

SOCAN

Simplified Distribution Rules

Making \$ and ¢ of Your Royalties

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Simplified Distribution Rules

Making \$ and ¢ of Your Royalties

SOCAN administers the public performance right in our members' musical works. What does that mean exactly? It means that whenever a copyrighted piece of music is played publicly, such as on the radio, in concert, or on television, the writers and copyright owners of that piece of music are legally entitled to a "performance royalty."

Where does the money for that performance royalty come from? Music users pay license fees to SOCAN through a series of "tariffs" designed for a variety of unique music uses. A tariff is essentially a rate set by the Copyright Board of Canada, which determines the license fee payable to SOCAN for the public use of live or recorded music. Our job as Canada's performing rights society is to collect on these tariffs and put the resulting royalties in the hands of the writers and publishers whose musical works have been publicly performed.

SOCAN has reciprocal agreements with societies around the world, meaning we also collect and distribute royalties to international performing right societies for the performance of their musical works in Canada, and they, in turn, collect for SOCAN's repertoire in their respective territories. Through these agreements, SOCAN is able to collect for our members' performances all over the world.

This all amounts to an enormous amount of data: the entire world's catalogue of musical works, performed in a myriad of different ways, all needing to be tracked and paid. While the process by which these royalties are calculated and distributed can initially appear daunting, it's your right as our member to understand where your royalties are coming from and why they are calculated in the way that they are.

This document is intended as a basic, easy-to-understand outline of why, when, and how we pay royalties to you, our member, and what your responsibilities are as a SOCAN member to make sure that we have all the information we need in order to help you maximize your performance income. We hope that you find it helpful.

Earning Royalties in Canada

When will I receive my royalties?

SOCAN has a set distribution schedule by which we calculate and distribute royalties to our members. There is a lot of information to process between the date of the performance and when the royalties for that performance are distributed. Typically, assuming we have all of the data, you can expect your royalties to be paid based on the following schedule:

SOCAN's DISTRIBUTION SCHEDULE	
PERFORMANCE PERIOD	DISTRIBUTION DATE
January - March	November 15 this year
April - June	February 15 following year
July - September	May 15 following year
October - December	August 15 following year

Please note that at this time Satellite Radio, Internet and Internet Audio Visual performances are paid a quarter behind SOCAN's regular distribution schedule.

Getting Paid for Radio and Pay Audio Performances

SOCAN collects license fees from radio stations as well as venues, sporting events and theme parks to create the pools from which radio performances are paid. These pools are the **CBC Pool**, **Survey Radio Pool** and **Census Radio Pool**. In addition to radio performances, members also receive royalties for **Pay Audio** performances.

What we need from you:

- Register your works online
- Include any alternative names (akas) for the title in the registration
- Register your works with Nielsen BDS

Radio (Tariffs 1A, 1B & 1C)

SOCAN distributes royalties on radio performances across Canada. To determine how much a radio performance is worth, musical works are first given a duration credit depending on their length.

Less than 1:00 minute:	1 credit
1:00 – 6:59:	4 credits
7:00 or longer:	1 credit per additional minute

The credit value of a radio performance is determined by dividing the total payable credits for the quarter into the total amount of money available in the pool. As there are three radio pools, credit values vary depending on which pool a performance is paid.

The following formula is used to determine the royalty amount payable for a radio performance:

$$\text{Duration Credit} \times \text{\# of Performances} \times \text{Credit Value} = \text{Royalty (\$)}$$

Royalties are then paid out to the writer(s) and publisher(s) based on the work registration.

Exception: Commercial messages, advertisements, program promos and public service announcements of one-minute duration or less are not eligible for radio distribution at this time.

Census Radio Pool (Commercial & Non-Commercial Radio):

Commercial radio stations (privately owned) that are monitored by Nielsen BDS are paid on a census basis. In order for a work to be captured in the census, it must be registered with Nielsen BDS.

Submit MP3's free of charge, electronically through Nielsen BDS' secure Virtual Encode website. For virtual encode access please send an email with "Virtual Encode" as the subject to paul.tuch@nielsen.com for a username and password. PLEASE include the following information in the body of your email:

- Your Full Name
- Company or Label Name
- Contact Number
- Primary Email Address
- Any Additional Contact Information

You will then receive login information and instructions via email for the Virtual Encode website to upload your music.

