

PART 1

1. SCOPE OF APPLICATION

This procedure is applied internally by ANICA Services Ltd.

2. PURPOSE

The purpose of this document is to define the accreditation and distribution process for Private Copy remuneration managed by ANICA Services Ltd., as the service organisation wholly controlled by ANICA, pursuant to the relevant agreement with the Italian Society of Authors and Publishers (SIAE), and in view of the recent developments in the television market.

3. REFERENCE TO THE ORGANISATION, MANAGEMENT AND CONTROL MODEL ADOPTED BY THE COMPANY

This procedure is an integral part of the Organisation, Management and Control Model (the “Model”) adopted by the company to prevent offences, which are prosecuted in accordance with Italian Legislative Decree no. 231/2001 and subsequent amendments and additions.

In particular, this procedure is intended to regulate the activities at risk which are described in the Model. Therefore, deviations and/or violations of this procedure are not permitted and, should they occur, are likely to be subject to disciplinary action, adopted by the Board of Directors, during the approval stage of the Model. Should a request be made by any person which would result in the violation of this procedure, this must be promptly reported to the heads of the departments concerned, and the Supervisory Body established by the company must be made aware.

All recipients of this procedure and attorneys/parties, who are each responsible for their own processes/activities, must guarantee the preservation of all documentation attesting that the relevant activities were carried out, in accordance with this procedure, and it must be made available during inspections carried out by the Supervisory Body. In addition, all company activities must be conducted in compliance with the provisions of the Ethical Code adopted by the company.

4. APPLICATION AND TERM

This procedure applies to the remuneration for Private Copying managed by ANICA Services Ltd. still outstanding as of 1 January 2011.

PART 2

PRIVATE COPYING REMUNERATION PROCEDURE

The procedure comprises distinct processing stages and sets out, for each stage, the different responsibilities allocated both to the different company departments and to the executive bodies of the company. The steps involved are as follows:

STAGE 1: ACCREDITATION

This stage is aimed at accounting for funds from the SIAE relating to Private Copying. In this regard, the company ANICA Services Ltd., wholly owned by ANICA, satisfies the requirements attributed by the SIAE under Article 71 octies, third paragraph, of Law No. 633 of 22 April 1941 and the following modifications. According to these, ANICA Services Ltd. – being owned by ANICA, being a service structure and further to the formalisation of the special agreement with the SIAE – provides for the distribution of funds to those entitled to a share of the proceeds from Private Copying, according to Article 71 septies of the above law.

1.1 Communication of Payment

The SIAE shall send an informal communication to ANICA Service's administration in which the amount payable and sums due to those entitled are quantified, net of expenses.

1.2 Invoicing

Having received the communication from the SIAE, referred to in the preceding paragraph, the Administration Department of ANICA Services Ltd., issues the respective invoice.

1.3 Settlement of the Invoice

Once the SIAE has received the invoice from ANICA Services Ltd., it will make the payment by bank transfer to the bank account specifically indicated and reserved to manage the proceeds arising from Private Copying.

STAGE 2: IDENTIFICATION OF RIGHTSHOLDERS

2.1 The remuneration for Private Copying is settled, under existing legislation, in favour of the original producers of audiovisual works or on behalf of their assignees. In this regard, in order to facilitate the identification of the entitled persons, the process is as follows:

a. Italian Works: Original Producers and Assignees

Regarding Italian works, the remuneration for Private Copying is settled in favour of the original producer or on behalf of his assignees resulting from appropriate contractual agreements. The entitled beneficiaries are however identified among those who are definitively assigned the right to remuneration for Private Copying, on the basis of a specific agreement, or among those who are definitively assigned owner's rights and rights to the economic exploitation of the film.

b. Foreign Works: Original Producers and Assignees

The settlement of remuneration for Private Copying is also in favour of foreign original producers, from both EU and non-EU countries, subject to reciprocity, and provided they have not assigned the relevant rights through contractual provisions in favour of the Italian distributor or other assignees.

Even in this case the assignees are identified as those who have the definitive right to remuneration for Private Copying, based on a specific contractual agreement, or as those who have definitive ownership and economic exploitation rights.

In the case of foreign films from countries where there is no reciprocity, remuneration is due to the owner of the distribution rights (licensee/assignee) to the film work in Italy, for the duration of his rights arising from the contract.

b.2 Transition period up to 31 December 2010

Regarding foreign films from countries where there is no reciprocity, and the respective contracts signed up to 31 December 2010, in order to facilitate the identification of those involved, and, for the future, to encourage the establishment of contractual agreements between the parties, that clearly identify the ownership of the Private Copying rights, the payment of the entitlement will be based on licensing agreements accompanied by appropriate self-certification.

