

PORTUGUESE SOCIETY OF AUTHORS

2010 BY-LAWS

CHAPTER I

NAME, PERSONALITY, HEADQUARTERS, OBJECT, LINE OF BUSINESS AND DURATION

ARTICLE 1

(Introduction)

The limited liability Cooperative which, under the name “Sociedade de Escritores e Compositores Teatrais Portugueses” (Society of Portuguese Theatre Writers and Composers), was legally incorporated by deed dated May 22, 1925, published in “Government Gazette” no. 121, Series III, of May 27, 1925, will be governed by the By-Laws hereunder.

ARTICLE 2

(Name)

1– The Cooperative adopts the name of Sociedade Portuguesa de Autores, a limited liability cooperative.

2 – That name can be abbreviated to “S.P.A.” or “SPA”.

ARTICLE 3

(Definitions)

For the purposes of these By-Laws, the terms hereunder are defined as follows:

- a) **Author** – Intellectual creator of literary, scientific and artistic works exteriorized in any way.
- b) **Music publisher** – Individual or collective person that owns any or some of the rights of musical or literary-musical works managed by the Cooperative, resulting from a music publishing contract, and that works in publishing.
- c) **Beneficiary** – Author or other copyright holders who have directly entrusted the Cooperative with the management of their rights.
- d) **Cooperative member** – Individual or collective person, owner of copyrights whose management has been entrusted to the Cooperative, and who fulfils the admission requirements set forth in article 14 of the By-Laws herein.
- e) **Cooperative repertoire** – Set of original and derived national and foreign works, either used autonomously or in conjunction with others, namely in analogue or digital multimedia productions or transmissions, whose management is under the responsibility of the Cooperative within the limit of the rights and uses it has been entrusted with.

ARTICLE 4
(Legal Notion and Personality)

1 – The Cooperative is a non-profit, autonomous and voluntary organization governed by private law. It has been created for the collective management of intellectual property rights, and the defence and promotion of cultural assets. The Cooperative has been recognized as a public utility legal person by the ministerial order of June 28, 1984. It conducts its business in compliance with the Cooperative Code, the Copyright and Neighbouring Rights Code, and the respective complementary legislation.

2 – The Cooperative has legal personality, under the terms of Article 1 of Decree no. 10.860, dated June 22, 1925, as a legally constituted association for the legal purposes regarding the affirmation of intellectual property rights, under the terms of domestic and foreign legislation currently in effect.

ARTICLE 5
(Headquarters and Branch Offices. Representation)

1 – The Cooperative is headquartered in Lisbon, at Avenida Duque de Loulé, n.º 31, and at Rua Gonçalves Crespo, n.º 62.

2 – The Cooperative can set up branch offices in other cities of the Country, as well as appoint representatives, correspondents or agents in any other location in the national territory or abroad, so as to carry out its objectives.

3 – The representation in foreign territory shall be carried out by means of contracts with associations, bodies, agencies or any other entities that have the objective of managing intellectual property rights.

4 – In the case of African countries where Portuguese is the official language, the Cooperative shall provide technical, administrative and financial support to the best of its ability for the creation of sister national bodies or associations, establishing the appropriate collaboration processes, namely through representation contracts.

ARTICLE 6
(Object and Competence. Repertoire)

1 – The object of the Cooperative is to:

- a) Benefit and promote the protection of copyright and neighbouring rights regardless of domestic borders or types of use;
- b) Satisfy, through the cooperation and mutual help of its members and in compliance with cooperative principles, its cultural, economic and social needs, for which it will carry out all necessary actions and operations;
- c) Promote and ensure the union of all authors and other right holders of intellectual works, either for the defence of their property and moral rights (in the latter case, whenever so required) or for the satisfaction

and improvement of their legitimate interests;

d) Defend and foster the freedom of cultural and scientific creation, contributing to dignify and to the non-alienation of intellectual work under any form;

e) Encourage intellectual production by all available means, promoting or associating itself with cultural and scientific manifestations, and promoting the dissemination of intellectual works, with the consent of the respective authors and other right holders, by publishing them or by any other means;

f) Study the legal and economic issues related to intellectual property, collaborate in its doctrinal evolution and in the drawing up of the legislative reforms concerning this matter. Watch over the full compliance with domestic and international copyright laws, and disseminate the respective principles and rules;

g) Manage, on behalf of its cooperative members and beneficiaries, and of the foreign entities referred to in article 5 (3), the works and renderings whose rights they own, regardless of their genre, form and expression, merit and objective, and whatever the use and exploitation or the technical process, analogue or digital, of its reproduction, distribution or communication, currently known or that will be so in the future, within the limit of the rights and/or uses it has been entrusted with by the cooperative members and beneficiaries, as per the definitions in article 7 (3);

h) Manage the rights resulting from private copy under the legally established terms, associating with entities that represent other right holders for the collective and unitary management of those rights;

i) Sign contracts for reciprocal or unilateral representation with associations, bodies, agencies or any other foreign intellectual property rights management entities, in order to ensure the representation and defence of its cooperative members and beneficiaries in other countries, and that of foreign authors and right holders in Portugal, applying what is set forth in the preceding sub-paragraphs g) and h) to the use and exploitation of the latter's works;

j) Act on behalf of its cooperative members and beneficiaries, as well as of the foreign authors and other right holders it represents, before the competent legal, police and administrative authorities in the exercise and defence of both the economic and moral intellectual property rights they own in cases of usurpation, counterfeiting or all those in which the said rights have been violated or are being threatened, requiring the adoption of all measures conducive to their efficient protection and full respect, namely through the bringing and follow-up of lawsuits, restraining orders, lawsuits of a criminal nature, administrative appeals or any other appropriate measures, for which it enjoys active legal capacity and procedural legitimacy;

l) Administer the intellectual works whose rights it has been entrusted with, authorizing, through the appropriate contracts, and inspecting their use and exploitation in any way and by any means, as well as collecting and distributing the respective royalties;

m) Rent or lend the carriers of intellectual works belonging to its members, or to the Cooperative itself for

having acquired them against payment or for free, to public or private entities under conditions to be established, with the consent of the respective owners where appropriate;

n) Create and endow Foundations;

o) Foster cooperative culture, especially that of the cooperative members, and their cultural and technical training in light of cooperativism and the needs of the Cooperative, according to the provisions of article 55 (1);

p) Provide assistance to author cooperative members and their families, under the terms of article 56 (1) (a) to (e);

q) Arbitrate conflicts on copyright issues arising among members of the Cooperative, when the latter so require and without prejudice to legal action.

