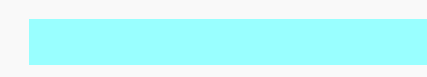




# Recorded Media and Product Licensing



# RECORDED MEDIA AND PRODUCT LICENSING

## Key concepts

Revenue is collected by MCPS for the creation of physical recorded media products, such as CD and DVDs, under a series of licensing schemes. The schemes each have different terms including different royalty rates/charging mechanisms which are outlined individually below. The distribution of these is usually subject to one of two different approaches:

1. Line by line
2. Pro-rata (sometimes referred to as 'on the back of')

### Distribution approach

#### Line by line/actual usage

Here the licence fee charged has been charged for the use of specific works and is paid directly across those specific works after commission has been deducted. Where the duration of the tracks is known, revenue is apportioned to all the individual licensed works in proportion to the durations. Where the duration is not known, the revenue is split equally between the tracks involved.

#### Pro-rata/unattributable usage

In some instances a licence fee is calculated where the individual tracks are not known or are too small to be cost-effectively distributed on a work by work basis. Such royalties are classed as unattributable. In these situations, the money is added to the pro-rata pool and distributed either as a separate distribution pool using other data or added into the distribution pool available to another scheme deemed to be of similar usage. It is therefore distributed 'on the back of' that other data.

## Scheme: Audio Product 1 (AP1)

### Summary

AP1 is a scheme for licensing recorded audio product manufactured and distributed for retail sale to the public. It allows record companies and producers to pay royalties quarterly in arrears. The AP1 scheme is available to all record companies. However, there are certain criteria that need to be satisfied before they can operate under this scheme and companies with estimated annual royalties in excess of £100K must be approved by the MCPS board.

### Royalty charge

8.5% of the published dealer price (excluding VAT). Where there is no published dealer price the rate is 6.5% (excluding VAT) of the retail price. If the product contains works outside the control of MCPS the royalty charge is proportionally adjusted on the basis of known track durations. Otherwise, it is adjusted on the basis of an equal split between the tracks where durations are unknown. No licence has been granted by MCPS for uncontrolled works. Royalties are paid on shipments of products quarterly in arrears.

### Distribution approach

The royalty charged, net of MCPS commission, is paid line by line directly across the specific licensed works. Where the duration of the tracks are known the royalty charge is apportioned to all the individual licensed works in proportion to the durations. Where the duration is not known, it is split equally between the tracks contained within the product.

### Distribution cycle

- End of quarter: record company aggregate their product shipping numbers
- Within 21 days: record company informs us of numbers shipped
- Within the following 17 days: we invoice the record company
- Within the next seven days: record company pays us
- Within the next seven days: funds clear
- Within the next seven days: we pay the member

This cycle means that members should receive their royalties within two months of the end of each quarter.

### Processing policy

#### Data provider

The data provider will usually be the record company.

#### Processing thresholds and rules

There are no processing thresholds specific to the AP1 scheme.

#### Other notes

Promotional records are not subject to a royalty charge. There is no upper limit on the number of promotional copies allowed under the AP1 agreement. However, there are terms and conditions contained within it in respect of these copies that must be met.

## Scheme: Music Audio Product 2 (AP2)

### Summary

AP2 is for audio only recorded product made and distributed for retail sale to the public. Royalty payments under this scheme should be made by the record company prior to the manufacture of the product. Royalties must be paid in advance and are based on the number of units to be manufactured.

The scheme only covers products made for retail sale to the public. Recordings made for other purposes are not covered.

### Royalty charge

8.5% of the published dealer price (excluding VAT). Where there is no published dealer price the rate is 6.5% (excluding VAT) of the retail price. If the product contains works outside the control of MCPS the royalty charge is proportionally adjusted on the basis of track durations. Otherwise, it is adjusted on the basis of an equal split between the tracks where durations are unknown. MCPS can only grant licences for works they control.

### Distribution approach

The royalty charged, net of MCPS commission, is paid line by line directly across the specific licensed works. Where the duration of the tracks are known the royalty charge is apportioned to all the individual licensed works in proportion to the durations. Where the duration is not known, it is split equally between the tracks involved.

### Distribution cycle

- Record company submits an application for licence or an application for re-press licence to us
- We calculate the royalty and invoice the record company
- Record company pays us
- We issue the licence and pays the member in the month following receipt of the income

### Processing policy

#### Data provider

The data provider will usually be the record company.