This paragraph is without prejudice to any remuneration paid by ANICA Services Ltd., on the basis of previous agreements and / or self-certification.

From 1 January 2011, the criteria described herein become fully applicable.

2.2 Calculation of Remuneration for Private Copying

The allocation of the proceeds for Private Copying among the assignees, up to 2007, continues to be carried out according to the criteria of the “television film broadcast” by the top seven national free TV channels. On the basis of the total net sum to be distributed and the total number of minutes of televised transmission devoted to the film, a unit value for each minute of televised transmission is assigned, which is the benchmark for the calculation of the sum due to each entitled beneficiary, in relation to the total number of minutes of transmission of their films by the television channels referred to as: RAI 1, RAI 2, RAI 3, Retequattro, Canale 5, Italia 1 and La 7.

From 2008, the Technology Function and Operational Services will acquire from specialized companies, the actual “audience” ratings for each title, referring to the whole calendar year, considering not only the above mentioned Free TV channels, but also the major paid television thematic channels, dedicated to the transmission of films. In fact, the market evolution of the distribution of films, requires an update of the criteria for allocation.

In light of the evolution of the television market, the following parameters for the calculation of accruals have been identified:

- the proliferation of television stations that use film products, still on an analogue terrestrial platform, but increasingly on a digital platform, both terrestrial and satellite, until the complete switch-off of analogue, scheduled for the end of 2012;

- the coexistence of free platforms with those incurring a charge, regardless of the distribution networks used;
- the different use, either chronologically, or by frequency of transmission of the film product, on the different networks mentioned.

On the basis of these parameters, the criterion of ratings for a single work, measured by the number of individuals tuned to a given station during the time considered, is actually the fairest and most transparent criterion possible, as certified by a third party.

This criterion, on the basis of constant monitoring conducted by an external body, enables the verification of which broadcasters have transmitted which films, how many times and with what result in terms of ratings as an absolute value and, consequently, to allocate those fees in a measure proportional to the abstract possibility of making a private copy of such contents, as provided for by law.

Taking into account that the Italian Legislative Decree 177/2005 (Radio TV Consolidated), as amended by Italian Decree Law 44/2010 (Romani decree), reaffirms the existing requirement for all television broadcasters, including analogue, to transmit European works for at least half of the total time, with this new procedure, the total remuneration paid by the SIAE to ANICA Services Ltd., for every year of accrual, should be divided into two subsets; the first to European works and the second to non-European works, with conventionally different weightings: the total fees payable for Private Copying owed to non-European works can never exceed 49% of the total.

The value of the two subsets will be subdivided in turn among a total number of contacts (users) that the European and non-European films transmitted have reached on all television broadcasters monitored on the different platforms, obtaining therefore a **unit value for each contact** for the two different categories of films. The value of the contact will then be multiplied by the number of specific contacts reached by a single film, allowing an objective increase in value of the fees to be allocated to those entitled, for any specific title within the two categories of works.

In the event of significant changes in the audiovisual market or of legislative action, the Company's Board of Directors, after consultation with the Board of ANICA, can change the basis of calculation stated above.

2.3 Claim Filings for Private Copying Remuneration

The original producers of audiovisual works and / or their assignees who wish to claim remuneration for Private Copying, should send the claim by registered mail with return receipt, or submit it to the Administration Office at the headquarters of ANICA Services Ltd., together with the following documentation:

- a) business certificate, if the applicant is a company, attesting to the validity of the company, issued no more than three months prior;
- b) a detailed list of audiovisual works which must be identified in order for remuneration for Private Copying to be made;
- c) purchase contracts by the assignees for the rights from the original authors of the audiovisual work, with specific reference to the transfer of the right to remuneration for Private Copying;
- d) consent to the use of personal data, solely for the activities of allocation, as outlined in this procedure;
- e) self-declaration on the "validity" of the right to Private Copying and the agreement to not transfer the right to third parties in general.

If the claim relates to audiovisual works whose documentation has already been sent - in previous years - (for example, in the case of repetition of the same work), it will not be necessary to resend the documents listed above, and a self-certification attesting to the validity of the data will be sufficient.

In case of a change of the rightsholder, either of his identity or of the percentage of the right, it will be necessary to produce the appropriate contractual titles to support the right to Private Copying.

2.4 Analysis of Contracts for the Transfer of Rights

The Administration Department shall examine the documentation submitted by the assignees and shall be entitled, where deemed necessary, to request further information from the applicant and / or documentation relating to the claim.

If, after examination of the documentation, the request meets the requirements in this procedure, the Administration Department shall ascertain the amount that will be paid, on the basis of the calculation criteria of competence and as enabled by law.

