



Distribution policy



MCPS distribution policy rules

Contents

INTRODUCTION.....	11
Scope of the MCPS Distribution Policy	11
General distribution policy principles	11
Policy review and decision making processes.....	12
DISTRIBUTION CYCLES AND CONCEPTS.....	13
Standard distribution cycles and frequency	13
Distribution basis.....	13
Source types and distribution sections	14
Interest on investments	14
Commission rates	14
Weightings.....	14
Points and point values	15
Fixed point values.....	16
Reconciliation payments	16
Music consumption	17
Licence values.....	17
Interest on late distributions	17
Recognition and application of publishing contracts	17
Infringements, disputes and counter claims	18
BROADCAST	19
Key concepts.....	19
Broadcast sampling.....	19
Unmatchables and carry forwards	19
Time of day weighting	20
‘Off Air’ Performances.....	21
The BBC blanket – revenue split between platforms	21
BBC radio	23
Introduction.....	23
Royalty source	23
Distribution policy.....	23
Processing policy.....	23
Other notes.....	24
Commercial radio	25

Introduction.....	25
Royalty source	25
Distribution policy.....	25
Processing policy.....	25
Other notes.....	26
Scheme: Radio Advertising Production Music Licence.....	27
Summary	27
Royalty source	27
Distribution policy.....	27
Processing policy.....	27
UCB Radio	28
Introduction.....	28
Royalty source	28
Distribution policy.....	28
Processing policy.....	28
Other notes.....	28
BBC TV	29
Introduction.....	29
Royalty source	29
Distribution policy.....	29
Processing policy.....	30
Other notes.....	30
ITV	31
Introduction.....	31
Royalty source	31
Distribution policy.....	31
Processing policy.....	31
Other notes.....	32
BSkyB.....	33
Introduction.....	33
Royalty source	33
Distribution policy.....	33
Processing policy.....	33
Other notes.....	33
Channel 4	34
Introduction.....	34

Royalty source	34
Distribution policy.....	34
Processing policy.....	34
Other notes.....	34
Channel 5	35
Introduction.....	35
Royalty source	35
Distribution policy.....	35
Processing policy.....	35
Other notes.....	35
Discovery	36
Introduction.....	36
Royalty source	36
Distribution policy.....	36
Processing policy.....	36
Other notes.....	36
Turner.....	37
Introduction.....	37
Royalty source	37
Distribution policy.....	37
Processing policy.....	37
Other notes.....	37
MTV.....	38
Introduction.....	38
Royalty source	38
Distribution policy.....	38
Processing policy.....	38
Other notes.....	38
PBS America	39
Introduction.....	39
Royalty source	39
Distribution policy.....	39
Processing policy.....	39
Other notes.....	39
B4U.....	40
Introduction.....	40

Royalty source	40
Distribution policy.....	40
Processing policy.....	40
Other notes.....	40
BT Sport.....	41
Introduction.....	41
Royalty source.....	41
Distribution policy.....	41
Processing policy.....	41
Other notes.....	41
Fox Television.....	42
Introduction.....	42
Royalty source.....	42
Distribution policy.....	42
Processing policy.....	42
Other notes.....	42
The Box Plus Network	43
Introduction.....	43
Royalty source.....	43
Distribution policy.....	43
Processing policy.....	43
Other notes.....	43
UKTV	44
Introduction.....	44
Royalty source.....	44
Distribution policy.....	44
Processing policy.....	44
Other notes.....	44
CBS/AMC Network.....	45
Introduction.....	45
Royalty source.....	45
Distribution policy.....	45
Processing policy.....	45
Other notes.....	45
NBC Universal	46
Introduction.....	46

Royalty source	46
Distribution policy.....	46
Processing policy.....	46
Other notes.....	46
Walt Disney Co	47
Introduction.....	47
Royalty source.....	47
Distribution policy.....	47
Processing policy.....	47
Other notes.....	47
Scripps Networks International.....	48
Introduction.....	48
Royalty source.....	48
Distribution policy.....	48
Processing policy.....	48
Other notes.....	48
Independent Production Companies (IPCs)	49
Introduction.....	49
Royalty source.....	49
Distribution policy.....	49
Processing policy.....	49
Other notes.....	49
Other TV stations/channels	50
Introduction.....	50
Royalty source.....	50
Distribution policy.....	50
Processing policy.....	50
Other notes.....	50
Secondary sales.....	51
Introduction.....	51
Royalty source.....	51
RECORDED MEDIA AND PRODUCT LICENSING	52
Key concepts.....	52
Scheme: Audio Product 1 (AP1)	53
Summary	53
Royalty charge.....	53

Processing policy.....	53
Scheme: Music Audio Product 2 (AP2)	54
Summary	54
Royalty charge	54
Processing policy.....	54
Scheme: Audio Product 2A (AP2A)	55
Summary	55
Royalty charge	55
Processing policy.....	55
Scheme: DJ Mix Compilations (AP3)	56
Summary	56
Royalty charge	56
Processing policy.....	56
Schemes: Audio Only Promotional Product	57
(AP4 and AP4P)	57
Summary	57
Royalty charge	57
Processing policy.....	57
Scheme: Cover mounted Products (AP7 and AP7N)	58
Summary	58
Royalty charge	58
Processing policy.....	58
Scheme: AP7A.....	59
Summary	59
Royalty charge	59
Processing policy.....	59
Scheme: General Interest Audio-Visual Product (AVP).....	60
Summary	60
Royalty charge	60
Processing policy.....	60
Scheme: Educational Recording Agency (BG9)	61
Summary	61
Royalty charge	61
Processing policy.....	61
Scheme: Digital Memory Devices (DMD).....	62
Summary	62

Royalty charge	62
Processing policy	62
Scheme: Music Audio-Visual Products (DVD1)	63
Summary	63
Royalty charge	63
Processing policy.....	63
Scheme: European Central Licensing (EC.1/ECL)	64
Summary	64
Royalty charge	64
Processing policy.....	64
Scheme: Fitness Music Services (FMS)	65
Summary	65
Royalty charge	65
Processing policy.....	65
Scheme: General Interest Cover mounts (GI7N).....	66
Summary	66
Royalty charge	66
Processing policy.....	66
Scheme: Joint Import Licence (JIL).....	67
Summary	67
Royalty charge	67
Processing policy.....	67
Scheme: Music Karaoke (KAR)	68
Summary	68
Royalty charge	68
Processing policy.....	68
Scheme: Limited Manufacture (LM)	69
Summary	69
Royalty charge	69
Processing policy.....	69
Scheme: Production Music Rate Card (LR1)	70
Summary	70
Royalty charge	70
Processing policy.....	70
Scheme: Interactive Games/Multimedia Products (MM1)	71
Royalty charge	71

Processing policy.....	71
Scheme: Music Services Business to Business (MSB2B)	72
Summary	72
Royalty charge	72
Processing policy.....	72
Scheme: Professional Dubbing (ProDub)	73
Summary	73
Royalty charge	73
Processing policy.....	73
Scheme: Public Exhibitions (SG4)	74
Summary	74
Royalty charge	74
Processing policy.....	74
Scheme: (SG6)	75
Summary	75
Royalty charge	75
Processing policy.....	75
Scheme: Audits (AUD1 & AUD2)	76
Summary	76
Royalty charge	76
Processing policy.....	76
ONLINE LICENSING	77
Key concepts.....	77
Unmatchables and carry forwards	78
iTunes album/single downloads	79
Introduction.....	79
Royalty source	79
Distribution policy.....	79
Processing policy.....	79
YouTube	80
Introduction.....	80
Royalty source	80
Distribution policy.....	80
Processing policy.....	81
Other notes.....	81
Spotify.....	82

Introduction.....	82
Royalty source	82
Distribution policy.....	82
Processing policy.....	82
GEOL within broadcast blanket	83
Introduction.....	83
Royalty source	83
Distribution policy.....	83
Other notes.....	84
Blanket GEOL standalone licences	85
Introduction.....	85
Royalty source	85
Distribution policy.....	85
Processing policy.....	85
Other notes.....	85
Cloud locker services	86
Introduction.....	86
Royalty source	86
Distribution policy.....	86
Processing policy.....	86
Other notes.....	86
BBC iPlayer.....	87
Introduction.....	87
Royalty source	87
Distribution policy.....	87
Processing policy.....	87
Other Notes	87
Pan European transactional licences	88
Introduction.....	88
Royalty source	88
Distribution policy.....	88
Processing policy.....	88
Limited Online Music Licence	89
Introduction.....	89
Royalty source	89
Distribution policy.....	89

Processing policy.....	90
Online karaoke services.....	91
Introduction.....	91
Royalty source	91
Distribution policy.....	91
Processing policy.....	91
Other Notes	92
Business to business music suppliers (MSB2B).....	93
Introduction.....	93
Royalty source	93
Distribution policy.....	93
Processing policy.....	93
Other notes.....	93
Overseas income	94
Summary	94
APPENDIX.....	95
Commission rates	95
Source types	95
Production Music Rate Card	95
GLOSSARY.....	96

INTRODUCTION

Scope of the MCPS Distribution Policy

We pay royalties to our members and rights holders in batches called distributions throughout the year. The MCPS Distribution Policy relates to royalties paid for the MCPS share only.

This policy document explains how we work out the royalties and schedule when they'll be paid. It's not just about the technologies and methods we use, but also the principles we use for guidance.

Fairness, accuracy, cost effectiveness and transparency are all very important for our members. However, sometimes these principles are at odds. This policy document sets out how we strike a balance.

Before we get any further into the MCPS Distribution Policy there are few important things to set out:

When we say 'we' in this document we're referring to *PRS for Music* and the Mechanical-Copyright Protection Society (MCPS) specifically.

PRS for Music is the home of both MCPS and the Performing Right Society (PRS). PRS royalty distributions, which are of particular interest to many songwriters, are detailed in the separate PRS Distribution Policy.

Why is this distinction important? In some cases we collect the licence fee for both MCPS and PRS under a joint licence, sometimes as one lump sum. Where this is the case we'll refer to MCPS and PRS specifically, so you can see how the proportion made available for the MCPS Distribution is worked out.

This document cannot cover every aspect of the distribution process. MCPS members should contact our member services by email - writerquery@prsformusic.com or publisherquery@prsformusic.com - for more information. Affiliated collecting societies should contact internationalenquiry@prsformusic.com.

All policies, rates and information are valid as of January 2019, unless otherwise mentioned.

General distribution policy principles

We aim to ensure that distributions are fair, accurate and cost effective. Our objective is to provide transparent and easily understood distribution policies and processes.

In many instances, the aims of fairness, accuracy, cost effectiveness and transparency are opposing forces. For example, in some situations achieving 100% data accuracy for each individual performance might cost more than the revenue being collected - meaning there would be nothing left for royalties.

In such cases, we can use cost effective methods of data collection and analysis.

Policy review and decision making processes

The MCPS board is responsible for deciding the principles and dates on which royalties are divided between and distributed to members. The board has overall responsibility for the formulation and implementation of distribution policy that conforms with the general principles of fairness, accuracy and cost-effectiveness.

Where relevant the board is advised by a sub-committee, the Distribution Committee. This advice concerns the allocation of royalties from licences operated in conjunction with PRS, such as broadcasting and online royalties. The Distribution Committee is made up of MCPS directors and PRS counterparts.