#### Processing thresholds and rules

There are no processing thresholds specific to the AP2 scheme.

#### Other notes

Promotional records up to 250 copies are not subject to a royalty charge on LPs albums. Record labels can have a maximum of 400 promotional copies for singles. Where the record company and a member of MCPS are related parties (see 3.8 in the MCPS membership agreement (MA2)) the member can make their own arrangement for collecting and accounting royalties by setting up an AP2 exclusion. In such cases MCPS must always grant a licence but does not charge for related party works where the AP2 exclusion is in place. Exclusions will only apply where members have requested them specifically, they do not occur automatically. Exclusions will apply only to specific requested accounts and must be linked to a related party member entity prior to the application for licence, otherwise MCPS will charge for the usage.

## Scheme: Audio Product 2A (AP2A)

### Summary

AP2A is for audio only recorded product made and distributed for retail sale to the public. It is for smaller record companies and operates in the same way as the AP2 scheme, except that it allows record companies to pay royalties on manufacture with a 60 day credit period. Licences are also granted before payment is made. The AP2A scheme is not available to all record companies, only to those who already have a history of trading with MCPS and who are approved by MCPS.

### Royalty charge

8.5% of the published dealer price (excluding VAT). Where there is no published dealer price the rate is 6.5% (excluding VAT) of the retail price. If the product contains works outside the control of MCPS the royalty charge is proportionally adjusted on the basis of track durations, where known or on the basis of an equal split between the tracks where durations are not known.

### Distribution approach

The royalty charged, net of MCPS commission, is paid line by line directly across the specific licensed works. Where the duration of the tracks are known the royalty charge is apportioned to all the individual licensed works in proportion to the durations. Where the duration is not known, it is split equally between the tracks involved.

### Distribution cycle

- Record company submits an application for licence or an application for re-press licence to us
- We calculate the royalty and issue both an invoice and licence to the record company
- Record company pays us
- We issue the licence and pay the member in the month following receipt of the income

### Processing policy

#### Data provider

The data provider will usually be the record company.

#### Processing thresholds and rules

There are no processing thresholds specific to the AP2 scheme.

#### Other notes

Promotional records up to 250 copies are not subject to a royalty charge on LPs albums. Record Labels can have a maximum of 400 promotional copies for singles.

Where the record company and a member of MCPS are related parties (see 3.8 in the MCPS membership agreement (MA2)) the member can make their own arrangement for collecting and accounting royalties by setting up an AP2A exclusion. In such cases MCPS must always grant a licence but do not charge for related party works where the AP2A exclusion is in place. Exclusions will only apply where members have requested them specifically, they do not occur automatically. Exclusions will apply only to specific requested accounts and must be linked to a related party member entity prior to the application for licence, otherwise MCPS will charge for the usage.

## Scheme: DJ Mix Compilations (AP3)

### Summary

AP3 is for audio only recorded product and are bespoke compilations made for DJs. Royalty payments under this scheme must be made by the record company prior to the manufacture of the product. The scheme requires record companies to apply for a separate licence for each order of records they wish to press.

The scheme only covers products made for promotional purposes for DJs. Recordings made for other purposes are not covered.

### Royalty charge

Flat rate of £0.01 for each work or part of a work reproduced (£0.015 for works reproduced on Megamix).

### Distribution approach

The royalty charged, net of MCPS commission, is paid line by line directly across the specific licensed works.

### Distribution cycle

- Record company submits an application for licence or an application for re-press licence to us
- We calculate the royalty and invoice the record company
- Record company pays us
- We pay the member in the month following receipt of the income

### Processing policy

#### Data provider

The data provider will usually be the record company.

#### Processing thresholds and rules

There are no processing thresholds specific to the AP3 scheme.

#### Other notes

In 2018 there were only three companies using the AP3 scheme.

Royalties are paid on each unit manufactured with no exception.

This scheme covers all music except MCPS Production Music.

## Schemes: Audio Only Promotional Product (AP4 and AP4P)

### Summary

AP4 is for recorded product made by record companies specifically to promote other records. AP4P is a similar scheme for recordings made by music publishers, to promote the works on the recording. Royalty payments under this scheme must be made by the record company prior to the manufacture of the product. The scheme requires record companies to apply for a separate licence for each promotional record they wish to make.

