

1 INTRODUCTION

1.1 Scope of document

This document provides an overview of the policies and methods employed by the Performing Right Society (PRS) in making performing right distributions. Unless otherwise indicated, all policies, rates and information are valid as of October 2013. Not every aspect of the PRS distribution process will be covered within this document. PRS members should contact the member services department at writerquery@prsformusic.com or publisherquery@prsformusic.com for more information, while affiliated collecting societies should contact internationalenquiry@prsformusic.com.

1.2 General distribution policy principles

The structure for PRS' distributions process is found in PRS' Constitution, specifically Rule 2 of PRS' [Rules and Regulations](#) ("Rules").

Responsibility for determining the methods by which PRS's revenue is allocated and distributed rests with PRS's Board of Directors as outlined in Rule 2 of the Society's Rules. The Board has delegated practical oversight of this responsibility to the Distribution Committee, a sub-committee of the PRS Board whose decisions concerning distributions are made with the intent and purpose of achieving a fair, equitable and cost-effective distribution of the income collected by PRS to its members and the members of its affiliated societies

Rules are applied by PRS's Board and Management in a manner that best achieves this intent and purpose.

PRS also aims to ensure that all aspects of its distribution policies and processes are transparent and easily understood, with clear cost allocations and without any unknown or hidden cross-subsidies.

PRS requires usage data to identify which works have been used, and therefore which rights-holders to pay. In some cases, licensees are not able to provide complete music usage data or supply it in a format that PRS can process. Therefore a variety of data collection methods are employed, including the use of music recognition technology companies and electronic fingerprinting techniques. The collection and processing of such data can be very expensive.

In many instances, the principles of fairness, accuracy, cost effectiveness and transparency are opposing forces. For example, in some situations it might cost more to achieve 100 percent data accuracy and process details of every individual performance than the total revenue actually collected. In such cases, cost effective methods of data collection and analysis are developed to provide statistically representative information about music use.

The distribution committee, a sub-committee of the PRS board, ensures a balance between these principles to provide the greatest value to all rights-holders represented by PRS.

Royalties for members of affiliated societies are calculated in every respect on the same basis as allocations to PRS members.

The Board endeavours as far as possible to comply with resolutions of the International Confederation of Societies of Authors & Composers (CISAC) related to principles governing the fair and equitable distribution of royalties.

1.3 Policy review and decision making processes

The PRS board is responsible for the formulation and implementation of distribution policy and is required (a) to ensure that such policy is fair, accurate, transparent and cost effective; and (b) to put in place a system to ensure that the data used to support the allocation of royalties is, and continues to be, based on statistically reliable sources that fairly represent the performing right usage of musical works in the UK.

PRS distribution policies are subject to regular review. The management team works closely with the distribution committee to ensure that policies which have been identified as being in need of review are subject to thorough and timely examination. There are a number of different factors which could lead to a policy review, including the following:

- A change in the terms of the licence(s) granted in respect of the performances distributed under a certain policy
- A change in the cost or availability of data used to distribute revenue on a certain section, such as technical changes
- Member dissatisfaction with current policy
- A new form of licensed repertoire exploitation
- A change of legislation

One or more of the factors above could lead to a review of policy and reviews will be prioritised based upon a number of factors including:

- Value of distributions governed by the policy
- The estimated potential benefit of a review, such as increases in 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, management will work closely with the distribution committee to determine a means of distribution that is considered fair, accurate and cost effective, and that is as clear and straightforward as possible. In order to do this, the management team will undertake extensive analysis to fully understand the potential impacts of any proposed policy change on members' earnings and on other rights-holders represented by PRS.