



PERFORMING RIGHT
SOCIETY LIMITED
**DISTRIBUTION
RULES**

Introduction



DISTRIBUTION POLICY INTRODUCTION

Scope of the PRS Distribution Policy

We pay royalties to our members and rights holders in batches called distributions throughout the year. The PRS Distribution Policy relates to royalties paid for the performance of music - known as the 'performing right' in law.

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 PRS 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 Performing Right Society (PRS) specifically.

PRS for Music is the home of both PRS and the Mechanical-Copyright Protection Society (MCPS).

MCPS pay royalties to MCPS members and rights holders in a separate set of distributions throughout the year. These are for a number of rights, which are detailed separately in the MCPS Distribution Policy. MCPS typically look after mechanical rights, as referred to in law.

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

While this document covers aspects of policy, it does not cover every aspect of the distribution process. Further details can be found on our website. Alternatively, members may raise queries via our website or contact our member services teams by email at writerquery@prsformusic.com or publisherquery@prsformusic.com. Affiliated collecting societies may contact internationalenquiry@prsformusic.com.

All policies, rates and information are valid as of April 2021, unless otherwise mentioned.

General distribution policy principles

Our general distribution policy is found in the PRS Constitution, specifically Rule 2 of the PRS Rules and Regulations which we refer to as 'the Rules':

www.prsformusic.com/-/media/files/prs-for-music/corporate/governance/prs-rules-and-regs.pdf

Rule 2 holds the Members' Council responsible for determining the specific methods used to allocate and distribute PRS revenue as royalties. The Members' Council delegates this responsibility to the Distribution Committee, a sub-committee of the Members' Council. This committee decides how to distribute the income we collect to our members and

members of affiliated societies. The committee's intent and purpose is to achieve a fair, accurate, transparent and cost-effective distribution.

We aim for all aspects of distribution rules and processes to be transparent and easily understood. Cost allocations should be clear, without any unknown or hidden cross-subsidies.

Access to data is also important. We need usage data to identify the licensed music being used and the rights-holders to pay. In some cases the people using music (known as 'licensees') are unable to provide complete usage data or supply it in a format we can process. We can use a variety of data collection methods in these situations.

Some methods, like music recognition technology companies and electronic fingerprinting techniques, can be very accurate yet also very expensive. It might be costly in terms of collecting or processing the data. This is why we consider principles like cost effectiveness as well as accuracy.

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. Instead, we can use cost effective methods of data collection and analysis to provide statistically representative information about music use.

Likewise, we aim for the distributions themselves to be cost effective. For this reason we set minimum payment thresholds for our four main distributions. These thresholds are £30 for members in the UK, £60 for members outside the UK and £100 for affiliated societies. If a member or rights-holder has a royalty total below their threshold then we hold onto the payment until they reach it.

Our Distribution Committee ensures a balance between our principles to provide the greatest value for all our members and rights-holders.

Royalties for members of affiliated societies are calculated on precisely the same basis as those for our members.

Policy review and decision-making processes

The Members' Council is responsible for formulating and implementing specific distribution policy. The Council is required to (a) ensure this policy is fair, accurate, transparent and cost effective; and (b) put in place a system to ensure that data supporting royalty allocation is, and continues to be, based on statistically reliable sources. These sources must fairly represent the performing right usage of musical works in the UK.

PRS distribution policies are subject to regular review. PRS management works closely with the Distribution Committee so that policies 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
- member dissatisfaction with current policy
- a new way that licensed music is being used
- a change of legislation

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

- value of distributions governed by the policy
- the potential benefit of a review, such as increased 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, PRS management works closely with the Distribution Committee to determine a means of distribution that is considered as fair, accurate, cost effective, clear and straightforward as possible.

To achieve this, PRS management undertakes extensive analysis to understand the potential impacts of any proposed policy change on member and rights-holder earnings. We may consult with rights-holders if they are likely to be materially affected by any change in policy or implementation.

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