Distribution policies are subject to periodic review. MCPS management works closely with the Distribution Committee and MCPS Board to ensure that policies which have been identified as being in need of review are subject to thorough and timely examination.

Many factors could lead to a policy review, including:

- a change in licence terms, which affects how royalties would be distributed under a certain policy
- a change in data availability, processing or cost, which affects how royalties would be distributed on a certain section
- a new way that licensed music is being used
- member feedback on current policy

One or more of the factors above could lead to a review of policy. We prioritise reviews based on factors including:

- value of distributions governed by the policy
- estimated potential benefit of a review, such as increases in accuracy or cost efficiency
- potential risks of not reviewing current policy, such as the absence of a distribution policy for a new revenue stream

During a policy review, MCPS management will work closely with the Distribution Committee and MCPS Board to determine a means of distribution that is considered fair, accurate, cost effective and as clear and straightforward as possible. In order to do this, MCPS management will often undertake extensive analysis to fully understand the potential impacts of any proposed policy change, on the earnings of both members and other rights-holders we represent.

DISTRIBUTION CYCLES AND CONCEPTS

Standard distribution cycles and frequency

For recorded media royalties, we usually make distributions on a monthly basis. However, not all licensees or licensing schemes are included in all distributions. Most are distributed either (a) within two months of the end of a quarter or (b) one month after a receipt of royalties by MCPS. Pro-rata distributions are made annually.

Royalties for other types of usage - such as broadcasting - are normally distributed four times a year, in April, July, October and December. In most cases, the distribution occurs one quarter after the end of the quarterly performance period. The distribution cycles for the primary broadcast revenue sources are shown below :

For television (except music TV channels)

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
July distribution			October distribution			December distribution			April distribution		

For music TV channels, radio, all public performance (except concerts)

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
July distribution			October distribution			December distribution			April distribution		

Distribution information for other revenue sources can be found here:

https://www.prsformusic.com/-/media/files/prs-for-music/membership/distributions/distribution_times.ashx

The December and April TV distributions are referred to as quarterly distributions even though they span two and four months respectively.

Distribution basis

We base distributions on the following methods, in order of preference:

Line by line – This is the preferred basis for all distribution sections. Every invoiced work on every invoiced line is processed with revenue allocated and individually identified on statements.

Unfortunately it is not always feasible for us to distribute on a line by line basis, due to the nature and volume of music usage by some licensees. Usually, this is where no cost effective solution for collecting and processing data is available. An example would be for low value, limited manufacture.

Sample – Where line by line distribution is not feasible or cost effective, we might seek to use a sample of actual usage as the basis to distribute total revenue. This method is often effected by the use of a value threshold, for example in some instances only processing items worth a total of at least £3.

Pro-rata – A pro-rata based payment is used where other methods are not feasible or cost effective. This is usually because sufficient data is not readily available. In effect, pro-rata distribution uses other data that we process. For example, if we received money from a small juke-box supplier which provides no usage data, this may be distributed based on usage data provided by a larger juke-box supplier.

Sometimes the phrase 'on the back of' is used for pro-rata distributions, such as 'on the back of previously distributed music use' or 'on the back of a similar licensee'.

In some instances, we may use combinations of these approaches.

Source types and distribution sections

A source type or distribution section is a specific pool of revenues. These revenues have been collected from one or more licensees and distributed together because they are related in some way. A distribution may contain hundreds of individual distribution sections, or source types, which are identified separately on distribution statements.

The current list of source types and distribution sections can be seen in the appendix.

Interest on investments

We put royalties and non-licence revenues awaiting distribution into an account. The interest from this account goes towards offsetting running costs.

Commission rates

We charge commission on the revenue we collect to cover our operating costs, incurred in the normal course of business.

Commission is deducted at the point of distribution. Commission rates vary by source because some sources cost more to operate than others.

Changes to commission rates require the approval of the MCPS board. Members are given not less than six months' notice before they take effect. The commission rates are reviewed regularly and current rates are listed in the appendix.

Weightings

Sometimes we use weightings to ensure that revenues for certain TV broadcast music usages are valued correctly.

Time of day weighting

Since a PRS and MCPS Board decision in 2006, the concept of time of day weightings to reflect the likely size of the audience for each usage has been factored into our broadcast distributions – initially for TV (from 2007). For Radio, the change was only made in respect of PRS distributions, not MCPS, from July 2019.

This policy was most recently reviewed at the Distribution Committee in November 2017. From the October 2018 distribution we will be phasing in a new set of weightings, starting with BBC TV, Sky and then for all TV from July 2019.

TV broadcasts have had two time bands – 'Non Peak' and 'Peak' – since 2007. The changes from 2018 introduce a third weighting, 'Low Peak', for music played between 4pm and 6pm and 11pm and Midnight. One minute of music is worth twice as much as one minute of music broadcast during 'Non Peak' hours. The previous 'Peak' hours of 6pm to 11pm remain the same but is now called 'High Peak' and is worth three times as much as one minute broadcast of music broadcast during 'Non Peak' hours. The time bands are based on audience data sourced from BARB.

Before October 2018	From October 2018 Onwards
Non-Peak: All times apart from 18:00 to 22:59 1x weighting on per minute rate	Non-Peak: midnight to 15:59 1x weighting on per minute rate
	Low Peak: 16:00 to 17:59, and 23:00 to 23:59 2x weighting on per minute rate
Peak: 18:00 to 22:59 2x weighting on per minute rate	High Peak: 18:00 to 22:59 3x weighting on per minute rate

Productions which straddle the border between time bands are classified on the basis of the time slot into which their mid-point falls.

For example, all music used in a 1-hour long production whose broadcast commenced at 5.45pm would be paid at the High Peak rate as the production's mid-point, 6.15pm, falls within the defined High Peak slot.

Library music weighting

Library (or production) music works are paid out at 3x the rate of other works in MCPS TV broadcast distributions. This is an acknowledgement that we control three rights in respect of these works but only one right for other works:

- For most works, we only control the right to make a recorded copy of the musical work. For library (or production) music works, we control two additional rights:
 - the right to make a copy of the original sound recording of the musical works
 - the right to broadcast the sound recording

For radio broadcasts of library works only the first usage on each station gets the 3x weighting. For all other uses only a 1x weighting is used, to reward the broadcast of the sound recording.

No other weightings are used.

Points and point values

When we enter into a blanket broadcast licence, there is usually no pre-defined value per usage set in the licence – it is a lump sum. As such, there is no pre-set value to base the distribution of each use on, and so this value per usage needs to be calculated.

For MCPS distributions this is done by allocating a number of points to each usage. A point represents a different value depending on the licence, service, or station. For example, for radio and TV broadcasts the point is a minute of time, so a broadcast lasting three minutes 30 seconds becomes 3.5 points (with the unique exception of MCPS Library music weighting – see above). For public performance the value might be, for example, the number of times a work is performed in a club, so a work appearing 10 times in a disco would have 10 points.

Within each distribution section, the total points for each work are added up. Works that have more uses therefore accumulate more points. Each point within a distribution section will have the same value. Therefore works that have accumulated more points will receive more money.

Fixed point values

Royalties from many licences are paid out using fixed point values (FPVs). This “fixes” the value of a single point (as described in the section “Points and Point Values”) for a period of time. In their simplest form FPVs are calculated as so:

Broadcast: Total annual station distributable revenue ÷ total annual station music minutes

Public performance: Total annual section distributable revenue ÷ total performances in section

The reality is usually more complicated. When an FPV is set for the first distribution in a licence period, the final year’s revenue and music use is not known. Predicting final revenue and usage incorrectly at the first distribution is an inherent risk. The wrong forecast could mean that more revenue is distributed than actually collected. To minimise the risk of over distribution, PRS cautiously under forecasts the annual net revenue when making this calculation. Any residual revenues left over after the last standard distribution for a licensed period are distributed via a reconciliation payment.

Reconciliation payments

For MCPS distributions, we aim to pay out all broadcasting revenues collected in a licence year, covering usage falling within the licence period¹, in the final quarterly distribution. Where this is not possible, the next available distribution is used.

If sufficient residual revenue remains after MCPS have made all distributions for the licence period covered by a specific fee per distribution section, it will be distributed as a reconciliation payment; usually in the month after the final quarterly distribution.

This payment pro-rates the residual revenue across all members featuring in the original distributions, in proportion to the value generated by their usages.

Example

The distribution section for Licensee A, a music TV broadcaster, has net distributable revenue of £1,000, covering all 2010 music usage.

Initial distributions for the usages logged in the 2010 period are made in July 2010 for quarter one usages, October 2010 for quarter two usages, December 2010 for quarter three usages and April 2011 for quarter four usages. These initial distributions total £900, leaving residual distributable revenue of £100.

Member A initially earned £100 of the original £900, or 11%. Then, upon reconciliation, Member A will receive an additional reconciliation payment of £11, which is 11% of the £100 residual revenue. Therefore, Member A will receive £111 in total.

¹ **There are two exceptions to this:**

a. Commercial radio - The commercial radio licence year runs from October to September, so the final performance period in any given licence year is July to September, paid in the December distribution. Due to the time constraints associated with the December distribution, it is not possible to include the reconciliation within the final payment. Constraints on MCPS systems are such that this reconciliation takes place in May.

b. Reserved revenue in respect of missing data- The only other scenario in which revenues are not reconciled at this distribution is where substantial gaps in performance data have been identified. In this case, revenue is only reconciled when outstanding data is received.

Where the residual revenue is insufficient to warrant reconciliation across the original usage, it is carried forward to the next year's distribution pool for that distribution section.

Music consumption

For distribution purposes, music consumption is a measure of audience hours containing music. This is used predominantly in TV or radio broadcast revenue apportionment calculations. It is usually calculated at station level by multiplying total audience hours by music percentage, which is total music hours divided by total broadcast hours.

Music consumption provides a consistent and meaningful basis to compare different online services, TV and radio stations for a single licensee, and the relative importance and value of music within that licensee's usage.

Licence values

The exact values of some licences can vary significantly from year to year. In some instances the licence details, including the licence fee, are contractually confidential between us and the licensee. Because of this, no licence total values are given in this document.

Interest on late distributions

We pay interest to our members in two circumstances. First, we do so where through our own neglect or fault we fail to distribute on time. Second, we pay interest where we were ourselves paid interest by a user (unless this is part of an audit recovery). This is only in relation to any period after the date when distribution would normally have been made.

Recognition and application of publishing contracts

When making most distributions, we look to officially documented contracts applicable at the mid-point of the previous quarter to determine the payable owner, for example:

Publisher gains control of works	First Distribution affected	Usage period covered by dist
Jul 2013	Dec 2013	Jul-Sep 2013
Sep 2013	Apr 2014	Oct-Dec 2014

Online – transactional (e.g. IMPEL) and some others do not follow this pattern. The payable owner is generated at point of invoicing, normally close after the sale period and then paid at a subsequent distribution (once the money has been received).

Infringements, disputes and counter claims

Although these are not strictly distribution policy matters it is worth noting that we have formal procedures for dealing with infringements, disputes and counter claims. These policies cover where we are entitled to hold onto distributable funds until such time as the matters are resolved.

