

Translation from Finnish
Legally binding only in Finnish and Swedish
Ministry of Education and Culture, Finland

Act on the Collective Management of Copyright
(1494/2016)

By decision of Parliament, the following is enacted:

Chapter 1

General provisions

Section 1

Purpose of the Act

The purpose of this Act is to safeguard the right of self-determination of holders of copyright and rights related to copyright, to promote the functioning of copyright markets and to ensure the responsible, efficient and transparent collective management of copyright and the rights related to copyright vis-à-vis the rightholders and users.

Section 2

Scope of application

This Act lays down provisions on the collective management of copyright by the collective management organisations referred to in section 4, subsection 1. The provisions of sections 42–52 shall apply only to collective management organisations representing the rightholders of musical works.

The provisions of sections 5–9, 22, subsection 1, sections 24, 25, 33–39, section 40, subsection 1, paragraph 1 and paragraphs 3–9, and sections 53–62 shall apply to the independent management organisations referred to in section 4, subsection 2.

Section 3

Relationship to other legislation

The provisions of this Act shall be primarily applicable to the activities of collective management organisations and independent management organisations, along with other supplementary provisions, unless otherwise provided in this Act.

This Act shall not affect the application of the Competition Act (948/2011).

This Act shall not affect the competence of the Ministry of Education and Culture under the Copyright Act (404/1961). If a decision by the Ministry of Education and Culture to approve a collective management organisation pursuant to the Copyright Act conflicts with this Act, the approval decision shall be applicable.

Section 4

Definitions

For the purposes of this Act,

- 1) *collective management organisation* means a legal person owned or controlled by its members, or a non-profit organisation, the sole or main purpose of which is, under due authorisation, to manage copyright or rights related to copyright for the collective benefit of rightholders;
- 2) *independent management organisation* means a for-profit legal person not directly or indirectly or wholly or in part owned or controlled by the rightholders, the sole or main purpose of which is, under due authorisation, to manage copyright or rights related to copyright for the collective benefit of rightholders;
- 3) *general assembly* means a meeting of an association or delegates referred to in the Finnish Associations Act (503/1989), a meeting of a co-operative or its members referred to in the Co-operatives Act (421/2013), a general meeting referred to in the Limited Liability Companies Act (624/2006), a general meeting of the European Cooperative Society referred to in Council Regulation (EC) No. 1435/2003 on the Statute for a European Cooperative Society (SCE), and a general meeting of a European company (SE) referred to in Council Regulation (EC) No. 2157/2001 on the Statute for a European company (SE);
- 4) *rightholder* means any natural person or legal person, other than a collective management organisation or an independent management organisation, that holds a copyright or right related to copyright or is entitled, under an agreement for the exploitation of rights or by law, to a share of the copyright remuneration;

- 5) *user* means any natural person or legal person that uses or wants to use a work or other protected subject matter in a way that requires the authorisation of the rightholder, or the payment of remuneration to the rightholder;
- 6) *member* means a rightholder or a corporate entity or foundation representing rightholders (*member organisation*), which is a member of a collective management organisation organised in the form of an association or a co-operative, or a shareholder in a collective management organisation organised in the form of a limited liability company;
- 7) *licence* means permission by which a right is granted to use a work or other subject matter protected by copyright or by a right related to copyright, or an agreement regarding remuneration payable for the use of a work or other protected subject matter;
- 8) *representation agreement* means an agreement with which a collective management organisation mandates (*mandating collective management organisation*) another collective management organisation to manage copyright and rights related to copyright (*licensing collective management organisation*);
- 9) *online rights in musical works* means the right under section 2 of the Copyright Act, which is required for the provision of an online service, to make copies of the work and the right to communicate it to the public by wire or wireless means, including communication in a way which enables members of the public to access the work from a place and at a time individually chosen by them.

Chapter 2

Rightholders' rights

Section 5

Rightholders' right to choose the collective management organisation

Rightholders are entitled to directly or indirectly mandate the collective management organisation of their choice to manage their copyright or rights related to copyright, categories of rights or type of work or other protected subject matter in the area of their choice regardless of the European Union Member State in which the collective management organisation is established, the rightholder's nationality, or the European Union Member State in which the rightholder resides or is established.

The mandate referred to above in subsection 1 shall be specific and detailed, given in writing or otherwise verifiable.

If the collective management organisation has no justified grounds for refusing to manage the rights as mandated, it has a duty to manage such rights provided that such a duty falls within its purview.

Section 6

Prohibition to impose unnecessary obligations on the rightholders

Collective management organisations shall act in the best interests of the rightholders whose copyright or rights related to copyright they represent. Collective management organisations may not impose any obligations on the represented rightholders that are not necessary for the protection of the rightholder's rights and interests, or for the effective management of the copyright or rights related to copyright.

Section 7

Rightholders' independent right to grant licences

Notwithstanding the rightholder's mandate referred to in section 5, rightholders shall have the right to grant licences for non-commercial uses of any work or other protected subject matter as they see fit.

Section 8

Rightholders' right to revoke a mandate for collective management

Rightholders have the right to revoke, in full or in part, the mandate referred to in section 5, by notifying the collective management organisation about it.