Survey Radio Pool (Commercial & Non-Commercial Radio):

Commercial radio stations not monitored by BDS technology are required to provide programming each quarter to SOCAN.

CBC Pool:

All CBC radio performances are paid from a dedicated CBC Pool. Network and regional CBC radio performances are tracked on a census basis, while local CBC radio performances are sampled across the country and weighted according to the population in each locality.

Pay Audio:

Digital Pay Audio service providers allow satellite and cable television subscribers to access commercial-free, announcer-free, digital sound quality, pre-packaged music.

Pay Audio performances are paid from a sample of programming information, consisting of 21 days each distribution period. The pay audio service providers give the programming information to SOCAN.

Think you haven't been paid?

- Check to see if SOCAN has distributed the quarter in which the performance aired
- Check to see if the works are registered with SOCAN
- Check to see if the works were submitted to Nielsen BDS for encoding
- If the above has been completed, contact SOCAN Membership at members@socan.com or 1.866.307.6226
 - Please provide a Station ID or station name, so we can check our radio logs
 - Please note as mentioned above, some stations pay on a sample, which can mean that your song did air on that station, but was not captured for distribution

Getting Paid for Satellite Radio

Satellite radio providers are licensed by SOCAN under Tariff 25. Satellite radio royalties are distributed from the **Satellite Radio Pool** and are based on a sample of programming information for 21 days each distribution period. These performance logs are reported by the satellite providers transmitting in Canada.

Royalties for Satellite performances are paid one full quarter behind SOCAN's regular distribution period.

SOCAN's SATELLITE DISTRIBUTION SCHEDULE	
PERFORMANCE PERIOD	DISTRIBUTION DATE
January - March	February 15 following year
April - June	May 15 following year
July - September	August 15 of the following year
October - December	November 15 this year

Think you haven't been paid?

- Check to see if SOCAN has distributed the quarter in which the performance aired
- Check to see if the works are registered with SOCAN
- If the above has been completed, contact SOCAN Membership at members@socan.com or 1.866.307.6226

Getting Paid for Concert Performances

SOCAN collects license fees from venues and promoters for live performances. Tariffs on concert performances include:

- 3A** Live Music - Annual fee
- 4A1** Popular Music Concerts (Per Event License)
- 4A2** Popular Music Concerts (Annual License)
- 4B1** Classical Music Concerts (Per Concert or Event License)
- 4B2** Annual License for Orchestras
- 4B3** Classical Music Concerts (Annual License)
- 5B** Concerts at Exhibitions and Fairs

What we need from you:

- Work Registrations for all works performed
- For Domestic Concerts, please complete an online Notification of Live Music Performance (NLMP) and include the following:
 - Proof (poster, flyer, contracts)
 - For club shows (3A) proof there was a cover charge of \$6 or more (ticket stub, poster, flyer, contracts)
 - Set List
- For Domestic New Classical/Serious Music Concerts, a program from the performance is required
- All programming must be reported to SOCAN no later than 12 months after the performance occurred

Concert royalties are distributed based on the license fees received and the duration of the works performed. These royalties are then paid out to the writer(s) and publisher(s), based on the works performed.

Concerts licensed under 3A (Club show) will receive a total distribution of \$75 maximum. Concerts licensed under 4A, 4B or 5B will receive a minimum distribution of \$75 on the performance, with the amount increasing based on the license fee collected.

For a concert where the license fee received is \$500 or more and there are two or more musical acts, royalties shall be allocated and distributed in the following manner:

- One Headline Act and One Support Act – 90% Headline 10% Support
- Three or Four Musical Acts – 70% Headline 30% Support
- More than Four Musical Acts – Allocated equally based on duration of works
- Two or More Headline Acts – Headline Acts will share in equal proportion of 90%, and supporting Acts will share the remaining 10%

Exceptions: Not all concerts are distributable. SOCAN must first collect the license fee from either the venue or promoter before we can distribute royalties. In addition, concerts that are

deemed charitable, educational or religious that are exempt from license fees do not qualify for a distribution. For performances in a bar or club, if the cover charge is less than \$6.00, the performance is ineligible for concert royalties.

