

# Licensing Committee Terms of Reference



## 1. Role

The Licensing Committee ("the Committee") is a committee of the Board of PRS for Music Limited.

The Committee reviews and directs overall licensing strategy and policy, and approves Broadcast, Online (excluding those granted and/or administered by ICE) and Recorded Media schemes and licences (and amendments thereto) covering the performing right only, and, during any MCPS Services Period, the mechanical right only or joint performing and mechanical rights. It also approves schedules of payment and audit settlements as referred to it by the Chief Commercial Officer (CCO).

"MCPS Services Period" means any period during which the Services Agreement between PRS and MCPS dated 18 May 2017 (or any successor agreement) ("MCPS Services Agreement") is in place.

## 2. Specific duties

Taking into account all factors deemed necessary, including relevant legal and regulatory requirements and mandates approved by the Board, the Committee shall:

- i. During any MCPS Services Period, give proper recognition to both performing and mechanical rights in recognition of the importance of effective co-operation between PRS and MCPS and the added value for each right that is likely to be derived from joint licensing and licences.
- ii. Review and direct licensing strategy and policy and ensure that Management has a framework to work within which maximises value for members and protects members' rights. The Committee will make recommendations to the Board and/or (during any MCPS Services Period) to the MCPS Board on changes to strategy and policy.
- iii. Approve (subject to point 1(vi) below and the terms of any MCPS Services Agreement) broadcast, online and physical product licences with a view to maximising revenues for both the performing and mechanical rights.
- iv. During any MCPS Services Period, make recommendations to the Distribution Committee with respect to how royalties from joint PRS/MCPS licences should be split between the two societies as soon as appropriate following the commencement of joint licensing negotiations.
- v. Approve (subject to point 1(vi) below and the terms of any MCPS Services Agreement) new schemes and any scheme rationalisation, development and policy.
- vi. Recommend for the approval of the Board licences and schemes which are expected to generate annual revenues in excess of an amount to be determined by the Board, and, during the MCPS Services Period, licences and schemes requiring MCPS Board approval.
- vii. Oversee direct licensing in territories PRS manages via its overseas agents.
- viii. Consider the public relations impact and risks of a Copyright Tribunal reference of changes to existing schemes and licensing policy, the introduction of new schemes, and the granting of high-profile licences where such impact is expected to be significant.
- ix. Receive reports from the Licensing Committee Advisory Group ("LCAG"), in accordance with its terms of reference, and take its recommendations and representations into account when considering schemes, licences, schedules of payment and audit settlements for approval.
- x. Approve audit settlements and applications for schedules of payment for settlement of audit invoices that exceed the CCO's mandated authority (or refer to MCPS CEO/COO in the event it is an MCPS rights related only settlement).
- xi. Oversee PRS's response to any Copyright Tribunal reference.
- xii. Receive reports from bespoke working groups established to consider particular licensing matters.

- xiii. Receive reports from Management on licences concluded under their delegated authority and the status of ongoing key negotiations.
- xiv. Approve the appointment of (i) the Chair of the LCAG, and (ii) members to the LCAG nominated to fill a casual vacancy, as recommended by the LCAG. Where possible, the Licensing Committee will seek to ensure that composition of the LCAG in particular reflects the balance of interests of larger and smaller rightsholders and that the interests of different genres are considered.

In carrying out the above duties, members of the Committee must act in the interests of all the members of the society as a whole (including, during any MCPS Services Period and where mechanical rights are relevant, the members of MCPS, and including the rights of publishers and writers who are not members but are represented by PRS), with a view to both maximising the income for the membership and protecting the value and integrity of the rights, taking into account the commercial and legal environment.

### **Licence Approval and Execution**

(1) For all licences requiring approval of either Management, the Committee or the Board and prior to licence execution, Management shall comply with the following process which will be incorporated into a checklist:

- (i) review the mandated authority to establish who has authority to approve and sign the licence,
- (ii) ensure approvals are obtained in the correct order with the CCO to approve licences within their mandate or refer the licence to the Committee where the licence value exceeds their mandate (and to the Board following Committee recommendation where licence value exceeds the Committee's delegated authority limits),
- (iii) confirm that the relevant checks have been carried out in accordance with the approval process in the paper submitted to the Committee and in the report for the Board; and
- (iv) retain sufficient evidence of approval. Written / email confirmation by the Head of Governance that the licence has been approved by the Committee and/or Board shall be evidence of approval. Where MCPS approval is required, CCO to refer to MCPS as appropriate.

(2) The checklist shall be reviewed and approved by the CCO or contract signatory prior to licence execution.

(3) All executed licences and supporting review and approval documentation shall be retained on file by Commercial Partnerships.

(4) When a licence is executed, rolled over, or extended, a file review must be performed by CCO, General Counsel or their authorised nominee, to ensure all required documentation has been retained.

