Board;
  - d) decides on the use of

- the basic reserve funds up to EUR 2,000.00;
  - the basic reserve funds exceeding EUR 2,000.00 in the case of urgent need;
  - the basic reserve funds in other cases with the prior consent of the Supervisory Board;
- e) issues internal rules within labour-law relations;
  - f) issues a Financial Management Concept;
  - g) issues an Organisation Plan with the prior consent of the Supervisory Board;
  - h) issues a Wage Policy with the prior consent of the Supervisory Board;
  - i) determines the organisation of work in SOZA under a special rule;
  - j) provides the General Assembly, the Assembly of Delegates and elected SOZA bodies with professional, coordinating, organisational and administrative assistance.

## **Article 20**

### **The Supervisory Board**

- 20.1. The Supervisory Board is a supervision body under the provisions of the Copyright Act. The Supervisory Board performs a regular inspection of the management of SOZA.
- 20.2. The Supervisory Board consists of 15 members elected by the General Assembly according to this professional key:
- 3 composers representing the field of serious music, while within this group there is always elected at least one representative of film music;
  - 3 composers representing the field of popular music, while within this group there is always elected at least one representative of special functions' music;
  - 1 composer representing the field of jazz music;
  - 1 composer representing the field of brass music;
  - 1 composer representing the field of arranged folk music;
  - 2 authors representing the authors of verbal part of musical works (lyricists);
  - 4 publishers.
- 20.3. The member of the Supervisory Board cannot be a member of other elected SOZA body.
- 20.4. The Supervisory Board is elected for the period of four years, it starts by the announcement of results of legitimate elections and ends by the announcement of results of the next legitimate elections.  
The function of the member of the Supervisory Board ceases to exist by
- a) the expiration of the term of office of the Supervisory Board;
  - b) the resignation of the member of the Supervisory Board;
  - c) the loss of membership in SOZA;
  - d) removal from function on the part of a relevant SOZA body;
  - e) death of the member of the Supervisory Board as of the date of death;
  - f) declaring a member dead as of the date that is stated as a date of death in a judgement declaring the person dead.
- 20.5. The Supervisory Board elects from among its members a chairman and a vice-chairman, while the chairman and the vice-chairman cannot be from the same professional group under Paragraph 20.2 of this Article of the Articles of Association.
- 20.6. The chairman or an authorised member of Classification Committee in an advisory capacity takes part in the Supervisory Board sessions.
- 20.7. The Supervisory Board, within its authority, mainly
- a) performs a regular inspection of the management of SOZA, including the inspection of the proper and timely payment of remuneration and other monetary payments to members and rights holders;
  - b) approves a proposal for receiving a credit or for granting a loan, or for granting a security for the credit or the loan if the amount of the credit, the loan or the security for the credit or loan accounts for up to EUR 30,000.00 excluding VAT, including;

- c) submits to the General Assembly, unless the Assembly of Delegates has been established, the nominations of the members of the Management Board (a list of candidates);
- d) approves a proposal for the establishment and foundation of other legal entity with registered office in the territory of the Slovak Republic;
- e) approves a proposal for a SOZA share in other legal entity with registered office in the territory of the Slovak Republic up to EUR 30,000.00 excluding VAT, including;
- f) approves Royalty Tariffs;
- g) approves Directive on Access to Information on a proposal from the Management Board;
- h) approves Procedures on Complaints and the Settlement of Disputes under the relevant provisions of the Copyright Act;
- i) approves the draft agenda of the General Assembly;
- j) submits a proposal for the use of the non-distributable remuneration for approval under the Articles of Association;
- k) decides, in the first instance, on objections and disputes whether there is a conflict or interests or not;
- l) decides, in the first instance, on the existence of a conflict of interests under Article 24 of the Articles of Association;
- m) approves, within preliminary control,
  - the Financial Management Concept;
  - approves, at the beginning of the calendar year, a financial plan and the rules for the preparation of it in connection with the evaluation of results from the previous calendar year;
  - approves internal rules in relation to membership except those that are approved by other SOZA bodies within their authority under the Articles of Association;
  - approves Organisational Plan, Wage Policy;
  - approves license agreements with users from which arises a one-off receivable of SOZA in the amount exceeding EUR 100,000.00 excluding VAT or several receivables of SOZA the total of which exceeds in the current calendar year EUR 100,000.00 excluding VAT, and with strategic partners;
  - approves acts and the method of disposal of assets in matters, except those that are approved by other SOZA bodies within their authority under the Articles of Association.