Disputes and Duplicate Claims

Details of the MCPS disputes and counter claims policy can be found here:

<https://www.prsformusic.com/works/counterclaims/disputes-and-duplicate-claims>

Samples

Details of the MCPS sampling disputes policy can be found here:

<https://www.prsformusic.com/-/media/files/prs-for-music/membership/copyright/rules-governing-samples>

Infringements

Details of the MCPS infringements policy can be found here:

<https://www.prsformusic.com/works/counterclaims/infringements>

BROADCAST

Key concepts

The following concepts help ensure the way we distribute revenue to members is equitable.

- Commercial licensee blanket revenues that cover more than one radio or TV station are divided between the stations using a two-step process:
 1. Each station is allocated a fixed minimum amount per station. In some cases this minimum sum is specified in the licence. Where it is not, the General Entertainment Television (GETV) matrix is used. This matrix is updated every year. View the matrix here: <https://www.prsformusic.com/licences/broadcasting-music-on-tv/general-entertainment-tv-licence---non-barb-rated-tv-channels>
 2. Any remaining money is divided between the stations in proportion to their relative music consumption.

Please note that the process for the BBC is slightly different and is explained below under the heading 'The BBC blanket – revenue split between platforms'

- Works performed on broadcast sections are paid based on their total duration on that service multiplied by the calculated FPV for that service for that period.
- No value distinctions are made between music used in programmes, commercials, station/channel idents, jingles or trailers.
- All distributable audiovisual broadcasts are subject to time of day weightings and feature in separate distribution sections.
- MCPS blanket licences do not cover all uses of music by a broadcaster. For example, the MCPS broadcast blanket licences do not generally cover:
 - Commissioned music (except in the case of ITV)
 - Music used in adverts
 - Acquired programming (except for the broadcast of the sound recording of production music)².

Broadcast sampling

We will use census reporting where available. However, for some lower revenue channels, the broadcaster does not provide census reporting. In these situations we process all the data we are able to acquire, adopting the sampling methodology.

Unmatchables and carry forwards

Unmatchable usage

The term 'unmatchable usage' is used to indicate where a licensee has reported music use but PRS or MCPS has been unable to match it to a work, whether registered or unregistered, or to identify the interested parties as members of a collecting society.

² It should be noted that although MCPS controls this particular right in acquired programming it does not currently distribute royalties in respect of it. This is because our systems do not currently process data on acquired programming.

Works unregistered at the time of distribution cease to be eligible for distribution for that particular usage, which is never paid.

Audiovisual and General Entertainment Online (GEOL) carry forwards

Some usages are carried forward to be processed in a subsequent distribution. This will usually happen so that complete distributions are not delayed or for the following reasons:

- **More research time is needed**
When research to confirm the correct match could not be finished in time for the distribution deadline, usages will be carried forward to the next available distribution marked with a new target distribution (TDD).
- **Work is subject to an incomplete share picture**
A usage can be carried forward after being successfully matched to a work if that work has an incomplete share picture. To make this payment, the work must have shares equal to 100%. Action is therefore required to update the work.
- **Usage data received too late to process**
Usages can also be carried forward because they were received and loaded too late for processing.

Limits to usages carried forward

Usages will continue to be carried forward until they are matched. In theory, they can be carried forward for three years from the initial target distribution, after which they will be removed from the system.

Time of day weighting

Following a PRS and MCPS Board decision in 2006, all TV broadcast performances from 2007 onwards have been subject to time of day weightings to reflect the likely size of the audience for each usage. At the time, these weightings dictated that one minute of music broadcast during primetime hours is worth twice as much as one minute broadcast outside primetime. Since 2008, primetime hours have been 6pm to 11pm.

These weightings were reviewed at the Distribution Committee in November 2017 and from the October 2018 distribution we will be phasing in a new set of weightings, starting with the BBC as October is the start of the BBC licence year.

The changes were phased in for BSkyB from the December 2018 distribution onwards, and for all other commercial stations from July 2019.

The changes introduces a third weighting, 'Low Peak', for music played between 4pm and 6pm and 11pm and Midnight. One minute of music is worth twice as much as one minute of music broadcast during 'Non Peak' hours. The previous 'Peak' hours of 6pm to 11pm remain the same, but is now called 'High Peak' and is worth three times as much as one minute broadcast of music broadcast during 'Non Peak' hours.

Current bands	New bands
Non-Peak: All times apart from 18:00 to 22:59 1x weighting on per minute rate	Non-Peak: midnight to 15:59 1x weighting on per minute rate
	Low Peak: 16:00 to 17:59, and 23:00 to 23:59 2x weighting on per minute rate
Peak: 18:00 to 22:59 2x weighting on per minute rate	High Peak: 18:00 to 22:59 3x weighting on per minute rate

Productions which straddle the border between primetime and non-primetime are classified on the basis of the time slot into which their mid-point falls.

For example, all music used in a one hour long production whose broadcast commenced at 5.45pm would be paid at the High Peak rate as the production's mid-point, 6.15pm, falls within the defined High Peak slot.

'Off Air' Performances

As the result of a Distribution Committee decision in February 2018, TV broadcast performances during 'Off Air' time periods on a channel will be subject to a specific weighting that reflects the low audience levels for the particular type of content made available at those hours. The definition of 'Off Air' is:

"Music broadcast while the channel displays a continuous holding screen"

The weighting for 'Off Air' music minutes is 4% of the associated channel's lowest rate for time of day weightings.

The BBC blanket – revenue split between platforms

The BBC is the UK's only significant publicly-funded public service broadcaster.

It is also the only major UK broadcaster licensed for a single fee that covers music used on a number of national, local and regional radio and TV stations.

The current BBC licence agreement provides a single annual fee covering all music used in its public service output from April 2011 onwards, for both PRS and MCPS. This revenue is split between audiovisual and audio only (mainly radio) output.

The method by which individual channels or stations are delivered has no impact on how MCPS distributes royalties for them. For example, BBC2 is considered the same channel whether it is received on terrestrial TV, satellite TV or online.

Calculating the splits

Firstly, 50% of the overall blanket licence fee is split between audiovisual and audio only based on the amount of music each platform uses, regardless of audience. The remaining 50% is apportioned in relation to each platform's music consumption. This assesses both audience share and music use.

The BBC's audiovisual channels have significantly more audience hours than its audio only stations. However, its audio only services use significantly more music than its

audiovisual channels. The combination of these factors means that the final split between audiovisual and audio only is not exactly 50/50. The actual split varies year on year as audiences and music use fluctuate.

Having split the single fee between audiovisual and radio, the allocation for each has to be sub-divided between PRS and MCPS. Details of these splits are given later in this document under headings BBC radio and BBC TV.

BBC radio

Introduction

Established by a Royal Charter, the BBC is a public service broadcaster funded by the licence fee paid by UK households. Income from the licence fee enables the BBC to broadcast 10 national radio stations offering music and speech programming, national radio services for Scotland, Wales and Northern Ireland, and more than 40 local radio stations for England. BBC Radio stations are available via analogue and digital radio, digital television, and online via BBC Sounds, where programmes broadcast on the 10 national stations are also available on-demand for 30 days after broadcast.

Royalty source

We license the use of PRS member, MCPS member and affiliated society repertoire on the BBC's non-commercial television, radio and online services under the terms of a joint blanket licence.

Every year the BBC blanket licence fee split between audiovisual and radio is recalculated.

The BBC radio revenue is split 96.4% to PRS and 3.6% to MCPS.

Distribution policy

Revenue apportionment/performance value calculation

1/3 of the total gross annual MCPS BBC radio revenue amount is apportioned to individual BBC radio stations purely on the basis of the amount of music they use. The remainder is apportioned on the basis of each station's individual music consumption.

The total distributable annual revenue per station is divided by the forecast total annual music minutes for the station to arrive at an FPV for each station.

Distribution basis

Effectively we only licence the 'first dubbing' on each station, so only items marked as such by the broadcaster are eligible for distribution. Eligible items on all BBC radio stations are paid on a line by line basis and each station's usage is identified separately on members' statements.

Distribution cycle

Quarterly, one quarter after the end of the performance period. This distribution cycle is detailed in the 'Standard distribution cycles and frequency' section earlier in this document.

Processing policy

Data provider and format

Data is provided by the licensee in electronic format. For some services, reporting is also collected by Soundmouse using digital identification methods.

Processing thresholds and rules

All radio usage is subjected to an automatch routine. Any reported usage that passes the automatch is paid. Usages which are not automatched are then subject to a manual match process, as long as they have a combined usage value for a single work of at least £5 for both performing and mechanical royalties. Any reported work usages that cannot be matched automatically, and that do not provide a royalty of more than £5 across all radio services within a single distribution, will be deemed non-distributable. These usages are not processed further or ever paid.³

Library music items in idents or promos are paid irrespective of duration. All other items with a duration of less than 90 seconds are deemed non-disc plays and so are not generally payable.

Other notes

The BBC licence year covers usage from April to March. Distributions in respect of those usages are made quarterly from October to July.

The approach to distribute 1/3 by music usage and 2/3 by music consumption was agreed at the MCPS board in March 2010.

³ Automatch rates for radio usage average around 90%. Works requiring manual match falling under this threshold therefore account for very low levels of revenue.

Commercial radio

Introduction

The vast majority of commercial radio services are free-to-air services funded largely by advertising revenue. There are currently just three national commercial radio stations: Absolute Radio, Classic FM and TalkSport. Other stations broadcast locally but many are local variations of a national group and brand, such as Heart, Capital and Smooth. There are significant crossovers in the playlists of different commercial radio stations and they use fewer unique tracks overall than BBC radio.

Royalty source

The joint licence MCPS and PRS holds with commercial radio stations charges a fixed percentage of each station's net broadcasting revenue. This is an annual blanket licence fee covering all the station's performing and mechanical usage. This single fee is split 96% to PRS and 4% to MCPS as the mechanical licensing requirement from MCPS is significantly smaller than the performing requirement.

Distribution policy

Revenue apportionment/performance value calculation

There is no formal apportionment between stations. The revenue is treated as a single sum. The total distributable annual revenue per station is then divided by the forecast total annual music minutes for the station to arrive at an FPV for each station.

Distribution basis

Effectively we only licence the 'first dubbing' on each station so only items marked as such by the broadcaster are eligible for distribution. Eligible items on all commercial radio stations are paid on a line by line basis but each station's usage is not identified separately on members' statements.

Distribution cycle

Quarterly, one quarter after the end of the performance period. This distribution cycle is detailed in the 'Standard distribution cycles and frequency' section earlier in this document.

Processing policy

Data provider and format

A third party, currently Soundmouse, employs music recognition technology to provide data about plays of musical works for 150 commercial radio stations.

Broadcasters provide usage data for music used in adverts and idents on these stations. We are investigating the use of music recognition technology for these usages too.

All usage data for stations not tracked by Soundmouse is provided by licensees, in both electronic and paper formats.

Processing thresholds and rules

All radio usage is subjected to an automatch routine. Any reported usage that passes the automatch is paid. Usages which have not automatched are then subject to a manual match process if they have a combined usage value for a single work of at least £5 for

both performing and mechanical royalties. Any reported work usages that cannot be matched automatically, and that do not provide a royalty of more than £5 across all radio services within a single distribution, will be deemed non-distributable. These usages are not processed further or ever paid.⁴

Other notes

The commercial radio licence year runs from October to September, and is distributed from April to December.

