

ACUM Ltd

Articles of Association

As amended at

a special general meeting of

members held on

April 29th, 2019

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Chapter 1 – General

1. Introduction

1.1 Each of the words below shall have the meaning appearing opposite it below:

Affiliated Company or Society	Foreign	Each of the Societies or companies in other countries whose objects are similar to those of the Company, affiliated with the Company from time to time.
Dramatic Performance	Stage	Public performance of live musical-dramatic works, as defined below, performed live on stage using means such as: acting, dance, direction, costumes, sets, all or any of the above.
In writing		In writing or printed, or part in writing and part printed.
Shareholder		Anyone registered as a shareholder in the Company's shareholder's register.
Financial statements		Balance sheets, statement of profits and loss, reports on changes in equity capital and cash flow reports, including the explanations thereto.
Law		The provisions of any law applicable in the State of Israel.
Director		As defined in section 1 of the Companies Act, including alternates and authorized representatives.
Non-executive director		A– Non-executive director as defined in section 1 to the Companies Act.
Making available to the public		As set forth in section 15 to the Copyright Law
Public Performance Right		The right to publicly perform as set forth in section 13 to the Copyright Law.
Synchronization		The combination of a musical or literary work with a visual (frontal) work, such as a movie, television broadcast, commercials, computer game, application
Reproduction Right		As set forth in section 12 to the Copyright Law.
Broadcasting Right		As set forth in section 14 to the Copyright Law
Moral right		As defined in section 45 to the Copyright Law. This right is

Holder of Inheritance Share	not transferred to the company and is not administered by it. The heir of a deceased member who comes in place of the member.
Membership for Israel Only Shareholder	An author who is not a resident of Israel, or a publisher whose main office is not located in Israel, and is a member of one of the Associated Societies and has transferred all his rights to the Company, at least with regard to the State of Israel; and an Israeli resident who the Board of Directors has resolved, at its exclusive discretion, to accept as a member for Israel only. Notwithstanding the aforementioned, it shall be clarified that the shareholder of the membership for Israel shall be entitled to a different share of the Company, as detailed in section 13.9.2 below.
The Companies Act	The Companies Act, 5759 – 1999.
The Copyright Law	The Copyright Law, 5768-2007.
The Securities Act	The Securities Act, 5728 –1968
Business Day	Sundays to Thursdays, except official and national holidays in Israel.
Working days	Every day except Friday, Saturday, Saturdays, holiday eves, two days of Rosh Hashanah, Yom Kippur eve and Yom Kippur, first of Chol HaMoed and Shemini Atzeret of Succot, Purim, first and seventh day of Pesach, the Independence Day, the festival of Shavuot and the Ninth of Av, and except for any other day which shall be determined by the Superintendent of the banks as non- banking business day
Work	A musical and/or literary work which the Company holds copyright for, or is administered by it, and is set forth in the royalties distribution table as set from time to time by the Board of Directors.
Dramatic-Musical Works	Work such as opera, musical play, ballet where the words and/or music from which the work is made up were composed especially for such work and that the number of its creators is not more than 4.
Writing	Print or any other form of printing of words, including documents, transferred in writing by facsimile, electronic mail, computer, or through any other means of electronic

		communication, creating or allowing the creation of a copy and/or printout of the document.
Music Publisher		Any music publisher whose main area of business is publication and/or distribution of the works' music and lyrics accompanying music.
Composer		Including a person who adapts musical composition.
Royalties Table	Distribution	The table established by the Board of Directors from time to time, for the appraisal of works through a number of points of distribution of royalties between members and between partners in copyright. Wherever the term "table" or "work appraisal table" appears in these Articles – reference is to the "Royalties Distribution Table".
Office		The Company's registered office.
Securities		Shares, debentures, capital bills, convertible bonds and certificates, awarding rights to such securities, issued by the Company.
Writer		Including a person who adapts, translates or compiles a literary work.
The Companies Ordinance		The Companies Ordinance [New Version], 5733 – 1983.
Special Majority		A majority of at least 70% of votes of Shareholders present at the shareholders meeting having the right to vote and voted during the meeting, without taking into consideration the voices of those abstaining.
Special majority of the board of directors		A majority of at least 70% of the members of the board serving at such time on the board of the company.
Simple Majority		A majority of Shareholders who are present at the shareholders meeting or at the special type of shareholders meeting and who are eligible to vote and voted during the meeting, without taking into consideration the voices of those abstaining.
Simple majority of the board of directors		A majority of members of the board of directors present at the board of directors meeting.
Acum's Repertoire		Includes:

All works for which rights have been assigned to Acum, by a deed of assignment under Article 10 herein; and all works in which the Company is authorized to enforce copyright with regard thereto from time to time, by virtue of agreements with affiliated Societies, by virtue of agreements with other bodies or persons, or in any other manner.

Articles	The Company Articles as set forth herein, or as modified, whether explicitly or by law.
Company Regulations	Regulations issued by virtue of the Companies Act.
Securities Regulations	Regulations issued by virtue of the Securities Act.

Words of the singular number shall include the plural, and vice versa.

Words of the masculine gender shall include the feminine.

Words of persons shall include legal bodies.

The provisions of Sections 3-10 of the Interpretation Act, 5741 – 1981 shall apply, mutatis mutandis, with regard to interpretation of these Articles in the absence of any other provision in respect thereof, and provided that such application is not inconsistent with any matter provided for herein.

Except as provided in this regulation, Words or expressions not defined in this Article shall be interpreted as provided in the Companies Act, and if no interpretation is provided in the Companies Act, then such word or expression shall be interpreted as provided in the Securities Act, and if no interpretation is provided in the Securities Act, then such word or expression shall be interpreted as provided in the Securities regulations and if such word or expression has no such interpretation, such term shall be interpreted as provided in any other Act, unless such interpretation be contrary to the written subject matter or to the content thereof.

If these Articles refer to any provision of the Companies Act, and such provision or regulation has been annulled, the original provision mentioned shall be deemed to have effect, as if such were part of these Articles, unless prohibited by law.

2. Private Company

The Company is a private Company, as defined in section 1 of the Companies Act.

3. Company objects

The Company shall deal in all legal dealings.

4. Limit of Liability

The liability of the members is limited, each to the payment of the amount such member undertook to pay for the shares allotted at the time of allotment. The liability of members who were members of the Company limited by guarantee only shall be NIS 1 only.

4A. Compliance with the terms set out by the Restrictive Trade Practices Tribunal

These Articles are subject to "the terms for the activity of ACUM" as approved by the Restrictive Trade Practices Tribunal (in these Articles: "the Terms") as they may be from time to time and these Articles shall be interpreted in accordance with the Terms.

Chapter Two – Company Share Capital

5. Share Capital

5.1 The Company's registered share capital is 200,200 shares of 1 NIS each, divided into:

5.1.1 50,000 ordinary shares of 1 NIS each.

5.1.2 50,000 participation shares of 1 NIS each.

5.1.3 50,000 royalty shares of 1 NIS each.

5.1.4 200 honorary shares of 1 NIS each.

5.1.5 deleted

5.1.6 50,000 inheritance shares of 1 NIS each.

6. Rights Attached to Each Class of Shares

- 6.1 The rights attached to all types of shares are as set forth in Article 7 below.
- 6.2 A person shall not hold more than one of the Company's share, unless expressly allowed by these Articles.
- 6.3 Transfer of shares shall be carried out only in accordance with the provisions of these Articles.
- 6.4 A person shall not be entitled to hold more than one ordinary share in the Company. A person that holds an ordinary share in the Company and is also a controlling body and/or an officer in the Company or in a business holding its shares, and is entitled under these Articles to a further share, then this further share shall be a royalty share only.

7. Rights Awarded to Each Class of Shares

- 7.1 A holder of an ordinary share has the following rights:
- (1) To receive invitations, participate and vote at the General Meetings.
 - (2) To elect and be elected to the Company's organs.
 - (3) The right to royalties.
 - (4) Every ordinary shareholder has one vote for each share held.
- 7.2 A holder of a participation share has all rights held by a holder of an ordinary share, except for the right to elect and be elected to the Company's organs and except for the right to vote at the General Meeting.
- 7.3 A holder of a royalty share has the right to receive royalties for use of his works only. A royalty share does not award any other rights.

7.4 A holder of an honorary share has only the right to receive invitations to General Meetings, and to receive any material distributed to Company members.

7.5 A holder of a membership for an Israel only share has only the right to receive royalties as the board of director resolves. Despite the above, it should be clarified that the share of the owner of the shares of the Membership for Israel only will be converted to another share of the company, as detailed in Section 13.9 below and on that date the share of the Membership for Israel only will be canceled.

7.6 A holder of an inheritance shares has the right to royalties only.

7.7 No share other than an ordinary share awards any rights whatsoever regarding any settlement with the Company or the right to convene a class shareholders meeting.

7.8 The provisions of these Articles regarding shares shall apply, mutatis mutandis, with regard to other securities if and so far as any such securities are issued by the Company.

7.9 The Company has the power to purchase and/or redeem its shares in accordance with the provisions of these Articles and the Companies Act.

8. Criteria for Share Issue

8.1 (A) Dealing with a candidacy for share purchase allotment:

The Company's Board of Directors shall deal with an application for issue of a share submitted by a composer and/or a writer, or by a limited company in which such aforesaid composer and/or writer is the sole shareholder and sole director and/ or a music publisher, after such has submitted applications to the Board of Directors using the forms customarily used from time to time

by the Company, and has filled out all information required by the Board of Directors.

(B) The Company's Board of Directors may provide for a detailed procedure for submitting an application for the cancellation of the share of a member who is a composer and/or writer, and allocating instead a share to a limited company in which he is the sole shareholder and sole director (such a company shall hereinafter be referred to as: "a sole member company", and the sole shareholder in the company shall be referred to as: "the sole shareholder").

All such applications shall be submitted according to the aforesaid procedure.

(C) A Sole Member Company shall be entitled to assign to the Company by a deed of assignment the copyright in works created by its sole shareholder only.

(D) When a sole shareholder dies, the following provisions shall apply:

(1) The share held by the sole shareholder shall become a deferred share, awarding its holder only the right to receive 1 NIS upon dissolution of the Company;

(2) The heir or heirs of such deceased sole shareholder may ask the Company to issue to him or to them an Inheritance Share, and the provisions of Articles 8.11 and 12.2 shall apply.

8.2 The Company's Board of Directors shall deal with an application by a music publisher for an allotment of a share, provided that contractual engagement has been made with an Israeli resident creator.

8.3 Notwithstanding the aforesaid in Article 8.2 above, the Board of Directors shall allocate a royalty share to the music publisher who publishes only its own musical works and/or works authored by him together with others.

8.4 deleted

8.5 A candidate may submit an application for a Company share as stated in Article 8.8 below. An Application is to be submitted to the Company's Board of Directors in writing, in the form decided upon by the Board of Directors from time to time. If and insofar as the Company's Board of Directors approves the application, the applicant shall be allotted a share of the class the Board of Directors resolves upon, beginning as of the date given in the certificate. The Board of Directors shall deliberate and resolve from time to time the conversion of a share of a certain class to another class, according to the circumstances of each case. A shareholder who believes he is entitled to convert his share to another class of shares, according to criteria set forth from time to time by the Board of Directors, may apply to the Arbitrator, whose decision shall be final. Inheritance Shares and Honorary Shares are not convertible.

The Board of Directors may from time to time prescribe criteria for determining those entitled to be allocated a share of the Company or to convert a share held by a member to another share. The approval and the determination of the criteria will be made by the Board of Directors by a special majority of its members.

8.6 deleted

8.7 If a candidate's application for share allotment is rejected by the Board of Directors, the candidate may appeal to the Arbitrator, as set forth in section 51 below; a candidate whose appeal is rejected by the Arbitrator shall not have the right to any other appeals.

8.8 Any person who fulfills the conditions for allotment of a share, as set forth in these Articles, may submit an application for share allotment ("Share Application"), subject to the Articles' limitations regarding the class of share.

