

Music Services (Business to Business) Scheme Licensee FAQ



1. About Us

PRS for Music is home to the world's best music writers, composers and publishers. Formed in 1997 between two royalty collection societies (MCPS and PRS), it exists to collect and pay royalties to its members when their music is recorded and made available to the public (MCPS); and when their music is performed, broadcast or otherwise made publicly available (PRS for Music).

Where does MCPS collect its money from?

Money is generated (through licence fees) from the recording of our members' music on many different formats, including CDs, DVDs, television, broadcast and online.

Where does PRS for Music collect its money from?

Money is due for any public performance of music, whether live or recorded, that takes place outside the home and from radio and television broadcasts and online.

What do MCPS and PRS for Music do with the money collected?

MCPS and PRS for Music pay money collected to their writer, composer and music publisher members. Both organisations are 'not for profit' and only deduct a small admin/commission fee to cover operating costs.

2. What is the MUSIC SERVICES (B2B) Scheme?

PRS for Music's Music Services (B2B) Scheme for the supply of music services allows licensees to supply music services to a company (directly or through a distributor) to locations such as retail shops, restaurants, public houses, commercial businesses, aeroplanes, pubs and hotel rooms. The supply of music services to the company ('the client') is solely for the purposes of playing to members of the public at the clients' premises by means of any physical or digital media.

This scheme does not cover the public performance of music by the client at its premises. A separate licence is required (by the client) from the Performing Right Society ('PRS for Music') – see below.

This licence offers a generic framework for companies supplying audio, music video and karaoke content for playing to members of the public.

3. What am I permitted to do under the MUSIC SERVICES (B2B) Scheme?

3.1. If you are delivering music to your clients via physical means you are permitted to do the following:

The rights licensed under this scheme will be limited to the MCPS mechanical reproduction of musical works for the purposes of delivery to the licensee's client and for playing on their premises based anywhere within the EEA as follows¹:

- a. The creation of a digital database of audio-only, music video tracks or karaoke works as a source of music for the purpose of supplying the music service;
- b. The making of compilations of tracks for the purposes of providing a music service onto any physical media, including cassettes, CDs, CD-ROM and DVD.

3.2. If you are delivering music to your clients via electronic means you are permitted to do the following:

The Music Services (B2B) Scheme covers the MCPS mechanical reproduction right and the PRS communication to the public right as follows:

- a. The creation of a digital database of audio-only, music video tracks or karaoke works to source for supplying the service;
- b. The transmission of the music via electronic means to end customers in the UK only;
- c. The transmission of the music via satellite (if uplinked from the UK) to end customers in the EEA; and
- d. The creation of copies at the client end on hard disk when tracks are delivered to a client site for local storage or streaming **via electronic means or satellite in the UK only.**

NB: The Music Services (B2B) Scheme does not include the right to play music in any venue. A Public Performance licence can be obtained separately from the PRS.

4. What are the rights and formats covered under the agreement?

Rights:

1) The MCPS mechanical reproduction of musical works for the purposes of delivery to the licensee's client, and performance of the mechanical copy in this service on their premises.

N.B. This does not negate the need to acquire a PRS for Music licence to allow the public performance of these copies on the client's premises; it merely permits the copying for this purpose.

2) The PRS for Music communication to the public right where electronic methods are used to deliver the music from the licensee to their client.

N.B. This does not negate the need to acquire a PRS for Music licence to allow the public performance of these copies on the clients' premises; it merely permits the communication right exploited in the electronic delivery method.

Formats:

Physical delivery methods: All physical formats (such as, but not limited to; tape, compact disc, DVD, CD-ROM, portable hard drive, laser disc) used for physical distribution of content to users.

Electronic delivery methods: any distribution of data in an electronic form, wire, wireless, public and private communication networks, internet and satellite.

¹ Whether or not the licence can cover delivery to clients outside of the UK may depend on the repertoire that you are providing. Please consult with MCPS for further details.

5. What does the scheme exclude?

The use of unauthorised arrangements, adaptations, parodies, burlesques and Dramatico-musical works, derogatory uses and games are excluded.

