

## **MCPS back claims:**

### **Record companies that account quarterly on shipments, e.g. Rough Trade**

#### **Definition**

Record companies that report to MCPS under the AP1 scheme have an agreement based on accounting royalties on net shipments of records, quarterly and in arrears. The commission rate for royalties distributed under this scheme is 7.25% and monies are credited in the 'B' distributions.

#### **Works listed as "Copyright Control" or "First Licence refused"**

Registration of an ownership claim should automatically identify where back claims are required. These claims are invoiced once the aggregated claims for the record company reach a high enough level, normally within a month. Once paid, royalties are distributed in the next appropriate distribution. Members can normally expect to receive monies from this source within two to six months.

#### **Works previously listed as "Non-Society" or "Licence withheld"**

Members are required to forward a specific instruction to Member Services who will arrange for claims to be made. Royalty claims are prioritised by their value and the resource available, with priority afforded to high value transaction lines. Once royalty lines are adjusted, invoices are raised. Once paid, royalties are distributed in the next appropriate distribution. Members should normally expect to receive monies from this source within two to six months.

#### **Service Level**

At the start of each month individual reports are generated for each record company whose aggregate back claims invoice is worth at least £100. Letters are sent to all such record companies advising them they will be invoiced for these claims unless they respond within twenty one days. These letters are sent to pre-empt and resolve any queries that may arise prior to the invoicing process – for example the record company may claim they have already paid the copyright owner directly.

Following this, the companies are invoiced and given seven days to pay. MCPS also invoices record companies for back claims that members have specifically requested for invoicing.

Once invoices have been paid, royalties are distributed to members in the next available monthly distribution.

## **Record companies that account in advance on pressings, e.g. Wichita Recordings**

### **Definition**

Record companies that account royalties to MCPS under the AP2, AP2A, AP7 or AP7N (covermounts) agreements, do so on the number of pressings they produce. Companies operating under these schemes require a licence prior to manufacture. The current commission for royalties distributed under AP2, AP7 and AP7N is 12.5% and under AP2A is 8.5%. AP2, AP2A, AP7 and AP7N monies are credited in the 'B' distributions.

### **Works listed as "Copyright Control" or "First Licence refused"**

Registration of an ownership claim should automatically identify where back claims are required. Backclaim invoices are prioritised by value. Normal procedures ensure that most back claims are invoiced within a month. All potential back claims are monitored to check for any uninvoiced claims over 6 months old. Royalties are distributed the month after payment is received from the record company. Members will normally expect to receive larger sums within three to six months. Smaller claims should be distributed within nine months.

### **Works previously listed as "Non-Society" or "Licence withheld"**

Members are required to forward a specific instruction to Member Services who will arrange for claims to be made. Claims are prioritised by their value and the resource available, with priority afforded to high value transaction lines. Once royalty lines are adjusted, invoices are raised. Royalties are distributed the month after payment is received from the record company. Members should expect to receive larger sums within three to six months. Smaller claims should be distributed within nine months.

### **Service Level**

The process for these is similar to that which operates for AP1 and DVD1

companies. Each month backclaim reports are generated for each of the twenty highest aggregate value AP2A companies and fifty highest aggregate value AP2, AP7 and AP7N companies. As well, reports are generated for any company whose aggregate back claims invoice is worth at least £100. The companies are given twenty one days to review the reports and raise any queries after which they are invoiced and given seven days to pay.

MCPS also invoices record companies that members have specifically requested for invoicing. Once invoices have been paid, royalties are distributed to members in the next available monthly distribution.

# International

## Definition

Where MCPS has a reciprocal agreement with a sister society, they will perform all licensing and collection functions on MCPS' behalf for usage in that territory. It is the sister society's responsibility to collect royalties which are then accounted to MCPS, usually quarterly or half yearly. Their accountings are then processed and monies distributed in the 'A' distributions. The MCPS commission for monies of this type is 20%.

## Works listed as 'Copyright Control' or 'First Licence refused'

After registering a UK claim by JNWF, members should complete an International Royalty Claim Form and forward that to Member Services, who will forward a specific request to the society responsible for licensing the release, who in turn, should account royalties back to MCPS. This is a time consuming process but monies should be distributed within 18 months.