8.9 The majority required for a resolution of share allotment or conversion

A resolution regarding allocation of any share in the Company, including a resolution regarding the conversion of any share into another class of share, shall be adopted by the Board of Directors by a simple majority, unless the allocation is not in accordance with the criteria that were established by the Board in accordance with article 8.5 above, whereby the resolution will be adopted by a special majority of the Board.

8.10 deleted

8.11 Inheritance Share

The Board of Directors may allot an Inheritance Share also to the heir of a person who had been eligible to receive a share in the Company under the conditions set forth in Articles 8.1 to 8.10. If such an Inheritance Share is allotted, the provisions of Article 12 shall apply.

8.12 Honorary Shares

The Board of Directors may allot an Honorary Share to a person who is not a writer or composer, and has made a special contribution to the advancement of the objects of the Company or of the copyright or of the creation in Israel. A person to whom an Honorary Share is allotted shall give his consent to such allotment.

8.13 deleted

8.14 deleted

8.15 deleted

8.16 Employment in the Company

A Company employee that is a shareholder may hold a Royalties Share only. A holder of a Participation Share or an Ordinary Share who desires permanent

employment with the Company shall not be accepted unless he agrees to the conversion of his share to a Royalty Share. If the shareholder has ceased employment with the Company, his Royalty Share shall be converted to a share of the class he held before he was accepted as a Company employee.

8.17 A Body Corporate as a Shareholder

Where a person or a group of persons who are controlling shareholders and/or officers of a legal entity, who have received a share in the company and belong to the musical publishing sector and who establish a new legal entity and control it and/or are officers in the new legal entity, the company will be able to accept the new legal entity as a shareholder in ACUM in the musical publishing sector, provided that the new legal entity complies with the provisions of Regulation 8.2 and further provided that only one of the entities will receive an ordinary share, while the rest will receive royalty shares.

8.18 Legal entities or other businesses which are music publishers, who have been accepted as royalty shareholders, and are under the control of one person or a number of persons, shall continue as royalty shareholders, save for one of the aforesaid legal entity or business, which may receive another class of share, subject to the provisions of these Articles.

8.19 A person or corporation that serves as a music publisher, a member of a foreign affiliated association, or an exclusive representative of such music publisher (a sub-music publisher) may be admitted to the company and will be allotted a royalty share only.

8.20 If a publisher who holds an ordinary share ceases to comply with the conditions required under these Articles for the allotment of shares under Article 8.2, the Board of Directors shall convert his share into a Royalty Share.

9. Handling Copyright of Members or Company /Affiliated Foreign Society.

9.1 The Company is entitled by authorization of any shareholder or a company or affiliated foreign Society, to administer their copyrights in works in a manner even more comprehensive than that defined in these Articles.

9.2 The Company is entitled to accept authorizations, and act in accordance therewith, from owners of copyrights in the areas the Company deals with, who are not shareholders in the Company, including from owners of performance rights in respect to their rights under the Rights of Performers and Broadcasters Law, 5744-1984, as it will be amended from time to time and the regulations under it.

9.2A Notwithstanding what is stated in the Deed of Assignment, the Board of Directors may, at a meeting at which all members of the board are present, by a special majority of the board, decide that the Company shall or shall not administer a specific right or rights of those which are included in the Deed of Assignment (hereinafter: "the Rights").

10. Transfer of Rights to the Company

10.1(A) Simultaneously with and as a condition of allotment of any share, a candidate must sign a deed of assignment in accordance with the rights administered by the Company. The deed of assignment, signed by the candidate, shall be interpreted in accordance with these Articles, as they are from time to time.

10.1(B) A shareholder shall assign to the Company by a deed of assignment the following rights in his works: public performance, broadcasting, copying (including synchronization) and making available to the public. It should be clarified that the right of copying will not apply solely where the required copying is of a novel or a play in their entirety, a collection of works, all of them belonging to the same author, and/or of a musical work in its entirety, that is not melody, with or without words. Also, the deed of assignment shall not apply to a dramatic stage performance of a dramatic musical work.

Any shareholder of this Company is entitled to notify the Company that he wishes to administer certain rights or certain works by himself (hereinafter: "**Exclusion**"). Such exclusion shall be only in accordance with the Terms. In the absence of any Terms, the Exclusion shall be subject to a decision of the Board of Directors.

10.2 Deleted

10.3 At the request of a shareholder, the Company may represent his rights in his dramatic musical works performed in a dramatic stage performance.

10.4 A shareholder must notify the Company, periodically, of any work he has written, by means of a declaration form as determined by the Company. In respect to a work for which such declaration has not been delivered to the Company as aforesaid, the Company may not distribute the royalties accrued thereon until the said declaration is received.

10.5 The provisions of Article 10.4 shall apply mutatis mutandis with regard to publishers in respect of any work in which such publisher received publishing rights.

10.6 The shareholders shall sign any additional deed of assignment, as needed from time to time, in the form decided by the Company and approved by the Board of Directors.

10.7 deleted

11. deleted.

12. Inheritance Share

12.1 Upon the decease of a shareholder and subject to the provisions of this Article, the Board of Directors shall allot an Inheritance Share to the heir or heirs of the deceased shareholder (in this Article "the Deceased"). The Deceased's share shall be cancelled simultaneously with the allotment of the Inheritance Share.

If the heir or heirs of the Deceased pass away, the provisions of this Article and Articles 12.4A and 12.4B hereunder shall apply mutatis mutandis.

12.2 The Deceased's heir or heirs shall submit to the Company an application for the allotment of the Inheritance Share to them. The application shall be made in writing, and a certified copy of the inheritance order in respect of the Deceased's estate or probate of the Deceased's will, as the case may be, shall be attached thereto.

12.3. The Board of Directors, upon receiving such application and being satisfied that the applicant or applicants are indeed the Deceased's heirs, shall allot the inheritance share to him or them, as the case may be.

12.3. A If upon decease of a shareholder (hereinafter: "the deceased") no application for allotment of the Inheritance Share is submitted within three years from the date of decease (hereinafter in this article: "the effective date"), as prescribed in Article 12.2, The Company shall act in accordance with the provisions of the Administrator-General Law, 5738-1978 (including with respect to the cancellation of the deceased's share, if no successor was found) , or the share will become a deferred share, if for some reason the share could not be cancelled, and the provisions of Article 13.1.4 will apply, mutatis mutandis, unless the Board of Directors decides, upon its sole and absolute discretion to postpone the date of the cancellation of the share to another date, which will be decided by resolution of the Board of Directors, and the Board of Directors will announce its grounds in its minutes.

12.4 During the period from the day of Deceased's death until the date of allotment of the Inheritance Share to the Deceased's heir or heirs, as prescribed in Article 12.1, or until the date of the cancellation of the Deceased's Share, as prescribed in Article 12.3A, whichever is earlier, the Company shall continue to administer and enforce all the rights assigned to the Company by the Deceased, in order to ensure the rights of the heirs. After the allotment of the Inheritance Share, all the monies accrued to the heirs during the period from the day of Deceased's death until the date of allotment of the Inheritance Share, will be transferred to the heirs.

12.4A The Board of Directors shall deal with any application of any or some of the Deceased's heirs (hereinafter: the "Heirs") to allot the Inheritance Share to a limited company (hereinafter: the "Heirs' Company"), provided that:

(A) Only the Heirs, one or more of them shall be the shareholders and directors of the Heirs' Company;

(B) Only the works authored by the Deceased shall be registered in the name of the owners of an Inheritance Share - physical people and/or a limited company.

The Board of Directors may provide for a detailed procedure for filing an application for allotment of an Inheritance Share to an Heirs' Company. All such applications shall be submitted to the Company in accordance with such aforesaid procedure.

12.4B Notwithstanding any provision in these Articles, the Board of Directors may deal with and decide on a written application of the holder of an Inheritance Share, to transfer the share or any part thereof to his relative only. The Board of Directors may set up a detailed procedure for the submission of such an application.

For the purpose of this Article: a "**relative**" as defined in the Companies Act.

12.4C In case the Deceased's Share is cancelled, as prescribed in Article 12.3A, the Company will act with the monies accrued to the heirs of the Deceased, according to the law.

12.5 The rights of a holder of an Inheritance Share are as stated in Article 7.6 above.

13. Expiry of Membership in the Company

13.1 Subject to the provisions of Article 13.1.4 below, a shareholder whose share has been redeemed shall be entitled to the rights assigned by him to the Company and the nominal sum paid for the purchase of the share returned to him. A shareholder's share in the Company shall be redeemed in the following cases:

13.1.1 Rights validity period

A shareholder's membership shall terminate upon the expiration of the term of copyright in the shareholder's works, in accordance with the provisions of the copyright law applicable at the relevant time.

If the law allows collection of royalties after this period, the Company may collect royalties for the purpose prescribed by law.

13.1.2 Expiry of shares and redemption shares

A shareholder may deliver a written notice to the Company notifying of his intent to resign from the Company. Such notice shall come into effect on 1st January of the year following the date of delivery of such notice, and the share shall expire at that time.

13.1.3 Upon receipt of such aforesaid written notice, the shareholder's duty to notify the Company of works created shall cease from the date on which notice was given (as stated in Article 10.4 above), and the deed of assignment of rights given to the Company shall be cancelled, subject to the provision of Article 13.1.4.

13.1.4 The Company shall delete the name of the shareholder from the list of shareholders, and that shareholder's repertoire of the works shall no longer be part of the Company's repertoire; however, the rights shall remain a part of the Company's repertoire until the expiration of a global license granted by the Company for the use of its repertoire;

or until the termination of any pending legal proceedings involving the Company's repertoire.

13.1.5 The account of a shareholder who has given such aforesaid notice and whose membership has been terminated shall be settled upon the Company's first distribution of royalties to members immediately after 1st January in the year in which the shareholder's membership terminated. The Company shall give the shareholder confirmation of the expiry of his share together with the final account.

13.2 Additional Rights and Obligations

No provision herein shall restrict or preclude a shareholder from his right to administer his rights as he sees fit in any work not assigned to the Company under a deed of assignment, or in any work which the member was not required to assign under the provisions of these Articles.

13.3 deleted

13.4 A shareholder shall take no action which can harm the Company; a shareholder shall cooperate with the Company, its clerks and directors in order to ensure the fulfillment of these Articles and/or rules of procedure under Article 33.3 in order to promote the Company's business, and shall provide reasonable assistance to the Company, its clerks and directors, towards the achievement of this goal.

13.9 Transitory Provision

The shareholders that were registered in the Company by 29.4.19 (hereinafter: the "**Determination Date**") as entitled to the Membership for Israel only share , shall be entitled to receive in consideration the following:

13.9.1 If until the allotment date of the Membership for Israel only shares , the shareholder held a different kind of share and this was converted into a

Membership for Israel only share , his share will be converted into the original share (hereinafter: the "**Original Share**").

13.9.2 If the Original Share is a Membership for Israel only share , the share shall be converted into another share in accordance with the criteria determined by the Board of Directors for the transition from type to type, as they shall be examined in respect to a period of six (6) years prior to the Determination Date.

14. Issue of Other Shares and Securities

14.1 The Company shall not offer securities or bonds to the public.

14.2 The Company's Board of Directors may issue Company shares up to the number of registered Company shares.

14.3 Subject to the provisions of these Articles, the Board of Directors may allot shares to such persons and of such class and under such conditions as it sees fit.

14.4 The Company's existing shareholders shall not have any precedence, preference or any other rights to purchase Company securities. The Board of Directors may, at its exclusive discretion, offer Company securities first to all or some of its existing shareholders.

15. Calls for Payment

15.1 Upon the Company's allotment of shares, shareholders shall pay the Company the sum of one (1) NIS for the share's par value.

15.2 Shareholders shall not be entitled to dividends or shareholders' rights unless they have paid all amounts set out in the calls for payment issued to such member, plus interest, linkage and expenses, if any, unless the Board of Directors has otherwise directed.

15.3 The Board of Directors may sell, re-allot or otherwise transfer any share forfeited in any manner resolved, with or without charge paid up or deemed paid up for the share.

