



Recorded Media
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Subject to Contract

MCPS Licensing Scheme:

SG6 – Specialist Music Products

I am writing to provide you with details of the SG6 licensing scheme, regarding the recording of MCPS members' musical works into customised music products. MCPS is able to offer a licence in this area covering the production and distribution of a variety of music products.

1. What products can be Licensed under the MCPS SG6 Licence?

1.1 The SG6 licence is designed to cover various types of products, including:

- MIDI files – the encoding of musical works into MIDI files, making and distributing copies of these files for authorised purposes and copying for display on screen the musical notation of the musical works from the MIDI file.
- Karaoke tracks – the inclusion of musical works into audio-visual and audio plus still image tracks that include on-screen lyrics for use in karaoke play-back tracks.
- Bespoke compilations - the manufacture and distribution of audio and audio-visual products (such as CDs and DVD-Videos) that are compiled to order and include musical works within original sound recordings individually selected by members of the public for their own private use.
- Backing tracks – the copying of musical works onto standard audio format backing tracks which are sold as accompaniments to live performances.
- Recording booths – the production and sale of audio and audio-visual products to members of the public containing their own performance of musical works

(often accompanied by a backing track or karaoke track for which a separate original licence exists).

- Mechanical organ music – the recording of musical works into paper rolls, cardboard, micro-chips, cassettes etc for use in mechanical organs.
- Music quiz compilations – the manufacture of musical compilations for quizzes to be supplied to sites, which incorporate clips of audio and audio-visual recordings of musical works.

2. Rights Licensed

2.1 The manufacture within the EEA of licensed audio and audio-visual formats and,

2.2 The distribution of audio/audio-visual products and/or copies thereof within the EEA to the public, solely for their private use and/or semi-professional public performance.

Where copies of a recording are held on hard disks or servers purely as part of the process for supplying the licensed products, this licence extends to the following acts:

- The creation of a recording for the purpose of incorporating it into a server
- The incorporation of that recording (or the incorporation of an existing recording) into the server or hard disk

2.3 Where appropriate, the inclusion of lyrics (karaoke and MIDI) and musical notation (MIDI) for on-screen reproduction by the recipient (the reproduction of lyrics and musical notation in any printed form or where not incorporated within the same sound bearing copy or file as the licensed musical work is strictly excluded).

3. Main Restrictions

The licence granted under SG6 does not apply to the following, for which separate licences and/or approval would be required:

- 3.1 Any product which contains visual images of a sexual, violent or political nature
- 3.2 Any product which contains any advertising or sponsorship messages of whatsoever nature
- 3.4 Use of any Repertoire Works subject to First Licence Restrictions
- 3.5 Dramatico-musical works or substantial excerpts therefrom
- 3.6 Any products where the sound recording copyright owner or performer(s) have not given permission for the relevant copies to be created and/or exploited
- 3.7 Arrangements and adaptations, including using music with lyrics which were not written for use with that music and vice versa unless these have been authorised by the copyright owner

- 3.8 Any product which is a Premium Product (i.e. a product supplied for use, or with the express or implied authority to sell it for use, as an incentive to purchase or acquire other goods or services of whatsoever nature)
- 3.9 No Repertoire Work may be used in such a way as to imply approval or endorsement by the writer of, or a performer associated with, such a Work, unless the relevant copyright owner has specifically consented thereto for the purposes of this Scheme.
- 3.10 Online distribution of original sound recordings
- 3.11 The visuals recorded must be music videos, pop promos, or footage of the artist in live performance (this includes a performing member of the public in the case of a recording booth service).
- 3.12 Any right not specified hereunder

4. Territory:

- 4.1 The licence covers manufacture and distribution of physical products throughout the EEA.
- 4.2 On-line delivery is restricted to the UK only (any online distribution of Works recorded within original sound recordings is strictly excluded).

5. Term of Licensing Scheme

- 5.1 These terms and conditions will apply until 31st December 2011, at which time they will be subject to review by MCPS.

6. Royalty Rates

Under any licence granted the following royalties will be payable:

6.1 Advance Payments

A non-returnable advance of £500 is payable by all new licensees. This fee is subsequently offset against royalties that accrue under 6.3 below.

6.2 Annual Advance Payments for Music Stored on Servers

In the case of licensees who store recordings on servers, a further non-returnable annual advance is payable in accordance with the table below. This fee is subsequently offset against royalties that accrue 6.3 below within the same year.

Number of Tracks on Server	Annual Advance
≤ 5,000	£1,000
> 5,000	Negotiable

6.3 Royalty Rates

The following royalties are charged for each copy supplied:

Music Usage	Fee per work per copy
Audio only clips, up to 30 seconds in duration	3p
Audio-visual clips, up to 30 secs in duration	3.5p
Audio only tracks, up to 5 minutes in duration	10p*
Audio-visual tracks (without lyrics), up to 5 minutes	11p*
Karaoke tracks with still images and lyrics	12p
Karaoke tracks with moving images and lyrics	13p
MIDI files	15p

* 10 pence per musical work per copy supplied for each musical work of up to five minutes in duration (or part thereof; 11 pence for audio visual tracks) and an additional 2 pence per minute (or part thereof) thereafter for any work exceeding five minutes (capped at 25 minutes so there is a maximum fee payable of 50p per work).

6.4 VAT must be added thereto.

7. Clearance and Reporting Provisions

7.1 Licensees are required to provide returns within 30 days of the end of each calendar quarter, using the standard SG6 reporting format, detailing which works have been supplied, the number of times each work has been supplied that quarter and the type of track or product supplied, as per the above table.

7.2 All invoices must be paid within 45 days of the end of the relevant quarter.

7.3 Interest will be levied at 3% above the National Westminster Bank minimum lending rate if supply of the reporting information or payment of the invoice is not made within the period stated.

8. Control Requirements

8.1 Licensees are responsible for ensuring the security of the audio and/or audio-visual content on any server, to prevent their unauthorised removal, fraudulent replacement or corruption in any way, by the application of appropriate watermarking and encryption technologies.

8.2 It is a requirement that all licensees retain sufficient data/documentation to establish an audit trail and to permit MCPS and/or its representatives to conduct and inspection of this.

8.3 MCPS has the right to terminate these licensing arrangements if you are in breach (and in so far as it is capable of remedy) within 30 days notice of the same by MCPS.

9. Additional Licensing Requirements

Please note that in order to record commercially released records you will also need a licence from the Phonographic Performance Limited (PPL – Telephone 020 7534 1000).

The use of existing backing tracks or karaoke tracks will usually require a licence directly from the relevant backing track or karaoke label.

Please contact the Video Performance Ltd (VPL – Telephone 020 7534 1400) for further licensing advice and information on the use of existing music videos or promos.

If you wish to apply for an SG6 licence on the basis outlined above, please complete the attached form and return it with your cheque for the appropriate advance payment (plus VAT) made payable to 'MCPS Ltd' and sent for my attention at the address at the top of this letter.

If you have any further questions please contact +44 (0)20 3741 3888

Yours sincerely

Recorded Media

enc. Bespoke Licence application form.