The collective management organisation may set a reasonable notice period not exceeding six months, or demand that the revocation take effect at the end of the financial year in which the notice was served. The collective management organisation may not set as a condition for the withdrawal of authorisation that the transfer of the protected rights, categories of rights, or types of work or other protected subject matter that are the object of withdrawal be placed under the management of another collective management organisation, or any other unreasonable terms and conditions. Revocation of a mandate does not affect the terms and conditions of licences granted before the termination of notice period, the rightholder's right to copyright remuneration,

or the collective management organisation's obligations referred to in sections 19–26, 39, 49 and 64.

The provisions of this section regarding the right of rightholders to revoke the mandate shall also apply to member organisations of the collective management organisation, to which the rightholders have transferred the management of their rights.

Section 9

Rightholders' right to be informed of their rights related to mandates and the terms and conditions of revocation

The collective management organisation or any corporate entity or foundation accepting the mandate on its behalf shall notify rightholders of their rights provided in section 5, subsection 1, section 7 and section 8, subsection 1 of this Act, and of the requirements for the revocation of the mandate set out in section 8, subsection 2 before rightholders grant a mandate under section 5, subsection 2 for the collective management of copyright or a right related to copyright.

Section 10

Rightholders' rights related to interaction and communication

Rightholders are entitled to interact and communicate with the collective management organisation, and to receive information referred to in sections 25 and 39, in Finnish or in Swedish as they choose. The terms and conditions of the mandate and revocation and the information referred to in section 9 shall be made available in Finnish and Swedish.

The collective management organisation shall provide rightholders the opportunity to communicate with it by electronic means.

Chapter 3

Rights and decision-making powers of members in a collective management organisation

Section 11

Right to become a member of a collective management organisation

Membership requirements shall be included in the rules or articles of association of collective management organisations, based on which the rightholder and the corporate entity or foundation representing rightholders that meet such requirements shall be accepted as members. If the requirements for membership are not stated exhaustively in the rules or articles of association, the general meeting of the organisation can specify such requirements in more detail.

The membership requirements referred to above in subsection 1 shall be based on objective, transparent and non-discriminatory criteria.

In cases where a collective management organisation refuses to accept a request for membership, it shall provide the applicant with an explanation of the reasons for its decision in writing and within a reasonable time.

Section 12

Right to participate in the collective management organisation's decision-making process

The rules or articles of association of a collective management organisation shall provide appropriate and effective mechanisms furthering the participation of its members in the organisation's decision-making process. An opportunity for participation shall also be provided via a telecommunications connection or via other technical device, unless this could be deemed manifestly unnecessary or disproportionate considering the number of rightholders, the country in which they reside or are established, and the costs and opportunities of arranging remote participation. The representation of different categories of members in the decision-making process shall be fair and balanced.

Members are entitled to mandate a proxy holder to participate in a general assembly. A member's right to use a proxy holder may only be limited for special reasons. The proxy holder enjoys the same rights in the general assembly as those to which the mandating member would be entitled, and the proxy holder shall cast votes in accordance with the instructions issued by the mandating member. Each proxy is valid for a single general assembly.

Section 13

General assembly

Members of the collective management organisation are entitled to participate and vote in the general assembly. The rules, articles of association or terms of membership of the collective management organisation may only allow for restrictions on voting rights on the basis of the duration of membership and the amount of copyright remuneration received or due to a member, provided that such criteria are determined and applied in a manner that is fair and proportionate.

A general assembly shall be convened at least once a year.

By derogation from the provisions laid down in subsections 1 and 2, the rules of a collective management organisation organised in the form of an association or co-operative may provide that the decision-making powers of the members can, in all matters or in specific matters, be exercised by a meeting or a body of delegates elected by the members at least every four years. Furthermore, the appropriate and effective participation of members in the election of delegates shall be ensured, and the representation of different categories of members in the meeting or body of delegates shall be fair and balanced.

Section 14

Matters to be decided on at the general assembly

In addition to what is otherwise provided by law, the general assembly of collective management organisations decides on the following:

- 1) membership terms of the collective management organisation, where the terms are not regulated by the rules or articles of association;
- 2) appointment and dismissal of the members of the supervisory body referred to in section 15, and their emoluments and other benefits;
- 3) general policy on the distribution of copyright remuneration due to rightholders;
- 4) use of non-distributed copyright remuneration and the general policy on the use of non-distributable funds;
- 5) general investment policy with regard to copyright remuneration and to any revenue arising from the investment of copyright remuneration;
- 6) general policy on deductions from copyright remuneration and from any revenue arising from the investment of copyright remuneration;
- 7) risk management policy;
- 8) policy on the approval of any acquisition, sale or hypothecation of immovable property;

- 9) mergers, the establishment of affiliated organisations and the approval of the acquisition of other organisations or shares or rights in other organisations, and any other major organisational changes that affect the collective management of copyright;
- 10) taking out and granting loans and providing security for loans;
- 11) approval of an annual transparency report referred to below in section 41.

In matters referred to in subsection 1, paragraphs 7–10, decision-making powers may be delegated to the supervisory body referred to in section 15 by decision of the general assembly or by a provision in the rules or articles of association.

If the supervisory body of the collective management organisation referred to in section 15 is a supervisory board, the general assembly may also delegate to it the decision-making powers in matters referred to in subsection 1, paragraph 1.

