



PERFORMING RIGHT
SOCIETY LIMITED
**DISTRIBUTION
RULES**

Overseas revenue



INTERNATIONAL REVENUE

Key concepts

- The value of most International performances – i.e. performances in foreign territories – is determined by the local collection society rather than by us.
- Where possible, in the vast majority of cases, revenue received from affiliate societies is distributed in accordance with the copyright picture held on our systems.
- Revenue received from affiliate societies is paid in the next quarterly distribution in the majority of cases.
- We also collect money from some overseas territories where it is the directly responsible licensing body. These collections may be direct or via specially appointed agents acting specifically on our behalf. We continue to invest in increasing the accuracy of distributions made for these managed revenues.

Unmatchables and carry forwards

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.

In the event that a usage is not successfully matched in time for the distribution, this will be carried forward to feature in the next quarterly distribution.

Revenue received from affiliate societies

Introduction

We appoint other societies to license usage of PRS controlled repertoire in other countries, usually by a reciprocal contract of representation. These contracts acknowledge that the collection and distribution policies of the collecting societies apply for the mandated usage.

Royalty source

Revenue is collected by the local affiliate society in the territory of performance from a wide variety of licensees covering all of its copyright music use. Subsequently the affiliate society remits to us the portion of the collected revenue it has identified as attributable to our members.

Distribution policy

Revenue apportionment/performance value calculation

The society that collected the revenue also values the performances it has processed. This means that performance valuation is subject to the affiliate society's rules. The affiliate society submits revenue to us with sufficient information to enable us to identify the works and interested parties to pay in a PRS distribution.

Distribution basis

All data submitted by affiliate societies is loaded into our systems for matching.

The local society's policies and procedures determine the data used to value the usage.

Distribution cycle

We distribute this revenue on a quarterly basis, usually at the first distribution after the revenue and data is received.

The time gap between performance and distribution is subject to the distribution timetable of the affiliate society.

Processing policy

Data provider and format

Data provided to us by an affiliate society includes interested party information as well as work detail and the appropriate share of the royalty value.

Data is provided in electronic format.

Processing thresholds and rules

The data is pre-processed by the collecting affiliate society. However, we conduct a further matching process to ensure that payment is made according to the current copyright picture. In most instances, the high quality of the pre-processed data enables automatching. Where manual matching is required, we will only manually match royalty payments worth more than £5.

PRS processing rules for royalties received from affiliate societies

Background

The royalties we receive from affiliate societies have been pre-processed by each affiliated society as part of its distribution process. Data is provided with key payment information, for example work title, interested parties, shares, CAEs, plus an amount of money for each payee.

In many instances we do not expect to receive payments for all of the interested parties on a work, for example if the work is sub-published abroad, or if any of the writers are members of another society. In these situations, it is important that the money is paid to the correct parties and not simply across the full UK distribution key – as happens with domestic processing. Because of this, all reporting from affiliate societies is processed through a re-work shares process before becoming distributable. This process involves the application of foreign business rules.

In essence, for each work, the process compares the received picture with the expected picture. Depending on the result of the comparison a particular category rule or rules are applied to create the distributable share picture. The process is automated except where shown below:

Foreign business rules

	Category	Rule
1	Underpayment, writer's share	Pro-rata the received writer's share amongst all the expected PRS writers and claim the missing share from the remitting society
2	Overpayment	\$20+ Return the excess to the remitting society <\$20, add the excess to the distributable revenue pool
3	Fees in error	\$20+ Return the incorrect fee to the remitting society <\$20, add to the distributable revenue pool
4	Publisher non-payment	Assume that the work is sub-published in the remitting society's territory and the publisher share has already been paid to the local sub-publisher
5	Publisher underpayment	Manual investigation
6	Publisher only payment	Pay as expected if complete match
7	Warsaw rule, that is 100% share remitted for only one payee	Pay 100% as expected across the full distribution key

8	Traditional works	Pay as received, with the assumption that local copyright rules apply
9	Non-members share	If the remitting society is one with which we exchange non-member writer shares, pay share to the linked publisher For all other societies: \$20+ Return the non-member share to the remitting society <\$20, add the non-member share to the distributable revenue pool
10	USA processing	Check USA licensing status before determining whether the payment is an under or over payment
11	Adjustments	Writer adjustments: pro-rata amongst all the expected PRS writers Publisher adjustments: forward to the relevant publisher
12	Sub author deductions	Allow sub author deduction provided that conditions have been met, for example that the share retained by the remitting society is no greater than 2:12. This is in line with CISAC's Amalfi Resolution.

Returning royalties to affiliated societies

In instances where royalties have been sent to the wrong society, that is fees in error, the CISAC guidelines recommend that these royalties are returned to the remitting society. This guideline is based on the royalty value being more than \$20. Amounts less than \$20 are placed in the revenue pool where, they slightly boost the sums received by all the other recipients. Except where we have been asked to do otherwise by the remitting society we follow the CISAC guidelines.

Debits

Where debits are received from a society, an attempt is made to off-set these debits against any corresponding credits in the same distribution. Any debits that are not actioned in this way are absorbed by the revenue pool where, in essence, they slightly reduce the sums received by all other recipients.

Processing thresholds

All foreign data, irrespective of value, is loaded and processed through the automatch and auto re-work batch routines. However, any cases that require manual processing are subject to a £5 tolerance threshold. The value of these usages are placed in the revenue pool for that particular foreign section where, in essence, they slightly boost the sums received by all the other recipients.

Unnotified works

At the time of publishing, if we are unable to match a usage to a notified work, then a new work will be created in order to pass the money on to the member for whom it was originally remitted.

Unidentified performances list

Unmatched foreign usages are not put onto our unidentified performances list because the majority of usages remaining unmatched are those that fall below the tolerance threshold.

