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STATUTORY INSTRUMENTS

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**2016 No. 221**

**The Collective Management of Copyright  
(EU Directive) Regulations 2016**

**PART 2**

**Collective Management Organisations**

**Annual transparency report**

- 21.**—(1) A collective management organisation must—
- (a) draw up and make public an annual transparency report, including the special report referred to in paragraph (3), for each financial year no later than 8 months following the end of that financial year;
  - (b) publish on its website the annual transparency report; and
  - (c) ensure that the annual transparency report remains available on its website for at least 5 years.
- (2) The annual transparency report referred to in paragraph (1) must—
- (a) contain at least the information specified in paragraph (4);
  - (b) be audited by a person who is eligible for appointment as a statutory auditor under Part 42 of the Companies Act 2006<sup>(1)</sup> in respect of the accounting information referred to in paragraph (4)(a), (g), (h), (i), (j) and (k) included in the report; and
  - (c) reproduce in full the audit report including any qualifications to that report.
- (3) The special report referred to in paragraph (1)(a) must address the use of the amounts deducted for the purposes of social, cultural and educational services and must contain at least the information specified in paragraph (5).
- (4) The information specified in this paragraph is—
- (a) financial statements comprising a balance sheet or a statement of assets and liabilities, an income and expenditure account for the financial year and a cash flow statement;
  - (b) a report on the activities in the financial year;
  - (c) information on refusals to grant a licence in accordance with paragraph (5)(b)(ii) of regulation 15 (licensing);
  - (d) a description of the legal and governance structure of the collective management organisation;
  - (e) information on entities directly or indirectly owned or controlled, wholly or in part, by the collective management organisation;

- (f) information on the total amount of remuneration paid to the persons referred to in paragraph (2)(b) of regulation 8 (supervisory function) and regulation 9 (management) in the previous year and on other benefits granted to them;
- (g) a special report on the use of any amounts deducted for the purpose of social, cultural and educational services referred to in paragraph (5);
- (h) financial information on rights revenue for each category of rights managed and for each type of use (for example broadcasting, online and public performance), including information on—
  - (i) the income arising from the investment of rights revenue; and
  - (ii) use of such income (whether it is distributed to right holders or other collective management organisations or otherwise used);
- (i) financial information on the cost of rights management and other services provided by the collective management organisation to right holders with a comprehensive description of at least the following—
  - (i) all operating and financial costs, with a breakdown for each category of rights managed and, where costs are indirect and cannot be attributed to one or more categories of rights, an explanation of the method used to allocate such indirect costs;
  - (ii) operating and financial costs with a breakdown for each category of rights managed and, where costs are indirect and cannot be attributed to one or more categories of rights, an explanation of the method used to allocate such indirect costs, only with regard to the management of rights, including management fees deducted from or offset against—
    - (aa) rights revenue, or
    - (bb) income arising from the investment of rights revenue in accordance with paragraph (c) of regulation 10 (collection and use of rights revenue) and paragraphs (1) to (3) of regulation 11 (deductions);
  - (iii) operating and financial costs with regard to services other than the management of rights but including social, cultural and educational services;
  - (iv) resources used to cover costs;
  - (v) deductions made from rights revenue with a breakdown for each category of rights managed and for each type of use and the purpose of the deduction (such as costs relating to the management of rights or to social, cultural or educational services);
  - (vi) the percentages that the cost of the rights management and other services provided by the collective management organisation to right holders represents compared to the rights revenue in the relevant financial year for each category of rights managed; and
  - (vii) where the costs in sub-paragraph (vi) are indirect and cannot be attributed to one or more categories of rights, an explanation of the method used to allocate such indirect costs;
- (j) financial information on amounts due to right holders with a comprehensive description of at least the following—
  - (i) the total amount attributed to right holders with a breakdown for each category of rights managed and type of use;
  - (ii) the total amount paid to right holders, with a breakdown for each category of rights managed and type of use;
  - (iii) the frequency of payments with a breakdown for each category of rights managed and type of use;

- (iv) the total amount collected but not yet attributed to right holders with a breakdown for each category of rights managed and type of use and indicating the financial year in which those amounts were collected;
  - (v) the total amount attributed to, but not yet distributed to, right holders with a breakdown for each category of rights managed and type of use and indicating the financial year in which those amounts were collected;
  - (vi) where a collective management organisation has not carried out the distribution and payments within the period provided for in paragraph (2) in regulation 12 (distribution), the reason for the delay; and
  - (vii) the total non-distributable amounts along with an explanation of the use to which those amounts have been put;
- and
- (k) information on relationships with other collective management organisations, with a description of at least the following—
    - (i) amounts received from and paid to other collective management organisations with a breakdown for each category of rights, for each type of use and for each organisation;
    - (ii) management fees and other deductions from the rights revenue due to other collective management organisations with a breakdown for each category of rights, for each type of use and for each organisation;
    - (iii) management fees and other deductions from the amounts paid by other collective management organisations with a breakdown for each category of rights and for each organisation; and
    - (iv) amounts distributed directly to right holders originating from other collective management organisations with a breakdown for each category of rights and for each organisation.
- (5) The information specified in this paragraph is—
- (a) the amounts deducted for the purposes of social, cultural and educational services in the financial year, with a breakdown for each type of purpose and, for each type of purpose, with a breakdown for each category of rights managed and for each type of use; and
  - (b) an explanation of the use of those amounts with a breakdown for each type of purpose including costs of managing amounts deducted to fund social, cultural and educational services and of the separate amounts used for social, cultural and educational services.