Think you haven't been paid?

- Check to see that you have completed the Notification of Live Music Performance (NLMP) and provided the required supporting documents (i.e. set lists, proof or contract, etc.)
- Check SOCAN's "Concerts with no set list" found under SOCAN PERFORMANCES AND REPERTOIRE after logging into your online SOCAN account. You can search by Performer, date or city to see if we are just missing the set list.
- If you have submitted the required documents, contact SOCAN Membership at members@socan.com or 1.866.307.6226. SOCAN may be waiting on payment of the license fee from the venue or promoter

Getting Paid for Audio Visual Performances

SOCAN collects tariffs from television stations (**Tariff 2 & Tariff 17A**) and cinemas (**Tariff 6**) for the public performance of music contained within the programs and films they exhibit.

What we need from you:

- Cue Sheets
 - Make sure all the information requested on the cue sheet is provided (actors, producer, director, instrumental/vocal, etc.).
 - Make sure the cue sheet is signed by the producer
 - Identify which US Society will be representing you for this production (SOCAN/ASCAP, SOCAN/BMI, SOCAN/SESAC)
 - Make sure your publisher has the same US affiliation as you.
- Make sure all interpolated works (songs) are registered with SOCAN

Television (Tariffs 2 & 17A):

SOCAN distributes royalties for all broadcast (terrestrial) and non-broadcast (cable & specialty) television in Canada. All money received from the Broadcast TV stations and Cable stations is placed into two separate pools; the **Broadcast Television Pool** and **Non-Broadcast (Cable) Pool**.

In order to distribute on these pools, SOCAN receives domestic programming information from Gracenote, a company that tracks content that airs on TV, and matches it to cue sheet information in SOCAN's database. If there is no cue sheet in the database, an unidentified performance is created and a cue sheet is requested from the production company, the foreign society or the station that aired the programming. For US productions, SOCAN receives cue sheets through an interface with ASCAP and BMI.

A credit system is used in order to determine the amount of royalties for a specific use of music. One credit is given for each second of duration. The type of music use indicated on the cue sheet will impact the amount of credits received:

- Theme music (both opening and closing) - 100%.
- Feature/source music - 100%.
- Background/score music - 60%.
- Logo music - 5%.

The time of day the program is shown also impacts the number of credits granted. The performance of music in television (broadcast and non-broadcast stations) between 2:00 A.M. and 5:59 A.M. receives 5% of the credit it would normally receive if broadcast at another time.

The station the program is exhibited on also impacts the amount of royalties. This is called "**Station Weight**". For Broadcast TV and Cable TV, the Station Weight is in direct proportion to the license fees received from each station.

Each quarter, the total number of credits (**Total Payable Credits**) for each pool are calculated and divided into the total amount of money in each pool to give a Credit Value.

The following formula is used to determine the amount of royalties a specific music use shown on television is worth:

$$\text{Duration} \times \text{Use} \times \text{Station Weight} \times \text{Time of Day} \times \text{\# of Performances} \times \text{Credit Value} = \text{Royalty (\$)}$$

The royalties calculated are then paid out according to the share percentages for the writer(s) and publisher(s) outlined on the cue sheet.

Exception: Commercials, advertisements, jingles and promos of 1 minute duration or less are not subject to any distribution in Canada at this time. However, foreign societies may distribute royalties for such usage, depending on their distribution rules.

Cinema (Tariff 6):

SOCAN pays royalties for music used in movies that are shown in cinemas across Canada. Cinemas pay license fees according to how many seats they contain, and the monies collected go into a pool. As with television, cue sheets are used and credits are determined according to the same use types (theme, feature, background, and logo).

One movie being shown for one week on one screen counts for one cinema performance. This differs from television, in that every exhibition of an episode counts as a performance.

Credit Value is determined in the same way as television, by dividing the Total Payable Credits for the quarter into the total amount of money available in the pool.

The following formula is then employed to determine the amount payable, which is then divided between the writer(s) and publisher(s) as per the cue sheet:

$$\text{Duration} \times \text{Use} \times \text{\# of Performances} \times \text{Credit Value} \times \text{Station Weight} = \text{Royalty (\$)}.$$

Exception: As with television, cinema commercials and trailers are not subject to any distribution in Canada, but may be subject to royalties in other territories.