Chapter 4

Protection of the interests of members and rightholders in collective management organisations

Section 15

Supervisory body of corporate entities

Each collective management organisation shall have in place a supervisory body appointed by the general assembly, with fair and balanced representation of the different categories of members of the collective management organisation. The managing director or any other person employed by the collective management organisation may not be a member of the supervisory body.

Where the collective management organisation has a one-tier board, the organisation's board of directors shall act as the supervisory body of the collective management organisation. Where the collective management organisation has a two-tier board, the organisation's supervisory board shall act as the supervisory body of the collective management organisation.

In addition to the duties of supervisory bodies otherwise provided by law, they shall be responsible for the following:

- 1) monitoring the activities and the performance of the duties of the persons referred to in section 17, subsection 1 and the implementation of the decisions issued by the general assembly and, in particular, of the policies referred to in section 14, subsection 1, paragraphs 3–6;
- 2) exercising the powers delegated to it by the general assembly under section 14, subsections 2 and 3;
- 3) reporting to the general assembly annually on observations made in supervisory activities and on the exercise of its powers delegated under paragraph 2.

Section 16

Supervisory body of a foundation

In order to protect the interests of the rightholders, the rules of a collective management organisation formed as a foundation shall require the establishment of a supervisory board referred to in chapter 3, section 19 of the Foundations Act (487/2015). The representation of the different categories of members on the supervisory board shall be fair and balanced.

The supervisory board shall be convened at least once a year.

In addition to the decisions a supervisory board is required to make under the Foundations Act, the supervisory board of a collective management organisation also decides on the following:

- 1) appointment of the members of the board of directors;
- 2) emoluments and other benefits paid to the board members and the managing director;
- 3) general policy on the distribution of copyright remuneration due to rightholders;
- 4) use of non-distributed copyright remuneration and the general policy on the use of such remuneration;
- 5) general investment policy with regard to copyright remuneration and to any revenue arising from the investment of remuneration;
- 6) general policy on deductions from copyright remuneration and from any revenue arising from the investment of remuneration;
- 7) risk management policy.

Section 17

Management of a collective management organisation's business

Collective management organisations are required to have a managing director or some other person employed by the organisation who is in charge of the day-to-day management of the organisation and its business.

The person referred to in subsection 1 above runs the day-to-day administration of the organisation in accordance with the orders and instructions provided by the board of directors.

The person referred to in subsection 1 above shall provide the supervisory body and its members referred to in sections 15 and 16 with any information necessary to performing the duties of the supervisory body.

Section 18

Avoiding conflicts of interest

Collective management organisations shall put in place and apply reasonable procedures to identify and prevent conflicts of interest, and to limit the impact of such conflicts on the collective interests of the rightholders whom the organisation represents.

The managing director of the collective management organisation or any other person responsible for its day-to-day management, and a member of the supervisory body are required, for the purposes of subsection 1, to annually provide the general assembly with a statement concerning any actual or potential conflict between any personal interests and those of the collective management organisation or between any obligations owed to the collective management organisation and any obligations owed to any other natural or legal person. This statement should contain at least the following information:

- 1) ownership or other position under property law within the collective management organisation;
- 2) any emolument received in the preceding financial year from the collective management organisation, including in the form of voluntary pension schemes, benefits in kind and other types of benefits;
- 3) any copyright remuneration received in the preceding financial year, as a rightholder, from the collective management organisation;
- 4) information regarding any other rights, benefits or position in the collective management organisation or in a corporate entity or foundation under its ownership or control, which may be relevant in terms of the ability to perform duties.

Chapter 5

Management of copyright remuneration

Section 19

Diligence in the collection and management of copyright remuneration

Collective management organisations shall be diligent in the collection and management of copyright remuneration.

Section 20

Keeping copyright remuneration separate from other assets

In their accounting, collective management organisations shall keep separate:

- 1) copyright remuneration and any revenue arising from the investment of copyright remuneration;
- 2) any own assets and any revenue arising from the organisation's activities.

Collective management organisations shall not be permitted to use copyright remuneration or any revenue arising from the investment of copyright remuneration for purposes other than distribution to rightholders, unless the general assembly, pursuant to section 14, or the supervisory board of a foundation, pursuant to section 16, decides otherwise.

Any copyright remuneration due to rightholders that cannot be distributed within the time specified in section 24 because the rightholder could not be identified or reached shall be kept separate from other assets in the collective management organisation's accounts.

Section 21

Investment of copyright remuneration

Collective management organisations shall comply with the general investment policy of the general assembly or, if the organisation is a foundation, of the supervisory board.

In addition to the provisions of subsection 1, the following shall be observed:

- 1) where there is any potential conflict of interest, the investment shall be made in the sole interest of the rightholders for whose benefit the copyright remuneration in question has been collected;
- 2) the assets shall be invested in a manner that ensures the security, quality, liquidity and profitability of the investments;
- 3) the assets shall be properly diversified in order to avoid excessive reliance on any particular asset and accumulations of risk.

Section 22

Management fee and other deductions

The collective management organisation is required to provide the rightholders it represents with information on the current management fees and on other deductions from the copyright remuneration and from any revenue arising from the investment of copyright remuneration.

The fees charged by the collective management organisation and any other deductions shall be reasonable in relation to the type and scope of services provided by the collective management organisation to rightholders, and shall not exceed the justified and actual costs incurred by the collective management organisation in managing copyright and rights related to copyright.