15.4 The Board of Directors may revoke forfeiture at any time before the sale or any form of transfer of the forfeited share, under such conditions as it resolves. Any shareholder whose shares have been forfeited must pay the Company all calls for payment with regard to these shares not yet paid up before the forfeiture, notwithstanding the forfeiture, in the same manner as if the shares had not been forfeited, and must fulfill all other demands and requirements the Company had the right to enforce with regard to the shares up to the date of forfeiture, without deduction or reduction for the value of the shares on the date of forfeiture. The shareholder's obligations shall be fulfilled only after the Company receives full payment as prescribed at the time of share issue.

15.5 The Board of Directors may collect calls for payment not paid up for all or some shares forfeited, as it sees fit, but shall not be obligated to do so.

15.6 Forfeiture of a share shall cause revocation of all rights in the Company at the time of forfeiture and any demands or claims towards the Company with regard to the share, save those rights and duties excluded under these Articles or granted or imposed by law to or on a former shareholder.

16. Company Shareholder Register and Issue of Share Certificates

16.1 The Company shall keep a register of shareholders, managed by the Company secretary, subject to the supervision of the Board of Directors.

16.2 A shareholder is entitled to receive one or a number of share certificates regarding all shares of a certain class registered in his name, free of charge, within two months of allotment or registration of a transfer (unless the terms of issue prescribe a different time period). Share certificates shall

state the number of shares and the sum paid for such, and any other particulars deemed important by the Board of Directors. In the event of a share held jointly, the Company shall not be obligated to issue more than one share certificate for all the joint holders, and delivery of such certificate to one of the joint holders shall be deemed delivery to all.

16.3 Every certificate shall bear the signature or seal or printed name of the Company, and shall bear the signature of one director and of the Company secretary, or of two directors or of any other person appointed by the Board of Directors for this purpose.

16.4 The Company may issue a new certificate in place of a certificate issued and lost or defaced, with such proof and guarantees as the Company may demand, subject to payment of a sum prescribed by the Board of Directors.

16.5 Where two or more persons are registered as the joint holders of a share, each one may confirm receipt of a dividend or other payments in connection with that share.

17. Trustee as Shareholder

The Company shall not recognize a trustee as a shareholder, and shall not be required or obligated to recognize any right based on the rules of equity or any conditional right, or any future right, or partial right in a share, or any other right whatsoever with regard to any share, other than the registered owner's absolute right in connection with any share, unless a judicial decision or a provision of the law requires the Company to recognize such right.

18. Transfer of Company Shares

Company shares are not transferable. The Company's Board of Directors has the power to approve the transfer of a Company share in special cases and according to the provisions of these Articles, provided the person receiving the

transfer is entitled under these Articles to a share of the class of the share being transferred.

18.1 The Company may demand a fee for the registration of a transfer, in such amount or at such rate as shall be fixed by the Board of Directors from time to time.

18.2 The Board of Directors may close the share register for a period of up to 30 days each year.

18.3 Upon the death of a Company shareholder, the Company shall recognize the guardian or administrator of the estate, executor of the deceased's will and in the absence of such, the legal heirs of the shareholder, as the sole persons entitled to the inheritance share for the deceased shareholder's share, after having proven entitlement to such, as prescribed by the Board of Directors, all subject to the provisions of article 12 above.

18.4 Any person who has acquired the right to shares by virtue of being a guardian, administrator of the estate, heir of a shareholder, receiver, liquidator or trustee in bankruptcy of a shareholder, or by virtue of any other provision of law, may be registered as the shareholder or, subject to the provisions of these Articles regarding transfer, transfer the share to another, after providing proof of rights as required by the Board of Directors.

19. deleted.

20. **Lien on Shares**

20.1 A shareholder may not pledge his share. To remove any doubt, and without derogating from the aforesaid, the Company shall be entitled to a first and paramount lien on all shares not paid up in full, which are registered in the name of any member, and also over the proceeds of sale thereof to secure payment of amounts (whether or not such payment has already fallen due) already called or to be called at a fixed time for such shares. The Company

shall also have first lien on all shares (except for fully paid up shares) registered in the name of any member for securing payment of money due from such shareholder or from his property, whether such money is due from him only or together with any other person.

The foregoing lien shall apply to all dividends declared from time to time on such shares.

20.2 In order to enforce such charge and lien, the Board of Directors may sell the shares the subject of the lien, or any part thereof, in such manner as it sees fit. No share shall be sold unless the time fixed for payment has elapsed and written notice has been given to the member stating that the Company intends to sell the share, and the money has not been paid within fourteen days following such notice.

20.3 Net proceeds of any such sale, after payment of the sale, shall be used for payment of the shareholder's debts or liabilities, and the balance (if any) shall be paid to him.

20.4 In the event of a sale following the enforcement of a charge or lien by assumed exercise of the powers conferred above, the board of directors may register the purchaser of these shares in the shareholders' register as holder of the shares sold, and the purchaser shall not be liable to verify the validity of such actions or be concerned as to the application of the proceeds of sale. After the shares are registered in the name of the purchaser, no person shall have the right to appeal regarding the validity of the sale.

21. Alteration of Share Capital

The General Meeting may resolve to take any of the following actions, provided the General Meeting's resolution is passed by a special majority.

The provisions set forth below shall apply with regard to other Company securities as well, mutatis mutandis.

21.1 Increase of share capital

To Increase the Company's share capital, whether or not all the shares registered at such time have been allotted. The increased capital shall be divided into shares with preferred rights or deferred or other special rights (subject to special rights of any existing class of shares), or subject to such conditions and restrictions regarding dividends, return of capital, voting or other conditions as may be prescribed by the General Meeting in its resolution for increase of capital, and in the absence of a special instruction prescribed by the Board of Directors, subject to the provisions of these Articles.

21.2 Classes of shares

To divide the Company's share capital into various classes of shares and to fix and modify the rights attached to any class of shares, under the following conditions:

- A. So long as not otherwise prescribed by the terms of issue of the shares, the rights of any class of shares may be modified, following a resolution of the General Meeting of the shareholders of each class of shares separately or the consent of all shareholders of each class, obtained in writing.
- B. The rights to which the holders of a certain class of shares are entitled shall not be deemed modified by the creation or issue of other shares having identical rights, unless otherwise provided in the terms of issue of such shares.

21.3 Consolidation of capital

To fix a par value for a share, consolidate and redivide all or part the share capital into shares of greater value than the existing one. If as a result of consolidation, fractions of shares remain after consolidation, the

Board of Directors may, by resolution, if approved by the General Meeting regarding aforesaid consolidation of capital:

- A. Sell the total of all fractions, and for this purpose, appoint a trustee in whose name share certificates shall be issued on the fractions which will be sold, and the proceeds, after deduction of fees and expenses, shall be divided among those entitled. The Board of Directors may decide that the shareholders entitled to proceeds of less than an amount fixed shall not receive proceeds from the sale of such aforesaid fractions, and their portion of the proceeds shall be divided among the shareholders entitled to proceeds exceeding the sum fixed, pro rata to the proceeds to which they are entitled;
- B. Allot to each shareholder remaining with fractions of shares after consolidation a number of shares of the class as they were prior to the consolidation, paid up in full, in such a number allowing consolidation of these shares with the remaining fraction to create one full consolidated share, and such allotment shall be deemed valid immediately prior to consolidation;
- C. Resolve that shareholders remaining with half or less of the number of shares required for consolidation creating one consolidated share shall not be entitled to receive a consolidated share for fractions remaining after consolidation, and shareholders remaining with more than half of the number of shares required for consolidation creating one consolidated share shall be entitled to receive a consolidated share for fractions remaining after consolidation.

Should action under Sub-Articles B or C above require issue of additional shares, payment shall be made in the same manner as payment for bonus shares. Such aforesaid consolidation and division shall not be deemed modification of rights in the shares the subject matter of the consolidation and division.

21.4 Cancellation of unallotted share capital

Cancel registered share capital not yet allotted, provided the Company has not undertaken to allot such shares.

21.5 Division of share capital

Divide all or part of the Company's share capital into shares of a smaller nominal value than that fixed, by division of all or some Company shares at the time being.

Chapter Three – General Meeting

22. Powers of the General Meeting

22.1 Subjects within the power of the General Meeting

Company resolutions on these subjects shall be taken by the General Meeting:

- A. Modifications of the Articles: no General Meeting of the Company shall deal with an amendment or cancellation of any Article under these presents, nor shall it amend or cancel such an Article more than once during a period of twelve months.
- B. Exercising powers given to the Board of Directors, provided the General Meeting has found that the Board of Directors is unable to exercise its powers, and that exercise of the powers is critical for proper management of the Company.
- C. Appointment or renewal of the appointment or termination or non-renewal of the appointment of the Company's auditor, under Articles 23.1(B)(2) and 54 below.

- D. Appointment of directors and their layoff, under Articles 34, 35 below and the appointment of non-executive directors in accordance with section 29A below.
- E. Approval of actions and transactions requiring the approval of the Shareholders General Meeting pursuant to the provisions of sections 255 and 268 to 275 of the Companies Act.
- F. Alterations in the Company's share capital, in accordance with the provisions of Article 21 above.
- G. Merger as stated in section 320 (a) of the Companies Act.

22.1A In General Meetings of the Company, only shareholders themselves may participate.

22.2 General Meeting's power to transfer powers between organs of the Company

The General Meeting may, by a vote passed by simple majority, take upon itself powers given to another organ of the Company. The General Meeting may also transfer powers of the General Manager to the Board of Directors.

Taking or transferring the powers as stated, shall be for specific issues or limited period of time, that shall not exceed the period of time required under the circumstances, all as stated in the General Meeting's resolution.

23. **Annual, Extraordinary and Class General Meetings**

23.1 Annual General Meetings

An Annual General Meeting shall take place at least once every year, no later than 15 months after the last Annual General Meeting. The meeting shall take place at the Company's registered offices, unless otherwise prescribed by the Board of Directors.

If no such aforesaid meeting has been convened, it must be held at the time and place the Board of Directors prescribes. If no Annual General Meeting was convened as stated, an Annual General Meeting shall be held in the

month following. If the Board of Directors does not convene the Annual General Meeting as stated, any sixty holders of ordinary shares may convene the Annual General Meeting according to the provisions of this Article, mutatis mutandis.

Such Annual General Meetings shall be termed "annual meetings", and any other General Meetings shall be termed "extraordinary General Meetings".

A. The Annual General Meeting shall convene for presentation of the following reports:

- (1) Presentation of the Company's financial statements and the Board of Directors' report as of December 31 of the calendar year preceding the year during which the annual meeting is convened.
- (2) Submission of a report from the Board of Directors regarding the remuneration of the Company's auditor, and renewal of his office, while providing particulars of his professional background.
- (3) Submission of the summary report of the Inspection Committee, as provided in Article 50.14 below.

B. The annual meeting shall be convened for resolving the following matters:

- (1) Appointment of directors and termination of their office, in accordance with the Article below.
- (2) Appointment or renewal of appointment of an auditor, and authorization of the Board of Directors to fix the auditor's remuneration, subject to the provisions of Article 54.4 below.

23.2 Extraordinary General Meetings

An Extraordinary General Meeting shall deliberate and decide all matters which may not be deliberated and decided at an Annual General Meeting and for which the Extraordinary General Meeting was called.

24. Convening General Meetings

24.1 Convening annual meetings

The Board of Directors shall convene annual meetings in accordance with the provisions of Article 23.1 above.

24.2 Convening extraordinary meetings

The Board of Directors may decide to convene an extraordinary meeting.

24.3 The Board of Directors shall be bound to convene an Extraordinary General Meeting on the demand of either:

- A. Two directors or a quarter of the incumbent directors.
- B. 10% of the holders of the ordinary shares of the Company.

If the Board of Directors has not convened an extraordinary meeting as stated in this Article, the party demanding such meeting – and if it be shareholders, half of their number - may also convene a meeting themselves, provided that it not be convened later than three months after the date on which such demand was submitted, and must be convened, so far as possible in the same manner as a meeting convened by the Board of Directors.

If an Extraordinary General Meeting has been convened as stated, the Company shall cover the reasonable costs incurred by the demanding party.