The scheme only covers products made for promotional purposes. Recordings made for sale to the public or any other purpose are not covered.

### Royalty charge

Under AP4 scheme, a charge of £0.05p per work per copy is made.

Under the AP4P scheme music publisher members of MCPS pay a flat rate nominal service charge of £25 for up to 3,000 units.

### Distribution approach

The royalty charged, net of MCPS commission, is classed as unattributable, aggregated with other unattributable sources and distributed on a pro-rata basis against other usage.

### Distribution cycle

Pro-rata distributions are made once a year.

### Processing policy

#### Data provider

No data is processed.

#### Processing thresholds and rules

No data is processed.

#### Other notes

In 2016 there were 102 companies using the AP4 scheme and seven MCPS publisher members using scheme AP4P.

## Scheme: Cover mounted Products (AP7 and AP7N)

### Summary

AP7 (for magazines) and AP7N (for newspapers) are for audio only recording products supplied as cover mounts affixed to the publication. Royalty payments under this scheme must be made by the licensee prior to the manufacture of the product.

### Royalty charge

6.5% of the base price. Base price is usually 50% of cover price. However, there is a minimum base price set under this scheme by MCPS; £1.65 for AP7 and £1.10 for AP7N. The base price is multiplied by the number of copies to be manufactured.

### Distribution approach

The royalty charged, net of MCPS commission, is paid line by line directly across the specific licensed works. Where the duration of the tracks are known the royalty charge is apportioned to all the individual licensed works in proportion to the durations. Where the duration is not known, it is split equally between the tracks involved.

### Distribution cycle

- Licensee submits an application for licence or an application for re-press licence to us
- We calculate the royalty and invoice the licensee
- Licensee pays us
- We pay the member in the month following receipt of the income

### Processing policy

#### Data provider

The data provider will usually be the licensee.

#### Processing thresholds and rules

There are no processing thresholds specific to the AP7 and AP7N schemes.



## Scheme: AP7A

### Summary

AP7A is for recorded products supplied with greetings cards at the point of sale to the public. Royalty payments under this scheme must be made by the licensee prior to the manufacture of the product.

### Royalty charge

- Greetings cards plus music CD: 8.5% x 50% of list PDP
- Greetings cards plus music DVD: 6.25% x 50% of list PDP
- Greetings cards plus general interest DVD: 8.5% x 50% of list PDP x music percent x relevant product duration

Relevant product duration is total music duration/total product duration. If the product contains works outside the control of MCPS the royalty charge is proportionally adjusted on the basis of track durations. Otherwise, on the basis of an equal split between the tracks where durations are unknown.

### Distribution approach

The royalty charged, net of MCPS commission, is paid line by line directly across the specific licensed works. Where the duration of the tracks are known the royalty charge is apportioned to all the individual licensed works in proportion to the durations. Where the duration is not known, it is split equally between the tracks involved.

### Distribution cycle

- Licensee submits an application for licence or an application for re-press licence to us
- We calculate the royalty and invoice the licensee
- Licensee pays us
- We pay the member in the month following receipt of the income

### Processing policy

#### Data provider

The data provider will usually be the licensee.

#### Processing thresholds and rules

There are no processing thresholds specific to the AP7A scheme.

#### Other notes

This scheme covers all music except MCPS Production Music.

## Scheme: General Interest Audio-Visual Product (AVP)

### Summary

AVP is the licensing scheme for general interest audio-visual products, such as DVDs and Blu-ray discs, manufactured and distributed for retail sale to the public. It is available to all producers and allows them to pay royalties quarterly in arrears. However, there are certain criteria that need to be satisfied before they can operate under this scheme. Companies with estimated annual royalties in excess of £100K are required to be approved by the MCPS board.

### Royalty charge

8.5% of the published dealer price (excluding VAT), pro-rated by music to non-music ratio.

If the product contains works outside the control of MCPS the royalty charge is proportionally adjusted on the basis of usage durations.

### Distribution approach

The royalty charged, net of MCPS commission, is paid line by line directly across the specific licensed works. Where usage durations are known, the royalty charge is apportioned to all individual licensed works in proportion to their durations.

### Distribution cycle

- End of quarter: record company aggregate their product shipping numbers
- Within 21 days: record company informs us of numbers shipped
- Within the following 17 days: we invoice the record company
- Within the next seven days: record company pays us
- Within the next seven days: funds clear
- Within the next seven days: we pay the member

This cycle means that members should receive their royalties within two months of the end of each quarter.