2 – For the purposes of sub-paragraph g) of the preceding paragraph, it is the Cooperative's responsibility to:

a) Authorize on behalf of copyright owners the use and exploitation, in any form and by any analogue or digital means and processes, of the works and renderings that constitute the repertoire of the Cooperative, establish the respective conditions with or without prior consultation with the owners of the said rights, and inspect their use and exploitation;

b) Collect on behalf of the respective owners, in the territories under its direct or indirect management, any royalties due for the use and exploitation of their works and renderings;

c) Distribute and pay the royalties collected under the terms of the previous sub-paragraph to the respective owners, after deducting the commissions foreseen in article 44 (1) (i).

3 – The Cooperative will also be able to collect any sums owed for the use and exploitation of intellectual works that have entered the public domain, when and in the conditions determined by special legislation, as well as manage the neighbouring rights foreseen by law, and for which it will sign the necessary agreements and protocols with the respective owners or the bodies that represent them.

4 – The Cooperative represents domestic cooperative members and beneficiaries, as well as the foreign authors of the contracts alluded to in article 5 (3), as per the terms of article 73 of the Copyright and Neighbouring Rights Code, annexed to Law no. 45/85 of September 17th and reviewed by Law no. 114/91 of September 3rd.

5 – The Cooperative can make automatically renewable management contracts that do not exceed three years of duration with right holders, having a certain type or certain types of exploitation as their object.

6 – The principles and rules of the system of allocation and distribution of the royalties collected by the Cooperative on behalf of the respective owners are in the Regulation annexed to these By-Laws, which is an integral part of them.

ARTICLE 7

(Scope of Management)

1 – In compliance with the objectives of the Cooperative, it shall, in the performance of its activity, manage the rights it has been entrusted with in relation to all or some categories referred to hereinafter.

2 – The beneficiaries and cooperative members who are authors and music publishers can expand or reduce the categories whose management they have entrusted to the Cooperative.

3 – The categories of rights referred to in paragraphs 1 and 2 hereof are as follows:

- a) The right to display or to general public performance, including the right to display cinematographic and audiovisual works;
- b) The right to broadcast, including the right to simultaneous and unabridged retransmission of broadcast programs by all means of telecommunication, and the right to public reception of the said programs;
- c) The right to reproduction on sound carriers, including the right to public use of the said carriers that are licensed for private use, as well as the right to public performance by means of the said carriers;
- d) The right to reproduction on sound and image carriers, including the right to public use of the said carriers that are licensed for private use, as well as the right to public performance by means of the said carriers;
- e) The right to reproduction of works on films destined for projection at movie theatres, and for which these works were especially written;
- f) The right to reproduction of pre-existing works for the reproduction of the said works on films destined for projection at movie theatres;
- g) The right to use works by means of electronic networks:
 - g.1) Interactive exploitations, such as music/video on demand (downloads via internet, cable, satellite), ringtones (via, e.g., internet), podcasts, interactive radio and television;
 - g.1.1) Mechanical right (right to mechanical reproduction resulting from interactive forms of exploitation);
 - g.1.2) Right to make available (right to public communication and right to make available to the public for interactive forms of exploitation);
 - g.2) Non-interactive exploitations, such as webcasting or streaming. NB: simulcasting does not integrate this exploitation group;

g.2.1) Mechanical right (right to mechanical reproduction resulting from non-interactive forms of exploitation);

g.2.2) Right to make available (right to public communication and right to make available to the public for non-interactive forms of exploitation);

h) The exploitation rights resulting from future technical developments or changes in the legislation.

4 – a) The removal of categories of rights and of types of rights' uses shall take effect three months after its written notice.

b) The Board of Directors may decide that the removal shall only take effect from the 31st of December following the notice, so long as this decision is properly justified and that the right owner is informed of this immediately after the decision is taken.

ARTICLE 8

(Cooperative Sector Lines of Business)

Given its object, the Cooperative is included in the lines of business of the cooperative sector that are foreseen in article 4 (1) (i) (Culture) and (j) (Services) of the Cooperative Code, with predominance to the former.

ARTICLE 9

(Duration and Fiscal Year)

1 – The Cooperative, which began its activity on May 22, 1925, shall last for an indefinite period of time.

2 – The fiscal year is the calendar year.

CHAPTER II

CAPITAL STOCK, SECURITIES AND MEMBERSHIP ADMISSION FEE

ARTICLE 10

(Capital Stock, Minimum Capital Contributions and Securities)

1 – The Cooperative's Capital Stock is variable, currently amounting to 5,962 euros.

2 – The minimum capital contributions to be fully subscribed for by each cooperative member amount to 25 euros, represented by five registered securities of 5 euros each, to be paid in cash within thirty days after admission.

3 – The securities must contain the wordings referred to in article 20 of the Cooperative Code and be signed by two members of the Board of Directors, one of whom must be the President or the Vice-President.

ARTICLE 11
(Acquisition, Transmission and Issuance of
Investment Securities and Bonds)

1 – The Cooperative cannot acquire securities that are representative of its own capital, unless it does so free of charge.

2 – The “inter vivos” transfer of capital securities can only be carried out on behalf of cooperative members who are authors, and it depends on the authorization of the Board of Directors.

3 – In the event of death of an author cooperative member or of dissolution, closing or declaration of insolvency of a publisher cooperative member, the securities that he/she has subscribed shall be reimbursed to the respective successors according to the nominal value corrected as per the terms of article 23 (4) of the Cooperative Code.

4 – The issuance of investment securities and bonds, when decided by the General Assembly, shall obey the requirements set down in articles 26 to 30 of the Cooperative Code.

ARTICLE 12
(Membership Admission Fee)

1 – The payment of a membership admission fee is required for cooperative members to join, and the value of this fee shall be set annually by the Board of Directors, after hearing the Supervisory Council.

2 – The membership admission fee may be paid all at once or in four monthly and successive payments.

3 – The Board of Directors may justifiably decide, after hearing the Supervisory Board, that:

a) The payment of the membership admission fee may be pending the distribution of royalties;

b) There may be an extension of the payment deadline to a specified period;

4 – The sum of the membership admission fees goes to the Legal Reserve and the Reserve for Cooperative Education and Training, as per the terms and proportions set down in article 55 and article 56 (1) (a) of these By-Laws.

CHAPTER III
COOPERATIVE MEMBERS AND BENEFICIARIES

ARTICLE 13
(Cooperative Members and Honorary Members. Admission Process)

1 – Cooperative membership, without any restriction as to number or any kind of discrimination, is open to all authors of intellectual works protected by the legislation on intellectual property rights, as well as to publishers of musical works whose intellectual rights they own, either originally or by transmission or another

deed of ownership, and that have been exploited in public, either in a reproduction or in a communication. They must also fulfil the requirements enunciated in article 14 (1) and (2), respectively, and voluntarily propose their admission to the Cooperative's Board of Directors.

