

PRS for Music

Digital Music Services Licence Consultation

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Introduction

We (“PRS for Music”) are holding a public consultation on our proposed Digital Music Services Licence.

Many businesses using music online will currently have our Limited Online Music Licences (LOML and LOML+), which has been in place for over 15 years.

In 2023, we carried out a survey with existing customers so we could understand their experience with the LOML and how they used music to support their online and digital services.

Results showed that only 50% of all customers felt confident they had purchased the right licence, highlighting the confusion around using music online. In response to this feedback, we’re introducing sector-specific licences, tailored to the markets’ needs.

The consultation

This consultation will run for **4 weeks** from **30 September** until **28 October**, and we will review all responses received on or before the closing date. Details on how to respond can be found on page 8.

Your views are important to us and so we are inviting you, customers, members and stakeholders to give your views on the proposed licence. Once the responses have been reviewed, we will publish a summary alongside any further proposals.

This consultation runs in accordance with our [Code of Conduct](#), which outlines our commitment to issue fair, reasonable and proportionate consultations when proposing to introduce a new tariff or to make significant changes to an existing tariff. Our aim is to set reasonable terms and to apply and administer all licensing tariffs fairly and consistently.

The Proposed Digital Music Services Licence

We have designed an inclusive licensing solution for UK digital music services offering direct to consumer (D2C) downloads of musical works, music on demand streaming, karaoke downloads and karaoke on demand streaming. The proposed Digital Music Services Licence covers UK only digital music services generating revenue less than or equal to £500k in revenue per annum.

This proposed licence will:

- Ensure that UK D2C digital music services will be covered by this licence, for fairness and transparency across the market.
- Offer flexibility to these services to grow as a business by increasing the revenue cap to £500k per annum and removing the download / streaming limits previously applied in the LOML and LOML (+) licences.
- Include an annual minimum fee that will require no reporting (only a 6- or 12-month check-in) to encourage new entrants to the market to use copyright music.

From our survey carried out in 2023, we found that the LOML is no longer appropriate for the digital music marketplace, as music retail stores and on demand services are now providing more choice to customers.

What rights will this new licence cover:

- The communication to the public of PRS commercial repertoire
- The Mechanical rights in MCPS commercial repertoire (for the purpose of permanent download and on demand streaming on the licensed service).
- Lyric Synchronisation rights (i.e. the ability to combine musical works with audio-visual content solely for the purpose of displaying lyrics in conjunction with the music)

Restrictions and Exclusions

The following types of music usage will be excluded from the scope of this licence:

- Use of Production music repertoire works and production music sound recordings (PMSRs). Public performance of PRS or MCPS repertoire

The following types of services will not be eligible for this licence:

- Music Services with a revenue greater than £500k p.a.
- General entertainment services.
- B2B music services – covered by the Music Services Business to Business (MSB2B) scheme
- Multi-territory music services are not licensed by PRS for Music in the UK Internet Radio stations.

Notable proposed changes to the Digital Music Services Licence include:

Licence fee to be calculated by % revenue rather than a 'lump sum' annual fee

The new licence will see a departure from the annual 'lump sum' licence fee approach to a percentage of revenue charge of:

- **16%** for Music Services and,
- **25%** for Karaoke services where additional lyric synchronisation rights are required
- **underpinned by** a per stream/download minima and an annual minimum fee of £188 (+VAT).

The per stream/download minima is equivalent to the rates from the LOML and is illustrated in the table below.

	2024 Per musical work minima
Download	£0.085 / 8.5p
Karaoke Download	£0.19 / 19p
Music On Demand Stream	£0.0042 / 0.42p
Karaoke On Demand Stream	£0.0063 / 0.63p

The per musical work minima will be subject to annual inflationary adjustments using the consumer price index on or around the anniversary of the licence launch date.

The revenue share proposed (16%) brings this licence in line with the level of value now attributed to the publishing rights for Music Services as referenced within the competition and markets authority (CMA) independent study into the music streaming market, which can be found [here](#).