Carry forwards

Foreign usages are not carried forward. Processing is completed for the designated performance period prior to distribution. Only in exceptional circumstances would a foreign usage be carried forward, for example an incomplete copyright registration or if the work is in dispute. On those rare occasions, the usage is included at the earliest available quarterly distribution.

Retransmission revenue

Introduction

Retransmission revenue is collected by an affiliate society in its territory where a channel that is broadcast from another territory is retransmitted locally by cable, satellite, IPTV network or other platform. We license the direct-to-home broadcast across Europe and parts of the Middle East and Africa for a number of major networks, including Discovery, Disney, MTV and Turner. We have an established relationship with the source of the content and most importantly, an arrangement to collect and process actual performance logs for each of the feeds. These direct to home broadcasts licensed directly by us are not themselves retransmissions but are broadcasts.

Royalty source

Revenue collected by the affiliate society from the retransmitting licensee is remitted to us so that a distribution can be made over actual performance logs which we have already processed for the original broadcast. The collecting society can opt to retain up to 15% for distribution to its local publishers.

Distribution policy

Revenue apportionment/performance value calculation

The affiliate society supplies a schedule detailing the channel-by-channel breakdown of the revenue it has remitted. The value of each service is subject to the local society rules and licensing fees.

Revenue allocated to a specific channel is paid directly over the broadcast logs we have already processed for that channel. This ensures that the relevant feed for the territory of reception is used.

Distribution basis

We are committed to making accurate distributions of retransmission revenue. And we are making strong progress towards applying the following value-based approach to distribution sample sizes for channels not already subject to census processing:

Channel revenue	Sample size
More than £500,000	100%
Between £100,000 - £500,000	50%
Between £25,000 - £100,000	25%
Less than £25,000	10%
Less than £5,000	1%

Distribution cycle

We aim to include received retransmission revenues in the next quarterly PRS distribution after revenue receipt. The time gap between performance and distribution is subject to the collecting society's distribution schedules.

Processing policy

Data provider and format

The data is provided by the licensee, usually in electronic format.

Processing thresholds and rules

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

Other notes

If a sub-publisher share has been previously deducted by an affiliate society then the publisher share in the PRS distribution reduced accordingly. This applies for broadcasts originating in PRS territory that are subsequently retransmitted in other territories.

In rare cases we receive retransmission royalties from affiliated societies for channels for which no UK broadcast licence exists. In these cases we have no usage data from the broadcaster over which to distribute the royalties. When this happens we will consider buying usage data from a third party supplier which monitors programme usage across various European TRV services. Such data is usually limited to identifying programme usage only and contains no cue sheet data. We will process the programme usage against whatever cue sheets already exist on our database and distribute the money against that data. It should be noted that there will be no interstitial data included in distributions made this way.

For administration deductions we follow the guidelines of the CISAC recommendation known as 'The Dublin Agreement' that administration recovery rates in respect of retransmission revenues should not be more than half of the rate used for the original broadcasts. For example if the rate for the original broadcast was 12% the rate for retransmission revenues will not exceed 6%. For details of the current admin recovery rates see the Appendix.

For UK services that retransmit broadcasts originating in territories administered by affiliate societies, such as a UK satellite and cable operator's retransmission of European broadcast services in the UK, the reverse applies. We license the retransmitting company on a per channel basis and, for the purposes of enabling us to carry out the distribution, remit the money collected net of administration recovery, but without making a sub-publisher deduction directly to the affiliate society operating in the territory of the originating broadcasts.

Revenue collected in PRS managed territories

Introduction

We also collect royalties directly in a number of mandated territories, referred to as managed territories or agency territories. The major territories are the Bahamas, Cyprus, Gibraltar and Malta.

Royalty source

We collect revenue in managed territories in the same way we collect revenue in the UK. Tariffs are set as appropriate for the territory of operation but our principles are employed consistently. Radio and TV stations, live concerts and the use of recorded background music are the major sources of income from these territories.

Distribution policy

Revenue apportionment/performance value calculation

Revenue collected for broadcast sections is distributed directly over reported performance data for these services.

Where an identifiable major live concert is licensed, this revenue is distributed directly across the set lists received for this event. Smaller gigs are distributed through claims made via the 'gigs and clubs scheme'.

Revenue received for public performance of recorded music is distributed by analogy across available broadcast data and live set list information.

Distribution basis

The 'gigs and clubs scheme' is available in the larger managed territories for live events. For larger concerts, set lists are collected and used to distribute the events licence fee.

For broadcasting, a census-based distribution is sought wherever possible, provided that this is warranted by the value of the distribution section. Otherwise a sample analysis, usually 10% of broadcast days or three days a month, is undertaken. Revenue for the individual station is distributed across the supplied data.

In addition, the major cruise lines provide details of set lists and films screened. Background music usage on cruise ships is distributed as if it were 'General Recorded (Other)'. Revenue for music usage in cabins on cruise ships is apportioned to TV channels carried by local cable operators.

Distribution cycle

From 2011, we distribute managed revenues twice annually, in December for January to June performances and in July for July to December performances from the previous year. Note that cruise ship film royalties are distributed only once each year.

Processing policy

Data provider and format

The data is provided by a range of licensees. We also track broadcast usage in Malta through music recognition technology provided by BMAT.

Processing thresholds and rules

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

Unmatchables and carry forwards

These are dealt with in the same way as UK broadcasts, and are added to the unidentified performances list where appropriate.

Other notes

We continue to focus on increasing the accuracy of managed territory revenues and distributions, to bring in the principles of UK domestic distributions and the same high standards. Significant progress has been made, for example in Malta and in Cyprus we make use of music recognition technology to monitor broadcast performances.

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