Section 23

Equal access to services and benefits provided for the joint purposes of rightholders

Where a collective management organisation decides to provide services for the joint purposes of rightholders or for a specific group of rightholders funded through deductions from copyright remuneration or from any revenue arising from the investment of copyright remuneration, access to such services or other benefits shall be provided on the basis of fair criteria.

Section 24

Obligation regarding the timely settlement of copyright remuneration due to rightholders

Collective management organisations shall copyright remuneration due to rightholders as swiftly and accurately as possible in accordance with their organisation's general policy on distribution.

Collective management organisations shall settle the copyright remuneration no later than nine months from the end of the financial year in which the remuneration was collected, unless this is impossible.

Section 25

Information to be provided to rightholders in connection with settlement

Collective management organisations shall make available, at least once a year, to rightholders to whom they have attributed or settled copyright remuneration in that financial year at least the following information:

- 1) all contact details which the rightholder has authorised the collective management organisation to use in order to identify and locate the rightholder;
- 2) the copyright remuneration attributed to the rightholder;
- 3) the sums of remuneration settled by the collective management organisation to the rightholder, per category of rights managed and per type of use;
- 4) the period during which the use took place for which sums were attributed to and settled with the rightholder, where reporting by users so permits;
- 5) deductions made from remuneration in respect of management fees;
- 6) deductions made for any purpose other than in respect of management fees;
- 7) any copyright remuneration attributed to the rightholder which is outstanding for any period.

The provisions of subsection 1 also apply to member bodies of collective management organisations that forward settle copyright remuneration with rightholders.

Section 26

Obligation to take all necessary measures to identify rightholders

Collective management organisations shall take adequate measures to identify and locate the rightholders in cases where this is made possible by the reporting on the use of works and other protected subject matter. An assessment of the adequacy of measures shall be based on the financial interest of the rightholders, the availability of data sources permitting their identification and location, and the costs arising from such identification and location. The collective

management organisations shall publish on their website information on the procedures taken to identify and locate the rightholders, in both Finnish and Swedish.

Collective management organisations shall, no later than one year from the end of the financial year in which the copyright remuneration was collected, make available to the rightholders whom they represent, and to members and other collective management organisations, the following information that the organisations hold on works and other protected subject matter for which one or more rightholders have not been identified or located:

- 1) the title of the work or other protected subject matter;
- 2) the name of the rightholder;
- 3) the name of the publisher or producer;
- 4) any other relevant information held by the collective management organisation which could assist in identifying or locating the rightholder.

If the rightholder has not been identified and located within two years from the end of the financial year in which the copyright remuneration was collected, the collective management organisation shall make available on its website the information referred to in subsection 2 on the works and the rightholders of the works.

Section 27

Use of non-distributed remuneration

Where the copyright remuneration due to rightholders cannot be distributed within three years from the end of the financial year during which the copyright remuneration was collected, they shall be considered non-distributed, provided that the collective management organisation has taken all necessary measures referred to in section 26 to identify the rightholders.

Provisions on decisions regarding the use of non-distributed copyright remuneration are laid down in sections 14 and 16.

Chapter 6

Management of rights on behalf of other collective management organisations

Section 28

Prohibition to discriminate against rightholders represented under representation agreements

A licensing collective management organisation may not apply different terms to rightholders whose rights it manages under a representation agreement with a mandating collective management organisation, or otherwise discriminate against rightholders.

Section 29

Right of licensing collective management organisations to make deductions from copyright remuneration

Licensing collective management organisations are not permitted to make any deductions from copyright remuneration except for the management fee, unless expressly agreed otherwise with the mandating collective management organisation.

Section 30

Settlement of copyright remuneration under representation agreements

Licensing collective management organisations shall settle regularly and accurately with mandating collective management organisations the copyright remuneration payable to rightholders. The copyright remuneration shall be settled with the mandating collective management organisation as swiftly as possible and no later than nine months from the end of the financial year in which the copyright remuneration was collected, unless this is impossible.

Section 31

Information to be made available to mandating collective management organisations

Licensing collective management organisations shall make at least the following information available, in electronic format, at least once a year to any collective management organisation on behalf of which they are managing rights under a representation agreement during the period in question:

- 1) a detailed breakdown of the copyright remuneration to be settled with the mandating collective management organisation or a rightholder it represents;
- 2) any copyright remuneration which is outstanding for any period;

- 3) deductions made in respect of management fees;
- 4) deductions made for any purpose other than in respect of management fees, where the collective management organisations have agreed on such deductions;
- 5) information on any licences granted or refused with regard to works and other protected subject matter covered by the representation agreement;
- 6) decisions adopted by the general assembly in so far as those resolutions are relevant to the management of the rights under the representation agreement.

Section 32

Obligation regarding the timely forward settlement of copyright remuneration to rightholders

The mandating collective management organisation, or its member organisations, shall forward settle the copyright remuneration due to rightholders as soon as possible, and no later than six months from receipt of those sums, unless this is impossible.

Chapter 7

Relationship between a collective management organisation and users

Section 33

Obligation to offer a licence

Collective management organisations shall reply without undue delay to requests from users, indicating the information needed in order for the collective management organisation to offer a licence.

