PRS for MUSIC

DIGITAL MUSIC LICENCE for INTERNET RADIO

The Digital Music Licence for Internet Radio is designed for internet radio stations that transmit radio programmes to an online audience only (i.e. no terrestrial, DAB broadcasts or true simulcasts), and to a UK audience. Typically, Internet radio stations don't require a licence from the regulator Ofcom to transmit radio programmes however, some elements of commercial radio stations services who do typically require Ofcom licences could fall within the scope of this licence.

KEY FEATURES

The following explanation of key features is for information only and shall not form part of your contract (unless (and only to the extent) specifically stated in the Digital Music Licence for Internet Radio Special Conditions as set out below). Details of the licence terms and conditions should be read in full. Your contract shall be made up of your application form (AFL), the Digital Music Licence for Internet Raio Commercial Terms as set out below, the Digital Music Licence for Internet Radio Special Conditions as set out below, and the Digital Music Licences Standard Terms and Conditions.

- The Digital Music Licence for Internet Radio Licence covers the use of PRS for Music repertoire in the online streaming of audio-only radio programmes or equivalent content to a UK audience. This also covers services making a linear radio programme available for users to access on-demand limited to 30 days from the original transmission. Temporary caching of the programme by the service is permitted to facilitate the stream. Users may be given the ability to interact with the linear radio programme, including by pausing, rewinding and/or fast forwarding of the programme. The licence covers four different service offerings:

- **Subscription Services:** Where a User accesses a Licensed Service by means of a payment which allows access to radio programmes while the subscription continues and in respect of which there would ordinarily be a subscription fee payable (a "Subscription Fee").

- **Stations supported by Sponsorship or Advertising:** Services transmitting a linear radio programme containing advertisements or sponsorship messages for simultaneous reception by users of the service.

- **Non-Commercial / Not for profit Stations**: Stations operating on a non-commercial or not for profit basis usually incorporated as charities or community interest companies.

- **Internet Radio Speech Stations:** Stations where live or recorded speech content is the primary component of the transmission and where the repertoire music density is less than or equal to 15%.

Rights Granted

- The communication to the public of PRS repertoire
- The communication to the public of Production Music Sound Recordings (PMSRs)
- Associated mechanical rights for the purpose of making the radio programme available to be streamed live or on-demand on the Licensed Service.

Term

Your licence period shall be for 12 months, and thereafter it shall continue automatically to renew for periods of 12-months at a time on a rolling basis, unless formal notice of termination of the licence is received. All royalties will be charged at the rate in force at the beginning of the applicable licence-year.

Restrictions & Exclusions

The Digital Music Licence for Internet Radio does not cover:

- Audio-visual radio programmes.
- Any synchronisation rights.
- Restricted Service Licence stations (RSL) (i.e. a station that has been granted a short-term licence from Ofcom) that permits the broadcasting of radio with a limited coverage area.
- Community Radio Stations (i.e. stations which typically cover a small geographical area and are run on a not-for profit basis).
- Commercial Radio Stations (i.e. radio stations which are a broadcasting service licensed by Ofcom, that generate revenue for profit, often through advertising and sponsorship).
- Simulcasts of a radio programme via a network where such transmission is simultaneous with the traditional broadcast of such radio programme.
- On-Demand Listen Again services where users are able to access radio programmes for more than 30 days from the original transmission.
- Online services which permit the permanent download of radio programmes.

Radio Programmes must be communicated to the public on the Licensed Service in their entirety. Any music content included within Radio Programmes must not be accessible on the Licensed Service as individual tracks or independent from the remainder of the Content on the Radio Programme.

Other types of service excluded from the scope of this licence (as such list may be amended from time to time) are services offering:

- Online streaming or download of podcasts and audiobooks;
- Online streaming or download of worship services;
- Online streaming or download of fitness and/or dance content;
- Online streaming or download of content for education;
- Online Streaming or download of music concerts; and
- Music downloads.

Licensees creating or providing any of these services will be required to take out a licence under the relevant PRS for Music licensing scheme.

COMMERCIAL TERMS

A) Royalty Rates

A1. **Minimum fee:**

All Licensees must pay an annual minimum fee of £199 (+ VAT)*, which permits the communication to the public of 9,950 listener hours or up to 536 subscribers in a 12-month period on the Licensed Service.