Revenue relating to plays of commercially available works for some low value stations is paid by analogy using data from similar stations. This approach is used where the playlists of a low value station and a larger station, for which census performance information is available, are known to be very similar or even identical. It is also adopted when the revenue for the low value station is too small to make it cost effective to process even a data sample. The same approach is sometimes used when a station is unable to provide its own census reporting and we can establish that its playlist is similar to a station that does provide census reporting.

No usage data is analysed for some small radio services, such as hospital and student radio services, where the revenue is very small. Revenue from these services is effectively distributed pro-rata across (‘on the back of’) other radio services.

⁴ Automatch rates for radio usage average around 90%. Works requiring manual match falling under this threshold account for only very low levels of revenue.

Scheme: Radio Advertising Production Music Licence

Summary

This is an MCPS scheme for licensing the use of MCPS Production Music in advertising on commercial radio.

Royalty source

The licence provides a fixed lump sum fee per licensee (group of radio stations).

Distribution policy

Revenue apportionment/performance value calculation

There is no pre-determined apportionment between stations. The revenue is treated as a single sum. The total distributable annual revenue per station is then divided by the forecast total annual music minutes for the station to arrive at an FPV for each station.

Distribution basis

This revenue is distributed on a line by line basis but each station's usage is not identified separately on member statements.

Distribution cycle

Quarterly, one quarter after the end of the performance period. This distribution cycle is detailed in the 'Standard distribution cycles and frequency' section earlier in this document.

Processing policy

Data provider

Data is provided electronically by the licensee.

Processing thresholds and rules

Only the first use of a work (matched by Tunecode) each month on each station is paid.

UCB Radio

Introduction

United Christian Broadcasters (UCB) are a charity that operates two radio stations in the UK – UCB1 and UCB2. The licensing and distribution approach for these two stations is largely similar to that for commercial radio services.

Royalty source

MCPS and PRS hold a joint licence with UCB covering all the station's performing and mechanical usage. The annual fee is split 96% to PRS and 4% to MCPS because the mechanical licensing requirement from MCPS is significantly smaller than the performing requirement.

Distribution policy

Revenue apportionment/performance value calculation

Revenue is apportioned in the same manner as Commercial Radio

Distribution basis

The distribution basis is the same as Commercial Radio

Distribution cycle

The cycle is the same as Commercial Radio

Processing policy

Data provider and format

Please see Commercial Radio

Processing thresholds and rules

Please see Commercial Radio

Other notes

UCB operates a slightly different licence and distribution year to the rest of radio, running from January to December, distributed in the quarterly distributions from July to April, with end of year reconciliation occurring in May each year.

BBC TV

Introduction

Established by a Royal Charter, the BBC is a public service broadcaster funded by the licence fee paid by UK households. Income from the licence fee enables the BBC to broadcast 7 national TV stations offering entertainment, news, current affairs and arts coverage for the whole of the UK, and provide additional regional programming and services. BBC Television channels are available via digital TV, and online via BBC iPlayer, where programmes are also available on-demand after broadcast. The BBC's interactive TV service also allows viewers to access additional television programmes and live coverage from major sporting and cultural events by pressing the red button on an internet-connected TV remote control.

Royalty source

We license the use of PRS member, MCPS member and affiliated society repertoire on the BBC's non-commercial television, radio and online services under the terms of a joint blanket licence.

The BBC blanket licence fee split between TV and radio is recalculated annually. 1.2% of the total TV allocation is set aside for MCPS payments of Generic Station Promos (GSPs). The remaining BBC TV revenue is split 66.66667% to PRS and 33.33333% to MCPS.

Distribution policy

Revenue apportionment/performance value calculation

The licence fee for MCPS BBC TV (excluding the GSP allocation) is apportioned to individual BBC TV stations using two measures. One third of the total revenue is apportioned to stations based upon their total music usage, effectively securing a minimum fee for a minute of music used on any of the nine BBC TV stations. The remaining two thirds of the revenue is apportioned using music consumption which will lift the value of a minute's usage on stations with higher audience figures and music percentages.

The result is divided by the forecast total of weighted annual music minutes to give non-primetime and primetime values. A primetime minute is weighted at two points and a non-primetime minute at one point.

Worked example

Station 1 is apportioned £10,000 after administration.

Station 1 is forecast to use 750 minutes of music in non-primetime hours and 250 minutes during primetime. The non-primetime FPV is calculated as:

$$£10,000 \div (750 + (250 \times 2)) = £8 \text{ and therefore primetime FPV is } £16$$

Station 1 is also allocated £5,000 in net public reception revenue which provides additional per minute value as follows:

$$£5,000 \div (750 + 250) = £5 \text{ for both primetime and non-primetime}$$

This figure is then added to both the primetime and non-primetime FPVs calculated previously resulting in the following point values being used in the distribution:

Non-primetime = £8 + £5 = £13

Primetime = £16 + £5 = £21

Distribution basis

Each BBC TV channel is paid separately on a line by line basis.

Distribution cycle

Quarterly, one quarter after the end of the performance period. The actual distribution cycle can be seen in 'Standard distribution cycles and frequency' under the 'Distribution Cycles and Concepts' section in this guide.

Processing policy

Data provider and format

Data is provided by the licensee in electronic format. In some cases this is now supplemented by data collected by Soundmouse.

Processing thresholds and rules

All BBC TV usage goes through an automatch and, where necessary, manual match process. Unlike audio only uses such as radio, there is no value threshold for manual processing.

Other notes

The BBC licence year covers usage from April to March. Distributions in respect of those usages are made from October to July.

GSPs are processed slightly differently. As mentioned in the royalty source above, 1.2% of the total TV allocation of BBC revenue is set aside for the recording of music into GSPs. The licence allows the BBC to use up to 55 GSPs a year. Each year the amount of money is simply divided equally across the first usage of the number of GSPs reported by the BBC each year. This means that each GSP receives the same amount of money however many times it is broadcast.

ITV

Introduction

ITV offers a national network of regional stations known as ITV1 as well as some smaller stations, such as ITV2 which are broadcast across the UK.

Royalty source

ITV pays an annual blanket licence fee covering all of its performing and mechanical usage. This single fee is split 66.66667% to PRS and 33.33333% to MCPS.

Distribution policy

Revenue apportionment/performance value calculation

The MCPS ITV fee is apportioned to the individual channels covered under the blanket agreement by a two-step calculation:

Step 1: Each channel is allocated a minimum amount based on the minimum channel charge. This is the minimum fee due for any additional channel or service, regardless of audience or music usage. It is set within the licence agreement.

Step 2: The remaining revenue, approximately 90%, is apportioned to individual stations on the basis of music consumption.

The net amount is divided by the forecast total of weighted annual music minutes to give non-primetime and primetime FPVs. A primetime minute is weighted at two points and a non-primetime minute at one point.

To calculate the final FPV used for distribution purposes, each station's annual public reception allocation is divided by its unweighted points forecast to arrive at a flat FPV. This flat amount is added to both primetime and non-primetime FPVs calculated previously in order to arrive at a final FPV for distribution.

Distribution basis

Each ITV channel is paid separately on a line by line basis.

Distribution cycle

Quarterly, one quarter after the end of the performance period. This distribution cycle is detailed in the 'Standard distribution cycles and frequency' section earlier in this document.

Processing policy

Data provider and format

Data provided by the licensee in electronic format.

Processing thresholds and rules

All ITV usage goes through an automatch and, where necessary, manual match process.

Region v network

ITV1 is a network of regional stations. Each region has its own FPV which is a percentage of the whole network rate. Programmes simultaneously broadcasted across a particular

region or regions will be paid at the cumulative rate of all the regions where the programme was broadcasted. Programmes broadcasted across the whole network will receive the whole network rate.

Other notes

The ITV licence year covers usage from January to December. Distributions in respect of those usages are made from July to April.

Unlike other TV licensees, the ITV licence covers the mechanical right usage of commissioned music. This is because ITV does not acquire such rights as part of its commissioning process.

Because members are only paid for the first occurrence on the ITV1 network, their statements only show the first region on which a programme was found by our computer systems.

BSkyB

Introduction

BSkyB is a cable and satellite broadcaster offering some 80 or so channels, including HD and time-shifted variants across the UK. In addition BSkyB offers direct-to-home broadcasts of some of their services to countries outside the UK.

Royalty source

BSkyB pays an annual blanket licence fee covering all of its performing and mechanical usage. Small portions of this are for specific mechanical only or performing only uses. The remainder is for UK broadcasting and is split 66.66667% to PRS and 33.33333% to MCPS.

Distribution policy

Revenue apportionment/performance value calculation

The MCPS BSkyB fee is apportioned using the same two step method as the ITV fee. The method to calculate final FPV is also the same.

Distribution basis

Each BSkyB channel is distributed separately on a line by line basis.

Distribution cycle

Quarterly, one quarter after the end of the performance period. This distribution cycle is detailed in the 'Standard distribution cycles and frequency' section earlier in this document.

Processing policy

Data provider and format

Data provided by the licensee in electronic format.

Processing thresholds and rules

All BSkyB usage goes through an automatch and, where necessary, manual match process.

Other notes

The BSkyB licence year covers usage from July to June. Distributions in respect of those usages are made from July to April.

Channel 4

Introduction

Channel 4 offers general entertainment channels as well as a free-to-air film channel.

Royalty source

Channel 4 pays an annual blanket licence fee covering all of its performing usage and any mechanical rights needed for music copied into non-programme use such as trailers and promos. This single fee is split 90.31946% to PRS, 9.68054% to MCPS. This ratio is unique because Channel 4's mechanical licensing requirement from MCPS is significantly smaller. This is because the channel's programming is made by independent production companies, licensed directly by MCPS for the programmes they make on behalf of Channel 4 (see separate 'Independent Production Companies (IPCs)' section later in this document).

Distribution policy

Revenue apportionment/performance value calculation

The MCPS Channel 4 fee is apportioned using the same two step method as the ITV fee. The method to calculate final FPV is also the same.

Distribution basis

Each Channel 4 channel is distributed separately on a line by line basis.

Distribution cycle

Quarterly, one quarter after the end of the performance period. This distribution cycle is detailed in the 'Standard distribution cycles and frequency' section earlier in this document.

Processing policy

Data provider and format

Data provided by the licensee in electronic format.

Processing thresholds and rules

All Channel 4 usage goes through an automatch and, where necessary, manual match process.

Other notes

The Channel 4 licence year covers usage from January to December. Distributions in respect of those usages are made from July to April.

Channel 5

Introduction

Channel 5 offers general entertainment channels.

Royalty source

Channel 5 pays an annual blanket licence fee covering all of its performing usage and the mechanical rights needed for any music copied into non-programme use such as trailers and promos. This single fee is split 89.47368% to PRS, 10.52632% to MCPS. This ratio is unique as Channel 5's mechanical licensing requirement from MCPS is significantly different from that of other broadcasters. This is because much of its programming is made by independent production companies. These are then licensed directly by MCPS for the programmes they make on behalf of Channel 5 (see the 'Independent Production Companies (IPCs)' section later in this document).

Distribution policy

Revenue apportionment/performance value calculation

The MCPS Channel 5 fee is apportioned using the same two step method as the ITV fee. However, as there is no minimum channel fee set with the licence, a minimum fee is calculated using the matrix. This is updated annually and can be viewed here: <https://www.prsformusic.com/licences/broadcasting-music-on-tv/general-entertainment-tv-licence---non-barb-rated-tv-channels>

The method to calculate final FPV is also the same.