2 – Admission as a cooperative member is made by presenting a proposal to the Board of Directors signed by two cooperative members and by the proponent, accompanied by documentary evidence that the requirements enunciated in article 14 have been met.

3 – In the event of any doubt or lack of proof, the Board of Directors may request the interested party to provide the complementary elements it deems necessary.

4 – Refusal of the proposal must be well-grounded and an appeal may be filed for the first General Assembly held after the said decision, on the interested party's initiative or that of at least ten cooperative members, including both proponents. It is necessary for at least half of the appellants to be present at the Assembly, under penalty of not being able to rule on the appeal.

5 – The current members of the Cooperative who have received the title of honorary member shall keep it. The said title may be granted by the General Assembly under the proposal of the Board of Directors to those who have rendered exceptionally important services to the cause of Intellectual Property or to the Cooperative, even if they are not its members.

ARTICLE 14

(Admission Requirements for Cooperative Members)

1 – Individual persons who are authors of intellectual works may be admitted as cooperative members if they cumulatively meet the following requirements:

- a) Be citizens of Portugal, of a country whose official language is Portuguese or of a country of the European Union, or be a resident in one of those countries;
- b) Be beneficiaries of the Cooperative for more than five years, counting from the date of their admission as such;
- c) Be authors of the minimum number of works stated in the different sub-paragraphs of paragraph 3 hereof, so long as they have been published or diffused by any means, and that the respective royalties have been collected by the Cooperative;
- d) Have an amount of royalties credited to their current account that reaches, in the three years before the presentation of the proposal, an annual average whose sum shall be set by the Board of Directors, after hearing the Supervisory Council.

2 – Music publishers who are individual or collective persons may also be admitted as cooperative members if they cumulatively meet the following requirements:

- a) Be based in Portugal or in a country whose official language is Portuguese, or in a country of the European Union;
- b) Be beneficiaries of the Cooperative for at least three years, counting from the date of their admission as such;
- c) Have an amount of royalties credited to their current account that reaches, in the three years before the presentation of the proposal, an annual average whose sum shall be set by the Board of Directors, after hearing the Supervisory Council.

3 – For the purposes of paragraph 1 (c) hereof, the minimum number of works required for each genre or type is as follows:

- a) Dramatic and dramatic-musical works – ten original or fifteen translated acts;
- b) Stagings and choreographies – five theatre plays or five dances;
- c) Literary works – six original or twelve translated books, seventy-five literary compositions;
- d) Musical works – two dramatic-musical works, eight pieces for symphonic or chamber orchestra, eight electro-acoustic music compositions, five dances, twelve pieces for soloists or small instrumental groups, seventy-five small vocal or instrumental compositions;
- e) Audiovisual works – three feature-length films, ten short films, five television films, two soap operas, three television series with at least five episodes each, three radio series, ten radio or television programs;
- f) Advertising works – one hundred scripts (including text), jingles or its respective production;
- g) Plastic arts and photography – ten illustrated books, twenty-five paintings or sculptures, seventy-five works in the remaining types of plastic/applied arts or design, one hundred and fifty photographs;
- h) Architecture – six architectural or urban development projects;
- i) Computer programs – twenty-five programs;
- j) Scientific works – six books or twenty-five published articles.

4 – When doubts arise regarding the classification of a work for purposes of the previous sub-paragraphs, they shall be resolved by the Board of Directors.

5 – The provisions of paragraph 3 (e) apply to the authors of the screenplay, adaptation, dialogues, comments and original music of the works mentioned therein.

6 – When dealing with works involving collaboration, the calculation of the number of works stated in the

different sub-paragraphs of paragraph 3 shall be carried out in proportion to the rights attributed to each co-author. This rule also applies to multimedia products.

7 – If the works of one author cover more than one of the sub-paragraphs in paragraph 3, or more than one type in each sub-paragraph, the calculation shall be made taking into account the respective proportion.

8 – When the requirements of paragraph 1 (c) and (d) are met, the Board of Directors may, if it deems it justified, reduce the membership period mentioned in sub-paragraph b) of the same paragraph, so long as it is not less than three years.

9 – The Board of Directors may admit as cooperative members the authors or music publishers whose nationality or headquarters are, respectively, different from those mentioned in paragraph 1 (a) and paragraph 2 (b), so long as the Society(ies) of their country of nationality or headquarters do(es) not object to it.

ARTICLE 15

(Cooperative Members' Rights)

1 – Cooperative members have the right to:

- a) Take part in the General Assembly, presenting proposals and discussing and voting on the items in the respective agenda;
- b) Elect and be elected to the Cooperative's governing bodies, except, in the second case, if the situations referred to in article 30 (1) occur, notwithstanding what is set down in article 29;
- c) Call for an extraordinary General Assembly as per the terms defined in the final part of article 35 (3);
- d) Propose the admission of cooperative members as per the terms of article 14 (2), and appeal to the General Assembly in the event of refusal;
- e) Establish, except in the cases of performance and mechanical reproduction, the sum of the royalties and the conditions of use and exploitation of the works whose rights they own, respecting the tariffs referred to in article 44 (1) (h);
- f) Receive the royalties related to the use and exploitation of works whose rights they own and which the Cooperative has collected on their behalf, after deducting the commissions foreseen in article 44 (1) (i);
- g) Benefit from the social assistance foreseen in article 56 (1) (a), (d) and (e);
- h) Use the Cooperative's Legal Department for legal consultation on issues related to intellectual property rights, and request its services for the purposes foreseen in article 6 (1) (j), when the Board of Directors recognizes the viability of their claim;
- i) Request, in the event of conflict with another member concerning intellectual property rights issues, the

arbitration of the Cooperative;

j) Request, in writing, information to the Cooperative's competent bodies, and examine the Cooperative's book-keeping in the periods and conditions established by the Board of Directors;

l) Take part in the social gatherings promoted by the Cooperative, participate in the cultural activities it organizes and take advantage of cooperative education and training;

m) Tender their resignation.

3 – Cooperative members who are music publishers have all the rights foreseen in the sub-paragraphs of the previous paragraph, except for sub-paragraph g).

4 – All rights determined in this article are acquired after approval of the admission proposal alluded to in article 14 (2), and full payment of one security and the membership admission fee referred to in articles 11 (2) and 12, without prejudice to what is set forth in article 12 (3).

ARTICLE 16

(Suspension of Rights)

If there are strong indications of the serious and culpable breach alluded to in article 22 (2), the Board of Directors, after hearing the Supervisory Council, can determine the suspension of the cooperative member's rights until the General Assembly meeting that will decide on his/her exclusion, and in which the suspended cooperative member may intervene without voting right.