Upon receipt of all relevant information from the user, the collective management organisation shall, without undue delay, either offer a licence or provide the user with a reasoned response in writing, explaining why it does not intend to offer a licence.

Section 34

Obligation to conduct licensing negotiations in good faith

Collective management organisations and users shall provide each other with all necessary information for the licensing and otherwise conduct negotiations for the licensing of rights in good faith.

Section 35

Requirements for licensing terms

Licensing terms shall be based on objective and non-discriminatory criteria. Collective management organisations shall inform the user of the criteria used for the setting of tariffs.

Rightholders shall receive appropriate remuneration for the use of their rights. Tariffs for exclusive rights and rights to remuneration shall be reasonable. The copyright remuneration shall be reasonable in relation to:

- 1) the economic value of the use of the rights in trade, taking into account the nature and scope of the use of the work and other protected subject matter;
- 2) the economic value of the service provided by the collective management organisation;
- 3) other factors contributing to what is considered reasonable remuneration.

Section 36

Licensing on a trial basis

Collective management organisations have no obligation to continue to license a new type of service that has been available to the public for less than three years on the terms used during the trial period after the termination of the trial, nor to apply the terms used in licensing on such a trial basis to any other, similar service.

Section 37

Users' rights related to interaction and communication

Users are entitled to interact and communicate with the collective management organisation, and to receive from the collective management organisation licensing terms or the written response referred to in section 33, subsection 2 and the information referred to in section 39, in Finnish or in Swedish, as they choose.

Collective management organisations shall provide users the opportunity to communicate with them by electronic means. If the collective management organisation has an electronic reporting system for reporting on the use of works or other protected subject matter, it shall offer users the opportunity to use it.

Section 38

Reporting use

Users shall provide a collective management organisation, in a manner agreed between them, with such relevant information at their disposal on the use of the rights represented by the collective management organisation as is necessary for the collection of copyright remuneration and for the distribution and settlement of remuneration due to rightholders.

When deciding on the form in which the information referred to in subsection 1 is to be provided, collective management organisations and users shall take account, as far as possible, of voluntary industry standards.

Chapter 8

Transparency and duty of disclosure

Section 39

Obligation of collective management organisations to provide information about the repertoire

Collective management organisations shall make available on request at least the following information without undue delay to any rightholder, to any user, or to any mandating collective management organisation that is party to a representation agreement:

- 1) the works or other protected subject matter it represents, directly or under representation agreements, or, where such works or other protected subject matter cannot be determined, the types of work or other protected subject matter it represents;
- 2) the rights it manages;
- 3) the geographic territories in which it is entitled to grant licences.

If the collective management organisation is unable to grant a licence due to lack of authorisation, it shall provide the user of the work with the information held by the organisation on the rightholder's name and contact details, unless the rightholder has forbidden their disclosure. The collective management organisation shall also inform the user if licensing is not required due to the expiry of the term of protection for the work or other protected subject matter or for any other reason.

Section 40

Obligation of collective management organisations to publish information on their website

Collective management organisations shall publish and maintain the following information in Finnish and Swedish on their website:

- 1) the rules or articles of association of the collective management organisation;
- 2) the terms of membership;
- 3) the terms of revocation of mandate to manage rights;
- 4) the names of the members of the supervisory body;
- 5) the name of the managing director or other person referred to in section 17;
- 6) the standard licensing terms and the applicable standard tariffs, including any discounts;
- 7) the general policy on the settlement of copyright remuneration due to rightholders;
- 8) the general policy on management fees;
- 9) the general policy on deductions, other than in respect of management fees, from copyright remuneration and from any revenue arising from the investment of remuneration;
- 10) a list of the representation agreements and the names of the collective management organisations with which the representation agreements have been concluded;
- 11) the general policy on the use of non-distributed copyright remuneration;
- 12) information regarding the complaints procedure made available to rightholders and users by the collective management organisation, alternative dispute resolution procedure and court proceedings applicable to disputes.

After the publication of information, the collective management organisations shall, without undue delay, submit the information referred to in subsection 1, or any changes to it, to the supervisory body referred to in section 54.

Section 41

Annual transparency report

Collective management organisations shall draw up an annual transparency report referred to in the Annex to Directive 2014/26/EU of the European Parliament and of the Council on the collective management of copyright and the related rights and multi-territorial licensing of rights in musical works for online use in the internal market, which shall contain a special report on the social, cultural and educational services provided by the collective management organisation. The financial statements included in the annual transparency report shall be audited in accordance with the provisions of the Accounting Act (1141/2015), and the audit report, including any qualifications to it, shall be reproduced in full in the annual transparency report. The collective management organisations' financial statements and management report, which contain the information referred to in the Annex to the said Directive, shall be regarded as the annual transparency report referred to in this section.

The collective management organisations shall publish the annual transparency report on its website no later than eight months following the end of their financial year and make the report available to the public on that website for at least five years from the year of publication. The collective management organisations shall submit its transparency report, within the time specified above, to the supervisory authority referred to in section 54.

Further provisions on the information to be disclosed in the annual transparency report referred to in subsection 1 may be issued by decree of the Ministry of Education and Culture.

Chapter 9

Multi-territorial licensing of online rights in musical works

Section 42

Special scope of application

In addition to the provisions elsewhere in this Act, the provisions of this chapter apply to collective management organisations that grant multi-territorial licences for online rights in musical works.