Distribution basis

Each Channel 5 channel is distributed separately on a line by line basis.

Distribution cycle

Quarterly, one quarter after the end of the performance period. This distribution cycle is detailed in the 'Standard distribution cycles and frequency' section earlier in this document.

Processing policy

Data provider and format

Data provided by the licensee in electronic format.

Processing thresholds and rules

All Channel 5 usage goes through an automatch and, where necessary, manual match process.

Other notes

The Channel 5 licence year covers usage from January to December. Distributions in respect of those usages are made from July to April.

Discovery

Introduction

Discovery broadcast TV channels in the UK for reception in the UK and across Europe, Middle East and Africa. We collect and process usage data for each of these individual feeds to ensure accurate distributions.

Royalty source

Discovery pays an annual blanket licence fee covering all of its performing and mechanical usage. This single fee is split 55.56% to PRS and 44.44% to MCPS to reflect the proportions of performance and mechanical licensing required.

Distribution policy

Revenue apportionment/performance value calculation

The Discovery fee is apportioned using the same two step method as the ITV fee. The method to calculate final FPV is also the same.

Distribution basis

Each Discovery channel is distributed separately on a line by line basis.

Distribution cycle

Quarterly, one quarter after the end of the performance period. This distribution cycle is detailed in the 'Standard distribution cycles and frequency' section earlier in this document.

Processing policy

Data provider and format

Data provided by the licensee in electronic format.

Processing thresholds and rules

All Discovery usage goes through an automatch and, where necessary, manual match process.

Other notes

The Discovery licence year covers usage from January to December. Distributions in respect of those usages are made from July to April.

Turner

Introduction

Turner's licence covers its performing and mechanical rights on channels which broadcast from the UK across Europe, the Middle East and Africa. We collect and process actual performance data from each of these individual feeds to ensure accurate distributions.

Royalty source

Turner pays an annual blanket licence fee covering all of its performing usage and any mechanical exploitation associated with the copying of MCPS repertoire into non-programme use. This single fee is split 72.73% to PRS and 27.27% to MCPS to reflect the unique ratio of mechanical and performance licensing.

Distribution policy

Revenue apportionment/performance value calculation

The MCPS Turner fee is apportioned using the same two step method as the ITV fee. The method to calculate final FPV is also the same.

Distribution basis

Each Turner channel is distributed separately on a line by line basis.

Distribution cycle

Quarterly, one quarter after the end of the performance period. This distribution cycle is detailed in the 'Standard distribution cycles and frequency' section earlier in this document.

Processing policy

Data provider and format

Data provided by the licensee in electronic format.

Processing thresholds and rules

All Turner usage goes through an automatch and, where necessary, manual match process.

Other notes

The Turner licence year covers usage from January to December. Distributions in respect of those usages are made from July to April.

MTV

Introduction

MTV's licence covers its performing and mechanical rights on channels which broadcast from the UK across Europe, the Middle East and Africa. We collect and process actual performance data from each of these individual feeds to ensure accurate distributions.

Royalty source

MTV pays an annual blanket licence fee covering all of its performing and mechanical usage. This single fee is split 66.66667% to PRS and 33.33333% to MCPS.

Distribution policy

Revenue apportionment/performance value calculation

The MCPS MTV fee is apportioned using the same two step method as the ITV fee. However, because there is no minimum channel fee set with the licence, a minimum fee is calculated using the GETV matrix.

Distribution basis

Each MTV channel is distributed separately on a line by line basis.

Distribution cycle

Quarterly, one quarter after the end of the performance period. This distribution cycle is detailed in the 'Standard distribution cycles and frequency' section earlier in this document.

Processing policy

Data provider and format

Data provided by the licensee in electronic format.

Processing thresholds and rules

All MTV usage goes through an automatch and, where necessary, manual match process.

Other notes

The MTV licence year covers usage from January to December. Distributions in respect of those usages are made from July to April.

PBS America

Introduction

PBS America is broadcast in the UK much like BBC Worldwide is broadcast in other countries, and provides PBS content to UK viewers.

Royalty source

PBS pay an annual licence fee that covers all performing usage and only production music mechanical usage broadcast on PBS America in the UK. The licence fee is split 92.59259% to PRS and 7.40741% to MCPS, and is unique in recognising the limited amount of mechanical usage covered by this licence.

Distribution policy

Revenue apportionment/performance value calculation

The MCPS PBS America fee is apportioned using the same two step method as the ITV fee.

Distribution basis

Each PBS America channel is distributed separately on a line by line basis.

Distribution cycle

Quarterly, one quarter after the end of the performance period. This distribution cycle is detailed in the 'Standard distribution cycles and frequency' section earlier in this document.

Processing policy

Data provider and format

Data provided by the licensee in electronic format.

Processing thresholds and rules

All PBS America usage goes through an automatch and, where necessary, manual match process.

Other notes

The PBS America licence year covers usage from January to December. Distributions in respect of those usages are made from July to April.

B4U

Introduction

B4U (Bollywood For You) broadcast programmes in the UK from their parent broadcaster in India on two channels, B4U Music and B4U Movies.

Royalty source

An annual licence fee covers all performing and mechanical usage broadcast by B4U in the UK. All programme content is acquired from India. As such, only the non-programme content is mechanically payable. The society split is 90% to PRS and 10% to MCPS to recognise the limited amount of mechanical usage payable under this licence.

Distribution policy

Revenue apportionment/performance value calculation

The B4U fee is apportioned using the fees specified in the licence.

Distribution basis

Each B4U channel is distributed separately on a line by line basis.

Distribution cycle

Quarterly, one quarter after the end of the performance period. This distribution cycle is detailed in the 'Standard distribution cycles and frequency' section earlier in this document.

Processing policy

Data provider and format

Data provided by the licensee in electronic format.

Processing thresholds and rules

All B4U usage goes through an automatch and, where necessary, manual match process.

Other notes

The B4U licence year covers usage from April to March. Distributions in respect of those usages are made from July to April.

BT Sport

Introduction

BT Sport launched in 2013 and broadcasts a range of live sports across the UK although it focuses on football, mainly the Premier League.

Royalty source

BT Sport pays an annual blanket licence fee covering all of its performing and mechanical usage, plus limited production music rights. Small proportions of this revenue is for specific mechanical only usage. The remaining revenue is split 66.66667% to PRS and 33.33333% to MCPS.

Distribution policy

Revenue apportionment/performance value calculation

The MCPS BT Sport fee is apportioned using the same two step method as the ITV fee.

Distribution basis

Each BT Sport channel is distributed separately on a line by line basis.

Distribution cycle

Quarterly, one quarter after the end of the performance period. This distribution cycle is detailed in the 'Standard distribution cycles and frequency' section earlier in this document.

Processing policy

Data provider and format

Data provided by the licensee in electronic format.

Processing thresholds and rules

BT Sport usage goes through an automatch and, where necessary, manual match process.

Other notes

The BT Sport licence year covers usage from January to December. Distributions in respect of those usages are made from July to April.

Fox Television

Introduction

As of 2016, Fox broadcast a range of American programming such as *Family Guy* and *Empire* directly to the UK through its channel available on Sky and Virgin.

Royalty source

Fox pay an annual licence fee that covers all performing usage plus a specific allocation for a limited amount of production music mechanical usage broadcast on Fox in the UK. Allowing for the specific allocation within the licence to the mechanical usage, the remaining royalty is 100% PRS. The society split for 2016, which is not a binding split and merely representative of the allocation made to this specific usage, is split 89.69072% to PRS and 10.30928% to MCPS.

Distribution policy

Revenue apportionment/performance value calculation

The MCPS Fox Television fee is apportioned using the same two step method as the ITV fee.

Distribution basis

Each Fox channel is distributed separately on a line by line basis.

Distribution cycle

Quarterly, one quarter after the end of the performance period. This distribution cycle is detailed in the 'Standard distribution cycles and frequency' section earlier in this document.

Processing policy

Data provider and format

Data provided by the licensee in electronic format.

Processing thresholds and rules

Fox usage goes through an automatch and, where necessary, manual match process.

Other notes

The Fox Television licence year covers usage from January to December. Distributions in respect of those usages are made from July to April.

The Box Plus Network

Introduction

As of 2016, The Box Plus Network control music channels such as 4Music, Kerrang, and Magic. Through these channels, they broadcast a substantial and broad range of music across the UK and parts of Africa.

Royalty source

The Box Plus Network pays an annual blanket licence fee covering all of its performing and mechanical usage. Small proportions of this revenue is for specific mechanical only usage. The remaining revenue is split 66.66667% to PRS and 33.33333% to MCPS.

Distribution policy

Revenue apportionment/performance value calculation

The MCPS Box Plus Network fee is apportioned using the same two step method as the ITV fee.

Distribution basis

Each Box Plus Network channel is distributed separately on a line by line basis.

Distribution cycle

Quarterly, one quarter after the end of the performance period. This distribution cycle is detailed in the 'Standard distribution cycles and frequency' section earlier in this document.

Processing policy

Data provider and format

Data provided by the licensee in electronic format.

Processing thresholds and rules

All Box Plus Network usage goes through an automatch and, where necessary, manual match process.

Other notes

The Box Plus Network licence year covers usage from January to December. Distributions in respect of those usages are made from July to April.

UKTV

Introduction

UKTV is a commercial joint venture between BBC Studios (the commercial arm of the BBC) and Discovery, Inc. The broadcaster has 10 national television channels in its portfolio, four of which are broadcast free-to-air; the remaining six channels are widely available via various pay-TV platforms. Viewers are also able to watch programmes broadcast on its free-to-air channels via UKTV's on-demand service, UKTV Play.

Royalty source

We license the use of PRS and MCPS members' repertoire on UKTV's television channels under the terms of a joint blanket licence

UKTV pays an annual blanket licence fee covering all of its performing and mechanical usage. This single fee includes a flat fee for MCPS secondary sales. The remaining money is split 57.14286% to PRS and 42.85714% to MCPS in recognition of the unique licensing history of this broadcaster.

Distribution policy

Revenue apportionment/performance value calculation

The MCPS UKTV fee is apportioned using the same two step method as the ITV fee.

Distribution basis

Each UKTV channel is distributed separately on a line by line basis.

Distribution cycle

Quarterly, one quarter after the end of the performance period. This distribution cycle is detailed in the 'Standard distribution cycles and frequency' section earlier in this document.

Processing policy

Data provider and format

Data provided by the licensee in electronic format.

Processing thresholds and rules

All UKTV usage goes through an automatch and, where necessary, manual match process.

Other notes

The UKTV licence year covers usage from January to December. Distributions in respect of those usages are made from July to April.

CBS/AMC Network

Introduction

Formerly known as Chellozone, CBS/AMC Network is an American TV specialist that controls channels such as CBS Justice and the Horror Channel.

Royalty source

CBS/AMC pays an annual blanket licence fee covering all of its performing and mechanical usage. Small proportions of this revenue is for specific mechanical only usage. The remaining revenue is split 61.58455% to PRS and 38.41545% to MCPS in recognition of the unique licensing history of this broadcaster.

Distribution policy

Revenue apportionment/performance value calculation

The MCPS CBS/AMC fee is apportioned using the same two step method as the ITV fee.