C. In any event, no Extraordinary General Meeting shall be convened for deliberating one subject more than once during a period of 12 months. The Board of Directors shall be entitled to refuse to convene an Extraordinary General Meeting under the demand of shareholders or a director if the demand for such convening is contrary to the provisions of this passage.

If there is a dispute between the Board of Directors and the demanding shareholders or director whether the subject for the Extraordinary Meeting is the same subject already decided during the period of 12 months or not, the matter shall be brought to the incumbent Arbitrator under these Articles of Association and his decision shall be final.

The limitation provided for in this passage shall not apply to the convening of an Extraordinary General Meeting by the Board of Directors.

24.4 A notice for convening an Annual General Meeting or an Extraordinary General Meeting shall be given no more than 45 days and no less than 7 working days in the Company, prior to the date of the meeting. The day of sending the notices shall not be counted. The notice shall set out the place of the meeting, the date and the hour on which it will take place and the agenda for the meeting. Notice shall be served on all shareholders who are entitled to receive such notice from the Company. Accidental non-delivery of the notice to, or non-receipt of the aforesaid notice by, any shareholder shall not invalidate the meeting.

24.5 The Board of Directors shall appoint the time of an Extraordinary General Meeting under demand within 21 days from the date on which the demand was submitted and the notice of convening this meeting shall be given in accordance with Article 24.4 above.

24.6 Deleted

24.7 Content of notice

Notice of a General Meeting shall include the place and time of the meeting, and details of the subjects on the agenda. If any proposal for modification of the Articles is on the agenda, the draft proposed modification shall be included in the notice.

No Company financial statements shall be attached to the notice, however, such statements may be examined at the Company's registered office during the 7 days preceding the annual meeting, during normal working hours, or at such place and at such time as noted in the notice.

25. Agenda at the General Meeting

25.1 The agenda of General Meeting, Annual or Extraordinary, shall be set by the Board of Directors. The agenda of Extraordinary Meeting under demand shall include the issues in the demand for an extraordinary meeting.

25.2 One or more shareholders may demand that the Board of Directors include an issue on the agenda of a General Meeting to be convened in the future. The Board of Directors shall include such an issue on the agenda, at their discretion, provided that such issue is, at the discretion of the Board, appropriate for dealing with at the Company's General Meeting.

25.3 Only issues appearing on the agenda shall be resolved at the General Meeting.

25.4 The General Meeting may pass or reject a proposed resolution on the agenda of a General Meeting, drafted or described in brief and notified by the Company, with slight modifications, however, the meeting may not pass a proposed resolution substantially different from the proposition on the agenda.

26. Deliberations at General Meetings

26.1 Holding a meeting through means of communication

The Company may hold a General Meeting using any means of communication, allowing all participating shareholders to hear each other simultaneously.

26.2 No business at a General Meeting may be commenced unless a quorum is present at the time set for the meeting or for the half hour following the time set for it. 40 holders of ordinary shares present in person shall constitute a quorum.

26.3 If half an hour after the time fixed for a meeting, at least 15 holders of ordinary shares are present, the meeting shall take place. If the above number of holders of ordinary shares are not present, the meeting shall be adjourned to a time appointed by the Board of Directors not later than 6 weeks from the original time. At the adjourned meeting, 15 holders of ordinary shares present shall constitute a quorum.

This provision shall not apply to a special meeting requested in conformity to section 24.3 above, which that meeting shall not be held if the legal quorum is not present.

26.4 Chairman of the General Meeting

The Chairman of the Board of Directors, and in his absence, his deputy, shall open the General Meeting. If there is no chairman or he is not present 15 minutes after the time fixed for the meeting, the members present at the meeting shall elect one of the directors present, or if no director is present at the meeting, shall elect one of the shareholders to serve as chairman of the meeting. Members shall choose the chairman of the meeting immediately upon opening the meeting.

26.5 Adjourned meetings

The chairman of a General Meeting may, with the consent of the meeting at which a quorum is present, and if the meeting so resolves, shall adjourn it from time to time and from place to place, as the meeting shall resolve (such meeting is referred to for purposes of this Article as the "adjourned meeting"). If a meeting is adjourned for fourteen days or more, notice of the adjourned meeting shall be given in the same manner as given for the first meeting. Save for the above, no shareholder shall be entitled to receive notice of adjournment or of the issues to be discussed at the adjourned meeting. No business shall be transacted at the adjourned meeting other than the business which was on the agenda of the meeting at which the decision to adjourn was made.

27. **Member's Votes**

27.1 Any resolution at any General Meeting shall be passed by a show of hands, unless a secret ballot has been demanded before the vote by a majority of the owners of ordinary shares present at the meeting. If a decision for a secret ballot is accepted, the meeting shall be adjourned to another time set by the Board of Directors for the purpose of holding a poll.

If no secret ballot has been demanded, a declaration by the chairman that a resolution was passed or rejected shall serve as irrefutable evidence of such fact, and a note thereof shall be entered in the Company's minutes.

Resolutions on the table shall be passed at all General Meetings by simple majority, or by any other majority specially prescribed by law or under these Articles.

27.2 If a secret ballot was demanded, the ballot shall be conducted in such manner and form as the chairman of the meeting directs, and the result

of the secret ballot shall be regarded as a resolution of the meeting at which the secret ballot was demanded.

27.3 A secret ballot to elect the chairman or to adjourn the meeting shall be held immediately. If a secret ballot is demanded for any other issue, the ballot shall take place at such time as the chairman of the meeting directs.

27.4 If the votes are tied, whether in a secret ballot or vote by show of hands, the chairman of the meeting at which the vote or secret ballot was held shall have an additional or casting vote.

27.5 Each shareholder entitled to vote shall have one vote, whether in a secret ballot or by show of hands. A shareholder not present in person at the meeting shall not be entitled to vote.

27.6 In the event of a secret ballot, the ballot slip must be delivered personally.

Tallying the majority

A tally of the majority shall be performed by a count of votes, and each holder of an ordinary share shall be entitled to one vote in respect of each share held by him at the time of voting, paid up in full or calls of payment in respect thereof have been fully paid.

27.7 A declaration by the chairman that a resolution has been passed or rejected unanimously or by a certain majority shall constitute prima facie evidence of such fact.

27.8 Written resolution

Subject to the provisions of any law, any written resolution, signed by the holders at the time of passing the resolution of all issued shares, entitling the holders thereof to participate and vote in the Company's General Meeting, or of a certain class of shares the subject of the resolution, as the case may be, shall be deemed for all intents and purposes a valid resolution passed at a General Meeting of the Company or of that class of shares, as the case may be, duly convened for the purpose of passing such a resolution. Such a resolution may be included in a number of documents all worded identically, each signed by one or more shareholders.

27.9 The determining date for participation and voting

Only holders of ordinary shares registered in the shareholders' register of the Company at the time of the meeting shall be eligible to participate and vote in a General Meeting.

27.10 The right to participate and vote

A shareholder owing the Company payment already called for the shares held by him shall not be entitled to participate and vote in any General Meeting or be counted for a quorum, unless the terms of issue of the shares otherwise prescribe.

27.11 deleted

27.12 Votes of legally disqualified members

A legally disqualified member may vote only through his trustee or natural or legal guardian, who shall personally vote.

28. Minutes of the General Meeting

The chairman of the General Meeting shall cause the minutes of each General Meeting to be duly kept and including:

- (A) The name of the shareholders that attended the meeting.
- (B) The main points of the deliberations and resolutions passed or rejected at the General Meeting, and if passed – by what majority.
- (C) The date and place where the meeting or the assembly took place
- (D) Documents, reports, certificates, opinions and the like that were presented, discussed and/or attached.
- (E) Any such protocol of a general meeting, signed by the chairman of the meeting, shall serve as prima facie evidence as to its content.

Chapter Four – The Board of Directors

29. Qualification of directors

- 29.0 All the provisions in these Articles concerning the qualification of a shareholder to be elected and to serve as a director shall apply to a substitute director.
- 29.1 A person who does not hold shares of the Company cannot be elected, nor can he act as a director with the exception of a person as detailed in section 29.2 and with the exception of a Non-executive director as detailed in section 29A.
- 29.2 As a director shall be appointed only an individual resident of Israel who is qualified to be appointed as a director. A corporation that is a shareholder shall not be elected and shall not act as a director, however a person who controls such body corporate or acts as an officer therein may be elected and serve as a director, as long as he controls the body corporate or acts as an officer therein.

If the person serving as a director on behalf the body corporate ceases to be a director for any reason (hereinafter: "**the former director**"), he shall be replaced by the person who received the largest number of votes after the former director in the sector in which the former director was elected.

If the person who was elected as a director on behalf of a body corporate ceases to control the body corporate or to be an officer therein, but controls another body corporate which is a shareholder in the Company or acts as an officer therein, the person shall remain a director.

29.3 Notwithstanding the provisions of section 22.1 (E) above, a member of the Board of Directors cannot serve as an officer or to hold any capacity in the Company (apart from being a director) or in any company that provides services to the Company or competes with the Company's business. Nothing in the provisions of this section shall prevent a member of the Company's Board of Directors from serving as a director of one of the Company's subsidiary or in a corporation connected to the Company

29.4 An officer or member of the Board of Directors of a society for collective administration of copyright or performance rights ("Another Society") may not be elected as a director of the Company and may not serve as a director in the Company. If any person serving as a director in the Company is elected to such aforesaid office in Another Society – he shall cease to serve as a director immediately upon his being so elected.

29.5 No person who was convicted of a criminal offence in a final judgment shall be elected or serve as a director, unless the limitation period as defined in the Criminal Registration Act 1981 has elapsed.

29.6 There shall not be elected and shall not act as a director, a shareholder that during the course of his tenure has excepted rights or works of the ACUM repertoire and/or during his tenure gave (one or more) direct licenses to a large number of users in respect of a significant part of his work. (meaning, a license in respect of which ACUM does not collect royalties and the collection of the

royalties is the sole responsibility of the shareholder, including the enforcement of the rights of the shareholder in respect of the direct license).

29A. **Non-executive directors**

29A.1 At least a third of the members of the board of directors of the Company shall be non-executive directors under such meaning in Part 5 of the First Chapter in the Sixth Section of the Companies Law, 5759 – 1999 and the provisions of this part shall apply, mutatis mutandis, on the Company.

29A.2 Revoked.

29A.3 Revoked.

29A.4 Revoked.

29A.5 Revoked.

29A.6 Revoked.

29A.7 The Board of Directors shall recommend to the General Meeting on the appointment of non-executive directors so that the number of the non-executive directors shall not be less than a third of the members of the board, and will present their resumes and professional qualifications to the meeting.

29A.8 Notwithstanding any provision in these Articles, the non-executive directors shall be appointed by the General Meeting by a simple majority of the holders of the ordinary shares present at the meeting, that have no personal interest in the decision, by a show of hands. In case of deadlock, a further vote shall take place during the same meeting. If the General Meeting did not appoint two candidates or one of them, the Board of Directors shall bring to the next General Meeting other candidate or other candidates, as well.

30. Composition of Board of Directors

30.1 deleted

30.2 The Board of Directors shall be composed as follows:

(1) two lyricists (2) one writer of serious literature (3) two composers of light music (4) one composer of serious music (5) one publisher (6) non-executive directors in a required number so that their number on the board will not be less than a third of the number of members of the board.

The composition of the Board of Directors may be changed only by a majority of 75% of the holders of ordinary shares present at a General Meeting, with the exception of the non-executive directors.

If the office of a director is vacated for any reason, it shall be filled by a substitute from the list of substitutes who has the maximum number of votes in the same sector whose office was vacated, and shall become a director for all purposes. If for any reason the substitute cannot fill the position, the board of directors, in accordance with the provisions of these Articles, shall act to convene a general meeting of the Company to choose a director from the sector in which an office of director became vacant, who will serve in the position until the expiration of the period of service of the board during which he was elected.

30.3 The number of directors in the Company shall be no less than four directors who are not non-executive directors and two non-executive directors (hereinafter: “**the Minimum Number**”) and shall not exceed eleven, unless decided otherwise by the general meeting.

If a position of a director becomes vacant, the remaining directors may continue to act, except in the case where the number of remaining directors is less than the minimum number.