## Works previously listed as 'Non-Society' or 'Licence Withheld'

After registering a UK claim by JNWF, members should complete an International Royalty Claim Form and forward that to Member Services, who will then forward a specific request to the society responsible for licensing the release, and who in turn, should account royalties back to MCPS. This is a time consuming process but monies should be distributed within 18 months.

## Service level

Where a reciprocal agreement is in place, MCPS will make a claim to the relevant society for audio products released in that society's territory. The society will in turn make a claim to the record company.

The record company will forward royalties to the society who will in turn forward royalties to MCPS. The member should expect to receive any outstanding royalties within 12 to 18 months of making the claim.

## **EMI Records**

### **Definition**

EMI Records have a Central Licensing Agreement with the French society SDRM. MCPS performs the processing, invoicing and distribution functions for the UK. The MCPS commission rate is 5.25% of the monies received from SDRM, and royalties are distributed in the 'B' distributions.

### **Works listed as 'Copyright Control' or 'First Licence refused'**

Registration of an ownership claim will automatically generate a re-clearance on the product. These re-clearances are sent to EMI at the end of each quarter. Once EMI agree the re-clearances, the money is submitted to MCPS in the next Prior Quarter Adjustment (PQA). Once monies are received by MCPS, adjustments will be made and the money matched to the relevant works. Members should expect to receive outstanding royalties within 5 months of making the claim. If no royalties are received within this timescale a query should be raised with Member Services.

### **Works previously listed as 'Non-Society' or 'Licence Withheld'**

Registration of an ownership claim will automatically generate a re-clearance on the product. EMI are sent reports showing changes in the ownership of musical works every two weeks. EMI then submit money to MCPS in the next Prior Quarter Adjustment (PQA). Once monies are received by MCPS, adjustments will be made and the money matched to the relevant works. Members should expect to receive outstanding royalties within 5 months of making the claim. If no royalties are received within this timescale a query should be raised with Member Services.

### **Service Level**

EMI Records have operated a Central Licensing Agreement (CLA) with SDRM since 1 October 2004. Under this agreement MCPS is responsible for carrying out the processing of EMI UK label copy, sales reports and invoicing. Prior to the CLA with SDRM, EMI Records operated a CLA with BEL. As part of that agreement MCPS was also responsible for carrying out the processing of EMI UK label copy, sales reports and invoicing.

Every two weeks EMI Records are provided with a report that details the movements in the status of musical works that would trigger back claims. EMI Records use this report to identify additional payments that they are required to make in relation to UK sales of their records in prior quarters. Once every three months EMI Records then produces two reports that are referred to as Prior Quarter Adjustments (PQAs). These reports identify the additional payments EMI Records are due to make in relation to the changes in ownership that have occurred during the past three month period that would trigger back claims. One of these reports relates to sales of records prior to 1 October 2004 and is sent, together with the money for these adjustments, directly to MCPS. The other report relates to sales of records on or after 1 October 2004 and is sent, together with the money for these adjustments, to SDRM for onwards submission to MCPS.

Once MCPS has received a PQA report and the associated payment, a reconciliation exercise takes place to ensure it correlates with MCPS' estimate of the amount owed by EMI. This exercise is usually completed within one week of receipt of the data. However if a PQA report is received within the peak quarterly processing period this may take longer. Once the reconciliation has been completed the royalties are distributed to members in the next available monthly distribution.

## **Sony BMG Records**

### **Definition**

Sony Records have merged with BMG and as a result, Sony BMG now has a Central Licensing Agreement with the German society GEMA. MCPS performs the collection and

distribution function for the UK. The MCPS commission rate is 5.35% of the monies received from GEMA, and royalties are distributed in the 'B' distributions.

### **Works listed as 'Copyright Control' or 'First Licence refused'**

Registration of an ownership claim should automatically identify where back claims are required. These claims are invoiced to Sony BMG once a quarter. Once paid, royalties are distributed in the next appropriate distribution. Members will normally expect to receive monies from this source within two to six months.