ARTICLE 17

(Cooperative Members' Duties)

1 – Cooperative members must observe the cooperative principles and respect the Cooperative's laws, By-Laws and internal regulations.

2 – Cooperative members must also:

a) Take part in the General Assemblies;

b) Obey the resolutions of the competent governing bodies, which may only be impugned before the General Assembly;

c) Accept and perform the duties for which they have been elected, as well as the nomination to auxiliary commissions and work groups foreseen in article 44 (1) (n), unless they have a justified reason to be excused;

d) Participate, in general, in the Cooperative's activities and render the service or the work incumbent upon them;

- e) Make the payments foreseen in these By-Laws and in the internal regulations;
- f) Entrust the Cooperative with the management, in the territories where it directly or indirectly performs its activities, of all or some categories of intellectual works whose copyrights they own or will own, declare them and fill out the instruction notes related to their use and exploitation, observing the minimum tariffs foreseen in article 44 (1) (h);
- g) Not alienate nor burden or compromise in any other way, totally or partially, the copyrights referred to in the previous sub-paragraph without prior consent from the Board of Directors;
- h) Not sign, personally or through a representative or proxy other than the Cooperative, any contract related to the use or exploitation of the works stated in sub-paragraph f), nor assume in another way any obligations or receive any royalties in relation to the same;
- i) Not renounce, totally or partially, to the copyrights related to the works mentioned in sub-paragraph f), nor assign them, totally or partially, without prior consent from the Board of Directors, except in the case of non-profit theatre performances by amateur groups where admission is free;
- j) Request through the Cooperative, and never personally and directly, the granting of the translation, adaptation, arrangement or transformation rights of works by other authors, or their respective use or exploitation by any means;
- l) Subject themselves to the prorating of royalties collected by lump sum;
- m) Accurately fill out the set lists of the works performed publicly when it is their obligation to do so, either as the interpreting or performing artist, or as the organizer of the respective function;
- n) Communicate any violation of intellectual property rights that has come to their knowledge to the Cooperative;
- o) Honour the Cooperative, defend its good name and contribute towards the carrying out of its purposes;
- p) Respect the Universal Declaration of Human Rights, refraining, in their intellectual works, from the defence or mere manifestation of ideas contrary to the principles established therein.

3 – The music publishers also have the duty to:

- a) Register, at the Cooperative, the works whose copyrights and exploitation rights belong to them, even if the author of that work has already previously registered it;
- b) Notify the Cooperative in writing of the signing of contracts on which their rights are based, stating as well the date and place of the said signing, the name and address of the assignors, the works included, the duration, the sheet music and the advances that have been given;
- c) Fulfil the duties foreseen in the sub-paragraphs of paragraph 2 hereof, where applicable.

ARTICLE 18
(Cooperative Members' Responsibility)

The responsibility of cooperative members is limited to the sum of capital stock they have subscribed for.

ARTICLE 19
(Final cessation of the position of cooperative member)

1. The position of cooperative member ceases whenever the following occurs:

- a) Death of the author;
- b) Resignation;
- c) Exclusion;
- d) Dissolution, liquidation or declaration of insolvency.

ARTICLE 20
(Temporary cessation of the position of cooperative member)

1 – An author below the age of 60 will lose his/her position as a cooperative member if he/she does not reach the annual average amount of €500 of collected royalties for three consecutive years, so long as it is not a case of long illness.

2 – The music publisher who does not reach the annual average amount of €5,000 of collected royalties for three consecutive years will lose his/her position as a cooperative member.

3 – The authors and music publishers who have lost their capacity as cooperative members pursuant to the previous paragraphs may regain it so long as they fulfil the requirements established in article 14 (1) (d) and (2) (c), respectively.

ARTICLE 21
(Resignation)

1 – Cooperative members may resign at any time by means of a registered letter with notification of receipt addressed to the Board of Directors, without prejudice to the responsibility to fulfil their obligations under the Cooperative's By-Laws.

2 – Resignation shall be obligatorily granted, so long as the resigning cooperative member's current account balance has been settled.

3 – If the current account has a positive balance, it shall be paid to the resigning cooperative member.

4 – In any of the cases, the amount of capital securities that have been subscribed for will be returned to

him/her within a maximum time period of one year.

ARTICLE 22

(Exclusion)

1 – Cooperative members may be excluded by the decision of the General Assembly as per the terms in article 39 (h).

2 – The exclusion must be based on a serious and culpable breach of the Cooperative Code, of the legislation on intellectual property rights or of the internal regulations and By-Laws herein, preceded by a written procedure as per the terms in article 37 (2), (3) and (5) of the said Code.

ARTICLE 23

(Other sanctions)

1 – The Board of Directors, in compliance with what is established in paragraph 2 of the previous article, may also apply the following sanctions:

a) Fine;

b) Temporary suspension of rights.

2 – It is possible to appeal to the General Assembly against this decision. The appeal must be presented within ten consecutive days after the respective notification and must be considered in the Assembly that takes place immediately after. The presence of the cooperative member in question is obligatory so that the Assembly can make its ruling.

ARTICLE 24

(Cooperative Beneficiaries. Admission Process)

1 – Becoming a Cooperative beneficiary is open to all authors and other owners of published or disseminated intellectual works, or whose publication or dissemination prove to be ensured, and whose rights they own, either originally or by succession, transfer or another form of acquisition, whatever their country of nationality or residence, observing in this case, and in the applicable part, that which is set forth in article 14 (9).

2 – Admission as a Cooperative beneficiary is made by request addressed to the Board of Directors by the interested party and containing sufficient documentary evidence, applying what is set forth in article 13 (3).

3 – Should the Board of Directors decide in favour of admission, the interested party shall be registered as a Cooperative beneficiary.

4 – The beneficiary who is admitted in this capacity shall pay, as a membership admission fee, an amount that will be set annually by the Board of Directors, after hearing the Supervisory Council. However, he/she may take advantage of one of the benefits foreseen in article 12 (3).

5 – The current Cooperative beneficiaries maintain that capacity until they request their admission as cooperative members and until the respective proposal has been approved.

ARTICLE 25
(Beneficiaries' Rights and Duties)

1 – The rights in article 15 (1) (e), (f), (h), (i) and (l) extend to Cooperative beneficiaries.

2 – Cooperative beneficiaries must observe the duties in article 17 (1) and (2), with the exception of sub-paragraph a) and the first part of paragraph 2 (c).

ARTICLE 26
(Membership Cancellation)

1 – So long as the Cooperative beneficiaries previously pay any negative balance in their current account, they may at any time request the cancellation of their membership by registered letter with notification of receipt addressed to the Cooperative's Board of Directors, that may not refuse it.

2 – The Board of Directors may order, by its own initiative, the membership cancellation of any beneficiary who does not fulfil any of the duties foreseen in article 25 (2).