However, the provisions of this chapter do not apply to:

- 1) collective management organisations granting multi-territorial licences for online services that provide musical works in graphic format only;
- 2) collective management organisations when they grant, on the basis of the voluntary aggregation of the required rights, a multi-territorial licence for the online rights in musical works required by a broadcaster to communicate to the public its radio or television programmes simultaneously with, or after, their initial transmission;
- 3) any material intended for publication online and produced by or for the broadcaster which is ancillary to the initial transmission of its radio or television programme.

Section 43

Capacity to process multi-territorial licences

Collective management organisations which grant multi-territorial licences for online rights in musical works shall have sufficient capacity to process electronically, in an efficient, accurate and transparent manner, data needed for the administration of such licences, including for the purposes of identifying the repertoire and monitoring its use, invoicing users, collecting copyright remuneration and settling the copyright remuneration due to rightholders, and providing the information referred to in section 39.

Further provisions on the requirements for the capacity of collective management organisations to process information for the purposes referred to in subsection 1 may be issued by decree of the Ministry of Education and Culture.

Section 44

Accuracy of repertoire information

Collective management organisations which grant multi-territorial licences for online rights in musical works shall have in place arrangements to enable rightholders, other collective management organisations and the rightholders they represent, and online service providers to request a correction of errors in the following data:

- 1) data identifying musical works or their parts;
- 2) data concerning the rights managed by the collective management organisation or the rightholders;
- 3) unique identifiers intended for the identification of rightholders or musical works;

4) inconsistencies in data held by other collective management organisations granting multi-territorial licences for online rights in musical works.

The collective management organisation shall correct any incorrect information without undue delay.

Collective management organisations granting multi-territorial licences for online rights in musical works shall provide the rightholders and mandating collective management organisations with the means of submitting information in electronic format concerning the musical works, the rights being managed, the rightholders and the territory in question.

Section 45

Accurate and timely monitoring of use

Collective management organisations shall monitor the use of online rights in musical works which they represent, wholly or in part, by online service providers to which they have granted a multi-territorial licence for those rights.

The collective management organisations shall offer online service providers the possibility of reporting by electronic means the actual use of online rights in musical works. Online service providers shall accurately report the actual use of those works.

The collective management organisations may refuse to accept reporting in a format chosen by the online service provider provided that the organisation allows for at least one means of reporting using an industry standard for the electronic exchange of data commonly adopted at international or European Union level.

Section 46

Electronic invoicing

Collective management organisations shall invoice the online service provider by electronic means, using at least one format which makes use of an industry standard commonly adopted at international or European Union level.

The invoice shall identify the works and rights that are licensed, wholly or in part, and the corresponding actual uses of the rights to the extent that this is possible on the basis of the information provided by the online service provider and the format used to provide such information.

The online service provider may not refuse to accept an invoice based on its format provided that the invoice complies with an industry standard referred to in subsection 1.

Section 47

Accurate and timely invoicing

Collective management organisations shall invoice the online service provider accurately and without delay once the actual use of the online rights in that musical work has been reported in the manner referred to in section 45.

Section 48

Arrangements for challenging the accuracy of the invoice

Collective management organisations shall have in place adequate arrangements enabling online service providers to challenge the accuracy of invoices, if the provider receives invoices from one or more collective management organisations for the same online rights in the same musical work.

Section 49

Accurate and timely settlement with rightholders

Online service providers having paid the remuneration due to a licensing collective management organisation and on the basis of the report referred to in section 45, the licensing collective management organisation shall settle the copyright remuneration with the rightholders or with the mandating collective management organisations accurately and without delay.

In connection with the settlement, the licensing collective management organisation shall provide at least the following information to the rightholder or to the mandating collective management organisation:

- 1) the period during which the use of rights took place for which the remuneration is due to rightholders and the territories in which the use took place;
- 2) the remuneration collected, deductions made and sums distributed for each online right in any musical work which rightholders have authorised the collective management organisation, wholly or in part, to represent;
- 3) the remuneration collected for rightholders, deductions made, and sums distributed by the licensing collective management organisation in respect of each online service provider.

The mandating collective management organisation is responsible for settling with the rightholders it represents the remuneration and providing the rightholders it represents the information referred to in subsection 2 unless the collective management organisations agree otherwise.

Section 50

Agreements between collective management organisations for multi-territorial licensing

Any representation agreement between collective management organisations whereby a collective management organisation mandates another collective management organisation to grant multi-territorial licences for the online rights in musical works shall not grant an exclusive right to licensing the works.

The licensing collective management organisation shall inform the mandating collective management organisation of the main terms according to which the online rights covered by the mandate are to be licensed. These include:

- 1) the types of uses of the rights;
- 2) the provisions which relate to or affect the licence fee;
- 3) the duration of the licence;
- 4) the financial years of the licensing collective management organisation;
- 5) the territories covered by the licensing;
- 6) other licensing terms that materially affect the licensing of the rights covered by the mandate.

The mandating collective management organisation shall inform the rightholders it represents of the main terms of the representation agreement, including its duration and the costs of the services provided by the licensing collective management organisation.