Think you haven't been paid?

- Check to see if SOCAN has distributed the quarter, in which the performance occurred.
- Check to see if the cue sheet has been filed with SOCAN
- Check to see that any interpolated works (songs) are registered with SOCAN.
- If the above has been completed, contact SOCAN Membership at members@socan.com or 1.866.307.6226.
 - Please provide the program/film name, airdate, & TV station.
 - Please note as mentioned above, cinema pays on a sample, which can mean that your song or cue was exhibited but was not captured for distribution. However, if you provide us with evidence of exhibition (i.e. a film festival program), the license fee has been paid, and we have a cue sheet for the film, we will distribute on it.

Getting Paid for Internet Performances

For Internet performances, SOCAN pays on streams and views originating in Canada. For streams and views outside of Canada, SOCAN receives royalties through our reciprocal agreements with affiliated Performing Rights Organizations, depending on their distribution rules and regulations in their territory.

Royalties for Internet performances are paid one full quarter behind SOCAN's regular distribution period.

SOCAN's INTERNET DISTRIBUTION SCHEDULE	
PERFORMANCE PERIOD	DISTRIBUTION DATE
January - March	February 15 following year
April - June	May 15 following year
July - September	August 15 of the following year
October - December	November 15 this year

SOCAN collects license fees from Internet services under Tariff 22 (A-G) as outlined below:

22A – Online Music Services

22B – Commercial Radio

22C – Non-Commercial Radio

22D – Commercial Television, Non-Broadcast Television (Cable), Pay Audio Services, Satellite Radio

22D1 – Online Audiovisual Services

22D2 – User-Generated Content

22E – CBC, Ontario Education Communications Authority and Société de télédiffusion du Québec

22F – Audio Websites (e.g. internet radio)

22G – Game Sites (e.g. sites accessed online to play games)

Revenues for the Internet tariffs are allocated as follows:

Internet Pool – revenues received from online music sites, from YouTube for online musical works performances, from audio websites, and from game sites

Internet Audiovisual Pool – revenues received from Netflix, other audiovisual online performances and user-generated audiovisual performances

Television Pools – revenues received from broadcast and non-broadcast television licensees for online audio-visual services

Cinema Pool – revenues from YouTube online movie rentals

Radio Pools – revenues from the websites of commercial radio stations, non-commercial radio stations and CBC Radio go to the corresponding Radio pools.

Pay Audio Pool – revenues from pay audio services for online content go to the Pay Audio pool

Satellite Radio Pool – revenues from online satellite radio services go to the Satellite Radio pool.

Please note that aside from the Internet Pool and the Internet Audiovisual Pool, all other internet performances will be paid based on the existing distribution rules surrounding that pool.

Online Music Services (22A), Audio Websites (22F), and Game Sites (22G):

All monies in the Internet pool will be distributed based on information received from the licensed Internet services for their online music streams for each distribution period. These services provide SOCAN with their full usage data. Where information from some licensees is missing or incomplete, monies will be distributed based on programming received from other licensees for that same quarter.

Through thorough analysis of the available usage data and estimated pool amounts, SOCAN was able to derive that 500 performances for YouTube, 100 performances for the other Internet services would result in an earnings amount that is distributable. Therefore, performances have been summarized so that 100 actual performances will be represented by 1 performance on statements, and we have set a minimum threshold of 5 summarized performances (representing 500 actual performances) for YouTube and 1 summarized performance (representing 100 actual performances) for other Internet services for a payment to occur. The \$ per performance amount is calculated based on the distributable pool amount and the number of performances, similar to traditional distribution methodologies.

Please note that for streams on sites like YouTube, SOCAN only pays on views that originated in Canada. Sites like YouTube may list all streams from around the world.

Online Audiovisual Services (22D1):

All monies in the Internet audiovisual pool will be distributed based on all of the available and received information. Performances are paid out based on cue sheet information in SOCAN's database.

Netflix performances will be summarized so that 1,000 performances will be represented by 1 performance on statements.

Please note that SOCAN distributes on streams that originated in Canada for online audiovisual services.