If the number of the remaining directors is less than the minimum number, they will be entitled to act only for the election of other directors so as to reach the minimum number by summoning a General Meeting of the Company, but not for any other purpose.

30.4 deleted

30.5 deleted.

30.6 Substitutes shall not have voting rights in the Board of Directors. However, they shall be entitled to express their opinions. Resolutions of the Board of Directors shall be passed by a majority vote.

30.7 deleted.

31. deleted.

32. Officers in the Board of Directors

32.1 The Board of Directors shall elect one of its members to be the chairman. Elections shall take place during the first meeting of the Board of Directors after the annual meeting at which the Board was elected, or at any other meeting as it may decide.

32.2 revoked

32.3 If the office of the Chairman of the Board has been vacated, a director elected by the Board to serve in such office shall serve until the next elections.

32.4 revoked

32.5 Powers of the Chairman of the Board of Directors

- A. The Chairman of the Board shall chair each meeting of the Board, and sign the minutes of the meeting.
- B. If the votes for any resolution of the board are tied, the Chairman of the Board shall have an additional vote.
- C. The Chairman of the Board may at any time, of his own initiation or by resolution of the Board of Directors, demand reports from the General Manager on matters relating to Company business.

32.6 Restrictions concerning the Chairman's activities

- A. The Chairman of the Board may not serve as General Manager of the Company, unless he has been appointed in accordance with the provision of article 52.2 below.
- B. The Chairman of the Board shall not be a member of the Inspection Committee.

33. Powers of the Board of Directors

33.1 The powers of the board are as set forth by law and in the provisions of these Articles.

33.2 The business and operations of the Company shall be performed by the board, which shall be authorized to make all payments deriving from the establishment and registration of the Company, and may exercise all powers of the Company which under the Company Articles are not exercised by the General Meeting. All of the above is subject to the provisions of the Articles and subject to any provisions resolved upon by the Company in the General Meeting which may not contradict these Articles.

However, no Article passed by the Company in a General Meeting may cancel any action taken by the board which would have been valid had such Article not been resolved.

33.3 The board has the power to provide for procedures and to modify such from time to time, subject to the provisions of these Articles. These procedures shall be notified to the shareholders of the Company by ordinary mail, and shall be binding.

33.4 deleted.

33.5 The General Manager shall prepare the Company budget and present it to the Board of Directors for its approval.

34. Election of Directors who are not non-executive directors and Their Period of Office

34.1 Directors shall be elected by the General Meeting once every four years in accordance with the provisions of Article 36 herein, and shall serve in office until the end of the General Meeting four years after the meeting in which they were elected, when a new board is elected, unless an office is vacated earlier under the provisions of these Articles. This Article will become effective as from the elections held on 2011.

34.2 The Directors will assume office 60 days after the date of their election (hereinafter: "Date of Assuming Office"). From the date of the elections to the Board of Directors until the Date of Assuming Office, the retiring Directors will continue to serve on the Board of Directors. During the 60 days after the date of their election, the Directors will serve as observers at the meetings of the Board of Directors. This regulation will take effect immediately and will apply both to the retiring Board of Directors and the Board of Directors which will be elected at the General Meeting on 1.7.2011.

34.3 At each annual meeting in which a Board of Directors has to be elected, the directors elected at a previous annual meeting shall be deemed to have resigned from office. A resigning director may be re-elected.

34.4 A special General Meeting of the Company may elect, in accordance with the provisions of article 36 herein, directors for the Company in place of directors whose office has been terminated and in the event that the number of the members of the board has fallen below the minimum fixed in these Articles or by the General Meeting.

34.5 It is understood that the provisions of article 34 shall not apply to non-executive directors, operations of which will be governed by the provisions of article 29a.

35. The Election Committee

35.1 The Board of Directors shall appoint an Election Committee not later than 90 days before the date on which elections for directors are held. The Committee shall serve until after the appointment of the new Election Committee. The Committee shall consist of four members who are:

The Company's external legal advisor, who shall serve as chairman of the committee, and three holders of Ordinary Shares in the Company, who are not members of the Board of Directors or members of any committee in the Company, and who are not Company employees. One of these must be a lyricist or writer of serious literature, the second a composer of serious music or composer of light music, provided at least one member is from the serious sector and one from the light sector, and the third, a publisher. Members of the Election Committee shall not be entitled to submit their candidacy in these elections.

35.2 The Election Committee shall act independently, and shall supervise the fulfillment of the provisions of these Articles regarding elections. The Election Committee shall have the power to provide for the identification of the voters, to issue instructions to ensure proper voting and for the implementation of these

Articles in all matters related to elections. The Election Committee's decisions in all matters relating to the outcome of the elections shall be recorded in the minutes of the General Meeting, and shall be final.

Decisions of the Election Committee shall be passed by majority vote, and in the event of a tie vote, the chairman of the Committee shall have a casting vote.

36. Election proceedings for directors

36.1 Directors shall be elected for a period of four years.

36.2 Elections shall be by ballot, at the time of the General Meeting, as set forth below.

36.3 The Board of Directors shall be elected by direct, secret, sectorial and proportional elections. This Article may not be amended except at a General Meeting by a majority of 75% of the members having voting rights.

36.4 Every holder of an ordinary share may elect and be elected.

36.5 Every holder of an Ordinary Share may vote in elections according to his main area of activity (sector). The sectors are as follows: lyricists, writers of serious literature, composers of light music, composers of serious music, publishers.

36.6 The Company shall classify each member having voting rights to a sector according to the following provisions:

- A. Upon accepting a person as a holder of an ordinary share in the Company, such person shall declare the sector to which he belongs;
- B. A holder of an Ordinary Share may from time to time by written notice change the sector to which he belongs. The notice shall be in an appropriate form available at the Company's offices and on its internet site, and shall be delivered to the Company so that it is received no later than 30 days before the date on which elections are held.
- C. A holder of an Ordinary Share may not belong to more than one sector.

- D. If a holder of an Ordinary Share has not declared to which sector he belongs, the sector shall be determined according to the majority of works registered in his name in the Company data base. If there is any doubt or dispute, the issue shall be determined by the Election Committee, and its decision shall be final and binding.
- E. The register of members with voting rights shall contain the name, surname and sector to which each eligible member belongs, and shall be open to the candidates for study and duplication, provided it is used for election purposes only.

36.7 The Election Committee shall send each eligible voter a notice by mail regarding the date of elections, not later than 60 days before election day. The notice shall state that elections shall be held by ballot, and shall name the date and place elections shall be held. A submission of candidacy form shall be attached to each notice, and any member eligible to be elected may submit candidacy using this.

Any member wishing to submit candidacy must present the signatures of seven members having voting rights, belonging to the candidate's sector, supporting his candidacy, as a prerequisite to such member's candidacy. Three support signatures suffice for the publishers' sector.

The candidate or the member having voting rights recommending such candidate shall send to the Election Committee the Candidacy Submission Form signed by the candidate and with the supporting signatures. A declaration given by the candidate, confirming that he does not hold any position or office with the Company or in any business providing services to the Company must be attached to the form. The sender may also attach to the form a short statement presenting the candidate's platform (no more than 100 words). The sender shall ensure that the Candidacy Submission Form has been received by the Election Committee not later than 45 days before the date of elections. Any candidacy form not received by the aforesaid date shall not be considered.

- 36.8 The Election Committee shall send the names of all candidates to all members having voting rights, together with the candidates' platforms, not later than 30 days before the date of elections. These particulars shall appear on the Company's internet site on the same day.
- 36.9 All members having voting rights shall be entitled to vote at the ballot box at the time of voting. Voting at the ballot box shall be performed separately for each sector.
- 36.10 Members having voting rights shall elect their candidates, marking the voting form in the following manner:
A lyricist shall mark up to four names out of his sector's candidates; a writer of serious literature shall mark up to two names out of his sector's candidates; a composer of light music shall mark up to four names out of his sector's candidates; a composer of serious music shall mark up to two names out of his sector's candidates; a publisher shall mark up to two names out of his sector's candidates.
- 36.11 Candidates shall be present at the polls at the time of voting. A candidate who is not present without reasonable justification shall be disqualified.
- 36.12 Upon conclusion of the voting at the polls, the Election Committee shall count all of the participating qualified votes, and shall ensure that no member having voting rights voted more than once.
The Election Committee shall decide who was elected to serve as a member of the Board of Directors, or as a substitute director, according to the following provisions:
Two directors shall be those who received the largest number of votes in the lyricist sector, and their substitutes shall be the two having the next largest number of votes in that sector.
One director shall be the person who received the largest number of votes in the sector for writers of serious literature, and his substitute shall be the person having the next largest number of votes in that sector.

Two directors shall be those who received the largest number of votes in the sector of composers of light music, and their substitutes shall be the two persons having the next largest number of votes in that sector.

One director shall be the person who received the largest number of votes in the sector of composers of serious music, and his substitute shall be the person having the next largest number of votes in that sector.

One director shall be the person who received the largest number of votes in the publishers' sector, and his substitute shall be the person having the next largest number of votes in that sector.

In the event that two candidates from a certain sector receive the same number of votes and cannot agree which one was elected, the Election Committee shall decide who was elected by casting lots.

36.13 In the event that the office of any director or substitute director is vacated, the candidate with the next largest number of votes in that sector shall come in place thereof.

36.14 It is understood that the provisions of article 36 shall not apply to non-executive directors, operations of which will be governed by the provisions of article 29a.

37. Termination of a Director's Office

The office of a member of the Board of Directors shall be terminated in each of the following cases:

37.1 If he resigns by a written notice signed by his hand and submitted to the Company office.

37.2 If he be declared bankrupt or has settled with his creditors as part of bankruptcy proceedings.

37.3 If he be found legally disqualified.

- 37.4 If he is dismissed by a resolution passed by the Company's General Meeting before the end of his term of service.
- 37.5 If he is convicted of an offence, as stated in section 232 of the Companies Act.
- 37.6 If he is dismissed by the Board of Directors, under the provisions of section 231 of the Companies Act.
- 37.7 If the director ceases to be a holder of an Ordinary Share in the Company, or in the event that a director elected as the legal representative of a limited company or of a business, and the company or the business cease to be a holder of Ordinary Shares in the Company;
- 37.8 If the director is elected as the legal representative of a limited company or if a business ceases to have the qualifications necessary for such legal representative, as stated in Article 29.2;
- 37.9 If a director, whether personally or as the representative of a limited company or of a business, members of Acum, has any business relations with one of the Company's customers or potential customers or an interest in any contract between the Company and one of its customers, according to which the Company granted a license to that customer, or if such director is a member of a body or organization dealing in matters contrary to the Company's interests. This Article shall not apply if the director has declared the nature of his aforesaid relations or interests. Notwithstanding such aforesaid declaration given by the director, canceling his disqualification, such director shall not be entitled to vote at meetings or in votes relating to any such aforesaid matters, and if he has voted, his vote shall be disqualified, all in accordance with the provisions of sections 254-257 of the Companies Act. Such director shall also not be entitled to examine the Company's documents relating to the aforesaid matters.

37.10 In addition to the provisions of Article 37.9 above, no director shall be entitled to participate or be present at a meeting of the Board of Directors on any issue in which, according to a resolution of the majority of directors present at that meeting of the Board of Directors, such director has an interest contrary to the Company's interest, provided this majority includes representatives of two sectors at least.

37.11 The General Meeting shall have the power to dismiss members of the Board of Directors or any of them at any time, and to appoint another or others in their stead, as stated in Article 34 above.

37.12 A director who wishes temporarily to cease his activity as a member of the Board of Directors may be replaced by his substitute; however, this shall be for a period of no more than six months. The director who was replaced may return to serve as a director, if he so desires. In the event a director ceases his activities as a member of the Board of Directors for more than six months he will be considered to have resigned his directorship.

37.13 Any director who is absent for four consecutive meetings without, in the opinion of the Board of Directors, a reasonable cause, and without advance permission from the Board of Directors, may, at the Board's discretion, be deemed to have resigned from the Board of Directors, if a resolution to that effect is approved by the Board of Directors in a meeting in which all the members of the board of directors were present (with the exception of the absent member of the Board of Directors), by a majority of at least 70% of the directors serving at that time, unless otherwise decided for reasons detailed in the Board of Directors' resolution.

