



Publisher Member Update: key points

4 April 2019

Membership update

Claire Jarvis, Director of Membership

Identity Access Management (IAM) – introducing new website logging in technology

- The phased roll out started on 28 March with employees who are also members
- We will be migrating another 100 members in early April
- The aim is to have all members, licensees and affiliate societies migrated onto the new system by July

Online statements

- The beta stage of testing was completed at the end of March
- The full version (including analytics and downloads) will go live as the IAM rollout is completed

Coming soon

- We will soon be launching our new mobile app
- We are planning to rebuild our Search our Database tool

Brexit update

Ali Condon, Public Affairs Manager

The issues discussed, and the associated risks and mitigations, will all be influenced or determined by how the UK leaves the EU and the nature of the future relationship.

Rights and royalties

- From an operations perspective, it is business as usual
- Rights and royalties flow via reciprocal agreements which are contractual in nature
- They are neither predicated on EU law nor dependant on EU membership

Copyright framework

- The government has indicated that it has no intention of making changes to the existing copyright framework
- Irrespective of the conclusion of Brexit, the remaining 27 member states will implement the Directive and you will benefit from the enhanced protections wherever the repertoire is used

Touring acts

- The UK government has set out its proposed provisions for movement of workers coming *into* the UK, but the provisions vary from inappropriate to inadequate for creative workers
- The EU has not set out a clear position, but it is to be expected that UK nationals seeking to work in an EU member state may become subject to the customs and immigrations procedures of each individual territory in the future

Regulatory environment

- The Government has been clear that it intends to keep the Collective Rights Management Directive, which regulates the operation of EU CMOs, intact in UK law. Therefore, there is little reason to expect deviation
- There are open questions about where we operate directly in other territories, but the outcome once again depends on the nature of the future relationship

Tax

- Tax regimes and rates are unlikely to change as a result of our departure from the EU

Imports, exports and exhaustion

- EEA exhaustion would change from the current reciprocal two-way regime to a one-way regime

GDPR

- The UK government has stated that it will continue to recognise the adequacy of the EU's data protection regime meaning that data can flow unhindered into the EU
- The EU has not granted the UK an adequacy decision meaning the situation is less clear
- However, for those who have concerns about data flows from EU member states, the implementation of what are known as standard contractual clauses offer a relatively quick fix

Distribution update

Jamie Oldroyd, Head of Operational Assurance

December 2018 reforecast services

- Of the key items that were not paid in the December distribution, a number will be included in the April main distribution. These include Netflix Q2 2018, MTV (Q2-4 2018) and several GEOL services such as Google (2018) and Microsoft Xbox (2018)
- For the remaining services, we are working to resolve any outstanding issues and will aim to pay these out as soon as possible

April 2019 main distribution

- In addition to the usual services, included in the April distribution will also be a number of other 'exceptional' payments such as those for several E! Entertainment channels from 2015-17, Colombia covering 2017-18 and Scripps, also from 2017-18
- We will also be including two Year End Reconciliation payments for Commercial Radio (ILR) and Sky

- We held some revenue for Cruise Ships in December 2018, and we are looking to pay out some of this in April where we have money and the associated data
- This would normally be distributed in July as per policy, however we appreciate the impact any holds have on you, so we are looking to pay this out earlier

Services not distributable in April 2019

- We have, unfortunately, had to withhold some payments from this distribution. The majority of these are because the service in question is not distributable (i.e. it doesn't have revenue, data and/or a licence), however there are also a couple that we have held following our assurance processes
- The key items not being paid in April are Sky Sports Main Event (Q3 2017 – Q4 2018), UKTV (Q4 2018), Spotify (Q3 2018) and YouTube (Q2 2018)
- We are working to ensure these become distributable as soon as possible and are aiming for a July payment