3 – As soon as the beneficiary's membership has been cancelled, he/she will immediately be given any positive balance in his/her current account.

CHAPTER IV
GOVERNING BODIES

SECTION I
GENERAL PROVISIONS

ARTICLE 27
(Bodies)

The Cooperative's governing bodies are:

- a) The General Assembly;
- b) The Board of Directors;
- c) The Supervisory Council.

ARTICLE 28
(Appointment of the Officers of the Governing Bodies)

1 – The permanent and alternate officers of the General Assembly and the Supervisory Council are elected

from among the author cooperative members, and the officers and alternates of the Board of Directors are elected from among the author cooperative members and the music publisher cooperative members, for a period of four years, except when there are early elections.

2 – The mandate of the governing bodies starts with the new term, which coincides with the calendar year.

3 – If there are early elections, the governing bodies' mandate time count starts on January 1st of the year of the elections.

4 – More than two-thirds of each governing body cannot be consecutively re-elected.

5 – In the elections for the governing bodies, voting must be carried out on the lists that include the names of all permanent and alternate cooperative members, specifying the President and the Vice-President of the General Assembly, the President and the Vice-President of the Board of Directors, and the President of the Supervisory Council.

6 – The lists of author cooperative members must be undersigned by at least ten percent of the cooperative members in full use of their rights, and delivered against receipt at the Cooperative headquarters up to fourteen weekdays prior to the one that has been designated for the electoral Assembly. The lists of the music publisher cooperative members must also be delivered against receipt at the Cooperative headquarters up to eight days prior to the one that has been designated for the electoral Assembly. Both lists must be displayed at the Cooperative's headquarters from the day after their presentation.

7 – For the election of the officers of the governing bodies referred to in paragraph 1 of the article herein, the cooperative members shall vote in two different ballot boxes, one for the votes of author cooperative members regarding the lists of author cooperative members, and another for the votes of the music publisher cooperative members regarding the lists of music publisher cooperative members.

ARTICLE 29

(Eligibility Conditions)

Cooperative members who have had their civil or by-law rights suspended, or whose annual average of credited royalties over the past three calendar years is less than the amount established in the terms of article 14 (1) (d), are not eligible for the Cooperative's governing bodies.

ARTICLE 30

(Incompatibility)

1 – No cooperative member can belong to more than one Cooperative body.

2 – Spouses and cohabitees cannot be elected to the same governing body or simultaneously be members of the Board of Directors and the Supervisory Council.

ARTICLE 31
(Removal from Office)

1 – The members of the governing bodies can be removed from office for the following reasons:

- a) Declaration of fraudulent bankruptcy;
- b) Conviction for crimes against the public sector or against the cooperative sector;
- c) Failure to attend the following meetings:
 - i) Three consecutive ordinary meetings or five alternating ordinary meetings, in what concerns the members of the General Assembly and of the Supervisory Council;
 - ii) Five consecutive ordinary meetings or ten alternating ordinary meetings, in what concerns the members of the Board of Directors.

2 – For the purposes of the previous sub-paragraph, it is considered that the failure to attend two extraordinary meetings shall be equivalent to failing to attend one ordinary meeting.

ARTICLE 32
(Operation)

1 – The resolutions of the Cooperative's bodies are passed by simple majority, the respective President having the casting vote, with the exception, as regards the General Assembly, of the cases foreseen in article 39 (d) to (i).

2 – The votings on the elections of the governing bodies or on personal issues of the cooperative members shall be carried out by secret ballot.

3 – The minutes of the meetings of any governing body will always be drawn up. They will obligatorily be signed by whoever performs the duties of president and by the other permanent or alternate officers of those bodies who attend the said meetings.

4 – The officers of the Cooperative's governing bodies are remunerated by means of attendance vouchers, as per the terms in article 44 (1) (o).

5 – So long as he is not a member of the Board of Administrators, the President of the Board of Directors will be entitled to remuneration under the terms and conditions to be established by the Board of Directors, after hearing the Supervisory Board.

ARTICLE 33
(Responsibility)

1 – The directors, the President of the Board of Administrators, the managers and proxies, as well as the

members of the Supervisory Council, are responsible before the Cooperative as per the terms of article 65 and article 66 of the Cooperative Code, releasing themselves from that responsibility in compliance with article 67 of the same document.

2 – The exercise of the right to take civil or criminal actions against the officers of the governing bodies requires approval in General Assembly.

SECTION II GENERAL ASSEMBLY

ARTICLE 34 (Definition and Composition)

1 – The General Assembly is the Cooperative's supreme body and its decisions, made as per the legal terms and under the by-laws herein, are obligatory for the Cooperative's other bodies and for all of its cooperative members and beneficiaries.

2 – All cooperative members enjoying their full civil and cooperative member rights participate in the General Assembly.

3 – General Assembly decisions may be appealed against before the Courts.

ARTICLE 35 (Ordinary and Extraordinary Sessions)

1 – The General Assembly will meet in ordinary and extraordinary sessions.

2 – The ordinary General Assembly will obligatorily meet twice every year, once until March thirty-first to assess and vote on the Board of Directors' Annual Report and the Supervisory Council's Opinion, and once more until December thirty-first to assess and vote on the Budget and the Business Plan. It will also meet during the last quarter, every four years, to elect the governing bodies.

3 – The General Assembly will meet extraordinarily when called by the President of the respective board, on his/her initiative, at the request of the Board of Directors or of the Supervisory Council, or at the request of at least ten percent of the cooperative members with voting right.

ARTICLE 36 (Board)

1 – The Board of the General Assembly is comprised of a President, a Vice-President, a Secretary and an alternate.

2 – When any of the General Assembly board members are missing, the Vice-President replaces the President, the Secretary replaces the Vice-President, and the alternate replaces the Secretary. If the

replacement is not possible, the Board will be responsible for electing the respective alternates from among the cooperative members present, who shall cease to hold office at the end of the meeting.

3 – It is the President's duty to:

- a) Convene the General Assembly;
- b) Preside over the Assembly and direct the order of business;
- c) Verify the eligibility conditions of the candidates to the governing bodies;
- d) Install the cooperative members that have been elected for the governing bodies.

4 – Not to convene the General Assembly when it is obligatory to do so implies the removal of the President from office.

ARTICLE 37 **(Convocation)**

1 – The General Assembly is convoked by the President of the Board at least fifteen days in advance.

2 – The notice of the meeting must contain the Assembly's agenda, as well as the day, time and place of the meeting. It will be published in a daily Lisbon newspaper and affixed at the Cooperative's headquarters, as well as at its branch office in Porto. It will also be sent to all cooperative members by mail or delivered directly against receipt.

