



**BY-LAWS,  
ADMINISTRATIVE BY-LAWS  
AND POLICIES  
OF SODRAC 2003 INC**

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## **Article 1 – DEFINITIONS**

**Unless the context otherwise requires, in the By-laws, Policies, and Resolutions of the Society,**

**1.1** “Act” means the Canada Not-for-profit Corporations Act, S.C. 2009, c.23 as amended from time to time, and any other legislation replacing same;

**1.2** “Administration” means the carrying on by the Society of the following activities:

a.the operation of a licensing scheme applicable in relation to one or several works of more than one author, pursuant to which are set out the classes of uses authorized under the Copyright Act as well as the royalties and terms and conditions on which those classes of uses are authorized;

b.the carrying on of the business of collecting and distributing royalties payable pursuant to the Copyright Act and licenses issued by the Society;

**1.3** “Articles” means the original or restated articles of continuance or articles of amendment, amalgamation, reorganization, arrangement or revival of the Society;

**1.4** “Artistic Work” means an artistic work within the meaning of the Copyright Act, regardless of the manufacturing means used, the processes through which it is obtained and the method of Motion thereof, including a work that is a drawing, a painting, a sculpture, an engraving and any other work of the same nature;

**1.5** “Author” means an author within the meaning of the Copyright Act;

**1.6** “Author Member” means a member of Voting Author Class;

**1.7** “Board” means the Board of Directors of the Society;

**1.8** “By-laws” means any By-laws of the Society, as amended from time to time, and “By-law” means this by-law;

**1.9** “Control” a legal person is controlled by a person or a group of persons if shares of the first mentioned legal person carrying more than fifty per cent of the vote for the election of directors are held, otherwise than by way of security only, by or for the benefit of that other person or group of persons and the votes carried by such shares are sufficient, if exercised, to elect a majority of the board of directors of the first mentioned legal person;

**1.10** “Copyright Act” means the legislation set out in R.S.C. 1985, ch. C-42, as amended from time to time;

**1.11** “Enterprise” means an organised economic activity, whether or not it is commercial in nature, consisting of producing, administering or alienating property, or providing services;

**1.12** “Enterprise that is a User of the Repertoire of the Society” means an enterprise that reproduces or makes commercial use of works or reproductions of works on any platform and by any mode of physical or digital distribution, including a radio broadcaster, a television broadcaster, a film, television, multimedia product, record or audiovisual producer, a film or record distributor, a record company, an advertising agency or an online music or audiovisual service;

**1.13** “Group” means two legal persons of which one is the subsidiary of the other or that are both under the control of the same person belong to the same group;

**1.14** “Musical Work” means a musical work within the meaning of the Copyright Act, including, for the purposes hereof, a dramatico-musical work;

**1.15** “Ordinary Resolution” means a resolution of the members passed by a majority of fifty percent (50%) plus one (1) of the votes cast on that resolution;

**1.16** “Person” means a physical person or a legal person established for a private interest or in the public interest;

**1.17** “Publisher” means a person who promotes and markets works and administrates the commercial use thereof;

- 1.18** “Publisher Member” means a member of the Voting Publisher Class;
- 1.19** “Repertoire of the Society” means all the works administered by the Society and in which rights subsist that are contributed to the Society either by the Members or pursuant to contracts with foreign or Canadian societies or otherwise, in accordance with the Copyright Act;
- 1.20** “Representative” has the meaning ascribed to it in Section 4.1(a);
- 1.21** “Rights Related to the Commercial Use of Artistic Works” means the rights and prerogatives of a pecuniary nature granted to the authors of artistic works pursuant to the Copyright Act, including, inter alia, all rights of public exhibition, of reproduction in any format or material form, of audiovisual and televisual performance, of communication to the public by telecommunication, of private copying, of making available to the public by telecommunication and of reprographic reproduction;
- 1.22** “SACEM” means the Société des auteurs, compositeurs et éditeurs de musique created under and governed by the laws of the French Republic;
- 1.23** “Slate” has the meaning ascribed to it in Section 5.18(l);
- 1.24** “Special Classes” has the meaning ascribed to it in Section 3.3(c);
- 1.25** “Subsidiary” means a legal person controlled by another legal person, including a subsidiary of a subsidiary, a legal person controlled by another person, and one or more persons each of which is controlled by that other or a legal person controlled by two or more legal persons each of which is controlled by another person;
- 1.26** “Society” means the corporation without share capital created in 2003 by the issue of letters patent pursuant to the provisions of Part II of the Canada Corporations Act under the name “SODRAC 2003 Inc.”, meaning the Society for Reproduction Rights of Authors, Composers and Publishers in Canada and continued under the Act;
- 1.27** “SODRAC Inc.” means the company with share capital created in 1970 by the issue of letters patent under the name “Society for Reproduction Rights of Authors, Composers and Publishers in Canada (SODRAC) Inc.” under the provisions of the Canada Corporations Act, whose shareholders were the SACEM and the SPACQ, and which transfers its activities and assets to the Society;
- 1.28** “SPACQ” means the Société professionnelle des auteurs et compositeurs du Québec created under and governed by the laws of the Province of Quebec;
- 1.29** “Special Resolution” means a resolution of the members passed by a majority of not less than two thirds (2/3) of the votes cast on that resolution; and

## **Article 2 – OBJECTS, ACTIVITIES AND POWERS OF THE SOCIETY**

**2.1** The Society is a collective society within the meaning of the Copyright Act. It oversees the collective administration of the copyrights in creative works, including the reproduction rights applying to Musical Works (in addition to the private copying of such works) and all rights related to the commercial use of Artistic Works. In Canada, these rights are managed directly under a licensing system. In the rest of the world, these rights are managed indirectly through the cooperation and efforts of similar foreign collective societies or agencies, which manage the applicable rights themselves and subsequently remit any royalties collected on the Society’s behalf to the Society.

**2.2** The Society may carry out all the activities of a collective society as provided for by the Copyright Act and may exercise all the powers necessary to the fulfilment of its objects, inter alia:

- a. exercise all the powers of a collective society provided for by the Copyright Act;
- b. administrate a licensing scheme applicable in relation to the works of Authors;

- c.set out the classes of uses that it agrees to authorize pursuant to the Copyright Act as well as the royalties in consideration of and the terms and conditions on which it agrees to authorize those classes of uses;
- d.negotiate agreements and enter into contracts with users of the works for the purpose of granting them licenses;
- e.take all reasonable measures to collect the royalties;
- f.distribute the collected royalties among the members;
- g.enter into agreements for representation with foreign societies having similar objects;
- h.hold interests or shares in other legal persons;
- i.defend the common interests of the members, and, in particular, promote and value copyright in Canada and at the international level.

**2.3** The Society shall carry out its operations without pecuniary gain to its members. The profits or other accretions of the Society shall be used to fulfil its objects and shall not be distributed among the members.

Due to the special nature of the rights contributed to the Society by the members for the exercise thereof, such rights shall not become the property of the Society but shall constitute the legal basis for the rights of the members provided for in the By-laws.

**2.4** The head office of the Society shall be situated in the City of Montreal. It may be transferred by a decision of the Board approved by the Members in accordance with the Act.

**2.5** The seal of the Society shall be kept at the head office of the Society..

**2.6** The financial year of the Society shall end on the last day of December of each year or on any other date that the Board may determine from time to time.

### **Article 3 – MEMBERS OF THE SOCIETY**

**3.1** The status of member shall be granted to an Author or a Publisher whose Membership Application has been accepted, who has agreed to the By-laws of the Society and who has contributed his rights to the Society, the whole in accordance with the provisions of the By-laws of the Society.

**3.2** There shall be two (2) general membership classes of the Society, as follows: (a) the Author Member Class; and (b) the Publisher Member Class. An Author may join the Society with respect to his Musical Works or with respect to his Artistic Works.

- a.(a) Each Author Member shall have the right to receive notice of and attend the Members' Meetings of the Society and shall have one (1) vote at each Members' Meeting of the Society; (b) Each Editor Member shall have the right to receive notice of and attend the Members' Meetings of the Society and shall have one (1) vote at each Members' Meeting of the Society;

**i.3.3** In addition to the two (2) general membership classes, there shall be two (2) special membership classes of the Society, as follows: (a) Special Class A; and (b) Special Class B.

a.The SACEM shall be eligible for membership in Special Class A.

b.The SPACQ shall be eligible for membership in Special Class B.

c. Special Class A and Special Class B are collectively herein referred to as the "Special Classes". The Special Class members shall be entitled to receive notice of and attend all members' meetings. The Special Class members shall not be entitled to vote at members' meetings. Notwithstanding the foregoing, each Special Class member shall be entitled to elect one (1) director, as set forth in Section 5.1 of this By-law.

**3.4** Omitted intentionally.

**3.5** A Person may be admitted as both an Author Member and a Publisher Member. Such Person shall comply with the procedures and conditions for admission.

**3.6** No employee of the Society may become or remain a member of the Society.

#### **Conditions for Admission as an Author Member**

**3.7** Execution of his Affiliation Statement by an Author or a Publisher shall entail acknowledgement that the Society does not have an obligation of results as regards to the collection of royalties and that it has sole discretion to decide whether or not to institute legal proceedings, arbitrate or transact in such regard. Through his affiliation, an Author or a Publisher shall authorize the Society to retain administration fees as determined by the Board from the royalties received on his behalf.

#### **Preliminary requirements relating to Membership Applications and Statements**

**3.8** The amount of the membership fees to be paid by the members shall be determined by the Board. Said fees shall not be refundable.

#### **Contribution of the Member to the Society**

**3.9** An Author who becomes a member of the Society with respect to his Musical Works shall contribute to the Society the exclusive rights to authorize or prohibit the reproduction of said works as from the creation thereof, in any material form, except on paper, and by any known or to be discovered means, including private copying, for the whole world and for as long as he remains a member of the Society.