### Processing policy

#### Data provider

The data provider will usually be the production company.

#### Processing thresholds and rules

There are no processing thresholds specific to the AVP scheme.

#### Other notes

This scheme covers all music including MCPS Production Music. It does not cover audio-visual music product licensed under scheme DVD1.

## Scheme: Educational Recording Agency (BG9)

### Summary

This is money collected for us by the Educational Recording Agency (ERA) which licenses schools and teachers to make recordings of broadcast programmes containing copyright music for the purposes of the educational establishment. The ERA licence also allows the educational establishments to communicate those recordings and works to teachers and students connected with the establishment.

### Royalty charge

ERA pays an annual blanket licence fee covering the mechanical and performing rights it licenses on behalf of MCPS and PRS. This money is split 86.5% to MCPS and 13.5% to PRS to reflect the difference in physical media usage and streaming.

### Distribution approach

The money is allocated to those programmes which are likely to be educational from all the programming broadcast on BBC2, Channel 4, More4, Channel 5 and S4C.

### Distribution cycle

Quarterly, one quarter after the end of the performance period.

### Processing policy

#### Data provider

ERA does not collect information from the schools it licenses about the material recorded under this licence so cannot report any usage. MCPS attempts to manually identify those programmes which are likely to be educational from all the programming broadcast on BBC2, Channel 4, More4, Channel 5 and S4C.

#### Processing thresholds and rules

None

## Scheme: Digital Memory Devices (DMD)

### Summary

This covers the licensing of music recorded onto Digital Memory Devices (DMD).

### Royalty charge

- 6.5p per work per copy without prior approval
- 5p per work per copy with prior approval

### Distribution approach

The royalty charged, net of MCPS commission, is paid line by line directly across the specific licensed works.

### Distribution cycle

Members should receive their royalties within one month of the invoice being settled.

### Processing policy

#### Data provider

The data provider will usually be the production company.

#### Processing thresholds and rules

There are no processing thresholds specific to the DMD scheme.

#### Other notes

This scheme covers all music except MCPS Production Music.

## Scheme: Music Audio-Visual Products (DVD1)

### Summary

DVD1 is the scheme for licensing audio visual music products, such as DVDs and Blu-ray discs, to be manufactured and distributed for retail sale to the public. It is available to all producers and allows them to pay royalties quarterly in arrears. However, there are criteria that need to be satisfied before they can operate under this scheme. Companies with estimated annual royalties in excess of £100K are required to be approved by the MCPS board.

### Royalty charge

- DVD singles: 8.5% of the published dealer price (excluding VAT). Where there is no published dealer price the rate is 6.5% (excluding VAT) of the retail price.
- Hybrid products: 7.25% of the published dealer price (excluding VAT). Where there is no published dealer price the rate is 5.54% (excluding VAT) of the retail price.
- DVD video products: 6.25% of the published dealer price (excluding VAT). Where there is no published dealer price the rate is 4.78% (excluding VAT) of the retail.

If the product contains works outside the control of MCPS the royalty charge is proportionally adjusted on the basis of track durations. Otherwise, it is based on an equal split between the tracks where durations are unknown.

### Distribution approach

The royalty charged, net of MCPS commission is paid line by line directly across the specific licensed works. Where the duration of the tracks are known the royalty charge is apportioned to all the individual licensed works in proportion to the durations. Where the duration is not known, it is split equally between the tracks involved.

### Distribution cycle

- End of quarter: record company aggregate their product shipping numbers
- Within 21 days: record company informs us of numbers shipped
- Within the following 17 days: we invoice the record company
- Within the next seven days: record company pays us
- Within the next seven days: funds clear
- Within the next seven days: we pay the member

This cycle means that members should receive their royalties within two months of the end of each quarter.

### Processing policy

#### Data provider

The data provider will usually be the DVD producer.

#### Processing thresholds and rules

There are no processing thresholds specific to the DVD1 scheme.

#### Other notes

This scheme covers all music including MCPS Production Music.

## Scheme: European Central Licensing (EC.1/ECL)

### Summary

European Central Licensing (ECL) schemes for recording products are made and distributed for retail sale to the public, where the record company has opted to be licensed centrally by a single licensing body in Europe. That single licensing body then collects royalties from sales across Europe and distributes the relevant proportions to local societies for onward transmission to local members.