20.8. The Supervisory Boards meets at least 12 times a year.

20.9. The Supervisory Board is governed by its rules of procedure approved by it.

#### **Article 21**

##### **Procedures for the Performance of Control by the Supervisory Board**

- 21.1. The Supervisory Board performs a regular inspection of the management of SOZA, including the inspection of the proper and timely payment of remuneration and other monetary payments to members and rights holders;
- 21.2. The Supervisory Board performs the inspection on its own initiative in compliance with the Copyright Act, at the suggestion of the General Assembly or the Assembly of Delegates. Details on the procedure for the performance of control by the Supervisory Board are laid down by a special rule approved by the Assembly of Delegates provided that the General Assembly elects the Assembly of Delegates.

#### **Article 22**

##### **Arbitration Committee**

- 22.1. Arbitration Committee
  - considers disputes between a SOZA member and an elected SOZA body; and
  - acts as a conciliation body in disputes related to the realisation of property rights between represented rights holders.



- 22.2. Arbitration Committee consists of five members. Members of the Arbitration Committee are elected by the General Assembly from among authors and composers whose moral status and experiences are a guarantee of fair decision-making in controversial issues.
- 22.3. A member of the Arbitration Committee cannot be a member of other elected SOZA body.
- 22.4. The authority of the Arbitration Committee consists mainly
- a) in the first instance
    - the settlement of disputes between represented rights holders;
    - decision on objections of bias raised by an inspected entity toward a member of the Supervisory Board;
  - b) in the second instance
    - the examination of and decision on complaints about classification of a work;
    - the consideration of and decision on objections to exclusion from SOZA;
    - the consideration of and decision on objections to the suspension of membership rights and duties;
    - the consideration of and decision on a membership applicant's objections to the decision of the Supervisory Board on the rejection of the membership applicant;
    - decision on objections in disputes leading to the decision of the Supervisory Board on the fact whether there is a conflict of interest or not;
    - decision on other matters examined by the Arbitration Committee due to a dispute between a SOZA member and an elected SOZA body.
- 22.5. A submission to the Arbitration Committee can be applied by any member or membership applicant after he has exhausted all possibilities of handling his complaints or objections at the level of relevant SOZA bodies.
- 22.6. The Arbitration Committee is governed by its rules of procedure approved by it.
- 22.7. The following principles apply in proceedings before the Arbitration Committee:
- only a member, membership applicant or an elected SOZA body can be a party to the proceedings;
  - in order to consider professional issues, the Arbitration Committee uses expert opinions of relevant bodies, SOZA professional units or experts addressed;
  - the main criterion of the decision-making process is membership justice in terms of collective rights management and common benefit of represented rights holders; the criterion of membership justice is applied within applicable internal rules;
  - a decision must be issued within 60 days of the delivery of a complete submission; in case of a complex dispute, if three sessions within 60 days were not enough to decide or consider the dispute, the Arbitration Committee can take a justified procedural decision on the extension of this period, by not more than further 30 days;
  - as to the disputes between represented rights holders, the decisions of the Arbitration Committee are binding within SOZA; the committee decides by a three fifths majority of all members. No remedies (appeal, complaint, objections, etc.) within SOZA are allowed against such a decision of the Arbitration Committee; this is without prejudice to the right to seek protection in court.
- 22.8. If the Arbitration Committee, in its activity, comes to a conclusion that the application of internal rules breaches membership justice in terms of the common benefit of represented rights holders, it can submit a justified initiative for amendment to a relevant body. The relevant body is obligated to discuss such an initiative and to adopt a resolution by which the initiative is either reflected in an amendment of an internal rule or other procedure is substantiated.
- 22.9. The Arbitration Committee is elected for the period of four years, it starts by the announcement of results of legitimate elections and ends by the announcement of results of the next legitimate elections.  
The function of the member of the Arbitration Committee ceases to exist by