**3.10** An Author who becomes a member of the Society with respect to his Artistic Works shall contribute to the Society the exclusive rights relating to the commercial use of his works, for the whole world and for as long as he remains a member of the Society, subject to such restrictions as may be set out in the Affiliation Statement regarding the prior consent to be obtained from the member by the Society with respect to certain uses of the member's works.

**3.11** A Publisher shall contribute to the Society the exclusive rights to authorize or prohibit the reproduction of the works that he publishes, in any material form, except on paper, and by any known or to be discovered means, including private copying, for the whole world and for as long as he remains a member of the Society, to the extent that said Publisher has acquired such rights.

**3.12** The contribution of rights to the Society by an Author Member or by a Publisher Member shall constitute an assignment of said rights for the purpose of the Administration thereof pursuant to the Copyright Act. The purpose of said contribution shall be to grant the Society a right, title or interest in the copyright in said works so as to enable the Society to take the necessary measures to exercise the rights contributed by the members.

**3.13** Except as regards to the aforementioned specific purpose of Administration, such contribution to the Society shall be without prejudice to the assignments granted under a publishing contract.

**3.14** The assignment of rights to the Society by an Author of Musical Works shall be made without prejudice to the right of the Publisher who withdraws from the Society to benefit from the assignment of rights that he obtained from such Author with respect to the commercial use of his works, including the Publisher's own right to authorize or prohibit the reproduction of the works and to collect his own share of copyright royalties.

**3.15** The Board may pass a By-law concerning the possibility for a member to restrict his contribution to the Society to certain classes of rights or to certain territories and concerning the obligation for the Society to obtain the consent of the member before authorizing certain uses. Such By-law may also provide for the right of a member to modify the contribution made to the Society in his Affiliation Statement and the terms and conditions applicable to said right. Such By-laws shall require the approval of the members in accordance with the Act.

#### **Withdrawal of a Member and Succession**

**3.16** A member may withdraw from the Society or modify the conditions of his membership only after an initial period of at least two (2) full calendar years has elapsed since he became a member of the Society, under Section 3.15, or since the renewal date. Any membership withdrawal or request under Section 3.15 in accordance with the By-laws must be submitted in writing to the Society before the end of the abovementioned two-year period, i.e., before December 31, and will take effect either on April 1 of the year following the above-mentioned two-year period or according to the decision of the Board which can accept or reject the application.

Notwithstanding the foregoing, in exceptional cases:

a. An Author who wishes to modify the membership conditions in accordance with the By-laws during the aforementioned membership period may submit an application. The Board may accept or reject the application.

b. A Publisher who wishes to modify the membership conditions in accordance with the By-laws during the aforementioned membership period may submit an application to the Board. The Board may accept or reject the application.

#### **3.17 Extraordinary Termination**

3.17.1 In the event that the Society:

- (a) has received a bona fide third-party offer to purchase all or substantially all of its assets (the "Offer");
- (b) is willing to accept the Offer;
- (c) has obtained due approval from the membership of the Society (the "Membership Approval") for the proposed transaction (the "Transaction") which would result from the acceptance of the Offer; and
- (d) has entered into a binding and unconditional (other than closing conditions) agreement for the sale of assets pursuant to the Offer and the Membership Approval;

then the Board shall have the extraordinary power to terminate the membership of any member (an "Extraordinary Termination") in accordance with and subject to the following terms and conditions.

The Board shall not effect any Extraordinary Termination unless the decision is made (i) by consensus and (ii) in good faith. Any Extraordinary Termination shall be effected by written notice to the member in question (the "Extraordinary Termination Notice"). The Extraordinary Termination Notice shall set out: (i) the effective date of the Extraordinary Termination, which shall be no less than ten (10) business days following the date of the Extraordinary Termination Notice;

and (ii) the reasons for the Extraordinary Termination, which shall detail the manner in which the Extraordinary Termination will facilitate or enable the completion of the Transaction.

3.17.2 Upon receipt of an Extraordinary Termination Notice, a member shall have the right to make a written submission to the Board which shall be no less than ten (10) business days following the date of the Extraordinary Termination Notice (the "Member's Submission"), expressing the reasons for which the Extraordinary Termination Notice should be withdrawn and the member's membership permitted to remain in effect. Only if the Member's Submission discloses: (i) a patent failure on the part of the Board or the Corporation to comply with the provisions of this Article 3.17.1; (ii) a patent error in the Extraordinary Termination Notice; or (iii) that some inordinate prejudice is likely to befall the member as a result of the Extraordinary Termination, then the Board may, acting by consensus and in good faith, choose to withdraw the Extraordinary Termination Notice, in which case the Extraordinary Termination Notice shall be void, and the member's membership shall continue as before.

**3. 18** Even after the withdrawal of a member, the Society shall be entitled to continue to collect the royalties generated with respect to the membership period of such member. Moreover, with respect to Artistic Works, the Society may continue to collect under any license issued during the membership period of the member up until the end of the term of commercial use granted under such license.

**3. 19** The estate of a deceased Author Member shall be substituted during the liquidation period in all the rights and obligations of the deceased Author as an Author Member of the Society, except that the legal representative shall not be eligible to the Board as an Author Member. The estate shall be represented during the liquidation by its liquidator, who shall execute a statement of affiliation to the Society.

**3. 20** At the end of the liquidation, the heir of the rights contributed to the Society, or one representative appointed by the heirs where there are more than one, may only become a member or members, as the case may be, by submitting (a) new Membership Application(s) in accordance with Section 3. 5 of this By-law.

**3. 21** A Publisher Member who alienates, by sale, assignment or otherwise, rights that he has contributed to the Society shall cease to enjoy the rights of a member in such capacity, except if he continues to meet the conditions for admission to the Society. The Board may determine the date of expiry of his membership, which may not be later than March 31 of the year following such alienation.

**3. 22** Any Person who acquires rights in the works of a Publisher Member, by death, purchase or otherwise, shall not become thereby a Publisher Member of the Society. Such Person may only become a member by submitting a Membership Application and complying with Sections 3. 5 of this By-law.

The foregoing provision shall not apply where the legal person itself is the object of an acquisition or a take-over, in which case the Publisher shall continue to be a member.

**3. 23** Pending the processing of the application of an acquirer, the Society shall continue to collect, and the acquirer shall continue to receive, the royalties levied with respect to the works in which rights have been acquired in accordance with Section 3. 22 of this By-law.

The foregoing shall also apply until March 31 of the year following the acquisition where the acquirer does not submit a Membership Application or is deemed inadmissible.

**3. 24** In the event that:

a. a member materially violates any provision of the Society's Articles, By-laws, or such written policies of the Society as the Board may designate from time to time; and

b. two thirds (2/3) of the Board vote in favour of a resolution authorizing the Board to terminate a member's membership;

then the Board, or such officer as may be designated by the Board, shall provide twenty (20) days' notice of suspension or expulsion to the member and shall provide reasons for the proposed suspension or expulsion. The member may make written submissions to the Board, or such officer as may be designated by the Board, in response to the notice received within such twenty (20) day period. In the event that no written submissions are received, the Board, or such officer as may be designated by the Board, may proceed to notify the member that the member is suspended or expelled from membership in the Society. If written submissions are received in accordance with this section, the Board will consider such submissions in arriving at a final decision and shall notify the member concerning such final decision within a further twenty (20) days from the date of receipt of the submissions. The Board's decision shall be final and binding on the member, without any further right of appeal.

**3. 25** In the cases provided for in Sections 3.21, 3.22 and 3.24, the Society shall be entitled to continue to collect the royalties generated for the membership period of the Person concerned. With respect to Artistic Works, the Society may continue to collect under any license issued during the membership period of a member until the end of the term of commercial use granted under such license.

### **Sub-publishing**

**3. 26** The Board may adopt a Policy concerning sub-publishing.

Contracts for the publishing and sub-publishing of a work whose Authors are members of the Society shall explicitly provide that the exercise and the Administration, in all countries, of all the rights relating to the reproduction of the published works, inter alia the collection and distribution of the royalties generated by the exercise thereof, belong to the Society.

### **Duties of the Members**

**3. 27** In addition to the duties and obligations of a member under the By-laws of the Society as well as under his Affiliation Statement, and without restricting the foregoing, the member, inter alia,

a. shall neither assign nor license the rights that he is to contribute to the Society, nor personally authorize or prohibit the reproduction of the Musical Works of which he is the creator or the Publisher or all his rights related to the commercial use of his Artistic Works, as the case may be, nor jeopardise the Administration, by the Society, of the rights that he has contributed to same;

b. shall not share the Author's share, provided for in the publishing agreement and representing at least fifty percent of the copyright royalties, with an Enterprise that is a User of the Repertoire of the Society, for the sole purpose of obtaining a preferential treatment from such Enterprise in connection with his works;

c. shall warrant to the Society that the declared works are not tainted with infringement or unlawful use and shall mention the use of any element of the public domain in any declared work;



d. shall cause to be added to the Repertoire of the Society, without any restrictions, as quickly as and to the extent possible, those of his works with respect to which a prior contract affected or limited, in whole or in part, the exercise of the rights of the Society;

e. shall neither do nor undertake anything that could adversely affect the material or moral interests of the Society or its members.

### **Declaration of Works**

**3. 28** All Author Members shall declare to the Society the works created by them, and all Publisher Members shall declare to the Society the works published by them. Such Declaration shall form the basis for the distribution of royalties among the members of the Society exclusively.

**3. 29** The Declaration of Works shall be made concurrently with the Affiliation Statement of the member, and thereafter, as soon as the work is created, or, in the case of a Publisher Member, as soon as he acquires rights in a work;

**3** Failure by a member to make such Declaration in accordance with the By-laws or Policies of the Society may result in the works not being considered for the distribution of royalties by the Society. The Society may grant a time extension *inter alia* to the estate of a deceased Author or to a Person who has acquired the rights of a Publisher.