### **3. Authority & Reporting**

Board approvals are required for the Committee's recommendations as follows:

- Changes to licensing strategy and policy (NB MCPS Board approval/ratification must also be secured in accordance with any MCPS Services Agreement);
- Licences and schemes expected to generate annual revenues in excess of £10m (NB MCPS Board approval/ratification must also be secured in accordance with any MCPS Services Agreement).

The Committee is authorised by the Board to secure legal or other specialist advice at PRS for Music's expense on any matters within its terms of reference.

Reports of each meeting will be prepared for the subsequent Board meeting by the Company Secretary or their nominee. These will cover the nature and content of the Committee's discussion, decisions and recommendations, and action to be taken. Such reports will also be shared with the Members' Council.

### **4. Composition (effective post 2021 AGM)**

The Committee will be drawn from the membership of the Board and up to 2 writers and 2 publishers from the Members' Council and comprise:

- up to 4 independent non-executive directors (iNEDs)
- 6 writers
- 6 publishers

Licensing Committee members are appointed by the Board on the recommendation of the Nominations Committee (following liaison between the writer and publisher members of that Committee and their writer and publisher colleagues on the Council) and in liaison with the Licensing Committee Chair. The initial term is three years and two further three-year terms may be served provided the individual still meets the criteria for membership of the Committee.

Committee members are expected to attend Committee meetings on a regular basis and the Committee Chair shall have the right to ask for an individual's position on the Committee to be reviewed in instances of repeated absence and, if required, for the individual to be replaced.

During any MCPS Services Period, the CEO of MCPS will be invited to attend meetings to participate (only) in the discussion of agenda items relating to the licensing of mechanical rights (including as part of joint licences) or revenues derived from those rights. For the avoidance of doubt, when attending, the MCPS representative will have equal standing with any committee member.

The following will attend individual meetings by invitation:

- CEO of MCPS (or in their absence the Director of Operations at MPA)

Other representatives of Management may be invited to attend meetings in full/part as dictated by each agenda.

Other Members' Council members, subject-matter experts and external advisers may also be invited to attend for all or part of any meeting when appropriate or necessary.

## **5. Chair**

The Committee will be chaired by an iNED. The Committee Chair will be appointed by the Board and, if possible, should already have served on the Committee for at least 12 months. The term of office is three years and one further term of three years may be served.

In the absence of the Chair, the other members of the Committee present may decide which of the other iNEDs on the Committee will chair the meeting.

The Chair shall be responsible for managing conflicts of interest and confidentiality issues in accordance with PRS for Music's Conflicts Policy, referring to the Conflicts Committee when appropriate.

The Chair shall also be responsible for deciding, in consultation with Management, to what extent any issues should be mandated to an existing sub-group or a new sub-group be created, or there should be direct individual consultation with key stakeholders.

The Chair shall be accountable to the Board for the running of the Committee and the decisions it takes and, during any MCPS Services Period, for identifying situations where separate reporting to the MCPS Board may be appropriate.

The Chair will be responsible for presenting reports in line with Paragraph 3 above and for securing Board approval for Committee recommendations.

The Chair shall attend PRS annual general meetings to answer members' questions relating to licensing.

## **6. Conflicts of Interest**

Committee members will not be present where their presence represents a conflict of interest.

## **7. Meetings**

There will be six scheduled Committee meetings per annum. A timetable of meetings will be prepared each year which allows sufficient time for the outcomes of each LCAG meeting to be reported into the Committee. During any MCPS Services Period, meetings will be organised to allow any specific PRS or MCPS items to be discussed separately and with relevant Committee members.

Additional meetings will be arranged at the behest of the Chair or another Committee member when the Committee is required to make an urgent decision.

All meetings may take place by telephone/video conference if the Chair deems this appropriate (for example, if an urgent decision or guidance is required).

## **8. Quorum**

In order for the Committee to conduct business, 2 publisher, 2 writer and 2 INED members must be present in person or available to participate by telephone or video conference.

If the Committee Chair is concerned that a quorum cannot be met within a reasonable time to enable efficient and timely decision-making by the Committee, the Chair can refer any matter that would have been before the Committee to the Board.

## **9. Decision-making**

It is the responsibility of the Committee Chair to seek to ensure that decisions are made by consensus, and incumbent upon all Committee members to ensure that agreement is reached. Abstentions and notes of dissent will be permissible but will not necessarily constitute a veto. It will be the responsibility of the Chair to ascertain a sense of the meeting and in the event that the Chair concludes that consensus is not achieved, the matter should be referred, as appropriate, to the Board and (during any MCPS Services Period, where it concerns any mechanical rights covered by an MCPS Services Agreement) the MCPS Board, for a decision.

Where a decision needs to be made outside of a meeting by way of a written resolution, unanimity will be required.

## **10. Review**

A report outlining the activities of the Committee shall be prepared and presented to the Board on an annual basis.

These Terms of Reference will also be reviewed by the Committee on an annual basis to ensure that the Committee is operating with maximum effectiveness and within its mandated authority. Any changes must be approved by the Board.