These schemes are now the largest schemes in terms of royalties for recorded products.

### Royalty charge

The royalty rates charged to the record company by the licensing body is based on territory of destination, as per the approach for AP1.

### Distribution approach

The royalties received, net of MCPS commission, are paid line by line directly across the specific works. These royalties are collected and apportioned by other collecting agencies/societies and sent to us at individual work level.

### Distribution cycle

The month following receipt of data and payment – this is typically the month following the standard quarterly AP1 distribution.

### Processing policy

#### Data provider

The data provider will usually be the central licensing body unless processing is undertaken by another society or agency on behalf of the central licensing body.

#### Processing thresholds and rules

There are no processing thresholds specific to the ECL schemes.

#### Other notes

These schemes cover all music except MCPS Production Music

## Scheme: Fitness Music Services (FMS)

### Summary

Fitness Music Services (FMS) is the licensing scheme permitting the manufacture and distribution of products such as CDs, DVDs and downloads containing music to fitness professionals for the use in fitness classes delivered to the public.

### Royalty charge

The royalty charge is determined by either a percentage of applicable revenue or a pence per work per copy minima, whichever is the greater.

	Physical	Online
Percentage of Revenue	15%	16%
Track Minima	6p	7p

### Distribution approach

The royalty charged, net of MCPS commission, is paid line by line directly across the specific licensed works.

### Distribution cycle

Members should receive their royalties within three months of the end of each quarter.

### Processing policy

#### Data provider

The data provider will usually be the fitness product producer.

#### Processing thresholds and rules

There are no processing thresholds or rules.

#### Other notes

A £1,000 advance is payable on sign up to the scheme.

## Scheme: General Interest Cover mounts (GI7N)

### Summary

This scheme is for general interest products supplied as cover mounts at the point of sale to the public. Royalty payments under this scheme must be made by the licensee prior to the manufacture of the product.

### Royalty charge

The royalty rate varies depending on the type of periodical, the nature of the musical work and whether or not tokens need to be collected.

### Distribution approach

The royalty charged, net of MCPS commission, is paid line by line directly across the specific licensed works. Where the duration of the tracks is known, the royalty charge is apportioned to all the individual licensed works in proportion to the durations. Where the duration is not known, it is split equally between the tracks involved.

### Distribution cycle

Members should receive their royalties within one month of the licensee settling the invoice.

### Processing policy

#### Data provider

The data provider will usually be the licensee.

#### Processing thresholds and rules

There are no processing thresholds specific to the GI7N scheme.

#### Other notes

This scheme covers all music except MCPS Production Music.



## Scheme: Joint Import Licence (JIL)

### Summary

This is a joint MCPS/BPI/AIM scheme for the licensing of imports to the UK of records manufactured outside the EU. It replaced the previous AP5 scheme.

### Royalty charge

Per copy:

- Music products <25 min. of music: £0.48
- Music products >25 min. of music: £1.30
- Non music products <25 min. of music: £0.15
- Non music products >25 min. of music: £0.40
- Karaoke products: £1.80

### Distribution approach

The royalty charged, net of MCPS commission, is classed as unattributable, aggregated with other unattributable sources and distributed on a pro-rata basis against other usage.

### Distribution cycle

Pro-rata distributions are made once a year.

### Processing policy

#### Data provider

No data is processed.

#### Processing thresholds and rules

No data is processed.

#### Other notes

This scheme covers all music except MCPS Production Music.

## Scheme: Music Karaoke (KAR)

### Summary

KAR is the licensing scheme for music karaoke products to be manufactured and distributed for retail sale to the public. The KAR scheme is different from standard audio visual licensing in that it incorporates the right to reproduce lyrics on-screen. The scheme permits a maximum of 30 tracks per disc, however a side letter was introduced in 2017 for sound carriers containing more than 30 tracks with a separate royalty calculation.

### Royalty charge

- 12% of the published dealer price (excluding VAT) subject to a minimum PDP of £3.00 or
- 10% of the published retail price (excluding VAT) subject to a minimum PRP £3.60
- The greater of 12% of Published Dealer Price or £0.07 per Track per Disc where there are more than 30 tracks on a disc

If the product contains works outside the control of MCPS the royalty charge is proportionally adjusted on the basis of usage durations. Alternatively, where durations are unknown, it is adjusted on the basis of an equal split between the works.