Distribution basis

Each CBS/AMC channel is distributed separately on a line by line basis.

Distribution cycle

Quarterly, one quarter after the end of the performance period. This distribution cycle is detailed in the 'Standard distribution cycles and frequency' section earlier in this document.

Processing policy

Data provider and format

Data provided by the licensee in electronic format.

Processing thresholds and rules

CBS/AMC usage goes through an automatch and, where necessary, manual match process.

Other notes

The CBS/AMC licence year covers usage from January to December. Distributions in respect of those usages are made from July to April.

NBC Universal

Introduction

NBC Universal channel's broadcast in the UK for reception in the UK and across Europe, Middle East and Africa. We collect and process actual performance data from each of these individual feeds to ensure accurate distributions.

Royalty source

NBC Universal pay an annual blanket licence fee covering all of its performing and mechanical usage. Revenue is split between PRS and MCPS according to the specific channel licence fee. For 2018 the overall split is 91.4% to PRS and 8.6% to MCPS.

Distribution policy

Revenue apportionment/performance value calculation

The MCPS NBC Universal fee is apportioned using the same two step method as the ITV fee.

Distribution basis

Each NBC Universal channel is distributed separately on a line by line basis.

Distribution cycle

Quarterly, one quarter after the end of the performance period. This distribution cycle is detailed in the 'Standard distribution cycles and frequency' section earlier in this document.

Processing policy

Data provider and format

Data provided by the licensee in electronic format.

Processing thresholds and rules

NBC Universal usage goes through an automatch and, where necessary, manual match process.

Other notes

The NBC Universal licence year covers usage from January to December. Distributions in respect of those usages are made from July to April.

Walt Disney Co

Introduction

Walt Disney Co's licence covers its performing and mechanical rights on channels broadcasting from the UK across Europe, the Middle East and Africa. We collect and process actual performance data from each of these individual feeds to ensure accurate distributions.

Royalty source

Walt Disney Co pays an annual blanket licence fee covering all of its performing and mechanical usage. This single fee is split 65% to PRS and 35% to MCPS in recognition of the unique licensing history of this broadcaster.

Distribution policy

Revenue apportionment/performance value calculation

The MCPS Walt Disney Co fee is apportioned using the same two step method as the ITV fee.

Distribution basis

Each Walt Disney channel is distributed separately on a line by line basis.

Distribution cycle

Quarterly, one quarter after the end of the performance period. This distribution cycle is detailed in the 'Standard distribution cycles and frequency' section earlier in this document.

Processing policy

Data provider and format

Data provided by the licensee in electronic format.

Processing thresholds and rules

All usage for the Walt Disney Co channels goes through an automatch and, where necessary, manual match process.

Other notes

The Walt Disney Co licence year covers usage from January to December. Distributions in respect of those usages are made from July to April.

Scripps Networks International

Introduction

The licence for Scripps Networks International, or Scripps TV, covers the use of performing and mechanical rights exploited on two channels broadcast – Food Network and Travel Channel. Prior to 2015, Scripps TV held two separate licences for these two channels.

Royalty source

Scripps pays an annual blanket licence fee covering all of its performing and mechanical usage. This single fee is split 88.86038% to PRS and 11.13962% to MCPS in recognition of the unique licensing history of this broadcaster.

Distribution policy

Revenue apportionment/performance value calculation

Unlike the two-step method as described for ITV and adhered to by the majority of broadcasters, the Scripps TV licence fee is divided between Food Network and Travel Channel based on the precedent set when these channels held separate licences with PRSfM.

Distribution basis

Each Scripps TV channel is distributed separately on a line by line basis.

Distribution cycle

Quarterly, one quarter after the end of the performance period. This distribution cycle is detailed in the 'Standard distribution cycles and frequency' section earlier in this document.

Processing policy

Data provider and format

Data provided by the licensee in electronic format.

Processing thresholds and rules

All usage for the Walt Disney Co channels goes through an automatch and, where necessary, manual match process.

Other notes

The Scripps TV licence year covers usage from January to December. Distributions in respect of those usages are made from July to April.

Independent Production Companies (IPCs)

Introduction

Many TV programmes are made by Independent Production Companies (IPCs). The mechanical rights for the IPCs are licensed directly with those companies where the programmes are not covered by the broadcaster's own blanket licence.

Royalty source

IPCs have a blanket licence with MCPS for their mechanical rights. This provides a per programme/per channel fee. There is no need for a PRS/MCPS split as this scheme only covers mechanical rights.

Distribution policy

Revenue apportionment/performance value calculation

As this is a flat fee for a programme no apportionment is needed.

Distribution basis

All IPC items are distributed on a line by line basis.

Distribution cycle

Monthly, one month after each invoice is settled by the licensee.

Processing policy

Data provider and format

Data provided by the licensee in electronic format.

Processing thresholds and rules

All IPC usage goes through an automatch and, where necessary, manual match process.

Other notes

Although IPC distributions are made monthly, not all production companies feature in every month's distribution. This depends upon which companies have made programmes and when they have settled their invoices.

Other TV stations/channels

Introduction

Many other TV companies/stations are licensed by MCPS. They are all treated and processed as outlined below.

Royalty source

The licensee pays an annual blanket licence fee covering all of its performing usage and any mechanical exploitation associated with the copying of MCPS repertoire into programme or non-programme use. This single fee is split between PRS and MCPS in a ratio to reflect the ratio of mechanical and performing rights licensing required by the station(s).

Distribution policy

Revenue apportionment/performance value calculation

Where the licence fee covers more than one station, the fee is apportioned using the same two step method as the ITV fee. In some cases the minimum per channel fee is specified in the licence and in others it is calculated by reference to the GETV Matrix.

Distribution basis

Each licensed channel is distributed separately on a line by line basis unless only sample data is received in which case all sample data is distributed.

Distribution cycle

Quarterly, one quarter after the end of the performance period. This distribution cycle is detailed in the 'Standard distribution cycles and frequency' section earlier in this document.

Processing policy

Data provider and format

Data provided by the licensee in electronic format.

Processing thresholds and rules

All usage goes through an automatch and, where necessary, manual match process.

Other notes

The licence year covers usage from January to December. Distributions in respect of those usages are made from July to April.

Secondary sales

Introduction

Many TV programmes made for original broadcast in the UK are sold to other broadcasters both in the UK and internationally. These are known as secondary sales and the copies sold are licensable by MCPS under its secondary sales schemes.

Royalty source

For BBC, ITV and some other broadcasters the secondary sales schemes are transactional. That is to say individual sales are reported, invoiced and royalties paid accordingly. For other companies, including the IPCs, the sales are reported and processed in the same way as their main TV usage.

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.

ONLINE LICENSING

Key concepts

- Most online revenue is licensed jointly by PRS and MCPS operating as *PRS for Music*. Only the distribution aspects of the MCPS share will be detailed in this document.
- Blanket revenues received for UK online music services are, as at March 2014, split between PRS and MCPS based on service type, in accordance with this matrix:

Service type	PRS	MCPS
Download	25%	75%
Streaming*	50%	50%
Mixed**	50%	50%
Webcast	75%	25%
Karaoke – Download***	17.4%	82.6%
Karaoke – On-demand streaming***	34.8%	65.2%
Ringtones****	33.33%	66.67%
Cloud locker services	25%	75%

* The split for YouTube is calculated at work level, see YouTube section below.

** If it is not possible to break service down into the component parts, this split is used.

*** Some karaoke services have a split that takes into account UGC content – see “Online Karaoke Services” for more details

**** Not all Ringtones services are split this way, some have bespoke splits, e.g. Vodafone 48/52 in favour of MCPS

- Transactional-invoiced revenue for online music services is apportioned using the same principles as blanket revenues. In this instance, however, apportionment is applied at an individual transaction level and not to the overall fee. This allows for the fact that control of the repertoire and the rights being licensed by MCPS and PRS can vary at work level.
- UK-focused services are licensed on a blanket basis and revenues are distributed by data-matching music usage reports against repertoire. For low-value services, for example Limited Online Music Licence (LOML) licensees with a royalty value of less than £12,500 per annum, revenues are distributed on a pro-rated basis against data collected from larger online services. LOML+ services are distributed by data matching usage against repertoire annually.
- Since 2016, ICE Services has taken over the licensing and distribution process for multi-territory services
- For European multi-territory services, including those operating in the UK under pan-territorial licensing agreements, ICE Services processes usage reports from each service to identify relevant repertoire. In respect of the UK, the processing excludes those repertoires specifically excluded from ICE Services’ mandate and licenses the remainder, providing a ‘residual blanket’ licence. Outside of the UK, ICE Services licenses those specific works that it is mandated to license for those territories at the time of invoicing.
- European online music usages are matched and invoiced following the territory of destination’s copyright policy, performing and mechanical rights splits, and registered share pictures.

- Full reporting is sought from all but the smallest of online licensees (LOML licensees). The quality of the data usually enables the systems to automatch usage for a very high proportion of the revenue. Manual matching also takes place for high value works.
- Ringtones and ringbacks are licensed and distributed in the same way as other online usages.

Unmatchables and carry forwards

Carry forwards for GEOL operate using the same method as used for broadcast.

For transactional and blanket online sections, we do not adopt a carry forward approach. This is due to the nature of the revenue received and the cost of implementing back claim capability on systems.

For Pan European transactional online usage, we are able to collect revenue from services for the UK usage for works which could not be matched (Unmatchables), or for shares of matched works where the owner cannot be identified (Copyright Control).

This money is distributed as follows:

- Unmatchables:
 - For all transactional online services, 75% of the money for unmatched usage is distributed pro-rata over the identified repertoire on an annual basis for the relevant service and period. Such distributions will be made across all matched data for all rights-holders, including direct licensors.
 - The remaining money is held for three years to fund claims and disputes, after which it is distributed pro-rata over all identified repertoire for the relevant service and usage period.
- Copyright Control:
 - All money from all online services for unidentified shares is held for the three years before being distributed pro-rata. This allows us to attempt to make adjustments for unidentified shares which are subsequently registered.
- "Pro-rata"
 - The stated method of distributing Unmatchables and Copyright Control revenue after the stated holding period is pro-rata
 - This means pro-rated over the identified repertoire using the sales revenue of matched works as the means to derive the percentage share of the residual value.

This policy has been reviewed by the Distribution Committee in June 2014, July 2015, November 2016, and March 2017.

iTunes album/single downloads

Introduction

iTunes is a music download service and a key licensee. As of 2016, ICE Services has taken over the licensing and distribution process for this service.

Royalty source

iTunes revenue is invoiced monthly based upon processed usage under the terms of iTunes' licence with ICE Services.

Distribution policy

Revenue apportionment/performance value calculation

A split of 25% to PRS and 75% to MCPS to each invoiced usage, in line with splits established for download services.

iTunes revenues are invoiced based on what falls within our mandated repertoire and paid on net of commission deductions.

Distribution basis

iTunes is distributed on a census basis where work registrations have been in place at the time of invoicing (subject to a minimum value requirement). The volume of data in iTunes reporting is high and the quality is generally good as so much of the reported data is automatched. Where a match cannot be established automatically, ICE Services will seek to manually match high value usages.

Distribution cycle

We aim to distribute iTunes revenue quarterly, six months after the end of the quarterly performance period.