A2. **Percentage of revenue:**

The Digital Music Licence for Internet Radio uses a percentage of applicable revenue royalty rate. The total royalty amount payable will therefore be calculated based on the greater of percentage of revenue or the number of Listener Hours of PRS repertoire you have made available across the 12-month period of the applicable licence year and in the case of Subscription Services, the greater of percentage of revenue or the monthly subscriber minima.

The applicable royalty rates in respect of the Licensed Services are set out below:

Subscription Services:

1) 10% Applicable Revenue
2) £0.37 per Subscriber, per month**

Stations supported by Sponsorship or Advertising:

1) 10% Applicable Revenue
2) £0.02 per Listener Hour

Non-Commercial / Not for profit Stations:

1) Up to 800 Listener Hours per month £199 + VAT*
2) Up to 1,658 Listener Hours per month £398 + VAT*
3) £0.02** per Listener Hour thereafter

Internet Radio Speech Stations:

1) 2% Applicable Revenue
2) Up to 5,000 listener hours per month £199 + VAT*

A3. The total number of Listener Hours (in respect of which the royalty rates are payable) shall be calculated for each Permitted Service by multiplying the total number of Listener Hours across the preceding Reporting Period by the £0.02.

A4. Royalty Fees shall be cumulative and for any Licensed Service which combines more than one Permitted Service, an aggregate fee shall be payable.

A5. All Royalty Fees paid by the Licensee shall remain subject to adjustment based on validated reporting and subject to the provisions set out under clause 8 of the Digital Music Licences Standard Terms and Conditions.

A6. Every year on 1st October, the monetary sums in this scheme will be adjusted for inflation. If you are within your current Term, then the inflationary adjustment will apply at the end of each Licence Year. The adjustment formula will apply to the standard rates, using the percentage (to the nearest whole percentage point) by which Consumer Price Index (unadjusted) changes in the year to the previous May.

April is the latest month prior to the anniversary date for which figures are likely to be published for this index. After application of the inflation adjustment the rates will be rounded * minimum annual royalty rounded to the nearest pound and **rate per listener hour or subscriber per month shall be rounded to the nearest penny.

SPECIAL CONDITIONS

1. Scope

These special conditions apply to the Digital Music Licence for Internet Radio. These conditions shall be incorporated into, and should be read in conjunction with, the Digital Music Licences Standard Terms and Conditions, available to review from the *PRS for Music* website (www.prsformusic.com), as updated from time to time. In the event of a conflict between the Digital Music Licence for Internet Radio Commercial Terms and the Digital Music Licences Standard Terms and Conditions, the Digital Music Licence for Internet Radio Commercial Terms shall take precedence. In the event of a conflict between the Digital Music Licences Standard Terms and Conditions and these Digital Music Licence for Internet Radio Special Conditions, these Digital Music Licence for Internet Radio Special Conditions shall take precedence. In the event of a conflict between the Digital Music Licence for Internet Radio Commercial Terms and the Digital Music Licence for Internet Radio Special Conditions, the Digital Music Licence for Internet Radio Special Conditions shall take precedence.

2. Definitions

2.1 "Advertising" means any advertising (including promotions or sponsorship) included on the Licensed Service including (without limitation):

(a) as a result of the inclusion of third-party advertising "in-stream" or "temporary in-download" as part of the Licensed Service, being advertising placed immediately at the start, end or as a "break" during the actual delivery (by way of streaming) of Content to a User; and/or

(b) as a result of any form of advertising space or opportunity, whether distributed via banners, links, bugs, fly-outs, interstitials, slates, in-stream, pre-roll or post roll, promotional spots, commissions or otherwise, where such advertising is presented to a User as part of the Licensed Service which is available on the Licensed Service.

2.2 "Advertising-funded Service" means a service (or the relevant part of a service) whereby a User may access Content for free and the Licensee (or any associate, affiliate, agent or representative of the Licensee) receives (or is entitled to receive) revenue arising from Advertising.

2.3 "Applicable Revenue" is the Gross Revenue, less VAT (or other equivalent sales tax, as applicable) and without any other deductions.