### **Works previously listed as 'Non-Society' or 'Licence Withheld'**

Members are required to forward a specific instruction to Member Services who will arrange for claims to be made. Claims are prioritised by value and resource available with priority afforded to high value transaction lines. Once royalty lines are adjusted, invoices are raised to Sony BMG once a quarter. Once paid, royalties are distributed in the next appropriate distribution. Members can expect to receive money from this source within about three months.

### **Service Level**

Sony BMG has operated a Central Licensing Agreement (CLA) with GEMA since 1 July 2005. Under this agreement MCPS is responsible for carrying out the processing of Sony BMG UK label copy, sales reports and invoicing.

Prior to the Sony BMG CLA with GEMA, BMG operated a CLA with GEMA and Sony Records operated a CLA with SDRM. As part of the BMG / GEMA agreement MCPS was responsible for carrying out the UK processing of BMG label copy, sales reports and invoicing. However, MCPS played no part in the UK processing of Sony label copy, sales reports or invoicing under the previous Sony / SDRM agreement, other than to distribute the monies received from SDRM for UK sales to members.

### **Sony BMG sales since 1 July 2005 & BMG sales prior to 1 July 2005 (also relates to Zomba sales prior to 1 July 2005)**

Once a quarter movements in the status of musical works that trigger back claims are collated onto a report and sent to Sony BMG advising them they will be invoiced for these claims unless they respond within twenty one days. A back claims invoice for all claims is then raised and sent once a quarter. This invoice is timed so that it is presented to Sony BMG at the same time as their main quarterly invoice and any supplementary invoices Sony BMG are due to receive that quarter. Sony BMG are given seven days to pay these invoices and once paid the royalties are distributed to members in the next available monthly distribution.

### **Sony Records sales prior to 1 July 2005**

SDRM have informed MCPS that they are currently undertaking an exercise in which they are seeking to collect payment from Sony BMG for all outstanding unclaimed shares of works that related to UK sales under their previous CLA with Sony Records. MCPS is providing SDRM with any assistance they require regarding this exercise.

SDRM have informed MCPS that the exercise they are undertaking is complicated and very manual, however it is hoped that it will result in a payment being made by SDRM to MCPS, from which it will be possible to pay members for any unclaimed shares relating to sales of Sony products prior to 1 July 2005.

SDRM are no longer accepting individual requests to investigate unclaimed shares of musical works relating to UK sales on Sony Records products prior to 1 July 2005, however members should continue to make MCPS aware of any such instances in preparation for when a future payment may be received from SDRM.

# Warner Music UK

## **Definition**

Warner Records have a Central Licensing Agreement with the German society GEMA. MCPS performs the processing, invoicing and distribution functions for the UK. The MCPS commission rate is 4.56% of the monies received from GEMA, and royalties are distributed in the 'B' distributions.

## **Works listed as 'Copyright Control' or 'First Licence refused'**

Registration of an ownership claim should automatically identify where back claims are required. These claims are invoiced to Warners once a quarter. Once paid, royalties are distributed in the next appropriate distribution. Members will normally expect to receive monies from this source within two to six months.

## **Works previously listed as 'Non-Society' or 'Licence Withheld'**

Members are required to forward a specific instruction to Member Services who will arrange for claims to be made. Claims are prioritised by value and resource available with priority afforded to high value transaction lines. Once royalty lines are adjusted, invoices are raised to Warners once a quarter. Once paid, royalties are distributed in the next appropriate distribution. Members can expect to receive money from this source within about three months.

## **Service Level**

Warner Records have operated a Central Licensing Agreement (CLA) with GEMA for more than ten years. Under this agreement MCPS is responsible for carrying out the processing of Warner Music UK label copy, sales reports and invoicing.

Once a quarter movements in the status of musical works that trigger back claims are collated onto a report and sent to Warner Records advising them they will be invoiced for these claims unless they respond within twenty one days. A back claims invoice for all such claims is then raised and sent to Warner Records once a quarter. This invoice is timed so that it is presented to Warners at the same time as their main quarterly invoice and any supplementary invoices Warners are due to receive that quarter.

Warners are given seven days to pay these invoices and once paid the royalties are distributed to members in the next available monthly distribution.

