



**MUSIC AUTHORS' COPYRIGHT PROTECTION (MACP) BERHAD**

**Distribution Rules of General & Digital Royalties**

As at Sept 2020

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1.	<b><u>Pool Division</u></b>	
	<b><u>General</u></b>	

General pool involves performance royalties (public performances and broadcast) collected in a fiscal year allocated into 6 main pools. They are General Licences, Concerts, Film, Television, Radio and Others. Separate codes are created for major concerts.

Digital

Digital pool involves performing and mechanical royalties collected in the distribution period for Ring Back Tone/Ring Tones, Streaming and Downloading services.

2. **Frequency of Distribution**

General

Performing royalties shall be distributed once a year.

Digital

Digital royalties shall be distributed twice a year.

3. **Timing of Distribution**

General

MACP distributes performing royalties after the end of a calendar year, which covers royalties collected from January through December of the preceding year. Distribution to members for performance royalties of that calendar year is targeted to be made in 3<sup>rd</sup> Quarter of next year.

Digital

Digital distributions are targeted to be made by the end of 1<sup>st</sup> Quarter & end of 4<sup>th</sup> Quarter of next year based on the royalties collected from the reporting periods and the availability of the usage or transactional reports.

4. **Minimum Payment**

To avoid the unnecessary costs, MACP will not make payment if, at any distribution the total amount due is less than RM100.00 for MACP members and RM1,000.00 for sister societies. However, payment will be made in the next distribution when the accumulative amount exceeds the above-mentioned amounts.

5. **Distribution Numbering System**

The Society's distribution numbering system consists of four alphanumeric codes.

- i) the first code indicates the type of distribution
  - “P” – Local performing royalties
  - “O” – Overseas performing royalties
  - “D” – Downloading performing & mechanical royalties
  - “L” – Itunes performing & mechanical royalties
  - “I” – Streaming performing & mechanical royalties
- ii) the second 2 digits represent the year in which royalties are collected
- iii) the last digit represents the number of times that a distribution takes place

Example: “P181” means it is the first distribution prepared for the local performing royalties collected in 2017.

“D181” means it is the first distribution prepared for the Digital performing & mechanical royalties collected in 2017.

“D182” means it is the second distribution prepared for the Digital performing & mechanical royalties collected in 2017.

6. **Calculation of Net Distributable Royalties**

**General**

The royalties to be distributed is arrived at as follows :-

	<b>TOTAL REVENUE IN A FISCAL YEAR</b>
Less	TOTAL ADMIN COSTS ( pro-rated over each pool )
Less	TAXES AND MDF EXPENSES
Less/Add	ADJUSTMENTS, if any
Equals	<b>NET DISTRIBUTABLE ROYALTIES</b>

**Digital**

The royalties to be distributed is arrived at as follows :-

	<b>TOTAL REVENUE</b>
Less	COMMISSION
Less/Add	ADJUSTMENTS, if any
Equals	<b>NET DISTRIBUTABLE ROYALTIES</b>

The royalties shall be allocated in the following manner depending on the type of services:

<b>SERVICE</b>	<b>MECHANICAL</b>	<b>PERFORMING</b>
Download	75%	25%
RBT/RT	75%	25%
Streaming	33.33%	66.67%

7. **Unlogged Performance Allocation (UPA)**

The UPA is made to compensate for performances that are omitted in our analysis due to sampling and other factors. This allocation is paid to local and overseas members and is allocated in the General performance distribution. No UPA is allocated to the Digital distribution.

a. **For MACP members**

UPA is fixed by the Board of Directors at RM300 for each participating MACP member. A participating MACP member is one who was admitted to MACP membership in or before the Distribution Year in question and who earns performing royalty in the Distribution Year.

UPA will be allocated to MACP member who earns performing royalty (exclusive of UPA) and cease to be allocated to a MACP member who has not earned any performing royalties for more than a year. However, UPA will reapply in the year the member begins to receive royalties again.

b. **For overseas societies**

The UPA (Overseas) ratio for a Distribution Year will be based on the ratio of the royalties distributed to MACP members against royalties paid to all overseas societies in the previous performance year.

The amount of UPA is then calculated according to the UPA (overseas) ratio, and allocated to all overseas societies in a lump sum pro-rated over their performing royalties' income of that Distribution Year.

No UPA is allocated to the interested parties of works in the Public Domain Special Account, Non-Member Special Account and Dispute Special Account.

8. **Programme Returns**

MACP obtains details of music performed (program returns) from broadcasters, general licensees, live concert licensees, airlines, Pos-ad & retail outlets, entertainment outlets, cinemas, and hotels.

9. **Division of Fees**

The distribution of mechanical royalties collected will be paid 100% to the publishers and affiliated societies participating in the agreement with the service providers.

The distribution of performing royalties to interested parties shall be based on the schedule below. The divisions are subject to modifications that may be agreed upon in writing between the interested parties, except that in no case may the share of publisher, or the combined share of all publishers of a particular work, exceed one-half (50%) of the total distribution fees.