6. What are the main restrictions of the scheme?

Electronic delivery is restricted to the UK only and a separate PRS for Music only licence is also required.

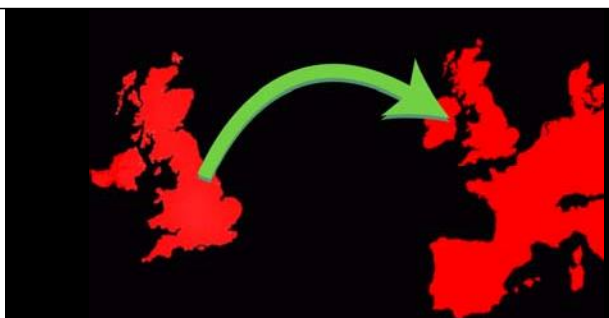
- a. The licence does not permit the licensee to broadcast without the service being encrypted specifically for the use of their client.
- b. Advertising restrictions are listed in section (8)

7. What Territories are covered under the MUSIC SERVICES (B2B) Scheme?

Below are diagrams illustrating which territories are covered under the Music Services (B2B) Scheme. The territory covered is dependent on the delivery method employed by the music provider.

Physical delivery methods:

UK production for EEA distribution permitted.



Electronic delivery methods:

Mechanical copying (MCPS) and the communication to the public (PRS for Music) to end customers in the UK only.



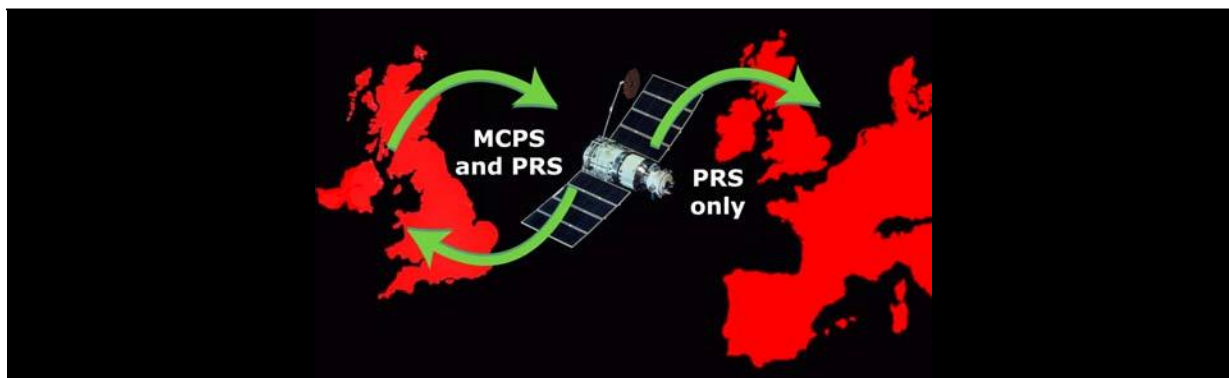
Satellite delivery A:

For both MCPS and PRS for Music rights, if up-linked from the UK for UK distribution, this is permitted.

Satellite delivery B:

For PRS for Music rights only if up-linked from the UK for EEA distribution.

A licence must be obtained from the local society if copies are created in the territory of distribution.



8. Can I supply music for advertising purposes?

Please note the following guidelines relating to advertising.

- Advertising is restricted to banner style unsynchronised text and images or audio sound bites distinctly separated from the music content.
- The reproduction of music into advertisements is expressly excluded from the music service and a separate licence must be obtained for such use. In this instance, please contact the MCPS Licensing Team on 44 (0)020 3741 3888 or applications@mcps.co.uk for advice about how to apply for a licence for this use. Prior permission from the publisher(s) is needed and a fee is negotiated on an individual basis.
- Any advertising that indicates any connection between the advertising and the musical work, or is presented in such a way as to associate the musical work with the advertising or sponsorship, is not permitted.

9. What payments do I make under the Agreement?

Once your application has been received and both you and MCPS/PRS for Music have signed and counter signed the agreement respectively, you will be required to pay the sum of £1000 (plus VAT) as a non-returnable advance payment to cover an initial level of royalties which are expected to accrue. This payment will be offset against subsequent royalties that accrue.