3 – The extraordinary General Assembly must be called within fifteen days after the request or application foreseen in article 35 (3), and the meeting must be held within no more than thirty days after the date of receipt of the request or application.

4 – There will be a period of before the agenda in the Ordinary General Assemblies for the Board of Directors to provide information and for the participation of the cooperative members. It cannot exceed one hour, but the President of the Board of the General Assembly may, when justified, extend this period for another thirty minutes.

5 – There will be no period of before the agenda in Extraordinary General Assemblies.

ARTICLE 38 **(Operation)**

1 – The General Assembly will meet at the time scheduled in the notice if more than half of the author cooperative members and more than half of the music publisher cooperative members with voting right, or their duly accredited representatives, are present.

2 – If, at the time scheduled for the meeting, the number of people present is not the one foreseen in the

previous paragraph, the Assembly will meet with any number of cooperative members one hour later, except in the cases foreseen in the four paragraphs that follow.

3 – In the case of article 39 (e), (f), (g) and (i), the meeting will only be held with the presence of forty percent of the cooperative members with voting right.

4 – In the case of the final part of article 39 (h), the meeting may only be held as a review body if at least half of the cooperative members who have appealed against the Board of Directors' decision are present.

5 – In the case of the final part of article 37 (3), the meeting will only be held if at least three-fourths of the requesting cooperative members are personally present, and the Assembly may not meet again at the request of the same cooperative members to discuss the same issue.

6 – Anyone who is not a cooperative member may not be present at the Assembly, unless they are technicians who, at the request of the Board of Directors or of the Supervisory Council, and with the President's approval, must provide explanations about any of the items on the agenda.

7 – The Board of the General Assembly shall prepare a draft minute in the thirty days following the respective meeting, which will be made available for cooperative members' consultation at the Cooperative's headquarters during the subsequent fifteen days.

8 – If any cooperative member wishes to make amendments to the draft minute, he/she must do so in writing within ten days after the closing of the consultation, in an application addressed to the President of the Board of the General Assembly. The claim shall be confronted with the audio recording of the concerned meeting in the subsequent ten days. If the amendments are approved, they will be included in the final version of the minute.

9 – In the case a General Meeting is interrupted and postponed to another date, it shall be resumed within a maximum of sixty days. Postal and proxy votes that have been issued will not be valid for its postponement.

ARTICLE 39

(Competence)

It is exclusively up to the General Assembly to:

- a) Elect and depose the members of the organizing bodies;
- b) Annually assess and vote on the balance sheet and annual report of the Board of Directors, as well as on the opinion of the Supervisory Council;
- c) Assess and vote on the budget and business plan for the next fiscal year;
- d) Amend the By-Laws, approve and amend the internal regulations;
- e) Approve the merger, by integration or by incorporation, or the division of the Cooperative;

- f) Approve the dissolution of the Cooperative;
- g) Approve the affiliation of the Cooperation in unions, federations and confederations;
- h) Decide on the creation of Foundations and establish the respective initial and subsequent endowments;
- i) Decide on the exclusion of cooperative members and function as a review board, either with regard to the refusal of admission of cooperative members or with regard to the sanctions applied by the Board of Directors;
- j) Decide on the exercise of the right to take civil or criminal action, as per the terms in article 33 (2);
- l) Bestow, by means of a proposal from the Board of Directors, the title of “honorary member” to whoever has rendered exceptionally significant services to the cause of Intellectual Property Rights or to the Cooperative, even if he/she is not its member;
- m) Decide on the issuance of investment securities and bonds;
- n) Assess and vote on other matters, especially those foreseen in these By-Laws and in the applicable legislation.

ARTICLE 40

(Resolutions)

All resolutions on matters that are not on the agenda determined at the notice of meeting are null and void unless all of the cooperative members in full enjoyment of their rights are present or duly represented and unanimously agree with the respective inclusion, or if, the Assembly having been called to assess the balance sheet and the annual report, the resolution concerns what is set down in article 33 (2).

ARTICLE 41

(Voting)

- 1 – Each cooperative member has one vote in the General Assemblies, regardless of his/her share in the Cooperative's capital.
- 2 – A qualified majority of two-thirds of the votes is required when voting on what is laid down in article 39 (d) to (j).
- 3 – In the case of article 39 (f), the dissolution shall not be carried out if at least ten cooperative members declare themselves willing to ensure the continuation of the Cooperative, whatever the number of votes to the contrary.
- 4 – Postal vote is allowed if its meaning is clear in relation to the different items in the agenda, and if the cooperative member's signature is legally recognized.

5 – Proxy vote is also allowed, and it must be delegated, with substituting powers, to another cooperative member in a document addressed to the President of the Board of the General Assembly, with the legally recognized signature.

6 – Each cooperative member may not represent more than three other cooperative members with voting right.

SECTION III BOARD OF DIRECTORS

ARTICLE 42 (Composition)

1 – The Board of Directors is comprised of one President, one Vice-President and seven voting members, from among which one secretary and two treasurers, a permanent and an alternate one, will be elected, in a total of nine permanent and ten alternate members. The music composers shall have three alternates.

2 – The distribution of the members of the Board of Directors among the diverse literary and artistic areas represented in the Cooperative is as follows:

- a) one playwright;
- b) two music composers;
- c) one music publisher;
- d) one author of literary works;
- e) two authors of audiovisual works;
- f) one author of plastic art, architecture or photography works;
- g) one theatre scenographer or one choreographer.

3 – When designating permanent and alternate members, it is necessary to take into account, as much as possible, the diversity of the sectors encompassed in each of the categories.

4 – In the composition of the members of each of the governing bodies, the cooperative members who hold more than 50% of the stock capital of the entities that use or exploit intellectual works, or that are its managers or administrators, may not exceed one-third.

5 – Only an author that is an individual person may preside over each of the governing bodies.

ARTICLE 43 (Alternates)

1 – The alternates will replace the permanent members in their absences and impediments and, until the end of the term of office, they shall fill in the vacancies that may open.

2 – If the vacancy concerns the positions of President or Vice-President, the Board of Directors shall designate its permanent member, who will act as one or the other until the end of the four-year period. If it concerns any of the other positions, the Board of Directors shall appoint the permanent or alternate member who shall occupy it for the same period of time.

3 – Should the music publisher cooperative members not present their permanent and alternate representatives, their positions shall be filled in by the first music composer alternate who, due to that replacement, will become permanent.