- a) the expiration of the term of office of the Arbitration Committee;
- b) the resignation of the member of the Arbitration Committee;
- c) removal from function on the part of SOZA General Assembly;
- d) the loss of membership in SOZA;
- e) death of the member of the Arbitration Committee as of the date of death;
- f) declaring a member dead as of the date that is stated as a date of death in a judgement declaring the person dead.

### **Article 23**

#### **Classification Committee**

- 23.1. Members of Classification Committee are elected by the General Assembly. An author who meets professional requirements for considering and classifying reported works can become a member of the Classification Committee.
- 23.2. The Classification Committee consists of five members elected by the General Assembly according to this professional key:
  - 1 composer representing the field of serious music;
  - 1 composer representing the field of popular music;
  - 1 composer representing the field of brass music;
  - 1 composer representing the field of arranged folk music;
  - 1 composer representing the field of special functions' music;
- 23.3. A member of the Classification Committee cannot be a member of other elected SOZA body.
- 23.4. The Classification Committee is elected for the period of four years, it starts by the announcement of results of legitimate elections and ends by the announcement of results of the next legitimate elections.  
The function of the member of the Classification Committee ceases to exist by
  - a) the expiration of the term of office of the Classification Committee;
  - b) the resignation of the member of the Classification Committee;
  - c) removal from function on the part of SOZA General Assembly;
  - d) the loss of membership in SOZA;
  - e) death of the member of the Classification Committee as of the date of death;
  - f) declaring a member dead as of the date that is stated as a date of death in a judgement declaring the person dead.
- 23.5. The Classification Committee elects its chairman and vice-chairman from among its members.
- 23.6. The Classification Committee is governed by its rules of procedure approved by it.
- 23.7. The role of the committee is to classify registered works into relevant categories according to SOZA Distribution Rules. The member of the Classification Committee cannot take part in deciding on the classification of his own works.
- 23.8. A written report is prepared on the classification of a work. The report is signed by the present members of the Classification Committee. If the Classification Committee classifies the work in a different way than declared by the author, it is obligated to inform the author on this fact without undue delay.
- 23.9. If a decision on the classification of the work is based on facts that have proved to be untrue or if there are new facts or evidence that would have a significant impact upon the decision on classification, the Classification Committee will cancel the classification of the work and will decide on the classification of the work.
- 23.10. An initiative to re-classify the work can be submitted by the rights holder concerned within three years of the classification thereof. The rights holder concerned will be immediately informed on the submission of the initiative and on the result of the proceedings on the re-classification of the work.

- 23.11. In the proceedings on this extraordinary remedy, the admissibility of the remedy is examined in the first place, i.e. whether conditions under Paragraph 23.9 of this Article of the Articles of Association have been met and whether the deadline under Paragraph 23.10 of this Article of the Articles of Association has been adhered to. If these conditions are met and the deadline adhered to, redeemed proceedings shall be conducted in the matter of the classification of the work pursuant to the provisions of the Articles of Association and the SOZA Distribution Rules.