37.14 deleted

37.15 Remuneration for members of the Board of Directors

Members of the Board of Directors shall not receive any remuneration from Company funds, unless the General Meeting has so resolved, and in such amount as may be determined by the General Meeting, subject to the provisions of law.

Remuneration of members of the Board of Directors may be fixed as an overall sum or as payment for participation in meetings or any combination of such.

The Company may, by resolution of the Board of Directors, refund reasonable expenses to a director for performance of his duties, provided the Board of Directors approves such expenses in advance.

37.16 It is understood that the provisions of article 37 shall not apply to non-executive directors, operations of which shall be governed by the provisions of article 29a.

38. Proceedings of the Directors

38.1 The Board of Directors may regulate the convening and adjournment of its meetings as it deems fit. Subject to the provisions of these Articles prescribing a different majority for certain decisions, decisions of the Board of Directors shall be passed by a majority of votes, and if votes are tied, the chairman shall have an additional vote.

38.2 Absence of directors shall not disqualify the remaining directors' power to act, subject to the provisions of Article 30.3

38.3 The chairman shall serve as chairman at all meetings of the Board of Directors. If the chairman is not present 15 minutes after the time fixed for the meeting, the members of the Board of Directors present at the meeting

shall elect one of their member to act as chairman of the meeting. Such an elected chairman shall not have a casting vote.

39. Convening a meeting of the Board of Directors

39.1 The Chairman of the Board of Directors may convene the Board of Directors at any time.

39.2 The Chairman of the Board of Directors shall convene the Board of Directors at least 4 times a year, in a manner allowing the Company to comply with the provisions of the law concerning publication of financial statements and reporting to the public.

39.3 The Chairman of the Board of Directors shall convene the Board of Directors and shall hold a meeting of the Board of Directors on issues set forth, at the demand of at least two directors or at the demand of one director, if the Company has less than 5 directors serving.

39.4 The Chairman of the Board of Directors shall act without delay to convene a meeting of the Board of Directors within 14 days of the date on which a director of the Company informed the chairman of an issue discovered to seemingly be contrary to law or against proper business practices, or from the day on which the Company auditor has given notice of substantial defects in the Company's accounting audit.

39.5 If any action or report on the part of the General Manager requires action on the part of the Board of Directors, the Chairman of the Board of Directors shall immediately convene a meeting of the Board of Directors within 14 days of the date of such notice or report.

40 Summoning a meeting of the Board of Directors

40.1 Any notice of a meeting of the Board of Directors may be given verbally or in writing, provided notice is given at least two business days before the

date set for the meeting, unless all members of the Board of Directors or their substitutes (depending on who was invited) have agreed to a shorter time period.

40.2 Notice as aforesaid shall be given in writing or via facsimile or by electronic mail or through other communication, all to the address or facsimile number or e-mail address the director has provided the secretary of the Company upon appointment, or by written notice given to the secretary at a later time.

40.3 Notice as said shall be given verbally to a director in person or by telephone notice to the telephone number the director has provided the secretary of the Company upon appointment, or by written notice given to the secretary at a later time.

40.4 Notice provided or sent as stated above shall be deemed to have been delivered to the director personally on the date of delivery or transmission, as stated.

40.5 If a substitute has been appointed, notice shall be given to the substitute unless the director has notified that he wishes to receive the notice as well.

40.6 Notice of convening a meeting shall state the place and time of the meeting of the Board of Directors, arrangements for meeting procedure (if media is to be used) and details of the issues on the agenda, as well as any additional material as the chairman has asked to attach to the notice.

40.7 The provisions of this Article shall apply, mutatis mutandis, to cases where substitutes are invited to meetings of the Board of Directors.

41 Agenda for meetings of the Board of Directors

The agenda for meetings of the Board of Directors shall be fixed by the Chairman of the Board of Directors, and shall include the following subjects:

- A. Issues set by the Chairman of the Board of Directors.
- B. Issues for which the meeting was called, as stated in Article 39 above.
- C. Any issue a director or the General Manager has asked the Chairman of the Board of Directors to include on the agenda a reasonable time before the convening of the meeting.

42 Quorum for meetings of the Board of Directors

The quorum for meetings of the board of directors shall be the majority of the members of the Board of Directors serving at that time.

42.1 A Meeting via means of communication

The Board of Directors may hold a meeting using any means of communication, provided that all the participating directors can hear each other simultaneously.

42.2 Voting at a meeting of the Board of Directors

Questions arising at meetings of the Board of Directors shall be resolved by a majority of votes of the directors (or participants, in the case of a vote via means of communication) present and voting, unless otherwise stipulated in these Articles.

42.3 Written resolution

A resolution in writing, signed by all directors, shall be deemed a resolution duly passed at a meeting of the Board of Directors. Such resolution may contain a number of documents identically worded, each signed by one or a number of directors.

Such a resolution may be passed by the signature of some of the directors, if the directors who have not signed the resolution were not entitled to participate in the deliberations and in the vote on the issue of this resolution under the law, provided they confirmed in writing that they were aware of the intention of passing such resolution.

42.4 Resolution confirmed via means of communication

A resolution confirmed by the directors via means of communication shall be deemed a resolution duly passed at a meeting of the Board of Directors, and the provisions of Article 42.2 above shall apply. Such a resolution may be passed by confirmation that was given by means of communication by some of the directors, if the directors who have not confirmed the resolution were not entitled to participate in the deliberations and in the vote on the issue of this resolution under the law, provided they confirmed in writing that they were aware of the intention of passing such resolution.

42.5 Effect of Actions of Board of Directors

All actions taken in good faith at meetings of the Board of Directors, or by a committee of the Board of Directors, or by any person acting as a director, shall be valid, even it is later discovered that there was a defect in the appointment of a director or any such person so acting, or that they or one of them were disqualified, just as if such person were duly appointed and was qualified to serve as a director.

43 Company Rights of Signature and Power of Attorney on Its Behalf

43.1 The Board of Directors shall prescribe the rights of signature on behalf of the Company for various issues. The signature of any person appointed by the Board of Directors from time to time, in general or for a special purpose,

whether alone or with others, together with the seal or stamp of the Company, or its printed name, shall bind the Company, under the conditions prescribed by the Board of Directors.

43.2 The Board of Directors may prescribe different rights of signature regarding different Company issues and regarding the different amounts of money in respect of which such persons are authorized to sign.

43.3 The Board of Directors may from time to time empower any person to serve as the Company's representative for such purposes and with such authorities and conditions and for such period as it sees fit. The Board of Directors may also grant any such representative the power to transfer all or any part of the powers, authorities and discretion given him.

44 Directors' Powers with regard to expenses

44.1 No expenses shall be incurred unless they are included in the expense budget that was approved by the Council as prescribed in these Articles.

44.2 The Board of Directors may approve an unexpected expense not included in the said budget.

45 Support Fund

45.1 The Board of Directors may, before distributing royalties among the shareholders, deduct amounts it deems fit, or regarding which it has been agreed shall be donated to a charitable or similar fund, established for the benefit of the shareholders, past Company employees, their wives, widows, families or other such dependents.

45.2 The Board of Directors may set aside amounts it deems fit from proceeds, for the purpose of establishing a reserve fund for any event, or for future distribution, or for repair and improvements in maintenance of Company

property or premises and for any other purpose, which at the Board of Directors' complete discretion seems necessary or beneficial for the good of the Company. The Board of Directors is also authorized to invest funds so set aside in investments which it deems appropriate, and to exchange or modify such investments from time to time and to use all or any part of such for the good of the Company; the Board of Directors shall also be authorized to divide the reserve fund into special funds as it deems fit, and to use the reserve fund, or part thereof, for the Company's general use, without being required to maintain the aforesaid fund separately from other assets.

45.3 Subject to the provisions of these Articles, the Board of Directors must pay the Company's expenses and obligations deriving from the exercise and enforcement of shareholders' rights, assigned to the Company under these Articles; such payment shall be made out of the money received by the Company from administering and enforcing these rights.

45.4 The Board of Directors may from time to time receive a sum or sums of money as it deems required for any necessary purpose for the benefit of the Company. Receipt of such sums shall be performed by the creation and issue of bonds or shares, creating attachments on the property and assets of the Company or any part thereof, or by the creation of other securities on such aforesaid property and assets. The Board of Directors does not, however, have the power to pledge the rights or interests of any shareholder assigned to the Company in any shareholder's works.

46 Minutes of the Board of Directors

The Chairman of the Board of Directors shall ensure that minutes are duly kept and shall include:

- A. The names of directors present at any meeting.
- B. The decisions and a summary of the deliberations of the aforesaid meetings.

All such minutes of a meeting of the Board of Directors signed by the chairman of such meeting or by the chairman of the subsequent meeting, shall be admitted as prima facie evidence of the matters contained therein.

47 Company's Registered Office

The Board of Directors shall decide on the location of the Company's registered office.

48 Board of Directors' Committees

48.1 Subject to the provisions of article 112 of the Companies Act, The Board of Directors may delegate its powers or part of them to the Committees, at its discretion, and it can cancel that delegation from time to time. Every such Committee must, at the time it may use the power detailed above, fulfill every provisions given by the board from time to time.

48.2 Each committee of the board of directors shall include at least one non-executive director and may also include members who are not directors

48.3 The provisions concerning the meetings of the Board of Directors shall apply mutatis mutandis to the meetings of any committee of the Board of Directors, unless no other provisions in this respect were made by the Board of Directors, and provided always that the quorum for any such Committee shall be two members thereof.

49 Additional Committees

49.1 The Board of Directors may establish Board Committees. When establishing such a Committee, the Board of Directors shall decide whether powers of the Board of Directors shall be delegated to such a Committee or if it be a consultative committee.

49.2 Only members of the Board of Directors may serve on a Committee to which powers of the Board of Directors have been delegated.

49.3 A consultative committee may consist of persons who are not members of the Board of Directors.

49.4 A decision passed or an action done in a Board Committee, under a power delegated thereto by the Board of Directors, shall be as valid as a decision or action passed or done by the Board of Directors.

49.5 A Board Committee shall report regularly to the Board of Directors on its decisions or recommendations.

49.6 Minutes of a meeting of a Board Committee shall be prepared and sent to all the members of the Board of Directors. The Minutes shall be kept in accordance with the provisions of Section 108 of the Companies Act.

49.7 Any director may appeal a decision of a Board Committee within 30 days from the date on which he received the Minutes including the decision. If an appeal is filed, the Board of Directors shall decide and its decision shall be final.

50 Inspection Committee

50.1 In respect to the Inspection Committee, there shall apply the provisions of Part 3, sub-section I to the Companies Act, mutatis mutandis, unless otherwise stated in this Article 50.

51.A Notwithstanding the provisions of the Companies Law, in the Inspection Committee shall serve at least three directors, while two thirds of them shall be non-executive directors, and one third shall be made up of directors of the Company that are not non-executive directors. The Chairman of the Inspection Committee shall be a non-executive director and shall be elected by the Inspection Committee by a simple majority.

50.2 The members of the Inspection Committee shall serve in their positions until the end of the term of office of the Board of Directors which

appointed them, unless a position is vacated before this time under the provisions of these Articles.

50.3 deleted

50.4 deleted

50.5 deleted

50.6 deleted

50.7 A member of the Inspection Committee absent from three consecutive meetings shall be deemed to have resigned.

50.8 A quorum for a meeting of the Inspection Committee shall be the presence of the majority of its members. If a member is absent from the Inspection Committee, his absence and the reason therefor shall be recorded in the Minutes of the meeting.

50.9 deleted

50.10 The provisions of sections 37.9 and 37.10 of these Articles shall apply to members appointed to the Inspection Committee.

50.11 revoked

50.12 revoked

50.13 revoked

50.14 The Inspection Committee shall submit its comments in writing to the Board of Directors, whenever it feels the need to do so. The Committee shall submit the final report to the annual General Meeting, or to an extraordinary meeting called under the provisions of these Articles, after

clarifications with the Board of Directors at one of its meetings, at least two weeks prior to the date of the aforesaid meeting.