**3. 31** Any declaration bearing a false, purported or bogus signature shall be annulled and the Board may exclude the work from the distribution of royalties.

**3. 32** The Board may determine in a By-law, approved by the members in accordance with the Act, the requirements relating to the execution of Declarations of Works.

**3. 33** Prior to accepting a Declaration of Works, the Society may require from the signatory any evidence that it deems appropriate concerning the contents of the Declaration, including any signing authority.

**3. 34** The Society shall not be held liable, in any event, for the statements made in any Declaration of Works, but the signatory thereof shall be answerable to the Society and to third Persons for the originality of his work and for his rights therein.

**3. 35** The Board may refuse the Declaration of Works concerning a work of joint authorship where one of the joint Authors carries out an activity, in any capacity whatsoever, for an Enterprise that is a User of the Repertoire of the Society, and the Society may take all appropriate measures flowing from such refusal, including with respect to royalties.

### **Individual Rights of Members**

**3. 36** The Board shall adopt a Policy of the Society concerning the collection, treatment, storage, protection, use of and access to the personal information concerning applicants and members.

**3. 37** A member of the Society shall be entitled to the protection of the personal information disclosed to the Society in his regard. A member shall be entitled *inter alia* to the confidentiality of his distribution statements and to access the list of works declared under his name.

**3. 38** A member may consult at the head office of the Society, personally and confidentially, the minutes of the general meetings of the members and the minutes of the meetings of the Board. Any violation of this duty of confidentiality shall expose the member to the withdrawal of his status, without prejudice to the right for the Society or another member to ask for judicial compensation for the damages caused to the Society or the member, as the case may be, as a result of such violation. Notwithstanding the foregoing, the Board shall have the power, to be exercised only in exceptional circumstances and for the protection of the interests of the Society, to resolve that certain portions of the Board's minutes be kept confidential and inaccessible to all but directors.

**3.39** The Board may adopt a Policy concerning the exercise of said right, recognizing a right of access to other books and documents of the Society, and concerning the conditions for the exercise of such right.

**3.40** The Board may adopt a Policy concerning the management of disputes.

#### **Article 4 – MEETINGS OF THE MEMBERS**

##### **General Provisions Applicable to all Members’ Meetings**

**4.1** The Voting Members, the Public Accountant, the directors, and such other Persons as may be authorized or required to attend the meeting under a legislative or regulatory provision may attend a members’ meeting. Any other Person may only be admitted at the invitation of the Board. The right to attend shall not per se confer the right to vote.

a. Members which are not individuals shall appoint an individual representative to attend members’ meetings on their behalf and to exercise all membership rights on their behalf (a “Representative”). A Representative shall be appointed by the applicable Publisher Member in accordance with any applicable requirements imposed by the by-laws of the Society from time to time. When attending a members’ meeting, a Representative shall present to the chair of the meeting such documentation as the chair may reasonably require in order to establish the Representative’s identity and due appointment as such.

b. A deceased Author Member shall be represented at members’ meetings by the liquidator in accordance with Section 3.19 of this By-law; the heirs of a deceased Author Member shall be represented by a representative designated in accordance with Section 3.20 of this By-law; a member who is a minor of less than fourteen years of age shall be represented in accordance with the By-law passed pursuant to Section 3.16 of this By-law.

**4.2** Subject to the Act and the By-laws, the decisions at annual members’ meetings and special members’ meetings shall be taken by Ordinary Resolution. Decisions at special members’ meetings shall be taken by Special Resolution only where required by section 197 of the Act or by such other provisions of the Act as may be applicable. Subject to the Act and the By-laws, resolutions passed at a members’ meeting shall be passed by show of hands.

**4.3** Subject to the Act and the By-laws, members’ meetings shall be called and the agenda thereof drawn up by the Board.

**4.4** Minutes of a members’ meeting shall be drawn up by the Secretary, signed by the Secretary and the President of the Society and approved at a subsequent general meeting. Said minutes shall be kept in a book at the head office of the Society.

**4.5** Members’ meetings shall be chaired by the President of the Society. The Board may however designate another Person to chair the proceedings at a general meeting. If such Person is not a Member of the Society, he shall not be entitled to take part in the proceedings or to vote. Under no circumstances shall the chairperson have the casting vote.

**4.6** Notice of the time and place of any members’ meeting shall be provided by any of the following means:

a. by mail, courier or personal delivery to each member, to their last address provided to the Society, which members shall be responsible for keeping up to date, entitled to vote at such meeting during a period of twenty-one (21) to sixty (60) days (exclusive of the day on which the notice is delivered or sent but inclusive of the date for which the notice is given) before the day on which meeting is to be held; or

b.by telephone, electronic or other communication facility to each member entitled to vote at such meeting during a period of twenty-one (21) to thirty-five (35) days before the day on which such meeting is to be held.

Notice of any meeting where special business will be transacted should contain sufficient information to permit the member to form a reasoned judgment on the decision to be taken.

Notice of each members' meeting must remind the member that the member has the right to vote by proxy.

**4.7** If a majority of the Voting Members consent (either at a meeting of members by Ordinary Resolution or by consents signed individually by a majority of the members), a members' meeting may be held by teleconference.

**4.8** Any person entitled to attend a members' meeting may attend same by such electronic means that permits all participants in the meeting to communicate adequately with each other, provided that:

a.the members have passed an Ordinary Resolution addressing the mechanics of holding such a meeting and dealing specifically with how security issues should be handled, the procedure for establishing quorum and recording votes in order to meet the prescribed requirements;

b.each member or other person entitled to be present has equal access to the specific means of communication to be used; and

c.each member has consented in advance to meeting by electronic means using the specific means of communication proposed for the meeting.

**4.9** The Board may adopt a Policy setting out rules of procedure, consistent with the Act and the By-laws, for the holding of members' meetings.

#### **Absentee Voting at Members' Meetings**

**4.10** At any meeting at which a member has a right to vote and at which the member is not in attendance, such member may vote by proxy in accordance with the provisions of the Act and the regulations made thereunder. Notwithstanding the foregoing:

a.no member may vote by proxy on a resolution to elect one (1) or more directors; and

b.a proxyholder must be the chair of the meeting or a member or a Representative who is entitled to exercise a vote at such meeting.

The Society shall prescribe a form of proxy, provided that the form of proxy shall comply with section 74(2)(d) of the regulations made under the Act.

#### **4.11 Absentee Voting by Mail-in Ballot**

a.The Board may determine that, in respect of any election of directors, the mail-in ballot voting process set forth in this By-law shall be applicable. Where the Board does not make such a determination in respect of any election of directors, the mail-in ballot voting process shall not be applicable. Where the Board does make such a determination in respect of any election of directors, the determination shall be made before notice of the meeting at which the election is to occur is provided to the members, and Section 4.11(b) shall apply.

b.At any meeting at which a member has a right to vote for the election of a director or directors to the Board and at which the member is not in attendance, such member may vote by mail-in ballot in accordance with the terms and conditions set forth at Section 5.24, provided the Society has a system that (i) enables the votes to be gathered in a manner that

permits their subsequent verification, and (ii) permits the tallied votes to be presented to the Society without it being possible for the Society to identify how each member voted. Notwithstanding the foregoing, this Section 4.11 shall not apply to the election of directors by the Special Class members.

### **Annual Members' Meetings**

**4.12** The annual members' meeting shall be held:

- a. at the time determined by the Board, provided that it shall be held no later than six (6) months following the end of the previous fiscal year end of the Society and in any event no later than fifteen (15) months following the previous annual members' meeting; and
- b. at the place in Canada determined by the Board.

**4.13** Where a Voting Member wishes to add a question to the agenda, such member shall submit notice thereof to the Society no later than thirty (30) days before the anniversary of the previous annual members' meeting. If the President of the Society deems such addition appropriate, the other Voting Members shall be notified thereof before the applicable annual members' meeting.

**4.14** Voting Members present shall constitute the quorum of the annual members' meetings.

**4.15** At the annual members' meeting, the Voting Members shall receive the financial statements laid before them by the Person appointed by the Board. The Society may, instead of sending copies of the financial statements and other documents referred to in subsection 172(1) (Annual Financial Statements) of the Act to the members, publish a notice to the Voting Members setting out the manner in which the Voting Members may, on request, obtain a hard copy or electronic copy of the financial statements free of charge. Subject to the Act, the Voting Members shall elect a Public Accountant to hold office until the close of the following annual members' meeting. They shall deal with any matter determined by the Board or provided for by the Act, the Articles or the By-laws.

**4.16** In election years, the Voting Members shall elect the Board in accordance with the following provisions:

- a. The Special Class A member shall elect one (1) director, who needs not be a Canadian resident or citizen, in accordance with this By-law.
- b. The Special Class B member shall elect one (1) director, who must be a Canadian resident and citizen, in accordance with this By-law.
- c. The Slate shall be presented to the Voting Members.
- d. The Voting Author Members shall vote on the Author candidates on the Slate.
- e. The Voting Publisher Members shall vote on the Publisher candidate on the Slate.
- f. The Election Supervisor shall tally the number of votes cast in support of each candidate, including the unsuccessful candidates.
- g. The voting rights of the members and the number of votes that they may exercise to elect the directors shall be the same as those established under Sections 3.2 a) and 3.2 b) of this By-law, except that Voting Author Members may only elect directors who are Author Members, and Voting Publisher Members may only elect directors who are Publisher Members (or Representatives of Publishers).
- h. Elections to the Board shall be held at members' meetings and shall be by secret ballot. Any Person who takes part in the electoral procedure, in any capacity whatsoever, shall

have the duty to ensure the confidentiality of the vote as well as that of the personal information that is disclosed to him in the execution of his duties.