## **Article 24**

### **Procedures to Avoid Conflict of Interests in SOZA**

- 24.1. SOZA adopts the following procedures to identify, manage, monitor and disclose the existing or possible Conflict of Interests.
- 24.2. The member of the Supervisory Board, the Management Board, the Arbitration Committee, the Classification Committee of SOZA cannot be
- a) a physical entity who is a member of the statutory, managing or control bodies of other CMO;
  - b) a physical entity who is a member of the statutory, managing or supervisory bodies of a Big User;
  - c) a physical entity who has a higher than 20 % share in the equity or voting rights of the Big User;
  - d) a Related physical entity to entities under Sub-paragraphs a) to c) of this provision of the Articles of Association.
- 24.3. The representative of a legal entity in the Supervisory Board, the Management Board, which is a member of the Supervisory Board or the Management Board cannot be a physical entity who is in an employment, a mandate or similar relation to
- a) a person who is a member of the statutory, managing or supervisory bodies of Big Users;
  - b) a person who has a higher than 20 % share in the equity or voting rights of the Big User;
  - c) a Related person to entities under Sub-paragraphs a) to b) of this provision of the Articles of Association.
- 24.4. SOZA takes the following steps to identify the Conflict of Interests:
- a) Before the exercise of the function of a member of the Supervisory Board, the Management Board, the Arbitration Committee or the Classification Committee, their members submits to SOZA secretariat a statutory declaration in which they declare that they are not in the Conflict of Interests under the Articles of Association. Specimen of the statutory declaration is determined by a special SOZA rule.
  - b) The Supervisory Board will examine the existence of the Conflict of Interests. If a member of the Supervisory Board is in the Conflict of Interests, this member does not take part in the meetings or in a part of a meeting of the Supervisory Board in which the existence of the Conflict of Interests is being considered in relation to him.
  - c) In the first instance it is the Supervisory Board that decides on the Conflict of Interests. If there is a reasonable suspicion of possible existence of the Conflict of Interests, the Supervisory Board will decide on the justification of the suspicion of the Conflict of Interests within 15 days. The Supervisory Board will decide on the existence of the Conflict of Interests within 30 days of the issuance of a decision on the justification of the suspicion of the Conflict of Interests.
  - d) In the second instance it is the Arbitration Committee that decides on the Conflict of Interests within deadline under Paragraph 22.7. of Article 22 of the Articles of Association.
  - e) From the moment of the receipt of the decision on the justification of the suspicion of the Conflict of Interests and during decision on the existence of the Conflict of Interests under Sub-paragraphs c) and d) of this provision of the Articles of Association, a member, in relation to whom the Conflict of Interest is being considered, does not perform his function.
- 24.5. Objections can be raised to the decision of the Supervisory Board on the Conflict of Interests

within 30 days. The Arbitration Committee decides on the objections.

- 24.6. If the Conflict of Interests is proved, the Supervisory Board will submit a proposal for the recall of the member of the relevant body due to the existence of the Conflict of Interests.
- 24.7. If the Conflict of Interests is not proved, the Supervisory Board will end the suspension of the performance of function under Paragraph 24.4(e) of this Article of the Articles of Association.
- 24.8. The disclosure of the Conflict of Interests means the announcement of information on demonstrated Conflict of Interests of a member of a SOZA body at the meeting of the Supervisory Board and recording this fact in the meetings' minutes. If the Conflict of Interests is proved, the chairman, the vice-chairman of the Supervisory Board or a member of the Supervisory Board appointed by them will announce the Conflict of Interests at the next General Assembly meeting.

#### **Article 25 Co-opting**

- 25.1. If a member of an elected body resigns during the term of office or is in the Conflict of Interests or if he cannot perform his function for other reasons or if his place of the member in the elected body has become vacant for any reason, a relevant body under the Articles of Association will co-opt a new member within 30 days based on the prior consent of the Assembly of Delegates, if established by the General Assembly.
- 25.2. The provision of Paragraph 25.1 of this Article of the Articles of Association does not apply to the co-opting of a member of the Management Board.
- 25.3. The provision of Paragraph 25.1 of this Article of the Articles of Association applies mutatis mutandis to the co-opting of a member of the Assembly of Delegates.
- 25.4. The General Assembly confirms the decision on co-option. If the General Assembly does not confirm the co-option, the vacant place will be occupied by means of by-elections.

#### **Article 26 Working Groups**

- 26.1. Working groups are permanent or temporary professional advisory and initiative bodies established, when necessary, by the Supervisory Board in order to effectively solve issues related to elected SOZA bodies. Working groups are not elected SOZA bodies under Article 12 of the Articles of Association. Membership in elected SOZA bodies under Article 12 of the Articles of Association is not an obstacle to the membership in a working group under this Article.
- 26.2. The composition and authority of working groups are defined by the Supervisory Board at the time they are being established.