### Distribution approach

The royalty charged, net of MCPS commission, is paid line by line directly across the specific licensed works. Where the duration of the usages is known the royalty charge is apportioned to all the individual licensed works in proportion to the durations. Where the duration is not known, it is split equally between the items involved.

### Distribution cycle

Members should receive their royalties within three months of the end of each quarter.

### Processing policy

#### Data provider

The data provider will usually be the production company.

#### Processing thresholds and rules

There are no processing thresholds specific to the KAR scheme.

#### Other notes

This scheme covers all music except MCPS Production Music.

## Scheme: Limited Manufacture (LM)

### Summary

This is a joint MCPS/PPL scheme for licensing production runs that do not exceed 1,000 copies.

### Royalty charge

The royalty charge varies with the number of copies being made, the duration of the licensed music and whether PPL rights are included as well as MCPS rights.

### Distribution approach

The royalty charged, net of MCPS commission, is classed as unattributable, aggregated with other unattributable sources and distributed on a pro-rata basis against other usage.

### Distribution cycle

Pro-rata distributions are made once a year.

### Processing policy

#### Data provider

No data is processed.

#### Processing thresholds and rules

No data is processed.

#### Other notes

This scheme covers all music including MCPS Production Music.

Christian Copyright Licensing International (CCLI) acts as an agent for MCPS and administers this licence to churches and some other organisations.

The Centre for Education & Finance Management (CEFM) administer a licence on behalf of the Department for Education (DfE) which covers a Limited Manufacture licence for products created by schools containing up to 120 minutes of music, capped at 1,000 units a year. For more information, visit <http://cefm.co.uk/mcps>

## Scheme: Production Music Rate Card (LR1)

### Summary

This is the standard method for licensing synchronisation usage for MCPS Production Music which fall outside the broadcast blanket and IPC licensing schemes. This can include small licences for very low budget productions such as student films or corporate videos.

### Royalty charge

The published rate card details can be found in the appendix.

### Distribution approach

The royalty charged, net of MCPS commission, is paid line by line directly across the specific licensed works.

### Distribution cycle

Members should receive their royalties within one month of the invoice being settled.

### Processing policy

#### Data provider

The data provider will usually be the production company.

#### Processing thresholds and rules

There are no processing thresholds specific to the LR1 scheme.

#### Other notes

This scheme only covers MCPS Production Music.

## **Scheme: Interactive Games/Multimedia Products (MM1)**

### **Summary**

This covers miscellaneous interactive games and multimedia products.

### **Royalty charge**

This is subject to negotiation with the licensee.

### **Distribution approach**

The royalty charged, net of MCPS commission, is paid line by line directly across the specific licensed works. Where the duration of the usages are known the royalty charge is apportioned to all the individual licensed works in proportion to the durations. Where the duration is not known, it is split equally between the items involved.

### **Distribution cycle**

Members should receive their royalties within one month of the invoice being settled.

### **Processing policy**

#### **Data provider**

The data provider will usually be the production company.

#### **Processing thresholds and rules**

There are no processing thresholds specific to the MM1 scheme.

#### **Other notes**

This scheme covers all music except MCPS Production Music.

## Scheme: Music Services Business to Business (MSB2B)

### Summary

The MSB2B scheme licenses the supply of music (audio, music video and karaoke) to business locations solely for the purpose of playing to members of the public. This includes locations such as bars, restaurants and retail outlets. These schemes can be for suppliers of physical products or downloads.

### Royalty charge

The royalty charge varies with the type of service (background, on demand, karaoke) and the product format (physical or online/satellite). The charge will be based upon a percentage of revenue or a per site minima as detailed in the table below.

	Physical format delivery			Online/satellite format delivery		
	Background	On-demand	Karaoke	Background	On-demand	Karaoke
% of applicable revenue	6%	6%	9.5%	7%	8%	10.5%
Min per site per month	£2.00	£2.50	£2.50	£2.50	£3.50	£3.50

MSB2B is subject to a minimum advance of £1,000 at point of sign up to the agreement.

### Distribution approach

All licensees supply line by line reporting. The royalties, net of MCPS commission, will be paid line by line directly across the specific licensed works.