**4.17** The Public Accountant of the Society shall prepare the audited annual financial statements of the Society according to what is required by law and in accordance with generally accepted accounting principles and shall lay them before the Board in advance of the annual members' meeting.

**4.18** A vacancy in the office of Public Accountant shall be filled by the Board.

### **Special Members' Meetings**

**4.19** In the course of the year, the Board may call a special members' meeting to discuss business other than that to be transacted during the annual meeting. Voting Members of the Society shall constitute the quorum of such a special members' meeting.

**4.20** A special members' meeting shall be called upon the requisition of five percent (5%) of the members entitled to vote at the contemplated meeting. The Board shall cause such meeting to be called within a reasonable period of time. Five percent (5%) of the Voting Members of the Society shall constitute the quorum of such a special members' meeting.

If the quorum required for a special members' meeting is not attained on the date specified in the notice of the meeting, there shall be no obligation for the Board to put off such meeting to a later date or to call another one.

**4.21** A notice of a special members' meeting shall be given to the members entitled to vote thereat in accordance with Section 4.6.

## **Article 5 – COMPOSITION OF THE BOARD AND ELECTION OF BOARD MEMBERS**

### **Composition of the Board**

**5.1** The Board shall consist of five (5) directors.

**5.2** The members may, by Ordinary Resolution, determine or alter the precise number of directors from time to time, subject to Section 5.1. The members may, by Ordinary Resolution, delegate to the Board the power determine or alter the precise number of directors from time to time.

**5.3** The composition of the Board shall be as follows:

a. the member of Special Class A shall have the right to elect one (1) director;

b. the member of Special Class B shall have the right to elect one (1) director;

c. the Author Members shall have the right to elect a majority of all directors other than the two (2) directors elected by the Special Class Members; and

d. the Publisher Members shall have the right to elect a number of directors equal to total number of directors determined in accordance with Section 5.2, less the directors which the Special Class members and the Voting Author Member have the right to elect.

**5.4** The foregoing election rights belonging to the Special Classes may not be withdrawn. They may not be assigned or otherwise delegated, and they include the right of removal.

**5.5** For greater certainty, the Author Members shall always have the right to elect at least one (1) more director than the Publisher Members have the right to elect.

**5.6** All directors shall be elected for a term of four (4) years.

### **Qualifications Required of Directors**

**5.7** Members who are either Authors or Publishers and who are Canadian citizens having their

principal residence in Canada shall be eligible to be elected to the Board by the Author Members or the Publisher Members.

Where a Publisher is a legal person or a partnership, such Publisher's eligibility shall be subject to its head office being situated in Canada and its designated representative being a Canadian citizen having his principal residence in Canada.

**5.8** (a) A songwriter shall only be eligible to be elected to the Board if he has a repertoire of at least ten (10) recorded songs that have been or are being used for a commercial purpose, and if he has received in the past from the Society or from SODRAC Inc. royalties in excess of one thousand dollars (\$1,000) in the course of a year.

(b) The Author of Artistic Works must have already received royalties following licenses issued by SODRAC to authorize the use of his works (excluding reprographic royalties). **5.9** Only Authors that are Canadian citizens having their principal residence in Canada and are both members of the SPACQ and Author Members of the Society shall be eligible for election to the Board by Special Class B.

**5.10** Only Publishers that are members of the SACEM shall be eligible for election to the Board by Special Class A, and in the case of a Publisher which is not an individual, the individual who is the Publisher's designated representative at the SACEM shall hold the position on the Board which is reserved for Special Class A.

**5.11** The following shall not be eligible to be a candidate for the Board:

- a. an Author Member; and a Publisher Member that belongs, in whole or in part, to such Author Member or is controlled by him; where two such persons are candidates, one of them shall withdraw his candidacy;
- b. a Person who has presented a request for an assignment or has been the subject of a request for an assignment as a result of a bankruptcy, who has been declared bankrupt or whose assets have been entrusted to a receiver, a trustee or a liquidator instructed to proceed with the liquidation thereof, or whose assets have been assigned for the benefit of his creditors generally;
- c. an employee, consultant or director of another collective society for the Administration of reproduction or neighbouring rights;
- d. the representative of a member who is a minor, a heir or the designated representative of the heirs of a deceased Author or Member, or the liquidator of an estate.

**5.12** The office of a director shall ipso facto be vacated if the director:

- a. has the status of a bankrupt;
- b. is declared incapable by a court in Canada or in another country;
- c. if by notice in writing to the Society resigns office, which resignation shall be effective at the time it is received by the Society or at the time specified in the notice, whichever is later;
- d. dies;
- e. ceases to be a Canadian citizen having his principal residence in Canada, except in the case of a director elected by the Special Class A member;
- f. in the case of a Representative, ceases to be the duly-appointed Representative of the Publisher Member of which he was a Representative at the time of his election; or
- g. is removed from office in accordance with Section 6.15 hereof.

**5.13** As a precondition to taking up a position on the Board, each newly elected director shall execute a Consent to Act as Director in standard form prescribed by the Board from time to time which shall provide, inter alia, that the director undertakes: (a) to abide by all Policies governing the behaviour of directors which the Board may prescribe or establish from time to time; and (b) to resign from the Board in the event that he should be found by the Board to have materially infringed any provision of the Articles, By-laws, or aforementioned policies.

**5.14** The directors shall be elected for a term of four (4) years) at the annual members' meeting. They shall remain in office until the closure of the following annual members' meeting at which their successors are declared elected. Any directors may serve for consecutive terms. On an exceptional basis, the elected directors may be re-elected to carry out their duties for a longer period of time in the event that a situation having a significant and major impact on the Society warrants the renewal of their term in office, in accordance with the Society's best interests. This re-election shall be subject to an Ordinary Resolution submitted for a vote and shall be adopted at a special members' meeting.

**5.15** A director shall cease to hold office if a motion requesting removal of that director from office is approved by an Ordinary Resolution of the membership class by which the director in question was elected.

**5.16** The Society shall have exclusive authority to send to the members, in accordance with the instructions of the Board, a summary presentation of the Slate and any other correspondence relating to the election of the Board.

**5.17** All correspondence sent to the members shall be sent to them at their last address provided to the Society, which the members shall be responsible for keeping up to date, in accordance with the Policy established by the Board.

**5.18** The Board may appoint an Electoral Committee in order to assist the Board in the co-ordination of the elections and determine a mode of operation and procedure for the latter.

**5.19** Any voting for the election of directors by mail-in ballot shall be conducted as follows:

a. The Authors' Nominations Committee shall prepare a ballot ("Author Ballot") identifying the Author candidates on the Slate. The Publishers' Nominations Committee shall prepare a ballot ("Publisher Ballot") identifying the Publisher candidates on the Slate.

b. The Authors' Nominations Committee shall ensure that the Author Ballot is sent, according to the method determined by the Board, to the Voting Members who are Authors, together with the notice of the applicable annual members' meeting, along with instructions for the return of the Author Ballot prior to the annual members' meeting.

c. The Voting Members who are Authors may use the Author Ballot to vote for the two (2) positions on the Board reserved for Authors.

d. The Publishers' Nomination Committee shall ensure that the Publisher Ballot is sent, according to the method determined by the Board, to the Voting Members who are Publishers, together with the notice of the applicable annual members' meeting, along with instructions for the return of the Publisher Ballot prior to the annual members' meeting.

e. The Voting Members who are Publishers may use the Publisher Ballot to vote for a number of directors equal to the number of positions on the Board reserved for Publishers established in accordance with Section 5.3.

f. Voting Members may vote by returning their Author Ballot or Publisher Ballot within the time allotted by the Board. Any Author Ballot or Publisher Ballot received after the time limit established by the Board shall not be taken into account.

g. The Electoral Supervisor shall collect the Author Ballots and the Publisher Ballots and count the votes.

### **Vote-Counting Procedure**

**5.20** The Electoral Supervisor shall be responsible for collecting and counting all votes cast for the election of directors by the Voting Author Members and the Voting Publisher Members, whether such votes are cast by members in attendance at the members' meeting in question or by mail-in ballot. The Electoral Supervisor shall determine which candidates are elected; such determination shall be made in accordance with the provisions of this By-law and in accordance with such Policies and Resolutions as the Board has put in place for this purpose.

**5.21** The Electoral Supervisor may, in his sole judgement, decide to replace a lost, misplaced or destroyed ballot.

**5.22** For the purposes of counting votes and determining which candidates are elected to the Board, the following rules shall apply:

a. Among the elected candidates who are Authors, one (1) shall be a songwriter and one (1) shall be a composer.

b. No more than one (1) candidate shall be elected from among Author members whose residence is not the same as a majority of the members of the Society. The term "residence" has the meaning ascribed thereto in the Taxation Act (R.S.Q. ch. 1-3).

c. **5.23** In determining which candidates are elected, the Electoral Supervisor shall give priority, in the case of Authors, firstly to the number of votes, secondly to the songwriter, composer category, and thirdly to the residence.

**5.24** Immediately after having counted the votes, the Electoral Supervisor shall report the result in writing to the President of the Society.

**5.25** The President of the Society shall announce the elected candidates at the annual members' meeting.

### **Additional Directors**

**5.26** If for any reason there is a failure to elect the number or the minimum number of directors provided in the Articles, the directors may appoint one (1) or more additional directors, who shall hold office for a term expiring not later than the close of the next annual members' meeting, provided that the total number of directors so appointed shall not exceed one third (1/3) of the number of directors elected at the previous annual members' meeting. The power of appointment contained in this Section 5.31: (i) shall be exercisable only where there has been a failure to elect the number or the minimum number of directors provided in the Articles; (ii) shall not be used to appoint any directors beyond the number or the maximum number of directors provided in the Articles; (iii) shall not be exercised to appoint any person other than a Voting Member to the Board.