Think you haven't been paid?

- Check to see if the works are registered with SOCAN.
- For Internet Audiovisual Services, please make sure the cue sheet have been filed with SOCAN.
- If the above is complete, contact SOCAN Membership at members@socan.com or 1.866.307.6226.

Earning Royalties Around the World

SOCAN is passionate about ensuring that we collect and distribute the maximum available revenue to you, our members. Through our reciprocal agreements with affiliated Performing Rights Organizations (PROs), we are able to distribute royalties for performances that occur outside Canada.

When will I get paid?

SOCAN distributes international royalties to its members on a quarterly basis, coinciding with its distribution of royalties from domestic performances. In some cases, payments will include performances from the previous year, however, in other cases, royalties may be applicable to performances dating back two, three, or four-plus years, depending on the territories and distribution practices of the foreign PROs.

Who does what?

Each PRO has its own unique survey methodologies, its own distribution rules and procedures, and is bound by the copyright laws of its own country – sometimes influenced by social, political, and economic conditions. In some cases, tariffs covering certain types of music usage have been approved in certain territories, but not in Canada and vice versa. In effect, each territory is an island unto itself, while still obligated to follow certain prescribed policies and standards as signatories to international copyright conventions, and as members of the International Confederation of Societies of Authors and Composers (CISAC), the Paris-based umbrella organization whose members include PROs such as SOCAN.

How do we do it?

SOCAN enjoys excellent working relationships with its international affiliated PROs. We send notifications of performances to foreign territories, and pursue claims on behalf of SOCAN members. We also manage and maintain international agreements involving our members to ensure that the correct publishers and sub-publishers are compensated.

Who pays what?

The chart below summarizes the surveying/programming methodology employed by SOCAN's top international societies.

What we need from you:

International Radio Performances

- Register your work(s) online
- Include any alternative names (AKAs) or translations of the title in the registration
- Advise us of date(s) of performance, work(s) performed, country, station name and type, plus any other pertinent information

International Concert Performances

- Work registrations for all songs performed
- A Notification of Live Music Performance and/or a show contract, as well as a set list, for each date performed, venue information
- For New Classical/Serious Music Concerts, a program from the performance will suffice

International Audio Visual Performances

- Cue Sheet
 - Make sure to complete all the required information
 - Make sure the cue sheet is signed by the producer
 - Make sure you have identified whether the cues are instrumental or vocal
 - Identify which US society will be representing you for this production (SOCAN/ASCAP, SOCAN/BMI, SOCAN/SESAC)
 - Make sure that your publisher has the same US affiliation
- Any broadcast / airplay information
- Any foreign title translations (film, series, episode)

Think you haven't been paid?

- Please note: all distributions from international societies are subject to their own distribution rules
- Check to see if SOCAN has distributed on the quarter in which the performance aired. Note that most payments from international societies are a quarter or more behind SOCAN's distribution schedule

International Radio Performances

- Check to see if the works are registered with SOCAN
- If the above is completed, contact SOCAN Membership at members@socan.com or 1.866.307.6226
 - Please provide the date(s) of performance, song(s) played, country, station name & type, plus any other information that may be pertinent.
 - Please note that if the relevant society pays on a sample basis for the radio performance type in question, your song may have aired on that station, but was not captured for distribution

International Concert Performances

- Check to see if the works are registered with SOCAN
- Make sure you have completed the Notification of Live Music Performance (NLMP) and provided the required supporting documents (i.e. set lists, proof or contract, venue information etc.)
- If the above is completed, contact SOCAN Membership at members@socan.com or 1.866.307.6226. It may be that the relevant society does not pay on this type of concert performance, is still in the process of collecting license fees for the performance, or that we have not yet received their distribution containing those royalties.

International Audio Visual Performances

- If the above has been completed, contact SOCAN Membership at members@socan.com or 1.866.307.6226
- SOCAN requires the following information to make a claim on international performances that haven't been paid:
- Country/Territory where the performance aired
 - Release/License Date of the production
 - Station ID or Film Festival that aired the production
 - Air Date of the Performance

If you still have questions about SOCAN's Distribution Rules, please contact the Membership department at members@socan.com or 1.866.307.6226.