2.4 "Content" means audio-only material (including Radio Programmes) other than Ringtones. This definition supersedes the definition of Content in the Digital Music Licences Standard Terms and Conditions for the purposes of this Digital Music Licence for Internet Radio only.

2.5 "Excluded Service" means either:

(a) any service (or the relevant part of a service) which falls within the scope (from time to time) of any of the following MCPS/PRS licensing schemes:

(i) MCPS – Karaoke and MIDI scheme;

(ii) MCPS – Music-on-hold scheme;

(iii) MCPS & PRS – Music Services B2B;

(iv) MCPS – Premium Telephone Line Services scheme;

(v) PRS – Premium Telephone Line Services scheme;

(vi) MCPS & PRS Joint Ringback scheme;

(vii) MCPS & PRS B2B Music Preview scheme;

(viii) MCPS & PRS Joint Digital Fitness & Dance scheme;

(ix) MCPS & PRS Joint Digital Schools scheme;

(x) MCPS & PRS Joint Further & Higher Education scheme;

(xi) MCPS & PRS Joint Digital Worship scheme;

(xii) MCPS & PRS Joint Digital Music Licence For Business;

(xiii) MCPS & PRS Joint Digital E-learning scheme;

(xiv) MCPS & PRS Joint Digital Music Services scheme

(xv) MCPS & PRS Join Digital Music Licence for Podcasts and Audiobooks; or

(b) any service which is a:

(i) Clips Service;
(ii) General Entertainment Download Service;
(iii) General Entertainment On Demand Service;
(iv) Music Download Service;
(v) Music Download Karaoke Service;
(vi) Music On Demand Service;
(vii) Music On Demand Karaoke Service;
(viii) Music Clips Service
(ix) Online Worship Service;
(x) Podcasting Service;
(xi) Simulcast Service

each as defined in the Digital Music Licences Standard Terms and Conditions.

2.6 "Gross Revenue" shall mean all revenue received (or receivable);

a. by the Licensee from Users in consideration for the provision of the relevant Licensed Services; and
b. by the Licensee as a result of the inclusion of third party advertising, sponsorship and/or commissions "in-stream" or "in-download" or "in or around the Relevant Page" as part of the Licensed Service, being advertising, sponsorship and/or commissions placed immediately at the start, end or during the actual delivery (by way of streaming or downloading as applicable) of a Radio Programme to a User; and
c. by way of sponsorship, click-throughs and other commissions, by the Licensee as a result of the placement of third party advertising, sponsorship and/or commissions, buy or click-through buttons on a Relevant Page (as defined below) of the Licensed Service (and including any page which directly follows such Relevant Page leading up to and including the downloading or streaming of the music offering). For the avoidance of doubt, advertising revenue referred to in this sub-paragraph (c) shall not include revenue arising from sponsored searches or click-through commissions arising from such searches;

and in each of the above cases such revenue shall, for the avoidance of doubt, include any such revenue whether received or receivable by the Licensee or any associate, affiliate, agent or representative of such party.

There shall be no other deduction or set-off from the above revenues other than reasonable refunds to Users for services that they were unable to use (but had paid for) due to technical faults in the Licensed Services. For the avoidance of doubt, Applicable Revenue shall not be reduced by credit card commissions or similar payment process charges.

For the avoidance of doubt, where the relevant Licensed Service is provided as part of a "portal based service" of which the Licensed Service form only one part of a suite of services including some that do not relate to music in any way, it is not intended that the definition of Gross Revenue set out above includes the entire revenue of the portal or indeed any revenue of the portal which is not attributable to the relevant Licensed Service.

2.7 "Internet Radio Speech Station" where live or recorded speech content is the primary component of the transmission and; if in a given Licence Year a Licensed Service's use of the Repertoire Works is under 15%.

2.8 "**Licensed Service(s)**" for the purposes of this Digital Music Licence for Internet Radio means the Permitted Service(s) set out in the AFL.

2.9 "Limited Download/On Demand Streaming Service (LD/ODS)" means a service (or relevant part of a service) whereby a User may receive Content by streaming on-demand via a Network (where the time and place at which such Content is received is selected by the User) and/or may temporarily download via a Network such that the Content is no longer accessible to the User (whether as a download or via the Licensed Service) beyond 30 days from the linear transmission.