ARTICLE 44

(Competence)

1 – The Board of Directors is the Cooperative's administration and representation body, and it is responsible for:

- a) Defining the Cooperative's line of action in the various sectors in which it is bound to intervene;
- b) Annually drawing up and submitting the budget and business plan for the following year to the opinion of the Supervisory Council and to the assessment and approval of the General Assembly, as well as the balance sheet and the annual report of the fiscal year;
- c) Executing the Business Plan and the decisions that have legally been taken by the General Assembly;
- d) Deciding on the admission of cooperative members and beneficiaries, as well as on the dismissal of the former and the cancellation of the latter's membership. Proposing to the General Assembly the granting of the title of honorary member, as per the terms of article 13 (5);
- e) Deciding on the exclusion of cooperative members and applying sanctions, as per the terms in article 22 and article 23;
- f) Collaborating with the official bodies and entities in all matters of cultural interest, especially with regard to the regulation and defence of Intellectual Property Rights, appointing to this end the Cooperative's representatives whenever necessary;
- g) Contracting with businesspeople, publishers, producers or any public or private entities that use and exploit works whose rights are owned by cooperative members, beneficiaries or members of the foreign associations referred to in article 5 (3), or by the Cooperative itself, for the use and exploitation of these works in any form and by any means;
- h) Drawing up, whenever necessary, with equity, reasonableness and proportionality the royalty tariffs to be charged for the use and exploitation of the works and renderings whose rights are owned by the

cooperative members, beneficiaries and others who are represented, or by the Cooperative itself. Special tariffs must be established to be applied to non-profit collective persons, when the respective activities are carried out in places with free admission;

i) Setting with equity, reasonableness and proportionality the commissions that shall be deducted for administrative, cultural, assistance or other purposes from the royalties collected by the Cooperative;

j) Agreeing to and signing unilateral or reciprocal representation contracts with associations, bodies, agencies or foreign sister entities, as per the terms of article 5 (3);

l) Designating, in compliance with what is set forth in article 45 and if deemed convenient, the President of the Board of Administrators and, under his proposal, the respective members, managers or proxies. Delegating to them, in whole or in part, the powers that they own under the terms of the article herein, and establishing the respective remunerations, after hearing the Supervisory Council;

m) Nominating the Cooperative's delegates, who shall represent it in Congresses and other national and international meetings;

n) Nominating, if it deems it necessary, the auxiliary commissions and work groups that are considered necessary to assist the Board of Directors, determining the remunerations for the respective members after hearing the Supervisory Council;

o) Setting, after hearing the Supervisory Council, the amount of attendance vouchers to be given to the officers of the governing bodies;

p) Annually establishing the membership admission fee referred to in article 12 (1) and article 24 (4);

q) Establishing the annual average of royalties referred to in article 14 (1) (d);

r) Annually establishing, after hearing the Supervisory Council, the depreciation coefficients to be applied when calculating the royalty average referred to in article 56 (1) (a) and the respective minimum and maximum limits, granting the subsidies referred to in paragraph d), and ensuring the risk coverage foreseen in paragraph e) of the same rule;

s) Representing the Cooperative both in and out of court, actively as well as passively, being able to admit, waive, settle differences and sign arbitration agreements;

t) Contracting and managing the personnel needed for Cooperative activities;

u) Determining the conditions in which payments to cooperative members and beneficiaries can be authorized on account of royalties pending collection or distribution;

v) Giving cooperative members and beneficiaries the legal support to defend their rights when these have been violated or are being threatened, and when the viability of the respective claim is recognized;

x) Requesting the calling of an extraordinary General Assembly, as per the terms of article 34 (3);

z) Mediating the conflicts that arise between Cooperative members;

aa) Carrying out, in general, any action that is necessary to safeguard cooperative principles, and defend Cooperative interests and those of the right owners it represents;

bb) Designating the President of the Board of Administrators, as per the terms of the following article, as well as ratifying the nomination of the respective members;

cc) Delegating to the Board of Administrators the duties and powers that are necessary for the daily management of the Cooperative.

2 – The Board may delegate to the President, or to another member/other members, the collective powers of representation foreseen in paragraph 1 (s) of the article herein.

3 – The Cooperative is obliged by the signature of two members of the Board of Directors, one of which being the President's, who may delegate to another director, to the President of the Board of Administrators or to any of its Administrators, one signature being enough in routine work actions.

4 – The Board of Directors, or the Administrator referred to in the following article, if so delegated by the former, shall always consult the workers' commission of the Cooperative before taking the decisions that, according to the law and to this commission's By-Laws, must be preceded by its opinion.

ARTICLE 45

(Board of Administrators)

1 – The daily management of the Cooperative will be ensured by a Board of Administrators, made up of a President and its members, named administrators, whose decisions will be taken by simple majority. The President has a casting vote if there is a tie.

2 – The President of the Board of Administrators must be a member of the Board of Directors, and will be appointed by it pursuant to article 44 (1) (bb). He/she must be a cooperative member for more than five years and have full rights.

3 – The appointment of the President of the Board of Administrators must be included in the minute of the meeting of the Board of Directors in which it is decided, as well as the listing of his/her duties, powers and respective remuneration, which will be set after hearing the Supervisory Council.

4 – The choice and assignment of tasks to the remaining members who will make up the Board is incumbent on the President of the Board of Administrators.

5 – The provisions of the last part of paragraph 3 apply to the members of the Board of Administrators, who do not have to be members of the Cooperative, as well as to the agents and proxies.

6 – The number of members foreseen in the previous paragraph must not be over five.

ARTICLE 46

(Meetings)

1 – The Board of Directors will meet on an ordinary basis once a month, and extraordinarily whenever the President calls it by his/her own initiative or by request of the majority of its permanent members. Its meetings can be held in conjunction with the Supervisory Council and the General Assembly's Board whenever deemed necessary. The members of these bodies do not have voting right.

2 – The Board of Directors may only take decisions with the presence of more than half of its permanent members.

3 – The alternate members of the Board of Directors can attend and participate in its meetings without voting right, except when they replace the permanent members during their absences and impediments.

4 – The members of the Board of Administrators may participate in the meetings of the Board of Directors, which can request the presence of any of the Cooperative's employees or any other person in order to provide the explanations it deems necessary.

SECTION IV

SUPERVISORY COUNCIL

ARTICLE 47

(Composition)

1 – The Supervisory Council is comprised of three permanent members, who must represent diversified sectors of intellectual activity, and includes an Auditor or an Auditor's Association that provides technical assistance as per the terms of article 50.

2 – The Supervisory Council also has three alternate members, in whose election it is necessary to observe the conditions foreseen in the previous paragraph, and who shall fill the vacancies that may open until the end of the four-year period.

