



# Introduction

# INTRODUCTION

## Scope of the MCPS Distribution Policy

We pay royalties to our members and rights holders in batches called distributions throughout the year. The MCPS Distribution Policy relates to royalties paid for the MCPS share only.

This policy document explains how we work out the royalties and schedule when they'll be paid. It's not just about the technologies and methods we use, but also the principles we use for guidance.

Fairness, accuracy, cost effectiveness and transparency are all very important for our members. However, sometimes these principles are at odds. This policy document sets out how we strike a balance.

Before we get any further into the MCPS Distribution Policy there are few important things to set out:

When we say 'we' in this document we're referring to *PRS for Music* and the Mechanical-Copyright Protection Society (MCPS) specifically.

*PRS for Music* is the home of both MCPS and the Performing Right Society (PRS). PRS royalty distributions, which are of particular interest to many songwriters, are detailed in the separate PRS Distribution Policy.

Why is this distinction important? In some cases we collect the licence fee for both MCPS and PRS under a joint licence, sometimes as one lump sum. Where this is the case we'll refer to MCPS and PRS specifically, so you can see how the proportion made available for the MCPS Distribution is worked out.

This document cannot cover every aspect of the distribution process. MCPS members should contact our member services by email - [writerquery@prsformusic.com](mailto:writerquery@prsformusic.com) or [publisherquery@prsformusic.com](mailto:publisherquery@prsformusic.com) - for more information. Affiliated collecting societies should contact [internationalenquiry@prsformusic.com](mailto:internationalenquiry@prsformusic.com).

All policies, rates and information are valid as of December 2023, unless otherwise mentioned.

## General distribution policy principles

We aim to ensure that distributions are fair, accurate and cost effective. Our objective is to provide transparent and easily understood distribution policies and processes.

In many instances, the aims of fairness, accuracy, cost effectiveness and transparency are opposing forces. For example, in some situations achieving 100% data accuracy for each individual performance might cost more than the revenue being collected - meaning there would be nothing left for royalties.

In such cases, we can use cost effective methods of data collection and analysis.

## **Policy review and decision making processes**

The MCPS board is responsible for deciding the principles and dates on which royalties are divided between and distributed to members. The board has overall responsibility for the formulation and implementation of distribution policy that conforms with the general principles of fairness, accuracy, and cost-effectiveness.

Where relevant the board is advised by a sub-committee, the Distribution Committee. This advice concerns the allocation of royalties from licences operated in conjunction with PRS, such as broadcasting and online royalties. The Distribution Committee is made up of MCPS directors and PRS counterparts.

Distribution policies are subject to periodic review. MCPS management works closely with the Distribution Committee and MCPS Board to ensure that policies which have been identified as being in need of review are subject to thorough and timely examination.

Many factors could lead to a policy review, including:

- a change in licence terms, which affects how royalties would be distributed under a certain policy
- a change in data availability, processing, or cost, which affects how royalties would be distributed on a certain section
- member dissatisfaction with current policy
- a new way that licensed music is being used
- a change of legislation

One or more of the factors above could lead to a review of policy. We prioritise reviews based on factors including:

- value of distributions governed by the policy
- the potential benefit of a review, such as increased accuracy or cost efficiency
- potential risks of not reviewing current policy, such as the absence of a distribution policy for a new revenue stream

During a policy review, MCPS management will work closely with the Distribution Committee and MCPS Board to determine a means of distribution that is considered fair, accurate, cost effective and as clear and straightforward as possible. In order to do this, MCPS management will often undertake extensive analysis to fully understand the potential impacts of any proposed policy change, on the earnings of both members and other rights-holders we represent.