February 2019 mini distribution

- Given the impact of the delays to services on all of our members, the decision was made to include significant exceptional payments of Live and PEL online revenue in the February mini distribution
- In addition to the usual payments, royalties for a number of online services were included, such as Amazon Music, Apple Music, Apple iTunes, Deezer, Google Play, Spotify and YouTube
- Our Operations team has been working closely with ICE and based on current schedules, we anticipate having cleared just over 50% of the remaining delayed 2018 files in the July distribution and the remaining backlog by the end of the year

Distribution improvements

- Throughout 2018 we undertook a review of our distribution services in order to identify and deliver a number of improvements to our process
- Part of this involved introducing new distribution assurance processes, governance and controls in order to ensure the accuracy of all our distributions
- Following on from this, we will be continuing our work on this in 2019, as well as taking a look at our current systems to deliver improvements here as well
- We will also be extending this review out further to cover all teams across PRS, our third-party suppliers and joint ventures that impact and support the delivery of our distributions

Licensing update

Andy Harrower, Director of Licensing

- Discussions around the BBC licence concluded last year and the new licence started from 1 January 2019
 - The last licence was agreed in 2011 and this needed to be modernised
 - This is a short-term deal as the broadcast landscape is evolving quickly – particularly the shift from linear viewing to on-demand viewing
 - We have agreed new MCPS licences with BBC Studios to cover TV programme sales and North American Download to own (DTO)/DVD – commercial music is no longer covered for the latter
- Negotiations with Channel 4 are at an advanced stage – the deal is currently going through the Channel 4 Board approval process

- ITV, Sky and Channel 5 negotiations are in progress
- Netflix and Amazon negotiations will commence later in 2019
- Online gaming is another key focus in 2019 – potentially a big opportunity, at least for PRS, but some gaming platforms challenge our ability to license citing that rights are bought out upfront

International update

Sami Valkonen, Director of International

Spain

- There have been some positive developments with SGAE, with the “La Rueda” night time play weighting brought down from 40 percent to 20 percent
- Publishers have also won an appeal on Board exclusion and have regained seats
- Unfortunately, new statutes have been rejected by the General Assembly along with electronic voting still not being implemented
- CISAC Sanctions were put in place in December; reaffirmed in March and SGAE are subject to expulsion in May’s General Assembly
- We continue to participate in the cross-industry working group and have made a request for detailed information from SGAE
- If SGAE fail to respond fully by 24 April 2019 we can hold them in breach

New team structure

- The International team structure has been completely changed, with an emphasis on building deeper relationships with societies, enabling a better understanding of their operations
- The new team is in place, with the new and old structures running parallel with each other in the month of April, and the new structure being fully in effect as of 1 May

International team priorities

Project JISC-O (renewal of reciprocal agreements)

- The average age of our reciprocal agreements with our sister societies is 37 years, with several agreements (e.g. ASCAP) dating to the 1950s
- We will work to update current agreements which, in addition to their age, also have in some cases 10+ side letters, amendments, email changes, etc.
- A key objective of Project JISC-O is to reduce Social & Cultural deductions from the current 10% to 5%

Major Live Concerts

- With increasing pressure from key artist representatives to direct license major live concerts, we are upgrading our Major Live Concerts Service (MLCS) program to provide tangible value from the tool
- As part of this we have submitted a trademark application to distinguish the tool from any schemes offered by other societies
- The terms of the new MLCS tool will include consistent box office thresholds, clear and simple tariffs and commissions, fluid setlist processing and quarterly payments

Gulf Airlines licensing

- Gulf Airlines has spent over £1 billion on marketing with football teams, including the Emirates Stadium and associated shirt rights, as well as the record £400 million deal between Etihad Airways and Manchester City
- Despite all this money spent on their respective brands, none of these airlines have a licence for the communication right for the music on their in-flight entertainment services
- We have made efforts over the years to rectify this situation with the airlines rebuffing the efforts based on their domicile
- This time we are going to focus on copyright infringement in UK airspace under UK law, as well as the potential for unfavourable social media from the massive payments to sports clubs while snubbing creators integral to their in-flight experience