## **11. Administration**

The Company Secretary or their nominee will be secretary to the Committee and provide advice and assistance as required.

Before the general despatch, draft papers will be produced and circulated to Chair of the Committee for approval.

Papers will be circulated a minimum of seven days in advance of scheduled meetings, and with as much notice as is reasonably practicable in advance of emergency meetings. Standing agenda items will include a summary of the views and recommendations from the LCAG.

Minutes (including the names of those present and in attendance) will be circulated to the Committee Chair within 10 working days of the meeting, and to all Committee members within 14 days of the meeting. Board members will be entitled to view Committee minutes on request.

## **12. Other matters**

Committee members will be provided with appropriate and timely training, including an induction programme for new members.

Prior to the commencement of each year, Management shall discuss with the Chair the programme of Committee work for the year (including likely upcoming issues) and agree a Committee timetable, which will be kept under review.

Management will ensure that the Committee Chair receives regular briefings regarding the detail of ongoing negotiations and key related issues. A pre-meet immediately prior to each Committee meeting for the Chair and Management will also take place.

No sectoral pre-meets will be organised but the Chair may request Management to convene a meeting to which all writer and publisher members of the Board shall be invited to discuss issues of concern or to clarify points of understanding in advance of a Committee meeting.

***Date approved:*** 12 June 2023

***Next review due:*** Q2 2024

**Licensing mandates agreed at December 2022 (except Audit Services which have been revised to reflect discontinuance of Audit Services Advisory Group)**

		<b>Board</b>	<b>Committee</b>	<b>Management</b>
<b>Joint Broadcast, Online, PPS and Recorded Media</b>				
<b>i</b>	Licence schemes – approval of headline terms and conditions	<b>or MCPS Board as appropriate</b>		
		<b>Over £10m pa</b>	<b>Up to £10m pa</b>	
<b>ii</b>	Approval of standard licences – matching of licences to approved schemes  Includes interim licence extensions – all licences are reported to the Licensing Committee on an annual basis		<b>Over £1m pa</b> <b>Licensing Committee</b>	<b>Up to £1m pa – CCO</b>  <b>Up to £100k pa – Dir of Commercial Development</b>
<b>iii</b>	Bespoke licences and settlement agreements  Approval where terms are similar to other licences or non precedential. Includes variations and arrangements for special events  Any licence or settlement that is in a new market, or could be seen as precedential, should be approved by the Licensing Committee regardless of value.	<b>Over £10m pa</b>	<b>Over £100k to up to £10m pa</b>	<b>Up to £100k pa – CCO</b>
<b>iv</b>	Interim broadcast licences		<b>Over £1m pa</b>	<b>Under £1m pa – CCO</b>
<b>v</b>	Secondary sale licences	<b>Over £10m pa</b>	<b>Licensing Committee</b>	
<b>vi</b>	Credits, refunds and debt write-offs  Net of any associated re-invoice. Includes joint licensing			<b>Over £50k CFO / Deputy CFO notified</b> <b>[For MCPS: Operations Director notified]</b>  <b>Under £50k – CCO</b>
<b>Recorded Media – Audit Services</b>				
<b>i</b>	Commencing Audit  Authority for audit to take place		<b>Notified to the Licensing Committee</b>	<b>CCO</b>
<b>ii</b>	Audit Settlements  Applies to percentage of royalty claim secured		<b>Less than 90% [percentage of royalty claim] regardless of value</b> <b>Licensing Committee</b>	<b>CCO All over 90% regardless of value (or other relevant Licensing Band 6 role)</b>
<b>iii</b>	Schedule of Payment  Approval of applications for settlement of audit invoices		<b>Licensing Committee</b>	

<b>International</b>				
	Managed Territories licences - bespoke licences or Settlement Agreements - non standard terms and conditions  Any licence or settlement that is in a new market, or could be seen as precedential, should be approved by the Licensing Committee regardless of value.	<b>Over £10m pa</b>	<b>Over £100k pa and up to £10m pa</b>	<b>Up to £100k pa - Chief International Business Officer</b>

## **GLOSSARY**

- *Licence scheme*: A published framework that outlines the commercial terms for a particular form of exploitation. Usually this will be published, but it need not necessarily be.
- *Standard licence*: A licence that is based on the terms set out in a licence scheme and/or a standard set of terms and conditions.
- *Bespoke licence*: A licence that is not based on the terms set out in a licence scheme (typically if there is no licence scheme for the relevant form of exploitation).
- *Settlement agreement*: An agreement that resolves a dispute or disagreement
- *Interim licence*: A short-term or temporary licence that is in put in place while a more comprehensive licence is being negotiated.
- *Interim licence extension*: A short-term extension to a licence that is granted when a licence is close to expiring, or has recently expired, and is intended to provide continuity while a new licence is being negotiated and finalised.
- *Secondary sales licence*: This licence covers the supply and sale of audio-visual programmes containing members’ music to linear TV channels, video on-demand services and certain other forms of distribution.