## **Universal Records**

### **Prior to July 2004**

MCPS and Universal Records agreed a settlement regarding all outstanding issues from the previous Universal MCPS CLA that terminated on 30 June 2004. As part of this settlement, MCPS has provision to cover future back claims relating to sales of records made by Universal under their old CLA.

Going forward, any back claim payments relating to the old MCPS Universal CLA will be made from the settlement monies received and paid to members in the next available monthly distribution two months after the transfer in their ownership status occurs.

### **Universal Records July 2004 to September 2006**

#### **Definition**

Until September 2006, MCPS only performed the distribution function for UK sales under Universal's CLA with SABAM. The MCPS commission rate is 4.56% of the monies received from SABAM, and royalties are distributed in the 'A' distributions.

#### **Works listed as 'Copyright Control' or 'First Licence refused'**

Following registration, members should contact Member Services who will investigate whether royalties have been accounted by SABAM and are held in suspense, or whether a supplementary payment is required. Member Services will advise if money is held and an approximate distribution timeframe. If money needs to be collected from SABAM it will be distributed once funds are accounted and sums matched. Members should expect to wait approximately six months in this instance.

#### **Service Level**

Universal Records has operated a Central Licensing Agreement (CLA) with SABAM since 1 July 2004. Under this agreement MCPS plays no part in the UK processing other than to distribute the monies received from SABAM for UK sales to members. Prior to their CLA with SABAM, Universal Records operated a CLA with MCPS.

### **Universal Records sales between 1 July 2004 and 30 September 2006 of products released after 1 July 2004**

Under the procedures agreed between SABAM and MCPS, full claims for all works on Universal Records product (released after 1 July 2004) that are not confirmed as either public domain or non-society are invoiced to Universal and the royalties are distributed by SABAM to MCPS. Where such royalties cannot be distributed to members immediately, due to the fact that ownership registrations have not been received and completed, MCPS holds these royalties in suspense. Members should request release of monies in order to ensure distribution where Member Services will be able to provide an approximate distribution date.

### **Universal Records sales since 1 July 2004 of products released before 1 July 2004**

Upon receipt of member requests regarding unclaimed royalties on sales of Universal Records product that took place after 1 July 2004, but which relate to product that was actually released prior to 1 July 2004, MCPS collate the relevant information and provide it on a monthly report to SABAM. SABAM use these reports to investigate the claims and in circumstances where unclaimed royalties are due they invoice Universal Records accordingly. This supplementary invoicing of Universal by SABAM currently takes place once every six months. After the invoices have been paid, SABAM send the relevant information and royalties to MCPS. Once the data and payment has been received by MCPS the royalties are distributed to members in the next available monthly distribution.

## **Universal Records – October 2006 to present**

### **Definition**

Universal records have a Central Licensing Agreement (CLA) with the Belgian society SABAM. MCPS only performs the distribution function for the UK. The MCPS commission rate is 5.05% of the monies received from SABAM, and royalties are distributed in the 'B' distributions.

### **Works listed as 'Copyright Control' or 'First Licence refused'**

Registration of an ownership claim should automatically identify where back claims are required. These claims are invoiced to Universal once a quarter. Once paid, royalties are distributed in the next appropriate distribution. Members will normally expect to receive monies from this source within two to six months.

### **Works previously listed as 'Non-Society' or 'Licence Withheld'**

Members are required to forward a specific instruction to Member Services who will arrange for claims to be made. Claims are prioritised by value and resource available with priority afforded to high value transaction lines. Once royalty lines are adjusted, invoices are raised to Universal once a quarter. Once paid, royalties are distributed in the next appropriate distribution. Members can expect to receive money from this source within about three months.

### **Service Level**

Universal Records have operated a Central Licensing Agreement (CLA) with SABAM since 1 July 2004. Under a recent agreement, MCPS is now responsible for carrying out the processing of Universal's UK label copy, sales reports and invoicing in relation to shipments as from 1 October 2006.

Under this arrangement, back claim and supplementary invoices are presented to Universal (via SABAM) once a quarter and upon payment of these invoices the royalties are distributed to members in the next available 'B' distribution.