Where two or more parties submit a claim for the allocation of remuneration for Private Copying for the same audiovisual work, ANICA Services Ltd. will act as a neutral third party, able to provide remuneration exclusively, following the submission of formal documentation by the parties in dispute, attesting to the resolution of the dispute, both in and out of court, and the clear and unambiguous indication of the identity of the person so entitled. Until the resolution of such disputes, ANICA Services Ltd. will withhold the sums due to rightsholders for the audiovisual work, for which a dispute has arisen, until such time as those who are entitled to receive it are identified, and in accordance with this procedure. Pending the resolution of the dispute, no interest will accrue.

2.5 Updating of the Database with Assignees Other Than the Original Producers

The Administration Department of ANICA Services Ltd., in collaboration with the Technology Function and Operational Services, has the task of updating the company database with those entitled to proceeds from Private Copying, on the basis of appropriate contractual titles. It is the responsibility of the Head of Administration to formalise controls on updating the database.

2.6 Public Communications regarding any Unidentified Rightsholder

At the end of the allocation procedure and at least annually, the Administration Department, with the support of the Technology Function and Operational Services, will announce a list of those entitled who did not receive remuneration for Private Copying.

This list, together with the list of all entitled persons considered in the allocation procedure, will be published on ANICA's website and notice of this may be given by advertising in at least three national newspapers. Such publication will notify third parties in accordance with the law.

2.7 Limitation of the Right

The right to receive remuneration for Private Copying shall expire within a ten year basic period of limitation. The limitation period will run from the time when the following requirements are satisfied:

- a) The SIAE makes the sum of proceeds from Private Copying available to ANICA Services Ltd. for subsequent allocation to the rightsholders in the film industry;
- b) ANICA Services Ltd. gives formal notice of such availability, by a simple publication on its website or in the press, with an invitation to entitled companies to begin a claim for settlement.

3 STAGE 3: SETTLEMENT OF THE RIGHT

3.1 Communication of Settlement

After having completed all checks on the company database (titles, rightsholders, percentage ownership, etc.), the Administration Department will carry out the settlement process, sending appropriate communication to the rightsholders. The same communication shall also provide for the details for the invoicing of those fees subject to VAT, or the calculation of net amounts due in other cases.

In particular, for the total sum calculated by the SIAE, and subsequently given to ANICA Services Ltd., for allocation, the latter is entitled to deduct an amount equal to the reimbursement of overhead costs and those attributable to activities directly or indirectly related to the administration of Private Copying, to the extent determined periodically by the Administration Department of ANICA Services Ltd.

3.2 Receipt of Invoice

In compliance with the communication referred to above, the Administration Department will receive invoices issued by the beneficiary in order to make payment. The management of accounts for the allocation of proceeds from the Private Copying held by ANICA Services Ltd., as well as the operational methods in the context of allocation activities, are available to persons concerned, according to the terms, rules and procedures under Italian Law No. 241/90.

3.3 Invoice Settlement

If the result of the examination of documents submitted by the applicant meets the requirements of this procedure, the Administration Department will ascertain the outstanding sum and produce an "act of settlement".

Subsequently, subject to the approval of the Head of Administration, this act shall be submitted for joint signing by the Managing Director and the Chief Operating Officer for payment by bank transfer, which is the only accepted method. At least every six months the lists of settlement will be presented to the Company's Board of Directors for the necessary information and ratification of the work carried out.

STAGE 4: MANAGEMENT OF FUNDS FOR PRIVATE COPYING

4.1 Accounting of the Non-Distributed Private Copy Remuneration

Any sum not distributed due to the inability to identify the entitled persons, or because of the limitation requirement in paragraph 2.8, - net of any preventive fund to protect possible situations of uncertainty, still under review by ANICA Service's Administration Department, - are contingent assets of ANICA Services Ltd., and are ascribed a revenue account and distributed by ANICA, if they satisfy the conditions and after being subject to the required tax treatment, to be destined to support agencies to promote the film industry in general.

A similar procedure is applied to sums set aside in the cautionary fund, mentioned in the previous paragraph, further to a resolution of the administrative body to be adopted when at least two years have passed from the provision.

4.2 Selection of the Investments

ANICA Services Ltd., by decision of the Board of Directors, may make financial investments for the share for Private Copying that has not been distributed, provided that the financial profile of the investments is aimed at protecting ownership, excluding investments in shares or in other forms of risk capital.

4.3 Administrative Management

The Administration Department is responsible for the administrative management of the investments approved by the Board of Directors, and also for preparing reports for the Direction and management control.