## **Article 6 – MANAGEMENT OF THE SOCIETY**

**6.1** The Board shall meet periodically at the request of the President or.

A Board meeting shall be called by the President at the written request of at least three (3) members of the Board.

**6.2** The meetings of the Board shall take place in the city chosen by the Board.

**6.3** Notice of Board meetings shall be given to each director and, except under exceptional circumstances, at least fourteen (14) days before the date of the meeting.

A newly elected Board may however hold its first meeting immediately after the annual members' meeting at which the directors are declared elected.

**6.4** Two (2) directors, of which at least one (1) is an Author and one (1) is a Publisher, shall constitute the quorum of a meeting of the Board.

**6.5** The President or, in his absence, one of the two Vice-Presidents, shall chair the meetings of the Board. In the absence of the former, the directors present shall choose one director from among them to chair the meeting.

**6.6** The decisions of the Board shall be made by resolutions duly passed at a meeting of the Board. However, a written resolution signed by all the directors of the Society shall be valid as if it had been passed at a meeting of the Board.

**6.7** Unless otherwise provided, the decisions of the Board shall be made by a majority of the directors present at the meeting. The vote shall be given by a show of hands.

**6.8** Subject to the Act, each director has a right to vote and may not abstain from voting except in the situations contemplated by Section 6.24 of this By-law.

**6.9** The President of the Society or the chairperson of the meeting of the Board shall not have a casting vote in the event of an equality of votes on a proposal. The proposal shall then be deemed to have been rejected.

**6.10** The minutes of each meeting, as well as the extracts that may be delivered thereof, shall be signed by the President or the first Vice-President, and the Secretary. If requested by a director, the minutes shall specify for each director his name and the way in which he voted.

**6.11** The minutes of a meeting shall be approved, after having been read, at the following meeting and shall be recorded in a book kept for that purpose at the head office of the Society.

**6.12** The Board may deliberate in secret session whenever it deems necessary to do so for reasons that shall be stated in the minutes.

**6.13** The directors of the Society shall not be remunerated for serving in such capacities.

They may be reimbursed for the expenses and costs reasonably incurred in the execution of their duties in accordance with the policies and procedures established by the Board.

### **Vacancies on the Board**

**6.14** The Board may declare vacant the office of a director who has been found by the Board to have breached an undertaking made in a Consent to Act as Director, pursuant to Section 5.13.

**6.15** A vacancy occurring on the Board shall be filled as follows.

- a. If the vacancy occurs among the directors elected by the Author Members, then, provided a quorum of directors remains in office, the remaining directors elected by the Author Members shall fill the vacancy by appointing the Author Member who had been a candidate on the most recent Slate and who had received the greatest number of votes without being elected. If this fall-back candidate for any reason does not join the Board, the remaining directors elected by the Author Members shall fill the vacancy by appointing the Author Member who had been a candidate on the most recent Slate and who had received the next greatest number of votes without being elected, and so on until the vacancy is

filled. If it is impossible to fill the vacancy by reference to the most recent Slate, the remaining directors elected by the Author Members may (provided there is a quorum) fill the vacancy by appointing an Author Member.

b.If the vacancy occurs among the directors elected by the Publisher Members, then, provided a quorum of directors remains in office, the remaining directors elected by the Publisher Members shall fill the vacancy by appointing the Publisher Member who had been a candidate on the most recent Slate and who had received the greatest number of votes without being elected. If this fall-back candidate for any reason does not join the Board, the remaining directors elected by the Publisher Members shall fill the vacancy by appointing the Publisher Member who had been a candidate on the most recent Slate and who had received the next greatest number of votes without being elected, and so on until the vacancy is filled. If it is impossible to fill the vacancy by reference to the most recent Slate, the remaining directors elected by the Publisher Members may (provided there is a quorum) fill the vacancy by appointing a Publisher Member (or a Representative of a Publish Member).

c.If the vacancy occurs in the Board position reserved for Special Class A, such vacancy shall be filled by Ordinary Resolution of the member of Special Class A.

d.If the vacancy occurs in the Board position reserved for Special Class B, such vacancy shall be filled by Ordinary Resolution of the member of Special Class B.

#### **Duties of the Directors including the Officers**

**6.16** Sections 6.17 to 6.24 of this By-law apply to all the directors of the Society.

**6.17** No director shall act on behalf of the Board without a resolution of the Board authorizing him to do so.

**6.18** The information obtained by a director owing to his duties on behalf of the Society shall be confidential. No director shall use such information for his own profit or for that of a third Person.

**6.19** Every director and officer of the Society in exercising his powers and discharging his duties shall act honestly and in good faith with a view to the best interests of the Society and in connection therewith exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

**6.20** A director shall endorse the principles advocated by the Society, promote the Society and favour the affiliation of Authors and Publishers as members of the Society.

**6.21** No director shall place the interests of the category of Members to which he belongs, or those of the group of Members that has specifically appointed him, or those of the majority of the members to whom he owes his election, above the best interests of the Society.

**6.22** Every director or officer of the Society who is in a conflict of interest with respect to the Society, including a director or officer who is in any way directly or indirectly interested in a material contract or material transaction or proposed material contract or proposed material transaction with the Society, shall make the disclosure required by the Act and, except as provided by the Act, no such director shall vote on any resolution pertaining to the subject matter of the conflict. In supplement of and not by way of limitation upon any rights conferred upon directors by section 141 of the Act and specifically subject to the provisions contained in that section, it is declared that no director shall be disqualified by any such office from, or vacate any such office by reason of, holding any office or place or profit under the Society or under any corporation in which the Society shall be a member or shareholder or by reason of being otherwise in any way directly or indirectly interested or contracting with the Society as vendor, purchaser or otherwise or being

concerned in any contract or arrangement made or proposed to be entered into with the Society in which the director is in any way directly or indirectly interested as vendor, purchaser or otherwise. Subject to compliance with the Act, no contract or arrangement entered into by or on behalf of the Society for which disclosure is required shall be avoided or voidable and no director shall be liable to account to the Society or any of its members or creditors for any profit realized by or from any such contract or arrangement by reason of any fiduciary relationship.

**6.23** The Board may adopt a Policy on ethics setting out other rules of conduct applicable to the directors in addition to the duties described above. Said Policy may provide for sanctions in the case of a violation of such rules, including the exclusion of a director from the Board and his replacement by the Board.

### **Powers and Duties of the Board**

**6.24** The Board shall conduct the activities and affairs of the Society and shall have powers of full administration for such purpose.

The Board shall establish the major orientations of the Society and shall implement the decisions of the general members' meetings.

The Board shall authorize the expenses of the Society, shall decide to deal, contract, transact and arbitrate on behalf of the Society and shall decide to perform all acts of administration generally.

**6.25** Without limiting the generality of the foregoing, and in addition to the powers provided for by the Act, the Articles and the By-laws, the Board may:

- a. pass the necessary By-laws and amendments to the By-laws, and submit them to the members;
- b. adopt Policies designed to fulfil the objects of the Society or to implement the Articles and By-laws or the decisions of the Board;
- c. establish the dates of distribution of the royalties to the members;
- d. establish the administrative fees retained from the royalties collected for the members, which may vary from one case to another;
- e. establish, for each class of rights, the principles and terms and conditions of distribution of the collected royalties;
- f. accept any contract for the Administration of copyright;
- g. acquire and alienate, by gratuitous title or by onerous title, both movable and immovable property;
- h. designate the Persons who shall be authorized, on behalf of the Society, to endorse titles or instruments or to sign bills, notes, receipts, acceptances, checks, discharges, contracts and documents;
- i. decide on the creation of any committee or commission to assist the Board in its conduct of the affairs of the Society;
- j. fix the remuneration of the Public Accountant and fill any casual vacancy in the office of Public Accountant, except where the Public Accountant is removed by a decision of the members;
- k. establish any fund dedicated to objectives that are consistent with the fulfilment of its objects.

**6.26** When authorized by a By-law, passed by the directors and sanctioned by at least two-thirds (2/3) of the votes cast at a special members' meeting, the Board may:

a. borrow money upon the credit of the Society;

b. limit or increase the amount to be borrowed;

c. issue obligations, debentures or other securities of the Society and pledge or sell such obligations, debentures or other securities for such sums and at such prices as may be deemed expedient;

d. secure any such obligations, debentures or other securities, or any other present or future borrowing or liability of the Society, by mortgage, hypothec or pledge of all or any currently owned or subsequently acquired real and personal, movable and immovable, property of the Society, and the undertaking and rights of the Society.

Subject to section 138 of the Act, the Borrowing By-law may provide for the delegation of such powers by the directors to such officers or directors of the Society to such extent and in such manner as may be set out in the By-law.

Nothing in this section limits or restricts the borrowing of money by the Society on bills of exchange or promissory notes made, drawn, accepted or endorsed by or on behalf of the Society.

**6.27** The Board shall ensure that all books, registers and documents of the Society prescribed by the Act, the Articles and the By-laws are kept in a timely and appropriate manner.

## **Article 7 – GOVERNANCE**

**7.1** The President shall be elected from among the members of the Board at the first meeting of the Board following the annual members' meeting at which the directors are declared elected.

**7.2** The directors appointed by the Special Class A member and the Special Class B member shall be entitled to vote in the election of the officers but shall not be eligible for the office of President.

**7.3** The President is an Author, and the first Vice-President is a Publisher.

**7.4** The Board shall ensure that its decisions are implemented and that the appropriate decisions are made for the conduct of the affairs of the Society. **7.5** Any officer of the Society may at any time be removed from office and replaced by the Board. Otherwise, each officer appointed by the Board shall remain in office until his successor has been appointed. The President shall not be removed from office unless two thirds (2/3) of the directors vote therefor.