A higher rate of 25% will be applied for customers who offer karaoke service and therefore require additional lyric synchronisation rights (i.e. so they can offer services where lyrics are displayed in conjunction with the music).

Introduction of an annual minimum fee (£188 + VAT)

An annual minimum fee of £188 +VAT has been introduced to reduce administrative burdens on new businesses and will require no ongoing reporting. This fee will be subject to annual inflationary adjustments using the consumer price index on or around the anniversary of the tariff launch.

Simplified licensing process

This will be an inclusive licence where all music services will be covered under one licence for Digital Music Services, rather than different licences (LOML vs LOML+) for smaller and larger services. As businesses grow, they will have no need to convert from one licensing scheme to another.

Revenue cap increase

The annual revenue cap will be increased to £500k (up from £12.5k in LOML and £200k in LOML+) enabling services to remain licensed under this simple scheme should they achieve revenue growth beyond the £200k previously imposed under LOML+.

Reporting

To ensure that customers are paying the correct yearly licence fee and to enable us to accurately distribute royalties to our members we will introduce reporting requirements for all customers other than those that will be licenced under the annual minimum fee.

How to respond to the consultation

We hope you like our proposal; you can submit your response [here](#). Updates, frequently asked questions and further details on this consultation can be found on our [website](#).

All responses should be received by 28 October 2024.

Next steps

We will take all comments received into account when creating and reviewing this licence. To better understand the market and your licensing needs we will hold discussions with key customers and representative bodies. We may publish comments received in our formal response. If you would like us to keep any part of your comment confidential, you will be able to opt out on the response form.

This consultation does not mean that we will implement changes proposed, however the responses we receive will be taken into account and we may propose further changes or an alternative option.

Contact us

If you would like to speak with us regarding this consultation, please email consultations@prsformusic.com.

We do accept written responses, which can be posted to:

Digital Music Licence consultation

PRS for Music

1st Floor

Goldings House

2 Hays Lane

London

SE1 2HB

Thank you for taking part in this consultation and we look forward to your response.

PRS and MCPS

To represent PRS & MCPS's collective licensing activities we use the term PRS for Music throughout this document.

PRS for Music is one of the world's leading music collective management organisations representing the rights of more than 175,000 talented songwriters, composers, and music publishers around the globe. Headquartered in the UK, it works diligently on behalf of its members to grow and protect the value of their rights. With a focus on innovation and integrity, PRS for Music is redefining the global standard for music royalties to ensure creators are paid when their musical compositions and songs are streamed, downloaded, broadcast, performed and played in public.

For businesses and organisations, we play a valuable role. Members have entrusted us to make their copyright music and songs available to be used in exchange for fair remuneration and we provide the required licences for this in a simple and cost-effective way. This gives businesses and individuals the right to use millions of copyright songs from around the world, without the need to negotiate individual licensing terms for these works with the songwriters or publishers. We survey thousands of businesses to find out what music they are playing. Similar music use information is also supplied by TV and Radio broadcasters, as well as concert venues. Based on this information, we distribute royalties to the composers and publishers of the music that has been played.

The Mechanical Copyright Protection Society (MCPS) collects and distributes mechanical royalties to songwriters, composers and music publishers when their works have been copied or reproduced. Mechanical royalties are generated when a musical work is reproduced onto CD, vinyl, DVD, downloaded and streamed or synchronised into a TV programme. Each organisation has its own board of directors: the Members' Council of PRS (previously known as the PRS Board) and the MCPS Board of MCPS. PRS for Music Ltd has a separate board of directors (the board) which sets strategy and supervises the operations of PRS for Music. The Board consists of writer and publisher members who are drawn from the Council, as well as external directors and our CEO.



PRS for Music
1st Floor, Goldings House,
2 Hays Lane,
London SE1 2HB

www.prsformusic.com

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