### Distribution cycle

Pro-rata distributions are made once a year. For suppliers moved to line by line distributions will be quarterly in arrears.

### Processing policy

#### Data provider

Before July 2013: No data is processed.  
From July 2013: Data will be supplied by the licensee.

#### Processing thresholds and rules

There are no processing thresholds or rules.

#### Other notes

This scheme covers all music including MCPS Production Music.

Previously, if suppliers did not supply reporting the royalties, net of MCPS commission, was added into the royalties of the other suppliers that are distributed line by line and distributed on a pro-rata basis against other usage.

## Scheme: Professional Dubbing (ProDub)

### Summary

This is a joint licensing scheme operated by MCPS and PPL. It allows an individual to copy music they own onto various formats and devices, such as from their CDs to their laptop. This is for the purpose of using that device or format to undertake professional or semi-professional performances, such as those undertaken by DJs, karaoke jockeys, fitness instructors and performers.

### Royalty charge

The royalty charge varies depending on the number of songs copied and whether graphic rights are to be included.

### Distribution approach

The royalty charged, net of MCPS commission, is classed as unattributable, aggregated with other unattributable sources and distributed on a pro-rata basis against other usage.

### Distribution cycle

Pro-rata distributions are made once a year.

### Processing policy

#### Data provider

No data is processed.

#### Processing thresholds and rules

No data is processed.

#### Other notes

This scheme covers all music except MCPS Production Music.

## Scheme: Public Exhibitions (SG4)

### Summary

This scheme is for licensing the recording of music for use in public exhibitions.

### Royalty charge

The royalty charge varies with the number of visitors and whether they are fee-paying or non-fee paying visitors. This is subject to a minimum charge of £250 per 30 seconds.

### Distribution approach

The royalty charged, net of MCPS commission, is paid line by line directly across the specific licensed works. Where the duration of the usages are known the royalty charge is apportioned to all the individual licensed works in proportion to the durations. Where the duration is not known, it is split equally between the items involved.

### Distribution cycle

Members should receive their royalties within one month of the licensee settling the invoice.

### Processing policy

#### Data provider

The data provider will usually be the production company.

#### Processing thresholds and rules

There are no processing thresholds specific to the SG4 scheme.

#### Other notes

This scheme covers all music except MCPS Production Music.



## Scheme: (SG6)

### Summary

The SG6 scheme is for specialist, made to order music products including MIDI files, bespoke karaoke compilations, backing tracks, recording booths, mechanical organ music and music quiz compilations.

### Royalty charge

The royalty charge varies with the type of usage. Charges are made on a pence per work basis as detailed in the table below:

Audio only clips under 30secs (C)	3p
Audiovisual clips under 30secs (A)	3.5p
Audio only tracks (T)	10p
Audiovisual tracks (no lyrics) (V)	11p
Karaoke tracks with still images (S)	12p
Karaoke tracks with moving images (K)	13p
MIDI Files (M)	15p

### Distribution approach

The royalty charged, net of MCPS commission, is paid line by line directly across a sample of the licensed works.

### Distribution cycle

Royalties under this scheme are distributed annually.

### Processing policy

#### Data provider

Data is supplied by licensees.

#### Processing thresholds and rules

Only a sample of the licensed works is distributed.

#### Other notes

This scheme was formally due to expire at the end of 2006 but in the absence of any replacement scheme it continues to operate.

This scheme covers all music except MCPS Production Music.

## Scheme: Audits (AUD1 & AUD2)

### Summary

This scheme is for audit monies recovered after a royalty examination for a defined period of reporting, under a particular scheme.

### Royalty charge

The royalty charge is based on the specific terms as per each agreement that the royalty examination is conducted. For example, AP1, AP2, AP2A, AP7, KAR.

### Distribution approach

The royalty charged, net of MCPS commission and audit costs, is paid line by line on the works found to be under reported.

### Distribution cycle

Royalties under this scheme are distributed ad hoc. However, they will be distributed in a timely manner subject to internal processing.

### Processing policy

#### Data provider

The audit department collates the data that has been reported and processed by the licensing team. The external licensee provides extra information in accordance with the royalty examination. The royalty examination is conducted by an external third party accountant/audit firm.

#### Processing thresholds and rules

There are no processing thresholds specific to the audit schemes.

#### Other notes

AUD1 and AUD2 monies are usually distributed under AUD3/4; and the same rules apply to all audit schemes.