**7.6** The President shall keep the seal, the books and the registers of the Society.

The President shall attend the meetings of the Board and the general meetings and shall cause minutes thereof to be drawn up.

The President shall sign, together with the Vice-President, the official documents of the Society.

The Secretary shall receive and sign the correspondence of the Board.

The President shall ensure that the notices of general meetings and of meetings of the Board are given.

**7.7** A director may resign from office by giving a notice of resignation to the President of the Society.

**7.8** Subject to the Act, the Society shall indemnify a director or officer of the Society, a former director or officer of the Society, or any other individual who acts or acted at the Society's request as a director or officer of a body corporate of which the Society is or was a member or shareholder,

or an individual acting in a similar capacity of another entity at the request of the Society, and his heirs, executors, administrators and legal representatives, against all costs, charges and expenses, including, without limitation, an amount paid to settle an action or satisfy a judgment, reasonably incurred by the individual in respect of any civil, criminal, administrative, investigative or other proceeding to which the individual is made a party or involved in by reason of being or having been a director or officer of the Society or a director or officer of a body corporate of which the Society is or was a member or shareholder or acting in a similar capacity of such other entity at the request of the Society (excluding any proceeding by or on behalf of the Society or such body corporate of which the Society is or was a member or shareholder to obtain a judgment in favour of the Society or such body corporate of which the Society is a member or shareholder and excluding any proceeding initiated by such individual other than to establish a right of indemnification under this By-law), if,

a. the individual acted honestly and in good faith with a view to the best interests of the Society, or, as the case may be, to the best interests of such body corporate of which the Society is or was a member or shareholder; and

b. in the case of a criminal or administrative action or investigative or other proceedings that is enforced by a monetary penalty, the individual had reasonable grounds for believing that his conduct was lawful.

**7.9** Subject to the Act, the Society shall purchase and maintain insurance for the benefit of any person referred to in Section 7.8 against any liability incurred by him in his capacity as a director or officer of the Society or of another body corporate at the Society's request.

#### Article 8 – ADMINISTRATIVE PROVISIONS

**8.1** Where the provisions of the By-laws require a notice to be given to a director or a member, such notice shall be given in writing and may be sent by mail at the last address of the director or the member appearing in the records of the Society. The notice shall be deemed to have been given at the time of mailing thereof.

**8.2** The Board may adopt a Policy to determine the methods for the transmission of notices, including notices of meetings or any communication between the Society and a member, inter alia by facsimile machine or electronic mail.

**8.3** The members and the directors shall update any address provided by them to the Society in order to enable the Society to communicate with them.

**8.4** Any bona fide error, omission or delay in the transmission of a notice of a general meeting, in the process relating to the nomination of candidates running for the office of director and the election of directors or in any other procedure, shall not have the effect of invalidate the meeting, election or procedure, nor shall it render null the measures taken.

**8.5** A written waiver of a notice by a member or a director shall be tantamount to the giving of the notice required by the By-laws, regardless of whether such waiver is given before or after the prescribed time period.

**8.6** The Board may, by resolution, make, amend, or repeal any by-laws that regulate the activities or affairs of the Society, except in respect of matters referred to in subsection 197(1) of the Act. The directors shall submit the by-law, amendment or repeal to the members at the next meeting of the members, and the members may, by Ordinary Resolution, confirm, reject or amend the by-law, amendment or repeal. Subject to the Act, the by-law, amendment or repeal is effective from the date of the resolution of the directors. If the by-law, amendment or repeal is confirmed, or confirmed as amended, by the members it remains effective in the form in which it was confirmed. The by-law, amendment or repeal ceases to have effect if it is not submitted by the directors to the

members or if it is rejected by the members. If a by-law, an amendment or a repeal ceases to have effect, a subsequent resolution of the directors that has substantially the same purpose or effect is not effective until it is confirmed, or confirmed as amended, by the members.

### **8.7 The Declarations of Works that have been accepted by SODRAC Inc. shall be deemed accepted by the Society.**

#### Article 9 – DISSOLUTION OF THE SOCIETY

**9.1** Dissolution of the Society may be resolved by a unanimous vote of the members of the Board approved by two thirds (2/3) of the votes cast at a special members' meeting, held in accordance with the Act, Articles and By-laws, except that proxies shall not be allowed at such a meeting.

**9.2** In the case of the dissolution or winding-up of the Society, any remaining property of the Society, after payment of its debts, shall be distributed to the members and/or to one or more not-for-profit organizations in Canada that pursue objectives analogous or similar to those of the Society. Notwithstanding the foregoing, it is specially provided that, in the event that the Society is deemed to be a soliciting corporation at the time of its dissolution or winding up, all its remaining assets after payment of its liabilities shall be distributed to one or more "qualified donees", as defined in the Income Tax Act, having cognate or similar objects.

**9.3** If the dissolution is voted, the winding-up shall be carried out by the Board.



### **BY-LAW NO 1 CONCERNING RESTRICTIONS ON MEMBER CONTRIBUTIONS**

1. This By-law is passed pursuant to Section 3.15 of the General By-law and is subject thereto in all respect.

2. The contribution of a Member to the Society with respect to Musical Works may exclude certain territories other than Canada, where the Member has entrusted another collective society for the Administration of copyright, operating in such territories, with the management thereof.

3. Except where the Society has entered or will enter into a general licensing agreement with one or more users, or representatives of users, or where a Tariff covers or will cover the synchronization or use, the contribution of a Member may exclude, subject to compliance with the terms and conditions set forth herein, any or all of the following synchronization rights:

i. the inclusion of a pre-existing musical work in a cinematographic production initially intended for any distribution market or distribution method, whether analogue or digital; and

ii. the inclusion of a pre-existing musical work in an advertising message. In the event that such exclusion is requested by a Publisher who is a member of the Society, said Publisher, while he/she is a member, shall be responsible for issuing the license wholly on behalf of the songwriters or composers who are members of the Society and who have assigned their copyright with respect to the work subject to the present limitation. It shall also be the responsibility of said Publisher, and not that of the Society, to collect the royalties and to distribute the respective portions thereof to the songwriters and composers.

In all cases, in order to benefit from this limitation, the Member shall include in the license an appropriate contingency clause with respect to any subsequent reproduction entirely reserved for SODRAC.

In addition, the Member must provide a copy of this license to the Society upon the expiration of the license and, in the case of a Publisher, to the Society as well as to the songwriters and composers.

4. The contribution of a Member may exclude the right to copy for a private purpose, provided that the Member provides evidence that he has already entrusted another collective society for the Administration of copyright with the Administration of said right.

5. No Publisher shall be considered as a collective society for the Administration of copyright.

6. In exceptional cases, the Board may also grant a specific authorization to restrict the contribution of a Member. Such authorization may be withdrawn upon written prior notice of three months.

7. A Member who joins the Society in connection with his Artistic Works may, in his Affiliation Statement, indicate for which classes of commercial use he requires that the Society obtain his prior consent before issuing a license.

8. A member's contribution to the Society as regards artistic works excludes the use of his or her works in the following circumstances, unless said member expressly requests in writing that such use be included in his or her contribution to the Society:



- i. Self-production: any personal use of works by the member (living artist or rightsholder), in addition to any commercial use and marketing of said works, provided that the member in question retains control of said commercial use and marketing.
- ii. Rights granted by the member (living artist) in connection with an exhibition project, for a purpose other than sale or hire, in certain exhibition venues as determined by the Society: the exhibition, in addition to the reproduction or public communication of the works under a non-exclusive and non-transferable licence granted for exhibition, promotional and archival purposes, for temporary, individual or group exhibitions, in certain exhibition venues as determined from time to time by the Society based on their characteristics and operating budget.
- iii. Rights granted by the member (living artist) to the owner of a public artwork or an architecturally integrated work in connection with the production contract for said work or the model therefor: the exhibition, reproduction or public communication of said work or model under a non-exclusive and non-transferable licence for exhibition purposes, for the purposes of promoting said work or model (excluding any form of advertising) or for archival purposes, to the owner of said work or model in connection with a production contract for said work or model entered into by the artist member.
- iv. Rights granted to a commercial gallery for promotional use if the member (living artist or rightsholder) is represented by said gallery for the purposes of selling or leasing his or her works: any reproduction or public communication of said works under a non-exclusive and non-transferable licence for the purposes of promoting said works or exhibiting them for sales/leasing purposes or for archival purposes, to the commercial gallery with which the member in question has entered into a representation contract.

In order to benefit from the restrictions on the member contributions provided for in (ii), (iii) and (iv), the member must include in the licence or contract an appropriate contingency clause with respect to any subsequent right of use entirely reserved for SODRAC.

9. The same rules of Administration, collection and distribution of royalties shall apply to the restricted contributions covered by this By-law and to the contributions governed by the Articles as a result of the affiliation. The Board may adopt special management charges applicable in relation to restricted contributions.

10. A Member may, subject to the same requirements and time periods as those set out in Section 3.16 of the General By-law, modify his contribution, in accordance with Sections 2, 3 and 4 of this By-law.

11. A Member who joins the Society with respect to his Artistic Works may also, subject to the same requirements and time periods, vary the reservations set out in his Affiliation Statement as regards to the requirement for his prior consent in relation to certain uses.