Processing policy

Data provider and format

Data provided by the licensee in electronic format.

Processing thresholds and rules

All reported iTunes usage is loaded and passed through the automatch process. Works with insufficient streams to generate at least €0.01 are not loaded into ICE Services systems and do not, therefore become distributable.

YouTube

Introduction

A significant proportion of YouTube streams are accounted for by music videos, both in the form of official videos uploaded by record companies and in user generated content. As of 2016, ICE Services has taken over the licensing and distribution process for this service.

Royalty source

YouTube pays a blanket licence fee to ICE Services for MCPS rights administered by ICE Services throughout the term of the licence.

Distribution policy

Revenue apportionment/performance value calculation

YouTube revenue apportionment between MCPS and PRS works on a points basis. This reflects the individual usages controlled between MCPS and PRS, and the different set of rights (performing and mechanical rights) that we administer.

Each stream of a society-controlled work generates a single point. Controlled content varies between PRS and MCPS, so these points are weighted to take account of the established 50/50 streaming split between the two. The MCPS side is further upweighted by 3:13 to compensate for the synchronisation rights in a YouTube video.

This creates a weighting of 5:8 (that is 5/13:8/13) in favour of MCPS for each controlled stream.

Each performing right point generated is worth one while each mechanical point generated is worth 1.6.

This ratio does not represent the apportionment of the total licence fee. We control a broader spectrum of performing right repertoire used on YouTube, which is paid in the PRS distribution, than we do for mechanical right repertoire, which is paid in the MCPS distribution. At the level of split between PRS and MCPS, this dilutes the impact of the higher weighting given to mechanical usages.

We also apply a weighting based on the territory in which the streaming takes place. This accounts for the varying value of the same music, which we control, in different countries. Based on market forces, the same amount of music used in different territories generates different values.

These weightings are maintained by ICE Services as the administrator for our licence deal with YouTube.

Revenue is apportioned to individual works on the basis of the number of streams each work accumulates within the streamed content made available on YouTube.

Distribution basis

YouTube is paid on a census basis (subject to a minimum stream threshold requirement). Only videos that have accumulated sufficient streams to generate a payment of at least €0.01 are loaded into ICE Services systems and run through an automatch process.

Distribution cycle

We aim to distribute YouTube revenue quarterly, six months after the end of the quarterly performance period.

Processing policy

Data provider and format

Data is provided by the licensee in an electronic format. YouTube also uses music recognition technology to provide ICE Services with accurate and comprehensive data to make distributions.

Processing thresholds and rules

All reported YouTube videos exceeding the minimum stream threshold are loaded and passed through the automatch process. Videos with insufficient streams to generate at least €0.01 are not loaded into ICE Services systems and do not, therefore become distributable.

Other notes

This policy was confirmed by the Distribution Committee in April 2014. An amendment was made in November 2015 related to territory weightings.

Spotify

Introduction

Spotify currently offers three account types across its European territories of Denmark, Finland, France, the Netherlands, Norway, Spain, Sweden and the UK.

As of 2016, ICE Services has taken over the licensing and distribution process for this service. ICE Services charges for and distributes Spotify's use of MCPS controlled repertoire across each of its territories and for each service type separately, using different criteria.

Royalty source

There are different fees or licence fee calculations for each of the service types which use a mixture of different criteria and minimum payment thresholds.

Distribution policy

Revenue apportionment/performance value calculation

Spotify revenue is apportioned 50% to PRS and 50% to MCPS in accordance with established splits for on-demand streaming services.

The blanket fees and criteria established in the Spotify licence mean that an amount of revenue is directly attributable to each service type and period. Within service types and periods, revenue is apportioned to individual tracks on the basis of shares in total streams.

Distribution basis

Spotify is distributed on a near census basis. It would be prohibitively expensive for ICE Services to load and process all reported data - the lesser streamed tracks would not generate sufficient streams to trigger a payment so thresholds are used.

Distribution cycle

Spotify is distributed one quarter after the end of the performance period.

Processing policy

Data provider and format

Data is provided by Spotify in electronic format.

Processing thresholds and rules

Some load thresholds are employed to reduce file size and avoid unnecessary cost.

GEOL within broadcast blanket

Introduction

Major TV broadcasters often offer their audiovisual content for consumption online, usually in the form of a catch-up service limited to a number of days after the original TV broadcast. In most instances, the fee for this extra offering is negotiated within the blanket licence fee paid by the broadcaster.

This section covers GEOL fees included within the broadcast blanket licences of BBC, Channel 4, Five, and ITV amongst others.

Royalty source

The fees are set on either an individual basis or as part of the broadcaster's blanket licence and they take into account factors such as music hours consumed, viewers and level of music use.

Distribution policy

Revenue apportionment/performance value calculation

Revenue for these services is split depending on the type of exploitation involved and is in accordance to the splits detailed in the [Key Concepts](#) of this 'Online Revenue' section. Examples of the major GEOL services licensed within a blanket broadcast licence are All4, BBC iPlayer, BBC RadioPlayer, ITV Hub and My5.

Annual fees are established within the negotiated broadcast blanket licence. Revenue is apportioned to productions by pro-rating the total amount available for the service over all points generated within the period. One point represents a stream containing one minute of music e.g. a production accumulating 10,000 streams and containing 25 minutes of music would generate 250,000 points.

Revenue is apportioned to usage from the total portion of the blanket licence fee that is allocated to TV (or Radio in the case of BBC RadioPlayer). The allocation of royalties is benchmarked against the value per music hour achieved by blanket standalone GEOL licences, reviewed annually. All4 and My5 have a minimum allocation based on a fixed allocation derived from historical licence negotiation but are allocated more if so determined by the value per music hour calculation.

Distribution basis

Distributions are made on a census basis.

Distribution cycle

We distribute these revenues quarterly, one quarter after the end of the quarterly performance period.

Data provider and format

Data is provided by the licensee in electronic format.

Processing thresholds and rules

All usage goes through both an automatch and, where necessary, manual match process.

Other notes

This policy was reviewed in January 2017. Previously, we made adjustments regarding the extent of controlled usage for MCPS and PRS. As of January 2017, we no longer make these adjustments.

The basis of revenue allocation was reviewed in November 2017 by the Distribution Committee.

Blanket GEOL standalone licences

Introduction

A standalone GEOL licence is issued to online audiovisual content providers that are not covered by a broadcast blanket licence. This applies to services such as iTunes' TV and film download service and Netflix.

Royalty source

Licence fees are set on an individual basis and take into account factors such as music hours consumed, viewers and level of music use.

Distribution policy

Revenue apportionment/performance value calculation

GEOL revenue is split between MCPS and PRS based upon the type of service offered. All productions generate performing right and mechanical royalties.

Revenue is apportioned between MCPS and PRS in line with the mechanical and performing right splits as detailed in the [Key Concepts](#) section for 'Online Revenue' depending on the type of GEOL service. Examples of licensed major standalone GEOL services are Apple iTunes, Amazon Prime, BT TV, Google Play Movies & TV, Microsoft Xbox and Netflix.

Revenue is pro-rated across all productions streamed/downloaded within the fixed performance term, based on number of streams/downloads and music content via a points based system. One point represents one minute of music in a production streamed/downloaded once. For example, a production containing 25 minutes of music that is streamed/downloaded 10,000 times would generate 250,000 points.

This ensures a consistent per stream/download, per minute rate for music featured in productions, streamed or downloaded within a given time period.

Distribution basis

All reported usage runs through an automatic matching process. High value usages that the system is unable to match are matched manually.

Distribution cycle

We distribute these revenues quarterly, two quarters after the end of the quarterly performance period.

Processing policy

Data provider and format

Data is provided by the licensee in electronic format.

Processing thresholds and rules

All usage goes through an automatch and/or manual match process.

Other notes

This policy was reviewed in January 2017. Previously, we made adjustments regarding the extent of controlled usage for MCPS and PRS. As of January 2017, we no longer make these adjustments.

Cloud locker services

Introduction

Cloud Locker Services have 'scan and match' functionality which scans an end user's device and attempts to identify tracks which are already stored by the service. Where a match is found, the server copy is made available, by streaming or download, to a variety of the end user's devices rather than the user's copy being uploaded. As of 2016, ICE Services has taken over the licensing and distribution process for Cloud Locker Services.

Royalty source

Cloud Locker Services are charged on a per subscriber basis.

Distribution policy

Revenue apportionment/performance value calculation

Revenue for cloud locker services is split 25% to PRS and 75% to MCPS on the basis that the end user experience of the service is essentially one of 'ownership' rather than just 'streaming'.

Distribution basis

All reported usage above the threshold is run through an automatic matching process. High value usages that the system is unable to match are matched manually.

Distribution cycle

PRS distributes these revenues quarterly, six months after the end of the quarterly performance period.

Processing policy

Data provider and format

Data is provided by the licensee in electronic format.

Processing thresholds and rules

Cloud locker services produce vast amounts of data for relatively small licence fees making it completely uneconomic to process everything. For this reason a threshold sampling mechanism is used whereby the highest value (most used) works are processed and distributed and the remainder are considered non-distributable. The actual value of the threshold varies but for each service is pitched to give a 3% cost to revenue ratio.

Other notes

This policy was agreed by the Distribution Committee in May 2013 and reconfirmed by them in June 2014.

BBC iPlayer

Introduction

BBC's iPlayer is the most widely used online audiovisual content provider in the UK. Access is free to its seven-day episode catch-up, series catch-up or live online simulcast services via a range of devices including PCs, mobile devices, and tablet computers.

Royalty source

BBC's iPlayer service in the UK is covered under the terms of their broadcast blanket licence agreement with *PRS for Music* on behalf of both MCPS and PRS.

Distribution policy

Revenue apportionment/performance value calculation

Revenue is apportioned to usage from the total portion of the blanket licence fee that is allocated to TV (or Radio in the case of BBC RadioPlayer). The allocation of royalties is benchmarked against the value per music hour achieved by blanket standalone GEOL licences, reviewed annually.

Distribution basis

BBC iPlayer is paid on a census basis.

Distribution cycle

iPlayer revenue is distributed quarterly, one quarter after the end of the quarterly performance period.

Processing policy

Data provider and format

Data is provided by the BBC in electronic format.

Processing thresholds and rules

All reported data is passed through an automatch process, with manual matching where it is deemed cost efficient to do so. Currently, a production value of approximately £5 is cost effective. We continue to review the appropriate threshold levels to ensure an optimal balance between cost and accuracy.

Other Notes

There is a separate licence for the BBC Worldwide Global iPlayer. This is apportioned and distributed as a standard UK streaming service. The basis of revenue allocation was reviewed in November 2017 by the Distribution Committee.

Pan European transactional licences

Introduction

On behalf of PRS and MCPS, *PRS for Music* represent some rights-holders' interests for online services across Europe. As of 2016, ICE Services has taken over the licensing and distribution process for Pan European transactional licences.

Royalty source

Revenues collected for distribution under this section are collected per transaction, line by line.

Distribution policy

Revenue apportionment/performance value calculation

Revenues are invoiced on a transactional basis to value individual usages. No other apportionments are made and items are distributed as invoiced, net of administration charge/commission.

Distributions are made in accordance with the invoice on a census basis.

Distribution cycle

We aim to distribute on a quarterly basis, one quarter after the end of a quarterly performance period, if invoices are settled in time for this distribution to take place.