50.15 The Chairman of the Board of Directors shall convene the first meeting of the Inspection Committee no later than 14 days after the Committee is appointed. The Inspection Committee shall elect a chairman for the Committee at its first meeting, and shall set the next meeting of the Inspection Committee. The Inspection Committee shall hold its meetings as needed and at its discretion. The Inspection Committee shall regulate its working procedures.

51 Arbitration

51.1 Arbitrators, their appointment and fee

51.1.1 The Company shall request the President of the Tel Aviv District Court to appoint a retired Judge who will serve as an arbitrator and shall have the power to try and decide controversies enumerated in Article 51.2 hereunder (hereinafter: "**the Arbitrator between the shareholders**"). The arbitrator between the shareholders shall serve in his position for a period of four years from the date of his appointment. Upon the occurrence of such dispute, the fee of the arbitrator between the shareholders shall be paid by the Company, as agreed between the arbitrator and the Company.

51.1.2 deleted

51.1.3 In case the Arbitrator between the shareholders as defined by Article 51.1.1 above ceases to serve, or if he is unable to continue his service for any reason whatsoever, during his tenure, then the Company shall again request the appointment of an Arbitrator in accordance with Article 51.1.1.

51.1.4 In the event of a dispute as stated in Articles 51.2 (a) or 51.2 (c) below, the shareholder (in the event of a dispute as stated in regulation 51.2 (a)) or a director (in the event of a dispute as stated in regulation 51.2 (c)) to choose an arbitrator from a list of arbitrators in respect to which the Company received approval from the President of the Tel Aviv District Court, that will serve as arbitrators and will be authorized to hear the above disputes (hereinafter: **"the arbitrator in the matters of the Company"**). If the Company did not receive an approval for the list of arbitrators from the President of the Tel Aviv District Court, there shall be appointed an arbitrator (in the relevant situation) appointed by the Ombudsman for Arbitration and Dispute Resolution. The arbitrator in the matters of the Company shall serve in his position for a period of four years from the date of his appointment. Upon the occurrence of such dispute, each party shall bear the expenses and costs applicable to it,

including the fee of the arbitrator in the matters of the Company.

51.1.5 The arbitrator between the shareholders and the arbitrator in the matters of the Company's affairs shall be referred to above and hereinafter: "**the arbitrators**", as the case may be.

51.2 **The Arbitrators' Authority**

The Arbitrators shall have the exclusive jurisdiction to decide in each of the following matters:

- (a) Any dispute between a shareholder and the Company shall be discussed, exclusively, by an arbitrator in the matters of the Company;
- (b) Any dispute between the shareholders themselves regarding their rights and works of art managed by the Company, including arguments regarding the moral rights in relation to that dispute, will be discussed, exclusively, before the arbitrator between the shareholders;
- (c) Each dispute between the Directors and the Company and between the Directors themselves which derive from their duty as Directors, including any matter connected with the termination of the service of a Director in the Company shall be discussed, exclusively, before an arbitrator in the matters of the Company;

51.3 **Procedures before the Arbitrators**

51.3.1 The Arbitrators will be subject to the substantive law, but will not be subject to the rules of evidence nor to any legal procedures.

- 51.3.2 The Arbitrators will be authorized to grant a declaratory judgment, a mandatory or a prohibiting injunction, and any other remedy that the Court is authorized to grant.
- 51.3.3 Whoever wishes to approach the Arbitrators will submit his claim to the Company's Secretary. With the submission of the claim, the claimant will pay a claim fee as follows:
- A. In a claim for a fixed sum - a fee in NIS equal to 1.25% of the amount of the claim, but not less than NIS 100. If a procedure of submission of evidence (proof) is conducted in this case, the claimant will pay no later than 5 days before the date of commencement of the hearing of the evidence, and as a condition of its taking place, a further sum in NIS equal to 1.25% of the amount of the claim, but no less than NIS 100.
 - B. In the matters specified below, a fixed_claim fee of NIS 350 shall be paid:
 - B.1 Declaratory order, prohibiting injunction, mandatory injunction or enforcement order, apart from a claim for monetary remedy as a result of such order;
 - B.2 The duty to account, apart from a claim for monetary remedy as a result of producing accounts.
 - C. The amount of the claim fee will be linked to the Consumer Price Index and adjusted annually.
 - D. If the claimant so requests, the Arbitrators shall be entitled, at his/its discretion, if it is proven to the Arbitrators, that the claimant is in a state of considerable economic hardship, which prevents him from

paying the said claim fee, to exempt the claimant from payment of the claim fee.

- E. With the submission of the claim, the Company Secretary shall open a file, number it and transfer it to the Arbitrators and to the Defendant. The claim will be sent to the Defendant together with a registered letter, with "proof of delivery", signed by the Company Secretary, informing the Defendant that a claim has been brought against him and that he must submit a statement of defense within 30 days of receipt of the claim. The letter will include a notice to the Defendant that if he does not submit a statement of defense within the said period, the Arbitrators will be authorized and entitled to hear the claim in his absence.
- F. When awarding costs in the case, the Arbitrators may use their discretion as to whether or not to take into account the amount of the claim fee paid by the Plaintiff in the case.
- G. Furthermore, in claims which are conducted between ACUM members themselves, the Arbitrators will have the authority to award costs in favor of ACUM, taking into account the costs incurred by ACUM in connection with the arbitration proceedings.
- H. If the hearing of the claim ends after the first arbitration meeting (even if it was only a preliminary meeting), the claim fee paid by the Plaintiff will be returned in full.

51.3.4 Notwithstanding the provisions of section 51.3.3 above, no claim fee shall be paid in respect to an arbitrator in matters of the Company, appointed in the event of a dispute as stated in regulation 51.2 (a) or 51.2 (c) above.

51.3.5 According to the Defendant's request, the Arbitrator is authorized to extend the term in which to submit the Statement of Defense, provided that the

extension will not exceed 30 days and the decision regarding the extension will be recorded in the protocol of the claim file.

51.3.6 The decision of the Arbitrator will be given within 3 months of the date he commenced hearing the case, but the Arbitrator is allowed to extend the term from time to time, as he deems necessary for special reasons which will be recorded.

51.3.7 revoked

51.3A Notification of the Arbitrators' decisions

51.3A.1 The Company is allowed to make public the Arbitrators' reasoned decisions.

51.3A.2 Notwithstanding the aforesaid, at the request of any of the parties to the arbitration, the Arbitrators shall be entitled to prohibit the notification of a decision (or any part of it), for reasons to be recorded, in the event that the decision involves a matter regarding the personal life of the petitioner, or for any other reason that the Arbitrators shall decide.

51.4 Arbitration Agreement

This Article constitutes a binding Arbitration agreement between all the parties mentioned in Article 51.2, amongst themselves, with regard to the matters mentioned in the said Article.

Chapter 5 – Company Officers who are not Directors, the Company's Auditor

52 General Manager

52.1 Appointment and Dismissal of General Manager

- A. The Board of Directors shall appoint a General Manager, for a determined or indeterminate period.
The Board of Directors may appoint more than one General Manager.
- B. The General Manager need not be a shareholder in the Company.
- C. The remuneration and terms of employment of the General Manager shall be determined by the Board of Directors, in any manner the Board of Directors deems fit.
- D. The Board of Directors may discharge the General Manager from his position from time to time, or dismiss him and appoint another or others to serve in his place.
- E. A resolution for the appointment or dismissal of a General Manager of the Company shall be adopted by a special majority of the board of directors.
- F. A member of the Board of Directors or a substitute director appointed to serve as a General Manager shall have to resign from the Board of Directors or from substitution with the Board of Directors, and to act subject to the provisions of Article 8.16.
- G. The General Manager's role, powers and terms of employment shall be determined by the Board of Directors, also by a special majority of the board of directors.
- H. Any other senior employee for permanent employment with the Company may be accepted by decision of the Board of Directors passed by a simple majority.

52.2 Chairman of the Board of Directors as General Manager

Notwithstanding the provisions of Articles 8.16 and 52.1(F) above, the Company's General Meeting may authorize the Chairman of the Board of Directors to serve as General Manager or to exercise his powers, for a period not exceeding one calendar year from the date of appointment.

52.3 The Powers of the General Manager and his Subordination to the Board of Directors

- A. The General Manager is responsible for the day to day management of the Company's business in accordance with the policies determined by and subject to the instructions of the Board of Directors.

The General Manager shall have all management and implementation powers not vested in another organ of the Company by law or by these Articles, and any other power delegated to him, and he shall be controlled by the Board of Directors and subject to its instructions.

The General Manager shall appoint, employ and dismiss Company officers, excluding directors, and shall determine their terms of employment unless otherwise prescribed by the Board of Directors.

- B. The Board of Directors may instruct the General Manager how to act in any particular matter; if the General Manager does not act in accordance with such instruction, the Board of Directors may exercise the powers required in order to perform such instruction in the General Manager's place. The Board of Directors may take upon itself powers granted to the General Manager for a particular matter or for a determined period of time.
- C. If the General Manager is unable to exercise his powers, the Board of Directors may exercise such powers in his place, or empower another to do so.

D. The Board of Directors may empower the General Manager to fulfill all or some of its powers.

52.4 General Manager's duty to report

The General Manager has to notify the Chairman of the Board of Directors of any unusual matter of substantial importance to the Company or of any substantial deviation on the part of the Company from policy determined by the Board of Directors. If for any reason the Company has no Chairman of the Board of Directors, the General Manager shall make such report to the all members of the Board of Directors.

The General Manager shall submit reports to the Board of Directors on issues, at such time and in such scope as determined by the Board of Directors.

The General Manager shall report to the Chairman of the Board of Directors upon demand on issues relating to the Company's business and its proper management.

52.5 Delegation of the powers of the General Manager

The General Manager may delegate powers to a person subordinate to him, with the approval of the Board of Directors. However, such delegation of powers does not release the General Manager from his responsibility.

53 Secretary and Other Officers in the Company

Secretary

53.1 The Board of Directors may appoint a secretary of the Company, under such terms as it deems fit, and define their functions and powers.

53.2 If no secretary is appointed, the General Manager, or a person authorized by him, and in the absence of a General Manager, any person so authorized by the Board of Directors, shall fulfill the duties of the secretary under the law, these Articles and under the decisions of the Board of Directors.

53.3 The Company secretary shall be responsible for all documents kept at the Company's registered office, as stated in Section 124 of the Companies Act, and shall manage the records kept by the Company under the law.

53.4 Other Company officers

The Board of Directors may resolve that apart from the General Manager and the secretary, it shall appoint other officers of the Company, whether in general or in a specific case. In such a case, the Board of Directors shall appoint the officer, define his duties and powers, and determine his remuneration and terms of employment.

54 Company's Auditor

54.1 The annual General Meeting shall appoint an auditor for a period up to the end of the next annual General Meeting.

54.2 The General Meeting may appoint an auditor for a period not extending beyond the third annual meeting following the annual meeting at which he was appointed. In the event the auditor has been appointed for such period, the annual meeting shall not deal with the appointment of an auditor during the said period, unless a decision has been made to terminate his office.

54.3 The General Meeting may at any time dismiss the auditor, or not renew his appointment.

54.4 The Board of Directors shall determine the remuneration of the auditor, and shall report this to the Company's annual meeting.

54.5 The Board of Directors shall determine the remuneration of the auditor for additional services which are not auditing services, and shall report this to the Company's annual meeting.

54A Internal Auditor

54A.1 The Company's Board of Directors shall appoint an internal auditor in accordance with the proposal of the Inspection Committee.

54A.2 The general manager of the Company shall be the organizational supervisor of the internal auditor.

54 A.3 The internal audit plan to be prepared by the auditor shall be submitted for the approval of the Board of Directors, after it has been discussed and approved by the Inspection committee.

Chapter 6 – Distribution of Royalties

55 Financial Regulations

Licenses, tax invoices and receipts shall be issued by the Company only, and on the Company's official forms. They shall contain such terms and provisions deemed appropriate from time to time.