#### **Article 27 Access to Information**

- 27.1. Access to information related to the activity of SOZA is governed by the Copyright Act and an internal rule and is differentiated in terms of the fulfilment of duties arising from legislation and contractual relations and in terms of the protection of the interests of SOZA and its members.
- 27.2. Members of elected SOZA bodies are entitled to any information on the activity of SOZA.

## **Article 28**

### **The Management of SOZA**

- 28.1. SOZA performs collective rights management as a legal entity entitled, under the law or agreements with rights holders, to manage property rights on behalf of several rights holders and in the interest of common benefit of these rights holders, as the only or main purpose of its activity, without the purpose to achieve profit.
- 28.2. Funds which SOZA disposes of are the property of all represented rights holders. By means of a representation agreement, the rights holders authorises SOZA to represent them in relation to the exercise and management of their property rights. Funds must be managed under generally binding regulations of the Slovak Republic, the Articles of Association, international agreements, internal organisational rules and representation agreements so that the property is preserved and improved.
- 28.3. Managed assets consist mainly of
- funds that SOZA has acquired after a legal predecessor;
  - contributions to SOZA activity;
  - remuneration under Paragraph 13.3(c) of Article 13 of the Articles of Association from the time of their receipt until they are paid out to authorised persons under the Distribution Rules;
  - funds acquired as a compensation for necessary costs related to activities performed for other entities;
  - income from the enhancement of managed assets;
  - tangible and intangible assets of SOZA.
- 28.4. Managed assets are indivisible with the exception of the settlement in the case of the dissolution of SOZA.
- 28.5. SOZA as an administrator has the following powers and duties in relation to managed assets:
- use managed assets to fulfil tasks under the Copyright Act, the Articles of Association and international agreements;
  - keep the assets in proper condition;
  - use available possibilities to enhance the assets;
  - keep prescribed records of the assets;
  - use any legal means to protect the assets and ensure that the assets are not damaged, lost, misused and reduced.
- 28.6. The Supervisory Board oversees the management of managed assets. It submits a report on the results of the management to the General Assembly.
- 28.7. SOZA performs distribution of remuneration of authors and publishers under the Distribution Rules at least once a year.
- 28.8. SOZA assumes any obligations, rights and duties of the Slovak Performing and Mechanical Rights Society, established by the Slovak National Council on 20 November 1961 and its legal predecessors, related to the representation of the rights of authors and publishers of musical works.

## **Article 29**

### **The Dissolution of SOZA**

- 29.1. SOZA can dissolve by
- a voluntary termination or merger with other entity;
  - a final decision of a competent state administration body on its dissolution;
  - in a way laid down by generally binding legal regulations.

29.2. After SOZA ceases to exist, the General Assembly will decide on

- a liquidation method;
- a liquidator;
- the settlement of assets.

### **Article 30**

#### **The Interpretation of the Articles of Association**

30.1. During the time between General Assembly meetings, the Articles of Association are interpreted by the Assembly of Delegates, if established, and it also decides on the details of the application thereof. If the Assembly of Delegates was not established, the Supervisory Board is in charge of this activity.

### **Article 31**

#### **Final and Preliminary Provisions**

31.1. The Executive Board, the Supervisory Committee, the Classification Committee and the Arbitration Committee will continue to act in the present composition until the end of the proper election period.

31.2. The Panel of Members of Elected Bodies ceases to exist on the date of the election of the members of the Supervisory Board under the Articles of Association.

31.3. SOZA applicants under the SOZA Articles of Association valid until 31 December 2015, who will enter into a new representation agreement with SOZA, will become SOZA members as of 1 January 2016. An applicant who will meet conditions under Paragraph 9.2. of Article 9 of the Articles of Association will become a member with voting right as of 1 January 2016, and SOZA will inform him on this fact.