Processing policy

Data provider and format

Data is provided by the licensee in electronic format.

Processing thresholds and rules

All usage goes through an automatch and, where necessary, manual match process so that ICE Services can invoice for as much of its mandated repertoire as possible.

Limited Online Music Licence

Introduction

There are two types of Limited Online Music Licence – LOML and LOML+⁵

LOML is applicable to online services generating less than £12,500 gross revenue per annum. The cost of our licence depends upon the type of service, whether streaming or download or general entertainment, and the extent of usage, based on number of streams, downloads, and music hours consumed.

LOML+ scheme deals with online services which generate between £12,500 and £200,000 gross revenue per annum. The same considerations as LOML are used to determine the licence fee.

The difference between LOML and LOML+ is that only LOML+ licensees are required to provide reporting of the music they used. This is because it is not cost effective to obtain and process all the uses from small services that generate less than £12,500 of their own gross revenue per annum.

Royalty source

Licence fees are collected from licensees whose service generates less than £200,000 per annum, either through the LOML or LOML+ scheme.

Distribution policy

Revenue apportionment/performance value calculation

LOML licensees are not required to supply reporting to go with their licence fees, so no calculations are performed.

LOML+ licensees do need to supply music reporting. We apportion revenue between MCPS and PRS in line with the mechanical and performing right splits as detailed in the '[Key Concepts](#)' section for 'Online Revenue' depending on the type of GEOL service.

Distribution basis

It is not cost effective to obtain music reporting from LOML licensees, and this can deter very small DSPs from using our music or licensing music with us. The revenue is aggregated and distributed over representative data from the Small & Community Radio Station analogy, built from a large range of stations.

LOML+ licensees do provide reporting. In this instance, all reported usage above the threshold is run through an automatic matching process. High value usages that the system is unable to match are matched manually.

⁵ View a matrix detailing the structure here:

<https://www.prsformusic.com/-/media/files/prs-for-music/licensing/online-licensing/limited-online-music-licence-guide-2018.pdf>

<https://www.prsformusic.com/-/media/files/prs-for-music/licensing/online-licensing/limited-online-music-licence-plus-guide-2018.pdf>

Distribution cycle

We aim to distribute LOML revenue annually in July. We seek to distribute LOML+ revenue on a quarterly basis, one quarter after the end of a quarterly performance period, if invoices have been settled in time for distributions to take place.

Processing policy**Data provider and format**

LOML licensees do not provide actual data.

LOML+ licensees provide data in electronic format.

Processing thresholds and rules

Where applicable, all usage goes through an automatch and, where necessary, manual match process so that we can invoice for as much of our mandated repertoire as possible.

Online karaoke services

Introduction

We issue joint licences to a number of online karaoke services, for streaming and permanent downloading.

These licences cover the performing and mechanical rights in the musical work, and also the right to present the lyrics in graphic form in conjunction with the sound recording of the musical work.

Royalty source

The licence fee is calculated as 8% of revenue plus an additional 3.5% for the use of the lyrics.

Distribution policy

Revenue apportionment/performance value calculation

The standard splits between MCPS and PRS are adjusted in favour of MCPS to reflect the graphic use of lyrics, resulting in the following splits:

- Streaming: 34.8% to PRS, 65.2% to MCPS
- Permanent downloads: 17.4% to PRS, 82.6% to MCPS

Where synchronisation rights are included in online karaoke licences the adjustment in favour of MCPS is increased further to:

- Streaming: 28.8% to PRS, 71.2% to MCPS
- Permanent downloads: 14.4% to PRS, 85.6% to MCPS

Distribution basis

All reported usage data is processed for distribution.

Distribution cycle

As with other online services, we aim to distribute on a quarterly basis, one quarter after the end of a quarterly performance period, if invoices are settled in time for this distribution to take place.

Processing policy

Data provider and format

Data is provided by the licensee in electronic format.

Processing thresholds and rules

All identifiable data will be processed for distribution. All usages that automatch are distributed. All usages that require manual matching and are worth at least £5 are distributed. Items worth less than £5 and that requiring manual matching do not feature

in the distribution. Money for works not included in the distribution is pro-rated across works that are included.

Other Notes

This policy was agreed by the Distribution Committee in February 2014.

Business to business music suppliers (MSB2B)

Introduction

Suppliers of background music systems to businesses are increasingly moving to online content delivery methods to their customers. This method of supply requires a joint licence on behalf of both MCPS and PRS. A licensing scheme has been recently introduced which requires many of these companies to supply us with actual usage data.

Royalty source

The licence fee is calculated as the greater of a percentage of revenue or a minimum per site/per month. Each usage has a 25% to PRS and 75% to MCPS split applied, in line with splits established for download services.

Distribution policy

Revenue apportionment/performance value calculation

The revenue is split 25% to PRS and 75% to MCPS. Where licensees supply usage data each licensee's revenue is distributed directly over the usage data they report. Where no data is obtainable the money is distributed pro-rata over a suitable alternative data source.

Distribution basis

Distributions are made on a census basis where usage data is supplied or an analogy basis where no data is supplied.

Distribution cycle

We aim to distribute on a quarterly basis, one quarter after the end of a quarterly performance period, if invoices are settled in time for this distribution to take place.

Processing policy

Data provider and format

Data is provided by the licensee in electronic format.

Processing thresholds and rules

All reported data is processed for distribution.

Other notes

This policy was agreed by the Distribution Committee in November 2012.

This revenue source should not be confused with the money PRS collects for the public performance end use of music supplied to businesses under the terms of this licence. For details of this see the 'Background Music Suppliers' section in the PRS Distribution Policy.

Overseas income

Summary

When we receive monies collected by other societies, for the use of repertoire in other territories, we will attempt wherever possible to distribute line by line against the usage data supplied.

APPENDIX

Commission rates

MCPS commission rates vary from time to time. View the current rates here:

<https://www.prsformusic.com/help/help-with-my-statement/mcps-commission-rates>

Source types

MCPS Distribution Source Types and Usage Group mapping, June 2019

In most areas, MCPS distributions have moved to our D&M distribution system, meaning old 'source types' are now called 'usage codes'. To aid in the transition, you can find a page with all the new codes and their previous 'source type' here <https://www.prsformusic.com/-/media/files/prs-for-music/membership/mcps/active-mcps-usage-codes.pdf>.

Some distributions continue to use 'source types', mainly in relation to Recorded Media distributions. These can also be found in the link.

Production Music Rate Card

Download the MCPS Production Music rate card:

<https://www.prsformusic.com/-/media/files/prs-for-music/licensing/production-music/production-music-rate-card.pdf>

GLOSSARY

Admin rate	The percentage of licensed revenue deducted by <i>PRS for Music</i> in order to cover costs of collection, distribution and the relevant share of society overheads
Affiliate society	Performing right organisation based outside of the UK with whom PRS has a reciprocal agreement
Analogy	A set of data deemed to be representative of actual usage processed for distribution purposes, instead of any actual usage data
Annual station value	The total revenue available to cover a year's music use for a specific broadcast station
Audience hours	The aggregate number of hours consumed by all viewers of a TV station or listeners to a radio station within a given time period
Automatch	Automatch is where the <i>PRS for Music</i> system can establish a match between performance reporting and the relevant work registration without human intervention
AV	Audiovisual
Background music supplier	A commercial organisation specialising in the provision of background music services to commercial organisations.
Blanket licence	A licence granting the licensee the right to use all the licensed repertoire without prior approval
Broadcast logs	The combination of both the transmission schedule of a broadcaster and, where appropriate, the accompanying cue sheets
Carried forward	Taking an item through to subsequent distributions not having fully processed it in time for its originally scheduled distribution
Census	A method of calculating music usage for royalty distributions, which attempts to include every instance of music use of every musical work used
Covers repertoire	Works performed where the performer is not a rights-holder of the work
Cue sheet	The list of works used in a certain production, combined with the related usage durations
CUP code	A code used to identify that although research has finished a musical usage is not being included in the distribution. Some CUP codes cause items to be included on the unidentified performances list, others do not because they are items, such as birdsong for example, that are not actually distributable
Distribution basis	The rules governing the data set used to make a distribution
Distribution committee	A sub-committee of the PRS Board, responsible for distribution policy decisions. The Distribution Committee is made up of MCPS directors and PRS counterparts.
Distribution policy	The set of rules governing the methods, processes and data sets used in distributions to assign monetary value to music usage
Distribution section	The grouping of music usages. In the case of broadcast, this will be a TV or radio station, for public performance repertoire it will be the sharing a common means of exploitation and for online, an individual service
DSP	Digital service provider
Fitness music service	A commercial organisation specialising in the provision of music for organised fitness sessions
Fixed Point Value (FPV)	The per-unit valuation within a distribution section
GEOL service	General Entertainment Online service e.g. Netflix
Gross annual revenue	The total annual revenue allocated to a specific distribution section, prior to admin deductions

Idents	A short visual image or soundbite used between programming, which identifies the particular TV station or radio channel to the audience
Manual match	Establishing a match between performance reporting and the relevant work registration by a human being. Manual match occurs where automatch has failed.
Manual match threshold	The minimum value at which manual effort will be employed to match performance reporting to works registrations
MaritzCX	A market research company that provides music survey services to <i>PRS for Music</i>
Music percent	The proportion of total broadcast time featuring music
Music consumption	Aggregate audience hours multiplied by music percentage; giving a result of audience hours containing music
Music recognition technology	An algorithm-based method of automatically matching audio performance to a database of sound recordings
Music usage	Can mean either an individual play, performance or broadcast of an individual work or the amount of music used, e.g. for broadcasters this can mean the duration of the music used
Net annual revenue	The total annual revenue allocated to a specific distribution section, following the deduction of admin
Non-licence revenue (NLR)	The interest earned on investments and royalties awaiting distribution.
Original material/original repertoire	Works performed where one of the performers is a rights-holder of the work - the opposite of covers repertoire
Performance data	A file supplied to <i>PRS for Music</i> by either a licensee or third party, which collects all music usage information for a specific distribution section and time period
Points	A point is a single unit employed for distribution purposes. This differs from music usage as it also encompasses any weightings, such as duration, as determined by distribution policy. A point is a minute of broadcast time, a single public performance, plus a number of other units in online distribution areas, including a streamed minute and a price-weighted download
Primetime/non-primetime	Primetime refers to the broadcast hours between 6pm and 11pm, non-primetime is outside of these hours
Processing (of performance data)	The process of matching performance reporting to works registrations
Public reception	The use of radios and TVs in public premises
Reconciliation	The distribution of residual revenues across all applicable usage data, following the end of a licence period
Residual revenue	Revenue remaining at the end of a licence period following distributions made in respect of all performance data
Sample/sample rate	A proportion of actual performance data
Set list	The list of works and durations within a live event
Survey	A collection of visits to licensees in order to gather performance data
Talk radio station	A radio station for whom less than 15% of broadcast time contains music
Time of day weightings	The distribution policy applied to all AV distributions, which dictates that a minute of music broadcast during primetime will be worth twice as much as a single minute broadcast in non-primetime for a given station and time period
Transactional licence	A licence where the terms are laid out on a unit-by-unit basis and invoiced after the processing of performance data, in order to calculate an aggregate value
Tunecode	A unique identifier for each work held on the works database