<b>Description</b>	<b>Share</b>
Composer/s	100.00%
Composer/s	50.00%
Author/s	50.00%
Composer/s	100.00%
Author/s (Public Domain)	0.00%
<b>Description</b>	<b>Share</b>
Composer/s (Public Domain)	0.00%
Author/s	100.00%
Composer/s	50.00%
Author/s (Public Domain)	0.00%
Author/s of new lyrics	50.00%
Composer/s	50.00%
Author/s (Public Domain)	0.00%
Author/s of new lyrics	50.00%
Composer/s (Public Domain)	0.00%
Arranger/s	100.00%
Composer/s & Author/s (Public Domain)	0.00%
Arranger/s	100.00%
Composer/s & Author/s (Public Domain)	0.00%
Author/s of new lyrics	50.00%
Arranger/s	50.00%
Composer/s	50.00%
Publisher/s	50.00%
Composer/s	25.00%

Author/s	25.00%
Publisher/s	50.00%
Composer/s	25.00%
Author/s	25.00%
Publisher/s (for composer/s)	25.00%
Publisher/s (for author/s)	25.00%
Composer/s	25.00%
Author/s	25.00%
Publisher/s & Sub-Publisher/s	50.00%
Composer/s	16.66%
Author/s	16.66%
Sub-Author/s	16.66%
Publisher/s & Sub-Publisher/s	50.00%
Composer/s (Public Domain)	0.00%
Author/s	50.00%
Publisher/s (for author/s)	50.00%
Composer/s	50.00%
Author/s (Public Domain)	0.00%
Publisher/s (for composer/s)	50.00%
Composer/s (Public Domain)	0.00%
Arranger/s	50.00%
Publisher/s (for Arranger/s)	50.00%
Composer/s (Public Domain)	0.00%
Author/s	25.00%
Arranger/s	25.00%
Publisher/s (for author/s)	25.00%
Publisher/s (for arranger/s)	25.00%

## 9.1 **Guidelines relating to Non-Member's share**

### 9.1.1 **Works originating from MACP repertoire**

When a composer, lyricist or publisher is not a member, his/her/its share is placed in the Non-member Special Account.

### 9.2 **Foreign-originated works**

#### Non-member writer

Where a composer or author is not a member, his/her share will be paid to the society of the original publisher. If the work is unpublished, the non-member writer share will be paid to the society of the co-writer, if any.

#### Non-member publisher

Where a publisher is not a member, its allocated share will be paid to the society of composer and author.

## 9.2 **Guidelines relating to Performances**

- 9.2.1 For any performances of a work originally in the form of vocal, the lyricist will receive his/her normal share. If however, a vocal version is made of a work originally in the form of instrumental, the lyricist will receive a share only when the vocal version is performed.
- 9.2.2 Where there is a doubt as to whether the original or local version was performed, the CISAC Amalfi Resolution will apply where the composer, author, sub-author and publisher will receive 25%, 16.7%, 8.3% and 50% respectively.

### 9.3 **Guidelines relating to Sub-Published works**

- 9.3.1 Where the contract between the writer (s) and its original publisher of work provides for a specific total publisher share, that share alone is divisible in accordance with the provisions of the sub-publication contract.
- 9.3.2 If the original publishing contract does not specify the share payable to the writer (s) and publisher respectively, but provides that the division shall be in accordance with MACP rules, the society will allocate the publisher a maximum of 50% of the total share and the balance of 50% will divide equally between the composers and authors of the musical work.

### 9.4 **Guidelines relating to Arrangement**

#### 9.4.1 Arrangement of Copyrighted works

Arrangement of Copyrighted work is not entitle to any distribution share.

#### 9.4.2 Arrangement of Non-copyright works

Arranger of non-copyright works will be entitled to full distribution share.

## 10. **Music Classification**

The following definition is used to identify types of musical works or types of usage for works registration and royalties distribution: -

### 10.1 **Featured Work**

#### Serious Music (WS)

All serious music performed live in concert or by TV or radio broadcast.

#### Pop Music (WP)

All featured music not included as serious music performed in concert or by TV or radio broadcast and general licensees.

### 10.2 **Programme Music**

Music used in cinema film, TV/radio programmes.

#### Title Music (FT)

Music used for an event, cinema film, radio and TV programme and is found at the beginning and/or end of an individual programme, an event or a film.

### Visual Music (FV)

Music used in a TV programme or cinema film that facilitates the flow of the programme of film and is audible to the actors in the programme or film.

### Background Music (FB)

Music which is heard by viewers as an accompaniment to the scene portrayed but not audible to the actors in the programme or film.

### Signature Tune (ST)

Music used on radio and TV to identify or set the mood of an individual programme or each programme of a series of a film used before and after each commercial break, or music used on radio and is found at the beginning and/or end of each non-music programme including traffic news, financial report, weather report and news.

### Commercial Jingle (CJ)

A short musical item performed on radio and TV to advertise a product or promote an event.

### Trademark/Emblem/Logo (TM)

A short musical item performed at the beginning or end of (but not specially related to) a film or TV programme, and advertises the producer or distributor of that film or programme.

### Station Identification Music (SI)

A short musical item on radio or TV performed to identify and performed to identify and promote a particular broadcasting station or channel.