2.10 "Listener Hour" means each sixty minutes of Content communicated to a User as part of the applicable Licensed Service. For the avoidance of doubt, the communication of a sixty (60) minute Radio Programme to five (5) different Users will amount to five (5) Listener Hours.

2.11 "Not for Profit Station" Where the purpose of the station is to serve educational, cultural and community needs and revenues whether derived from sponsorships, grants or other contributions are reinvested into the Licensees station operation and programming.

2.12 "On-Demand Listen Again Service" means a service by which Radio Programmes are made available for Users to access on-demand limited to 30 days from the original transmission. Temporary caching of the Radio Programme by the service is permitted to facilitate the stream. Users may be given the ability to interact with the linear radio programme, including by pausing, rewinding and/or fast forwarding of the Radio Programme.

2.13 "Permitted Service(s)" means a radio station which transmits a Radio Programme via a Network to Users and offers Users access to a selection of Content either by way of linear transmission or LD/ODS and which is within the scope of the type of services described in the Key Features.

2.14 "Player" means any electronic media player software capable of playing a transmission of a sound recording.

2.15 "Quarter" means each of the periods from 1st January to 31st March, 1st April to 30th June, 1st July to 30th September, and 1st October to 31st December, throughout the Term.

2.16 "**Radio Programme**" means Content intended to be transmitted via a Network to Users of the Licensed Service and comprises at least Musical Works and/or audio-only content such as commentary and/or advertising.

2.17 "Relevant Page" means a page or application:

(a) from which Licensed Services are "actually offered" to Users. A Licensed Service is "actually offered" to Users from a page if Musical Works are enabled or made directly available from that Licensed Service to the User to download or stream from that page; but only

(b) where such offering forms all or the predominant part of that page, being for the purposes of this Agreement where the offering comprises 75% or more of the space on that page excluding space occupied by any advertising. For the purposes of performing the foregoing calculation, the "offering" shall include any content which directly relates to the actual offering of the Licensed Service pursuant to sub-paragraph (a) above (by way of example, but without limitation, an image of the artist or artwork closely associated with the offering, reviews of the offering, credits, and music player controls).

2.18 "**Reporting Period**" means Quarter. Where the Licence starts partway through a Quarter, the first Reporting Period will run from the start of the Licence Year to the end of the quarter in which the Licence commenced.

2.19 "Subscriber" means a natural person in the Territory who can access the Licensed Services for their own private and non-commercial use by virtue of a paid monthly or annual subscription to the Licensed Service.

2.20 "Subscription Service" means a subscription service offering Users access to a selection of Content by way of LD/ODS whereby a User may only access Content during the term of their paid subscription (or free trial period which is limited to 30 consecutive days and one free trial per Subscriber in a 12 month period, as applicable) and in respect of which the Licensee does not receive any consideration other than subscription fees (whether as part of an Advertising-funded Service or otherwise) for the provision of its service.

3. Special Conditions

3.1 For the purposes of this licence clause 5.7 of the Digital Music Licences Standard Terms and Conditions shall be replaced with the following: *"The Licensee represents and warrants that (i) the Use Details (including, for the avoidance of doubt, any information provided to the Licensors in accordance with clauses 5.8 and 5.9), are a true and accurate reflection of the use of the Licensed Service, and (ii) the Licensee (a) operates and (b) owns (or controls) the Licenced Services."*

3.2 Radio Programmes must be communicated to the public on the Licensed Service and made available in their entirety. Any Repertoire Works included within Radio Programmes must not either be (i) accessible on the Licensed Service as individual tracks or (ii) accessible independently from the remainder of the Content on the Radio Programme or (iii) bookmarkable by the User or (iv) identifiable in a manner such that the User can navigate to any Repertoire Works directly.

3.3 Any Licensed Service which uses more than 9,950 Listener Hours or has more than 538 Subscribers in a 12-month period will be required to submit reporting in arrears on a Quarterly basis in keeping with the Music Usage Declaration form for this scheme.

3.4 For the purposes of this licence the Music Usage Declaration form can be found on our website.

3.5 The headings under the Digital Music Licence for Internet Radio Commercial Terms and Digital Music Licence for Internet Radio Special Conditions are included for ease of reference only and are not part of this Agreement and are not to be taken into account in its construction.