ARTICLE 48

(Competence)

The Supervisory Council is the Cooperative's control and inspection body, and it is namely responsible for:

a) Examining, whenever deemed appropriate, all of the Cooperative's book-keeping and documentation, and following the Board of Director's administrative activity;

b) Verifying, when deemed necessary, the cash balance and the existence of securities and values of any kind, which it shall include in the respective minutes;

- c) Issuing an opinion on the fiscal year's annual report, as well as on the business plan and budget for the following year;
- d) Calling an extraordinary General Assembly, as per the terms of article 35 (3);
- e) Pronouncing on the subjects referred to in article 12 (1); article 14 (1) (d); article 16; article 24 (4); article 44 (1) (l), (n), (o) and (r); article 45 (2); article 53 (f); and article 56 (1) (a), (d) and (e);
- f) Verifying compliance with the By-Laws and the law.

ARTICLE 49

(Meetings)

- 1 – The Supervisory Council shall meet ordinarily once every quarter, and extraordinarily whenever the President calls it by his/her own initiative or at the request of the majority of its permanent members.
- 2 – The alternate members can attend the meetings, without voting right except when they replace the permanent members during their absences or impediments.
- 3 – The Supervisory Council can only take decisions with the presence of the majority of its members.

ARTICLE 50

(Auditor)

The Supervisory Council receives the technical assistance of an Auditor or an Auditor's Association that will follow the Cooperative's financial and accounting activity, on which it will issue an opinion as per the terms of applicable legislation.

SECTION V

ADVISORY COUNCIL

ARTICLE 51

(Advisory Council)

The Advisory Council advises and assists the Board of Directors, that will determine its composition and regulate its operation.

CHAPTER V

REVENUES, EXPENSES AND RESERVES

ARTICLE 52

(Revenues)

Cooperative revenues are comprised of:

- a) The membership admission fees and commissions foreseen in article 44 (1) (i) on the royalties collected by the Cooperative;
- b) The royalties related to the works whose ownership has been acquired by the Cooperative;
- c) The net proceeds, after deduction of the respective royalties, of the publications foreseen in article 6 (1) (e) and of the rental of carriers referred to in paragraph 1 (m) of the same article;
- d) The return on available capital;
- e) The interests of demand or term deposits;
- f) All donations, subsidies and other possible revenues, or those that may be established in the future.

ARTICLE 53

(Expenses)

Cooperative expenses are comprised of:

- a) Expenses with cultural promotion activities, the Cooperative's international relations, as well as its dissemination and that of its objectives;
- b) General administration expenses, namely expenses resulting from the collection and distribution of royalties of any kind;
- c) Legal expenses derived from the defence of the Cooperative's rights and of the interests of its cooperative members, beneficiaries and those it represents, when they are not the responsibility of the latter;
- d) Royalties paid by the Cooperative to the owners of the intellectual works it publishes, as per the terms of article 6 (1) (e);
- e) The amounts paid as per the terms of article 55 (1) and article 56 (1);
- f) Any other expenses that the Board of Directors deems necessary and that, after hearing the Supervisory Council, it decides to approve. It must justify them in its annual report.

ARTICLE 54

(Legal Reserve)

A legal reserve shall be created to cover possible operating losses, to which ninety percent of the membership admission fees and ninety percent of the net annual surpluses shall revert.

ARTICLE 55

(Reserve for Cooperative Education and Training)

1 – A reserve shall be created for Cooperative Education and Training, in order to cover expenses with cooperative education and the cultural and technical training of cooperative members and employees. It shall receive:

- a) Ten percent of the paid membership admission fees and ten percent of the net annual surpluses;
- b) The donations and the subsidies that are especially intended for the reserve's purposes.

2 – The types of application of this reserve are determined by the General Assembly.

3 – The Board of Directors shall include a training plan in the Annual Business Plan for the application of this reserve.

ARTICLE 56

(Social Reserve and Other Reserves)

1 – A Social Reserve shall be created and its annual earnings will be allocated as follows:

- a) Seventy percent – to ensure the payment of an annual sum to author cooperative members who are more than sixty years old, who have been such a member for more than five years and who so request the Board of Directors. This sum shall be equivalent to the average of the royalties they have been credited with in the ten years when the said royalties have reached their highest value. The payment of half of that sum to their surviving spouses or to those who have lived with them in cohabitation for more than two years regardless of their gender, as stipulated by law, with the minimum and maximum limits that the Board of Directors annually stipulates pursuant to article 44 (1) (r), shall also be ensured. This sum cannot be less than the sum allocated the preceding year;
- b) The cooperative member may, at any time and for duly justified reasons, ask for the temporary or final suspension of the amount mentioned in the previous sub-paragraph;
- c) The cooperative member may request that the suspension be lifted, losing, however, the right to the sums due for the concerned period;
- d) Ten percent – to grant subsidies to author cooperative members with permanent disabilities, when they are not covered in the previous sub-paragraph, and subsidize cooperative members' funeral costs when the respective families so request;
- e) Twenty percent – to contribute to the coverage of other risks for the benefit of author cooperative

members, when the Board of Directors so decides, after hearing the Supervisory Council.

2 – The following are allocated to this reserve:

- a) The commissions for assistance purposes foreseen in article 44 (1) (i);
- b) The donations and subsidies that are especially destined to the purposes of the reserve.

3 – The surpluses that result from the percentages in paragraph 1 (d) and (e) of the article herein shall be included in the Social Reserve capital.

4 – The benefit foreseen in paragraph 1 (a) takes effect starting January 1st of the year following the one when it has been approved in a Board of Directors meeting.

5 – The cooperative members who do not respect what is set down in article 17 (g), (h) and (i) lose their right to the benefit in paragraph 1) (a) of the article herein.

6 – The Board of Directors may decide on the constitution of other reserves, namely for investment in the acquisition of real estate, equipment or other assets related to the object of the Cooperative, also determining how they shall be formed, applied and settled.

CHAPTER VI

DISSOLUTION AND LIQUIDATION

ARTICLE 57 **(Dissolution)**

The Cooperative shall be dissolved in the cases foreseen in article 77 of the Cooperative Code and as per the terms of article 39 (f) and article 41 (2) of these By-Laws, without prejudice to what is set down in paragraph 3 of this last article.

ARTICLE 58 **(Liquidation and Division Process. Allocation of Assets)**

1 – Once the Cooperative is dissolved, a liquidation committee shall be appointed, elected by the General Assembly when it is for the latter to decide on the dissolution.

2 – After the full liquidation within the time period established by the General Assembly, the liquidation committee must present to the General Assembly or to the court, whichever the case, the respective accounts, and organize the balance division project, observing what is set down in article 78 (6) and article 79 of the Cooperative Code.

3 – The sum of the reserves constituted as per the terms of articles 54 to 56 of these By-laws shall be allocated by the General Assembly, in compliance with the law.

ARTICLE 59
(Omissions)

All omissions in these By-Laws shall be governed by the applicable legal provisions, namely the Cooperative Code and the subsidiary right in the law.