

ERA's Investment Policy

ERA General Investment Policy with regard to Rights Revenue and Income arising from the Investment of Rights Revenue

The Members of ERA have approved adoption of this Policy in General Meeting on 15 September 2016

Introduction

ERA applies its Mandates to support operation of a copyright licensing scheme known as the ERA Licence.

Educational Establishments within the United Kingdom of Great Britain and Northern Ireland are able to take out ERA Licences.

By agreement with ERA Members and the authorities responsible for educational establishments within the Isle of Man and the Channel Islands, ERA Licences are also granted for the benefit of educational establishments within the Isle of Man, Jersey and Guernsey.

This policy sets out the basis upon which ERA is authorised to invest monies collected by ERA as ERA licence fees between the point at which payments are received by ERA and

(a) the payments become earned against licences in place; and

(b) the ERA Members' agree that monies earned should form part of Net Revenue to be distributed to ERA Members in accordance with ERA's approved Distribution Policy.

Permitted Investments

ERA shall not, without specific written consent from the Members, enter into any investments, other than as outlined below:

- Deposit of "Available Funds" in interest-bearing UK Sterling bank accounts with one or more recognised and licensed UK Banks, with a view to securing bank interest for the benefit of ERA Members.

"Available Funds" are defined as cash received and not yet eligible for distribution according to ERA Distribution Policy or allocated in accordance with ERA's Policy on Deductions.

ERA shall not place money on long-term deposit where funds are required to fulfil its distributions as they fall due following authorisation in accordance with the Distribution Policy.

Any bank interest so earned is referred to as "Investment Income".

ERA shall report on investment income earned within the Annual Report and Financial Statements of the company and within the Annual Transparency Report provided for ERA Members.

Links to ERA's Policy on Deductions and Distribution Policy

ERA Members have approved a general policy on deductions from rights revenue to enable ERA to operate and apply management fees and any other at-source deductions from amounts paid from agents or other collective management organisations (“ERA’s Policy on Deductions”).

This Investment Policy shall be interpreted and applied in conjunction with the Distribution Policy and ERA’s Policy on Deductions.

Considered Investment Approach

ERA Members have agreed that investments made within this Policy should adopt a considered investment approach.

This is intended to secure and safeguard monies invested on behalf of ERA members with a view to ERA meeting its obligations for distributions made to ERA Members in accordance with the Distribution Policy.

Treatment of Investment Income

Rather than allocating investment income to individual ERA Members in the proportion for which they are eligible to receive shares of approved distributions under ERA’s approved Distribution Policy, the ERA Members have agreed that investment income shall be made available to offset the costs of management fees or deductions approved under ERA’s Policy on Deductions.

Such transfer of investment income is agreed on the basis that this will: -

(a) help to reduce the costs otherwise necessary to meet management fees from licence fees earned; and

(b) ensure that investment income, and any share which would otherwise be allocated to individual ERA members, is applied for the benefit of an ERA Member in the same proportion under the Fees Policy as would have applied if monies fell due for distribution under the Distribution Policy.

Agreed Notes on Application

1. Investment income will always be used before deductions from members’ distributions to fund management fees.
2. In the event that investment income exceeds management fees in any one year then the surplus will be rolled forward to the following year.
3. If the surplus balance of rolled-over surplus investment funds exceeds 50% of budgeted management fees then that surplus income should be allocated to the next available distribution.
4. In the unlikely event that the costs of banking exceed investment income then the costs will form part of the approved management fees within the Budget to be approved under ERA’s Policy on Deductions.