Section 51

Obligation to represent another collective management organisation for multi-territorial licensing

Where a collective management organisation grants or offers to grant multi-territorial licences for the online rights in musical works for the same category of rights in the repertoire of another collective management organisation, the collective management organisation is required to represent the repertoire of the other collective management organisation if the organisation requesting the representation does not itself grant or offer to grant multi-territorial licences for the online rights in musical works. The collective management organisation shall respond to the request in writing and without undue delay.

If a collective management organisation agrees to represent the repertoire of another collective management organisation in accordance with subsection 1, it shall:

- 1) include the repertoire of the mandating collective management organisation in all offers it addresses to online service providers;
- 2) manage the repertoire of the mandating collective management organisation on the same conditions as those which it applies to the management of its own repertoire;
- 3) specify a management fee that does not exceed the costs reasonably incurred by such management.

The mandating collective management organisation shall make available to the licensing collective management organisation information relating to the music repertoire, as required for the granting of multi-territorial licences for online rights in musical works. Where information is insufficient or provided in a form that does not allow the licensing collective management organisation to meet the requirements of sections 43–49, the licensing collective management organisation shall be entitled to charge the mandating collective management organisation for the costs reasonably incurred in meeting such requirements, or to exclude those works for which information is insufficient or cannot be used.

Section 52

Access to multi-territorial licensing

Where a collective management organisation does not grant and does not even offer to grant multi-territorial licences for online rights in musical works, or does not allow another collective management organisation to represent those rights for such a purpose by 10 April 2017, rightholders who have authorised that collective management organisation to represent their online rights in musical works can revoke the mandate to manage online rights in musical works for the purposes of multi-territorial licensing in respect of all territories, without having to revoke the mandate to manage the online rights in musical works for the purposes of mono-territorial licensing.

The revocation of the mandate referred to in subsection 1 above shall take effect immediately.

Chapter 10

Regulatory control

Section 53

Notice of collective management of copyright

Collective management organisations shall submit a notice to the Finnish Patent and Registration Office before the commencement of any activities referred to in this Act.

The notice shall include the following information:

- 1) the name and contact details of the collective management organisation;
- 2) the name of the person referred to in section 17;
- 3) a description of the types of works and other protected subject matter and of the rights represented by the collective management organisation;
- 4) whether the collective management organisation intends to offer or grant multi-territorial licences for the online rights in musical works.

Section 54

Supervisory authority

The supervisory authority's duties include:

- 1) supervising the compliance with the provisions of this Act of collective management organisations and their member bodies established in Finland in the collective management of rights;
- 2) providing advice to collective management organisations and other parties in matters related to the application of the provisions of this Act, and promoting compliance with best practices in activities falling within the scope of this Act;
- 3) responding to information requests made by the authorities of other Member States regarding the activities of collective management organisations established in Finland as provided in article 37 of Directive 2014/26/EU of the European Parliament and of the Council on collective management of copyright and related rights and multi-territorial licensing of rights in musical works for online use in the internal market;
- 4) monitoring, in cooperation with the Ministry of Education and Culture, the development of collective management in Finland, and providing any information required by the European Commission on collective management and on the development of collective management, and taking part in other cooperation between the authorities in the European Economic Area as provided in the Directive referred to in paragraph 3.

The Finnish Patent and Registration Office supervises compliance with this Act.

Section 55

Cooperation between authorities

The Finnish Patent and Registration Office and the Finnish Competition and Consumer Authority cooperate with each other in an appropriate manner when performing the supervisory duties under this Act and the Competition Act regarding collective management organisations.

The Ministry of Economic Affairs and Employment, the Ministry of Education and Culture and the Finnish Patent and Registration Office cooperate in an appropriate manner in order to organise the execution of the duties laid down in this Act and to apply this Act in matters falling under the purview of the Ministry of Education and Culture as governed by the Copyright Act.

Section 56

Pendency of a supervisory matter

A request for measures may be submitted to the Finnish Patent and Registration Office regarding procedures followed or negligence by a collective management organisation if these violate the provisions of this Act. The request for measures shall provide a description of the procedure or negligence of the collective management organisation deemed inappropriate.

The Finnish Patent and Registration Office may also by its own motion initiate the supervisory measures referred to in this Act.

Section 57

Priority and inadmissibility of matters

The Finnish Patent and Registration Office may decide not to investigate a matter regarding a collective management organisation's procedures or negligence, if:

- 1) the request for measures in the matter is manifestly groundless;
- 2) the collective management organisation has taken action to correct the matter;
- 3) the procedures or negligence of the collective management organisation have little significance with respect to the fulfilment of the objectives of this Act;
- 4) no action is deemed necessary to protect private or public interests because a civil or criminal matter regarding the same procedure is pending in a court of law;
- 5) the matter is pending at the Finnish Competition and Consumer Authority and no further action is deemed necessary.

The decision not to investigate shall be made without undue delay.

Section 58

Right of access to information and right of inspection

The Finnish Patent and Registration Office is entitled to receive on request all information and documents necessary for the supervision of compliance with this Act and with the provisions issued under it from the collective management organisation or any other corporate entity or foundation performing on its behalf a duty based on this Act.

The Finnish Patent and Registration Office has the right to carry out inspections for the purpose of supervising compliance with this Act and with the provisions issued under it in premises other than those used as permanent residences.

The Finnish Patent and Registration Office is entitled to receive, free of charge, copies of the documents to be inspected and printouts or copies of information and recordings in information systems.