## **BOARD POLICY NO. 1 CONCERNING SUB-PUBLISHING CANADIAN WORKS LICENSED TO FOREIGN PUBLISHERS**

1. This Policy is adopted pursuant to section 3.26 of the By-Laws and is subject thereto in all respects.
2. A Publisher Member may, to the extent authorized under this Policy, enter into subpublishing agreements with foreign Publishers (hereinafter "Sub-Publishers").
3. Such Publisher shall file with the Society a copy of the sub-publishing agreements and other relevant related documents, where applicable, that he enters into with a SubPublisher, upon ratification thereof.
4. Unless an exemption is granted, and subject to the provisions of following sections 5 and 6, the collection of the Authors' share shall not be granted to a Sub-Publisher in a subpublishing agreement.
5. A Publisher's share may be granted, in whole or in part, to a Sub-Publisher, provided that such Publisher complies with section 2 of this Policy.
6. Exceptionally, and subject to the provisions of following section 7, where a SubPublisher pays a sum to a Publisher as a recoverable advance on the income from works included in the Repertoire of the Society, the Society shall authorize the society of authors, to which it is affiliated in the territory of the sub-publishing, to pay the SubPublisher directly, until the amount of said advance is recovered.
7. In order to be entitled to avail himself of the provisions of foregoing section 6, a Publisher Member shall notify the Society of the Sub-Publisher's intention to avail himself thereof, and the Publisher shall file any document required by the Society, in order to confirm the transaction entered into, including, where applicable, a copy of the commercial papers or the banking transactions.
8. No Publisher who is not a Member of the Society shall be entitled to avail himself of the provisions of this Policy for any work whose original copyright owners are Members of the Society.
9. Any decision of the Society concerning the application and interpretation of this Policy may be submitted by any interested Person to the Board.
10. Any departure from the provisions of this Policy shall require approval of the Board. The decision of the Board shall be final and without appeal.

## **BOARD POLICY NO. 2 ON PRIVACY AND ACCESS TO THE PERSONAL RECORD OF MEMBERS**

1. This Policy is adopted under section 3.36 of the By-Laws and is subject thereto in all respects.
2. The President of the Society is hereby appointed as the Privacy Officer of the Society, responsible for compliance with this Policy concerning the collection, use and communication of personal information as well as the access to personal records.
3. The Privacy Officer shall ensure that appropriate security measures are taken to avoid theft or loss of personal information as well as the unauthorized access, disclosure, copy, use or modification thereof. The Privacy Officer shall also make this Policy available to any interested Person.
4. Personal information means any information that relates to a Person or enables to identify a Person. The information is that which is in the custody or the possession of the Society and has been obtained by the Society or disclosed to the Society by a third Person.
5. Every person shall be informed of any collection, use or disclosure of his personal information and of the purposes for which it is collected. Such collection, use or disclosure shall be subject to the consent of the Person concerned, unless it is impossible or unrealistic to obtain such consent for legal or medical or security reasons.
6. The Society shall obtain the consent of the Person concerned with respect to the use and the disclosure of the personal information at the time of the collection thereof.
7. The Society shall collect personal information in the Membership Application, the Affiliation Statement, the Declaration of Works and related documents. Other personal information may be disclosed to the Society in the course of the administration of the rights, inter alia financial information on the Member and his affairs.
8. The Membership Application Form to be signed by an applicant shall contain his consent to the use of the personal information contained therein by the Society and to the disclosure thereof by the competent bodies of the Society for the purpose of considering the application.
9. The Privacy Officer shall ensure that consent is obtained with respect to the disclosure and use of the personal information accompanying the Affiliation Statement signed by any Author or Publisher deemed admissible by the Board.
10. The personal information may be used for the following purposes and disclosed to the following Persons: I. the bodies of the Society, the Board, the committees or the commissions for the execution of their duties pursuant to the Act, the Articles and the Bylaws. II. the staff and consultants of the Society for the carrying out of their mission, duties or work. III. the users of the works, where required for the Administration of the rights contributed to the Society (establishment of the rights, issue of licenses, collection of royalties). IV. courts and the Copyright Board for the issue, establishment or claim of tariffs, royalties or licenses. V. other collective societies for the same purposes as those of the Society.
11. The consent given by a Member shall be irrevocable for as long as the Author or Publisher remains a Member and for any subsequent period during which the Society winds up the Administration of the rights of the Author or Publisher concerned for the period during which he was a Member of the Society.
12. Except as regards to the identification of the copyright owners of works, the personal information shall be destroyed, deleted or de-identified once the Society no longer needs it for the specified purposes.
13. The Members shall be responsible for keeping up to date the personal information used on an ongoing basis by the Society, inter alia the personal information disclosed under the Articles and Bylaws.

14. If any personal information is inaccurate or incomplete, the Society shall make the necessary changes to such information and if necessary shall disclose the changes to third Persons having access to such information.
15. The Society shall obtain the consent of the Person concerned before using the personal information for purposes other than those specified. Such new purposes shall be specified prior to the use of the information.
16. Any Person may file a complaint with the Privacy Officer concerning the application of this Policy. The Privacy Officer shall respond in writing to the complainant within thirty days following the filing of the complaint.
17. The Society shall enable any applicant or Member to access, upon request, his personal record. All of the personal information concerning applicants and Members shall be recorded in a personal record kept at the head office of the Society.
18. An application for access to a personal record shall be made in writing. The Society shall respond thereto within thirty days.
19. The Society may extend the above mentioned time period but shall give the applicant a notice of time extension indicating the new time period, the grounds for the extension, as well as the applicant's right to file a complaint in this regard with the Commission d'accès à l'information.
20. Where access is denied, the Society shall notify the applicant of the refusal in writing and shall inform the applicant of his remedies.
21. The Society shall inform any applicant or any Member, upon request, of the possession by the Society of personal information concerning said applicant or Member, of the use being made of such information and of the fact that such information has been disclosed or not to third Persons. In the affirmative, the Society shall specify to which third Persons such information has been disclosed.
22. No applicant shall be entitled to obtain originals of any written document contained in his personal record. An applicant may, on payment of reasonable fees established by the Privacy Officer, obtain a photocopy thereof within a period of time that is reasonable in light of the nature of the application filed.

**BOARD POLICY NO. 3 CONCERNING THE RIGHT OF A MEMBER TO ACCESS THE BOOKS AND DOCUMENTS OF THE SOCIETY**

1. This Policy is adopted under section 3.39 of the By-Laws and is subject thereto in all respects.
2. A Member's personal and private right of access to the documents of the Society shall be exercised in such premises of the Society as shall be specified by the Society to the Member along with the date on which such right may be exercised by appointment.
3. The right of access may be exercised by the Member himself or by his representative authorized to vote on his behalf in accordance with section 4.10 of the By-Laws.
4. The books and documents of the Society that may be accessed by the Member shall be the minutes of the general meetings and the minutes of the meetings of the Board.
5. The right of access may only be exercised between 10 a.m. and 5 p.m. in the presence of such member or members of the staff of the Society as may be designated by same.
6. The Member shall be required to sign a document established by the Society stating which documents will have been brought to his knowledge.
7. No copy of any documents shall be given to any Member.
8. A Member who exercises his right of access shall be held to a duty of confidentiality in his dealings with any third Person who is not a Member of the Society regarding the information and documents of which he has taken cognisance. Any violation of said duty of confidentiality shall expose the Member to the withdrawal of his status, without prejudice to the right of the Society or another Member to claim redress for the damages sustained as a result of such violation.

## **BOARD POLICY NO 4 CONCERNING THE RULES OF DISTRIBUTION APPLICABLE TO TELEVISION AND RADIO**

1. This Policy is adopted pursuant to paragraph 6.25 e) of the By-Laws and is subject thereto in all respects.

1.1 Amounts may be deducted from distributions and placed in a reserve fund in order to reflect the estimated value of the works in connection with missing music cue-sheets provided for future distributions.

2. In this Policy, in relation to television,

2.1 Key song or instrumental work: means any song or instrumental work performed by performers or musicians in a show or a variety program recorded before a live audience, to the exclusion of the theme and the transitions;

2.2 Visual music: means any music performed on screen by performers or characters, or any music that is heard by them and that is not a key song or instrumental work;

2.3 Musical theme: means any music identifying a program, a film or a television series, that is repeated at the beginning or the end of or during the program, the film or the television series concerned;

2.4 Illustration music: means any music that is not a musical theme, visual music, non-programmatic music, or a key song or instrumental work;

2.5 Non-programmatic music: means any music performed in the context of programs broadcast between the closure and the opening of a television station, in conjunction with the test patterns, texts and images, static images or displays of programming schedules.

2.6 Logo, signature and code: music used as a logo, signature or code identifying a production company, a Radio or TV broadcaster in an audiovisual production.

2.7 Internal production of a broadcaster: audiovisual work produced by a TV broadcaster or co-produced with an independent producer not affiliated with the TV broadcaster, provided that the TV broadcaster holds more than 50% of the proprietary rights and copyrights on the audiovisual work, and in all circumstances, provided that the TV broadcaster controls the production of said audiovisual work and said work is not eligible for a tax credit or for private, public or parapublic financing intended for independent productions.

2.8 Pre-existing song or work: any song or instrumental work that is not subject to a commissioned contract or that was not originally composed for use as a musical theme, in musical transitions or as illustration music.

2.9 Commissioned work: custom work commissioned by a third party for use in an original production.

3. Television

3.1 The following distribution schemes shall apply to the distribution of television royalties:

CATEGORY	VALUE
Song and instrumental work	100%
Visual music	100%
Musical theme at beginning and end	35%
Illustration music	20%
Non-programmatic music:	0.5%
Logo, signature and code	5%

National broadcast:	100%
Regional broadcast:	50%
SRC RDI/CBC Newsworld	10%

3.2 The opening and closing music used during a program will be credited based on the rate for illustration music.

3.3 For distribution purposes, music used during advertising programs or infomercial shall be credited based on distribution scheme applicable to illustration music.

3.4 For distribution purposes, music used during exercise or aerobic programs shall be credited in accordance with the distribution scheme applicable to illustration music.

3.5 For distribution purposes, choreographed dance music shall be credited based on the rate for key songs and instrumental works.

3.6 For distribution purposes, sketches, monologues and dumb-shows shall be credited in accordance with the distribution scheme applicable to visual music.

3.7 Music used in TV programs/series or films broadcast between 2:00 am and 5:59 am will be credited at 5% of the monetary value of the song or instrumental work.