The royalties due to PRS for Music for the use of our members' musical works are calculated in the table below:

| | Physical Format Delivery | | | Online / Satellite Format Delivery | | |
|---|--------------------------|-------------------|-----------------|------------------------------------|-------------------|-----------------|
| | Background Service | On-Demand service | Karaoke Service | Background Service | On-Demand Service | Karaoke Service |
| Percentage of applicable revenue | 6.00% | 6.00% | 9.50% | 7.00% | 8.00% | 10.50% |
| Minimum per site per month | £2.00 | £2.50 | £2.50 | £2.50 | £3.50 | £3.50 |

The rate distinctions are made based on the service(s) you provide. These are explained below:

- Background Service – A service which does not allow members of the public present at the client's premises to select the music or audio-visual material that is played at the client's premises. For example, retail shops with a tailored music service.
- On-Demand Service – Includes any service which allows members of the public present at the client's premises to select the music or audio-visual material that is played at the client's premises. For example a jukebox within a bar.

- Karaoke Service – A service which provides karaoke music whereby the lyrics are reproduced graphically on the screen as the music plays allowing members of the general public with access to the client’s premises to sing along with the music.

For details regarding reporting of revenue and how this relates to PRS for Music royalty calculations, please refer to the Agreement or consult your licensing account manager.

10. What information must I give you to calculate royalties?

1) A **reporting form** must be supplied to PRS for Music no later than 30 days after the end of each quarter detailing the client name, the number of sites supplied per month and the revenue generated for supplying the licensed services.

Once this royalty reporting form has been received by your account manager we will then calculate the correct royalty amount payable to PRS for Music and issue you an invoice.

2) A **music usage reporting form** must also be completed and returned 2 months after the end of each quarter. This details the musical works that have been used in your services. Details of the musical works per client, rather than per site is adequate.

11. How does the reporting and payment process work?

- The reporting form must be sent to PRS for Music within 30 days of the end of each calendar quarter
- PRS for Music will then invoice the licensee who must pay within 15 days of receipt of the resultant invoice
- Client name, client monthly charge and agreed per site deduction will also be required with the royalty reporting.

12. How do I join the Scheme?

If you wish to apply for a licence under the scheme please complete the application form and send it to PRS for Music for the attention of your account manager. We will then contact you to discuss the scope of the service(s) you provide and will provide you with a copy of the Music Services (B2B) scheme agreement. Once you have read, agreed, signed, and returned this agreement, PRS for Music will counter sign and return a copy of this to you along with an invoice for the advance and an acceptance letter.

Your allocated account manager will contact you regarding end of quarter reporting.

13. Do I need any other licences?

Your customers will need a licence from PPL PRS before playing music in any public premises. Please ensure your clients are aware that this is their responsibility. The contact number for PPL PRS is 0800 086 8820 or you can apply online at www.pplprs.co.uk

With the exception of Production Music, the MCPS licence does not cover the separate copyright in any sound recordings. To obtain such a licence you should in the first instance contact the Phonographic Performance Ltd (PPL) on 020 7534 1000.

You may need a licence from the Video Performance Ltd (VPL) when providing music videos or audio visual content in your service. For further information please contact the Video Performance Ltd on 020 7534 1400. Audio visual content may already be covered by the PPL licence as listed above.

The table below demonstrates the rights concerned with the MUSIC SERVICES (B2B) Scheme and shows who represents these rights.

| Music Rights Table | | |
|---------------------------|---------------------|--------------------|
| | Reproduction | Performance |
| Sound Recordings | PPL/VPL | PPL PRS |
| Mechanical Works | MCPS | |

The MUSIC SERVICES (B2B) scheme includes a PRS for Music right because the delivery method of the music constitutes use of the performing right. As stated earlier in this document The MUSIC SERVICES (B2B) scheme does not include the right to play music in any venue. A Public Performance licence can be obtained separately from the PRS for Music to cover this right.

14. Where do I send my completed forms?

Once you have filled in the application and agreement forms, you should them to:

**Specialist Licensing Consultant
Commercial Partnerships
PRS for Music
1st Floor Goldings House
2 Hays Lane
London
SE1 2HB**