Section 59

Auditor's right to provide information to the supervisory authority

The auditor of a collective management organisation is entitled to provide the supervisory authority with information regarding the organisation, or a decision that has come to the auditor's attention when performing his or her duties. The auditor is also entitled to submit a copy of the audit memorandum referred to in chapter 3, section 7 of the Auditing Act to the supervisory authority.

Section 60

Admonition, warning and notice of conditional fine

When performing its duties under this Act, the Finnish Patent and Registration Office may issue a written or verbal admonition or a written warning to anyone who violates this Act or the provisions or decisions issued under it, and oblige them to correct the error or negligence within a reasonable time.

A warning may be issued if an admonition is not deemed sufficient considering all the contributing facts in the matter as a whole.

The Finnish Patent and Registration Office may impose a notice of conditional fine in order to reinforce the decision referred to in subsection 1.

Section 61

Request for review

A request for a judicial review of a decision issued under this Act by the Finnish Patent and Registration Office can be submitted to Helsinki Administrative Court, as provided in the Administrative Judicial Procedure Act (586/1996).

The decision of the Finnish Patent and Registration Office shall be observed regardless of the request for a judicial review, unless the Administrative Court otherwise orders.

The Finnish Patent and Registration Office has the right to request for a judicial review by way of appeal of the Administrative Court's decision by which the Court has rescinded or amended a decision issued by the Finnish Patent and Registration Office.

Section 62

Advisory board for the development of collective management

The Government appoints, for a fixed term, an advisory board consisting of the representatives of collective management organisations, rightholders, users of the works and the authorities, which is tasked with:

- 1) monitoring and assessing the development of practices regarding the collective management of copyright and rights related to copyright;
- 2) promoting compliance with good practices and issuing recommendations on general industry policies and standards;
- 3) promoting the use of alternative dispute resolution procedures in disputes falling within the scope of this Act;
- 4) otherwise assisting the Ministry of Education and Culture and the Finnish Patent and Registration Office in matters covered by this Act and Directive 2014/26/EU of the European Parliament and of the Council on the collective management of copyright and related rights and the multi-territorial licensing of rights in musical works for online use in the internal market.

Further provisions on the composition, term and responsibilities of the advisory board are issued by government decree.

Chapter 11

Miscellaneous provisions

Section 63

Responsibility for outsourced collective management duties

The provisions of this Act concerning the activities of a collective management organisation or an independent management organisation also apply to other corporate entities or foundations engaged in activities covered by this Act that are either directly or indirectly, wholly or in part under the ownership or control of a collective management organisation or an independent management organisation.

If a collective management organisation or an independent management organisation transfers, under an agreement or another, similar arrangement, any duties assigned to it by this Act to a corporate entity or foundation not under its ownership or control, the transferring organisation answers for the performance of these duties in accordance with the provisions of this Act.

Section 64

Obligation of collective management organisations to handle complaints

Collective management organisations shall respond to complaints made by members, rightholders it represents or other collective management organisations regarding procedures, any negligence or decisions that affect the appellant's rights or benefits provided under this Act.

The collective management organisations shall respond to complaint in writing within a reasonable time. Reasons shall be given if a complaint is rejected.

Section 65

Prohibited contractual terms and procedures

Collective management organisations may not impose any contractual terms or procedures that are unreasonable for contracting parties, which may be members of a collective management organisation, rightholders represented by the collective management organisation, users or other collective management organisations, or that are in violation of section 35 in respect of users. The assessment of unreasonable terms or procedures is based on the need for protection arising from a contracting party's weaker position, and other relevant facts.

Section 66

Issuing a prohibition

The Market Court may prohibit a collective management organisation from using contractual terms or procedures prohibited in section 65. The prohibition shall be reinforced by a notice of conditional fine, unless this is unnecessary on special grounds.

Where there is a special reason, the prohibition and the notice of conditional fine may be imposed on a legal person acting on behalf of the collective management organisation.

Section 67

Competent court for resolution of disputes

Any civil matter based on chapters 2, 7 and 9 shall be considered in the Market Court. Disputes based on chapters 3 – 6 and 8 shall be considered in a district court.

Chapter 12

Transitional provisions and entry into force

Section 68

Entry into force

This Act enters into force on 1 January 2017.

Section 69

Transitional provisions

Collective management organisations engaged in the collective management of copyright referred to in this Act upon its entry into force shall submit the notice referred to in section 53 no later than within one month from the entry into force of this Act.

If the authorisation referred to in section 5 was granted before the entry into force of this Act, the information referred to in section 9 shall be submitted to the rightholder no later than three months from the entry into force of this Act. Any terms of an authorisation granted before the entry into force of this Act, which violate the provisions of this Act, shall be null and void.

If the rules or articles of association of a collective management organisation registered before this Act came into force contain any provisions that violate this Act, the provisions of this Act apply instead of them. The rules or articles of association shall be amended to comply with this Act no later than within six months from the entry into force of this Act.

The composition of a board of directors or of a supervisory board appointed before the entry into force of this Act shall be amended to comply with this Act no later than within six months from the entry into force of this Act.

Collective management organisations shall comply with the provisions of sections 10, 37 and 40 on the use of the Finnish and Swedish language no later than within one year from the entry into force of this Act.