3.8 For distribution purposes, video clips shall be credited based on the rate for key songs and instrumental works.

3.9 Where the use and duration of a work are not specified in the cue-sheet report, the Society shall attribute an approximate value to the use and duration of the musical contents based on the information in its possession concerning the program, until such use and duration are officially confirmed.

3.10 Determination of the applicable distribution schemes shall be based on the type of use specified in a cue-sheet report deemed acceptable and verifiable by the Society. Where the data contained in the cue-sheet reports indicate that a musical piece has been used as visual music, it shall be credited as such, and all other works shall be credited in accordance with the distribution scheme applicable to illustration music.

3.11 The music broadcast simultaneously on two or more regional stations shall be credited in accordance with the distribution scheme applicable to a national broadcast.

3.12 Any music contained in advertising messages or jingles, public interest announcements not exceeding a duration of two minutes or serving related purposes shall not be analysed for distribution purposes.

4. General distribution of synchronisation rights - TV broadcaster internal productions

4.1 TV-synchronisation rights value shall be evaluated to reflect the value of works in the negotiated market television station.

4.2 In the context of synchronisation distribution, only TV broadcaster internal productions shall be considered.

4.3 The synchronisation rights shall be distributed to musical works contained in broadcasts for the first time, on all channels, by the TV broadcaster who is subject to distribution.

4.4 The value given to musical works shall be the same whether it is used in song and instrumental work, visual music or illustration music.

5. For the purposes of this policy, the following definitions apply to radio related rights:

5.1 Song and instrumental work: means any song or instrumental work broadcast during a program.

5.2 Musical theme: means any music identifying a program and that is repeated at the beginning or the end of the program.

6. The royalty distribution schemes applied to radio are as follow:

	CATEGORY	VALUE
5.1	Songs and instrumental works	100%
5.2	Musical theme:	20%
5.3	National broadcast:	100%
5.4	Regional broadcast	50%

7. Sections 2.6, 3.3, 3.6 3.9 and 3.12 of this Policy shall apply to the distribution of radio related rights.



## **BOARD POLICY NO. 5 CONCERNING THE BOOKS TO BE KEPT**

1. This Policy is adopted pursuant to paragraph 6.33(b) of the By-Laws and is subject thereto in all respects.
2. The President shall cause the accounts of the Society in banks and deposit institutions to be opened on behalf of the Society after having obtained the necessary signatures from the appropriate Officers.
3. In particular, the President shall cause the following accounts to be opened and maintained:
  - the Collection Account, in which all royalties levied on behalf of the Members shall be deposited;
  - the Operations Account, in which the administration fees retained from the royalties shall be deposited;
  - the Investment Account, in which the royalties levied may be deposited from time to time pending the distribution thereof; and
  - the Distribution Account, in which the royalties to be distributed among the Members, after deduction of administration fees, shall be deposited.
4. Withdrawals from the Collection Account for deposit into the Investment Account or the Operations Account shall be signed by the Treasurer, or, in his absence, by the President or one of the Vice-Presidents, or, in the latter's absence, by an authorized representative designated by the Board.
5. Withdrawals from the Operations Account and from the Distribution Account shall be signed by the President and the Head of Administrative Services.
6. Where it is necessary to open a joint account with one or several other collective societies for the purpose of receiving royalties to be distributed, the President may sign on behalf of the Society in relation to any deposit into or withdrawal from such accounts.

## **BOARD POLICY NO. 6 ON THE USE OF FACSIMILE MACHINES AND ELECTRONIC MAIL**

1. This Policy is adopted pursuant to section 9.2 of the By-Laws and is subject thereto in all respects. This Policy shall apply to the documents relating to elections as determined by the Board.
2. Subject to the other provisions of this Policy, a Member may send to the Society any document, notice or other information provided for in the Bylaws, the Administrative By-Laws and the Board Policies, by electronic mail, with the exception of Membership Applications, Affiliation Statements, publishing contracts and sub-publishing agreements.
3. Where a document requires the signature of a Member, such document may be sent to the Society by electronic mail if the Member puts his secure electronic signature thereto.
4. Where a document requires a sworn statement from a Member, such document may be sent to the Society by electronic mail if the Member puts his secure electronic signature thereto and if the authorized Person before whom the statement has been made also puts his secure electronic signature thereto.
5. The Society may send any document, notice or other information to a Member, provided that the conditions set out in this Policy are met.
6. The Society shall not send any document, notice or other information to a Member by electronic mail unless the Member has given his written consent specifying a delivery address therefor.
7. The Member shall be responsible for informing the Society of any change in his address for the delivery of documents, notices or other information by electronic mail.
8. Where a notice, document or other information is required to be sent by the Society at several addressees, the Society may proceed by way of simultaneous transmission.
9. All notices, documents or other information shall be deemed to have been sent upon exiting the information system under the control of the sender or the sender's representative and shall be deemed to have been received upon arrival in the information system designated by the addressee.
10. The Society may make available on its Internet site or by electronic mail the various forms provided for in the Bylaws and the Administrative By-Laws, including the Membership Application, Affiliation Statement and Declaration of Works forms.
11. Any document or notice transmitted by facsimile shall be accompanied by a transmission slip indicating:
  - a) the name, address and telephone number of the sender;
  - b) the name of the Member upon whom the document or notice is served, as well as the number of the receiving facsimile machine;
  - c) the date and time of the transmission;
  - d) the total number of pages sent, including the transmission slip;
  - e) the number of the facsimile machine used to send the document;
  - f) the nature of the document.
12. A transmission slip may serve as evidence of a facsimile transmission.

## **POLICY NO. 7 CONCERNING THE MANAGEMENT OF DISPUTES**

1. This Policy is passed pursuant to section 3.48 of the By-Laws and is subject thereto in all respect.
2. Any dispute arising between two or more of the Society's members with regard to their respective rights on works or the sharing of royalties received or to be received by the Society, must be brought to the Society's attention in writing by the member(s) of the Society directly concerned by the dispute. Said member(s) must provide the Society, in support of their denunciation, with all explanations, documents or proof that can reasonably be submitted to support his or her claim. The Society reserves the right to request additional information or documents for the purposes of applying this paragraph and the Society's member must collaborate to that effect.
3. Any explanations as well as all submitted documents or proof must, to the Society's discretion, be sufficiently detailed to justify the application of the appropriate measure including, among others, setting aside any royalty related to the dispute. The Society reserves the right to reject all frivolous or obviously groundless claims in fact and in law or if the Society's member has no direct or indirect interest in the dispute.
4. The member cannot require the Society to act in favour of one litigant or the other as long as the dispute has not been resolved either through a written settlement between the parties or by the ruling of a court of competent jurisdiction.
5. The Society shall advise the other Society's members targeted by the denounced dispute, thus allowing them to provide all appropriate responses according to the same criteria set out in paragraphs 2 and 3 above.
6. If the denounced dispute is deemed admissible by the Society, the Society's President, or any other person to whom the President wishes to delegate this authority from time to time, can apply all reasonable measures for an appropriate period including, among others, the possibility of setting aside all payable royalties related to the dispute for a period of six (6) months from the date of the written denunciation. The goal of this period is to give the parties time to settle the dispute.
7. If no legal action is taken during this six (6) month period and the dispute is not settled otherwise, the Society can, at its discretion, release the share of royalty interest set aside in connection with the dispute and distribute it as indicated in the work declaration forms duly signed by the Society's members prior to the date of the written denunciation.
8. If, during this six (6) month period, the Society receives a copy of a legal action being taken to settle said dispute, the Society will maintain the money it has set aside with regard to shares in dispute until a ruling is made, legal action is dropped or the dispute is settle otherwise.
9. The Society shall also notify its sister societies for reproduction rights with whom it has signed a representation agreement solely upon receiving the legal action. The latter will then apply their own internal policies and procedures specific to the nature of the dispute. The Society will inform the member of the final decision reached by these sister societies.
10. During the six (6) month period or during the legal action period and subject to court ruling to the contrary, the Society can continue to issue reproduction and operation licenses concerning the works targeted by the written denunciation as indicated in the work declaration forms duly signed by the Society's members. Only collected royalties will be held back pursuant to paragraphs 6 and 8 above.
11. For the period preceding the written denunciation, the Society will apply what is indicated in the work declaration forms duly signed by the Society's members.
12. When the Society receives notice that the case is settled, the distribution of payment concerning the works in dispute must be carried out according to the terms of the agreement

reached or handed down, if they do not contradict the Society's distribution ruling.

13. If a dispute arises between one or several of the Society's members and one or several non-members, this policy also applies. However, action taken by the Society will only apply to its member(s).

14. The Society shall also notify current or future reproduction and operation licensees about the works targeted by the written denunciation and will ask that the shares under litigation be set aside, it being understood that the Society cannot act as guarantor on behalf of said licensee in its actual application.

## **BOARD POLICY NO. 8 CONCERNING DIRECTORS' COMPENSATION**

1. This Policy was adopted in accordance with Section 6.13 and 6.25 (b) of the By-laws and is entirely subordinate thereto.
2. The members of the Board of Directors will be paid directors' fees and allowance respectively according to the amounts shown in the table below. These amounts will be reviewed by the Board of Directors every four (4) years, that is, in the year preceding the election year or when deemed appropriate. This policy also applies to members who participate in meetings by telephone.

### **TABLE OF DIRECTORS' FEES AND ALLOWANCE**

#### **AMOUNT FROM 2013 TO 2016**

Board of Directors \$400 / meeting

Executive Board \$350 / meeting

Board Chairperson \$6,000 / year

- An allowance will be allocated to members who live outside the Montréal metropolitan area because of the distance traveled between home and the head office of SODRAC, so that there is fairness between the members. This allowance shall be equivalent to the rate prescribed by the Government of Canada;