### Interval Music (IM)

Music used on TV which does not form part of advertised programmes and which is played during a voluntary or involuntary break in transmission e.g. music video.

### Programme Identification Music (PI)

Music used on TV at the end of a voluntary or involuntary break in transmission, which does not form part of advertised programmes but relates to subsequent programme.

## 11. **Points Awards Table**

### General

WS	Serious Music	T1
WP	Pop Music	T1
FT	Title Music	T2
FV	Visual Music	T2



IM	Interval Music	T2
FB	Background Music	T3
PI	Programme Identification Music	T3
TM	Trademark/Emblem Music	T3
ST	Signature Tune	T3
CJ	Commercial Jingle	T3
ST	Station Identification Music	T3

### **T1**

From	To	Points (T1)
0' 1"	4' 0"	3.0
4' 1"	6' 0"	4.0
6' 1"	8' 0"	6.0
8' 1"	10' 0"	7.5
10' 1"	15' 0"	13.0
15' 1"	20' 0"	17.0
Above 20'		30.0

### **T2**

Time	Points
First 30 seconds	0.3
Every 10 seconds thereafter	0.01 per second

### **T3**

Time	Points
First 30 seconds	0.2
Every 10 seconds thereafter	0.01 per second

## 12. **Special Accounts**

At each performance distribution, royalties payable to a work or to certain interested party (parties) of a work may be held in suspense in the following Special Account: -

### 12.1 **Public Domain Special Account (PD)**

Works that are arrangements of works in the public domain may have a share of royalties withheld for the non-copyright element in the work. The share will be placed in this account. The amount allocated to this account will be ploughed back into the distribution pool and allocated proportionally to all other parties receiving royalties in the current distribution category.

### 12.2 **Non-member Special Account (NM)**

#### 12.2.1 **MACP-originated work**

If one of the interested parties of a MACP originated work is not a member, that non-member share will be placed in this account. The royalties will be held for up to 3

years until the non-member becomes a member only then will the amount held be released. If the non-member does not become a member within the 3 years, the non-member royalties will be ploughed back into the distribution pool in the 4th year's distribution and allocated proportionally to all parties receiving royalties in the current Distribution Year.

#### 12.2.2 Non-MACP-originated work

When a composer or author is not a member, his/her share will be paid to the society of the original publisher for the society to admit this non-member having his/her business relationship with the original publisher.

#### 12.3 Dispute Special Account (DIS)

Royalties or a share of royalties for a work in dispute (e.g. arising from alleged infringement or conflicting ownership claim) would be held in this account. Royalties will remain in suspense until MACP is notified of a settlement.

Under no circumstances shall the parties have any claims against MACP for the distributed royalties of the work prior to the notification of the dispute. MACP shall not be held responsible to make any adjustments with regards to the distribution of the said royalties.

#### 12.4 Credits in Suspense (CIS)

In case there is no documentation and in which case even the CISAC Warsaw Rule is not applicable, royalties will be placed in this special account. If the work is identified before the next distribution, the royalties will be paid to the interested parties accordingly. The balance royalties will be ploughed back into the corresponding distribution category and be allocated proportionally to all parties receiving royalties in the current distribution category.

#### 13. Dramatico-musical works

Under the present Deed of Assignment of performing right with MACP members, the Society is empowered to administer a number of performing rights for its member. However, as a matter of policy, MACP does not administer and license Grand Right Performances in Malaysia in its normal licensing distribution work unless specifically requested by its interested parties to do so. The reasons are as follows: -

##### 13.1 Overseas Works

Overseas societies are not given the right to license Grand Right performances by their members in the first place. Consequently, MACP is not empowered to license in Malaysia.

##### 13.2 Local Works

Grand Right Performances of local works are infrequent. MACP members may prefer to collect royalties directly from the presenters involved.

#### 14. Royalties received from affiliated societies

These royalties are distributed to members together with the General performance royalties on an annual basis. MACP do not deduct any administrative cost for such royalty payments.

15. **Adjustments**

In the normal course of distribution, error may occur due to misidentification of works or their interested parties. Members and foreign societies are entitled to adjustments if MACP is notified within 3 years of such distribution.

Royalties due to sampled audio visuals not payable owing to lack documentation will be paid if MACP is notified with the relevant cue sheets from the members or affiliated societies within 3 years of distribution.

16. **AMALFI Resolution of CISAC**

16.1 That the author of an authorised local version should be entitled to receive a share in the distribution of performance royalties only if :

- a. it is the local version which has been performed; or
- b. the performance was a performance of an instrumental version ; or
- c. there is genuine doubt as to which version was performed.

16.2 That the societies distribution rules should provide :

- a. that for performances of a local version the shares distributed to the original lyricist and the local sub-lyricist respectively should be equal;
- b. that for performances of an instrumental version, or where it is not known whether the original version or the local version was performed, the share distributed to the original lyricist should be double the share distributed to the local sub-lyricist.

16.3 That this recommendation be applied :

- a. in respect of all performances which take place from the 1 January 1991 onwards, and
- b. regardless of when the performed works were originally composed.