31.4. SOZA members under the SOZA Articles of Association valid until 31 December 2015, who will enter into a new representation agreement with SOZA, will become SOZA members with voting right as of 1 January 2016.

31.5. Heirs who will enter into a new representation agreement with SOZA, will become SOZA members as of 1 January 2016. Heirs who will meet conditions under Paragraph 9.2. of Article 9 of the Articles of Association will acquire the right to elect and vote under Paragraph 9.2. of Article 9 of the Articles of Association as of 1 January 2016 and SOZA will inform them on this fact.

31.6. SOZA will gradually examine the meeting of membership conditions under Paragraph 9.2. of Article 9 of the Articles of Association in relation to all members with and without voting right; with the exception of applicants under Paragraph 31.3 of this Article of the Articles of Association who will meet conditions under Paragraph 9.2. of Article 9 of the Articles of Association as of 1 January 2016 with the exception of those who have been represented by SOZA for the period of at least 30 years. The member under the SOZA Articles of Association valid until 31 December 2015, who concluded a representation agreement with SOZA as of 1 January 1986, is considered a member represented for at least 30 years. As of 1 January 2020, SOZA members with voting right will be:

- members who, as of 1 January 2020, meet conditions under Paragraph 9.2. of Article 9 of the Articles of Association and
- members who have been represented by SOZA for the period of at least 30 years in conformity with the above-mentioned.

31.7. If, at an extraordinary session of the General Assembly on 2 December 2015, the Articles of Association containing the institute of the Assembly of Delegates are adopted, then in the period from January until May 2016 an extraordinary session of the General Assembly will be convened in order to establish the Assembly of Delegates and to specify its powers under

Article 18 of the Articles of Association. Election to the Assembly of Delegates and the Supervisory Board will take place at an ordinary session of the General Assembly planned for May 2016. Subsequently, the Supervisory Board will prepare a list of candidates for the election of the members of the Management Board, which will be submitted to the Assembly of Delegates for approval. The function of SOZA General Manager is preserved until the successful election of the members of the Management Board, when the function of SOZA General Manager ceases to exist.

- 31.8. The SOZA Executive Board approves, until the Assembly of Delegates is elected, a special rule governing the exercise of voting rights through electronic means under Paragraph 10.7 of Article 10 of the Articles of Association.
- 31.9. The Panel of Members of Elected Bodies approves, until the election of the Assembly of Delegates, the Distribution Rules under Paragraph 18.2(m) of the Articles of Association.
- 31.10. The SOZA Executive Board approves, until the election of the Assembly of Delegates, the rule under Paragraph 18.2(n) in connection with Paragraph 19.3. of the Articles of Association
- 31.11. The SOZA Executive Board exercises the powers and activities of the Supervisory Board under the Articles of Association until the election of the Supervisory Board, unless stipulated otherwise in the Articles of Association.
- 31.12. The Panel of Members of Elected Bodies prepares and submits to the General Assembly, until the election of the Supervisory Board, a list of candidates under Paragraph 17.1 of Article 17.
- 31.13. The SOZA Executive Board approves, until the election of the Supervisory Board, Complaints Procedure and the Settlement of Disputes under the relevant provisions of the Copyright Act.
- 31.14. The SOZA Supervisory Committee performs the supervision function under Article 21 of the Articles of Association until the election of the Supervisory Board.
- 31.15. The SOZA General Manager exercises the powers and activities of the Management Board under the Articles of Association until the election of the Management Board.
- 31.16. The Arbitration Committee exercises the powers and activity of a second instance body in the decision on the Conflicts of Interests under Article 24 of the Articles of Association from 1 January 2016.
- 31.17. Any internal rules and documents of SOZA valid as of 1 January 2016 are applied mutatis mutandis under the Articles of Association until they are replaced with a new wording.
- 31.18. The Articles of Association supersede the previous SOZA Articles of Association with amendments adopted by the SOZA General Assembly on 27 May 2015.
- 31.19. The Articles of Association come into force on the day they are adopted by the General Assembly and they enter into effect on 1 January 2016.