55.1 Distribution of royalty money and rights

- (A) By virtue of the rights assigned to or to be assigned, or which have to be assigned to the Company under these Articles, the Company shall act for the benefit of its shareholders and members of the affiliated foreign Societies. All monies received or to be received by the Company shall be divided, budgeted and allocated or administered, at the times decided by the Company, subject to and in accordance with these Articles.

- (B) All amounts collected by the Company as royalties for the use of works protected by the Company shall be recorded to the credit of various accounts, according to the sources of such sums.

- (C) After deduction of the Company's expenses related to the collection and distribution of these sums, and to the management of the Company's business and operations, and after deduction of the amounts determined by the Board of Directors as contributions and allowances for any charities, pension or any other fund, the amounts recorded to the credit of the aforesaid various accounts shall be distributed among the shareholders, in accordance with the various accounts and various types of royalties, determined according to the decisions of the Board of Directors, and according to the various types of works, their appraisal and distribution of royalties applicable thereto according to the existing Table or a Table applicable from time to time.

The Board of Directors has the power to decide that in any case where the cost of deciphering user's reports and entering them into the Acum data base is not reasonable in proportion to the royalties to be distributed for uses set forth in such reports, royalties shall be distributed according to a sample. The Company shall prepare the sample, and the Board of Directors must approve it.

The Board of Directors shall establish an appeals committee on the matter of the sample (hereinafter: the "appeals committee").

A shareholder that disagrees in respect with the distribution of royalties as a result of the use of the sample may submit an appeal to the appeals committee. The appeals committee, after hearing the appellant's and the Company's contentions, shall have the power to hear and decide the appeal. The appeals committee shall be deemed to be an adjudicator (and not an arbitrator), and its decision shall be final for all intents and purposes.

- (D) Any change in the existing Table, determining the appraisal of a work by a number of points and the distribution of royalties among persons who jointly own the rights therein, shall be done only in a meeting of the Board of Directors, in which all members of the Board of Directors are present and by a special majority of the board. Any change to the table related to the rights of the publisher may be made only if the publisher, a member of the board, is among the members of the board of directors voting for said change.
- (E) deleted
- (F) Distribution according to the work appraisal Table may be changed by an agreement between the shareholders, by written notice to the Company regarding such agreement, to be signed by the shareholders affected by the change; provided, however, that the portion of the author shall be no smaller than 50% (fifty percent) of all royalties paid for such works.
- (G) No shareholder may submit notice to the Company requesting that the Company pay another person all or part of the amount to which that shareholder is entitled; however, the Board of Directors may allow delivery of such notice in writing, at its discretion.
- (H) deleted
- (I) Any amount allocated for a shareholder who is a publisher, which was not collected for a period of three years from the time notice was sent in respect thereof, to the shareholder's last known address, or to a person to whom the member requested to send such notice, the Board of Directors may transfer said sum to the author or authors of the works for which the amount was allocated.

If the work had more than one author, the aforesaid sum shall be divided among them according to the Table.

- (J) A shareholder who received royalties together with an account of royalties, (hereinafter: “**the account**”) and did not give notice that he disagrees with the contents of the account within 36 months of the date of the account (hereinafter: “**the period**”), his lack of action shall be deemed as agreement that the account is true and complete. If the shareholder objects in respect to the account, at the end of the period, the burden of proof and persuasion will bear on him. The Company shall inform the member regarding this provision.

55.2 revoked

55.3 Revoked.

55.4 Any income received by the Company from money accumulated and not yet distributed for various reasons, under Article 55.1 (B), shall be the property of the shareholders entitled thereto. However, such money shall be paid subject to a decision by the Board of Directors, in accordance with the provisions of Article 55.1(C) above.

The Company may invest any such aforesaid money accumulated and not yet distributed in solid investments in order to maintain the capital and to guarantee the fruit. The Board of Directors shall determine from time to time the manner and the period of investment of the money, taking into account the expected time such money shall be distributed among the members.

56 Deleted.

Chapter 7– Officers' Insurance, Indemnification and Waiver of Liability

57 Officers' insurance

57.1 The Company may insure the liability of its officers solely in accordance with the provisions of this chapter.

57.2 The Company may engage in a contract to insure the liability of an officer of the Company for any liability imposed on him due to any action taken by him by virtue of his service as an officer, in respect of each of the following cases:

- A. Breach of the duty of care towards the Company or towards any other person;
- B. Breach of fiduciary duty of care towards the Company, provided that the officer acted in good faith and had a reasonable ground to believe that the action would not harm the welfare of the Company;
- C. Financial liability imposed on the officer in favor of another person.
- D. Expenses incurred by a Company officer or requested from him in connection with an administrative enforcement proceeding that was conducted in his case, including reasonable litigation expenses, including attorney fees, to the extent permitted by law;

For this purpose - "**Administrative Enforcement Proceeding**" - an administrative enforcement proceeding in accordance with the provisions of any law, including the Antitrust Law, 5748-1988, as updated from time to time, including an administrative petition, objection or appeal in connection with such proceeding.

- E. Any other event in respect of which it is permitted and/or it will be permitted to insure the liability of an office holder.

57.3 The Company may not engage in a contact to insure the liability of its officers in respect of each of the following cases:

- A. Breach of fiduciary duty towards the Company, except where the officer acted in good faith and had a reasonable ground to believe that the action would not harm the welfare of the Company;
- B. Breach of duty of care done with intent or recklessly;
- C. Any action done with the intention of making unlawful personal gain;
- D. A fine or ransom imposed

58 Indemnification of Officers

58.1 The Company shall indemnify its officers solely in accordance with the provisions of this chapter and subject to the provisions of the Company Act. The Company shall be entitled to indemnify its officer holders to the fully extent permitted by law.

58.2 Notwithstanding the aforementioned, the Company may indemnify an officer in respect of a liability or expense imposed on him or that he incurred as a result of an act that he performed by virtue of being an officer thereof, as follows:

58.3 Financial liability imposed upon him in favor of another person pursuant to a judgment, including a judgment awarded by compromise or arbitrator's award approved by the court.

58.4 Reasonable litigation expenses, including attorney's fees, incurred by the officer following an investigation or proceeding conducted against him by an authority competent to conduct the investigation or the proceeding, that ended without an indictment being filed against him and without any financial liability being imposed on him as an alternative to a criminal proceeding, or ended without an indictment being filed against him but with imposing financial liability as an alternative to a criminal proceeding for an offense that does not require proof of criminal intent.

- 58.5 Reasonable litigation expenses, including attorney's fees, incurred by the officer or imposed on him by a court in a proceeding filed against him by the company or on behalf of another person or by a criminal charge from which he was acquitted or in a criminal charge in which he was convicted of an offense that does not require proof of criminal intent.
- 58.6 Expenses incurred by an office holder or imposed on him in connection with an administrative enforcement proceeding conducted in his case, including reasonable litigation expenses, including attorney fees.
- 58.7 Payment to a victim of the breach.
- 58.8 Any liability or other expense for which it is permitted or it will be permitted by law to indemnify an officer.
- 58.9 Indemnification in advance

The Company may undertake in advance to indemnify one of its officers, provided that the undertaking is limited to certain types of events that, in the opinion of the Board of Directors, may be expected at the time of the undertaking to indemnify, except for the events enumerated in section 57.3 above and to the amount determined by the Board of Directors as reasonable under the circumstances in light of the Company's actual activity at the time of the undertaking, as well as in the amount or by a criterion that the Board of Directors determined to be reasonable under the circumstances.

The Company may give a prior undertaking to indemnify an officer in respect of liabilities or expenses as detailed in sections 58.4 - 58.8 above.

58.10 Retroactive indemnity

The Company may retroactively indemnify one of its officers.

59 Waiver of liability

- 59.1 The Company may waive the liability of any officer for breach of a duty of care towards it solely in accordance with the provisions of this chapter.

59.2 The Company may waive all or any part of an officer's liability in advance and retrospectively, for damage resulting from breach of duty of care towards the Company.

59.3 Notwithstanding the aforesaid, the Company shall not waive any officer's liability for any of the following cases:

A. Breach of fiduciary duty towards the Company;

B. Breach of duty of care done with intent or recklessly;

C. An action done with the intention of making unlawful personal gain;

D. A fine or ransom imposed

Chapter 8– Dissolution and Reorganization of the Company

60 Dissolution

60.1 Upon dissolution of the Company, whether voluntary or otherwise, the Company's surplus assets, except the copyright assigned to the Company by the shareholders, shall be divided among the shareholders pro rata to each shareholder's portion of royalties paid by the Company during the period of at least 10 years preceding the dissolution, according to information existing in the Company records.

60.2 Upon dissolution of the Company, the rights (if any) assigned to the Company by any shareholder, shall be returned to the shareholder or to his lawful heirs.

61 Reorganization of the Company

61.1 Upon the sale of the Company's assets, the Board of Directors, or the liquidators (in the case of dissolution), if so empowered by a resolution passed by the Company's General Meeting by simple majority, may receive

fully or partially paid up shares, debentures or other Company securities of another company, Israeli or foreign, whether incorporated or about to incorporate for the purpose of purchasing the Company's assets or any part thereof, and the Board of Directors (if the Company profits allow) or the liquidators (in the case of dissolution) may divide such shares or securities or any other Company assets among the shareholders, without realizing them, or deposit them in the hands of trustees in the name of the shareholders.

61.2 The General Meeting may resolve, by resolution passed thereby by a simple majority, on assessment of securities or of the assets mentioned above, at such price and in such manner as the General Meeting shall decide, and all shareholders shall be obligated to accept the assessment or the division so authorized, and to waive their rights in this matter, save, in the event the Company is dissolved or is in the process of dissolution, such legal rights (if any) which according to the provisions of law cannot be modified or deviated from.

61.3 The provisions of Article 60.2 shall apply, mutatis mutandis, with regard to reorganization of the Company.

Chapter 9– Miscellaneous

62 Accounts

62.1 The books of accounts shall be kept at the Company's registered office or at such other place as The Board of Directors sees fit, and shall at all times be open for inspection by the members of the Board of Directors subject to the provisions of Article 37.9.

62.2 The Board of Directors shall decide from time to time to what extent, when where and under what conditions and regulations Company shareholders who are not directors may examine the Company books. Shareholders who are not directors shall not be entitled to examine the Company books, accounts or any

other company documents, except where the law so authorizes or when permission is granted by the Company's Board of Directors.

63 Notices

63.1 A notice or any document may be delivered by the Company to any shareholder appearing in the Company's register of shareholders, by one of the following methods:

In person, by mail, by facsimile, by electronic mail or by a phone message. Any notice shall be addressed to the address recorded in the Company's shareholders register.

63.2 With regard to shares having joint owners, notice shall be delivered to the person whose name appears first in the shareholders' register, and any notice so delivered shall be deemed a sufficient notice to all joint shareholders.

63.3 Deleted

63.4 Any notice or other document served or delivered to a shareholder in accordance with these Articles shall be deemed to have been duly served and delivered, even if that same shareholder has passed away at that time, or has been declared bankrupt, or has been ordered to liquidate, or has been appointed a trustee or liquidator or receiver for his shares (whether or not the company was aware of that), until another person is registered in the shareholders' register in place of such member, and service or delivery of such aforesaid notice or document shall be deemed sufficient service or delivery for any person having rights in such shares.

63.5 Any notice or other document sent by the Company shall be deemed to have been received:

If sent by post within 48 hours from the time of the delivery of the letter to the Post Office;

If sent by facsimile at the time it was sent;

If sent by electronic mail or by phone message- at the time the notice was sent.

63.6 The unintentional failure to dispatch notice to a member of a General Meeting or a member's failure to receive such notice regarding a meeting or any other notice shall not affect the validity of any resolution passed at the meeting or cause cancellation of processes based on such notice.

63.7 deleted

63.8 deleted

63.9 deleted

63.10 Notice of a General Meeting shall be served on all Company shareholders that have the right to participate therein, in accordance with the provisions of these Articles, save such shareholders who have no registered address in Israel or have not provided an address for service of notice in Israel. No other person shall be entitled to receive notice of the convening of any General Meeting.