

# Distribution Policy



# MACP DISTRIBUTION POLICY

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# **REVISION HISTORY**

Rev	Revision Date	Description	Prepared By	Reviewed By	Approved By
001	12/11/2021	Initial release	MACP Management	MACP Management	Board of Directors
002	14/7/2022	1 <sup>st</sup> Revision	MACP Management	MACP Management	Board of Directors
003	07/06/2023	2 <sup>nd</sup> Revision	MACP Management	MACP Management	Board of Directors
004	30/01/2024	3 <sup>rd</sup> Revision	MACP Management	MACP Management	Board of Directors
005	20/11/2024	4 <sup>th</sup> Revision	MACP Management	MACP Management	Board of Directors



## 1. DISTRIBUTION POLICY INTRODUCTION

#### 1.1 Scope of the MACP Distribution Policy

Royalties are paid to Music Authors' Copyright Protection Berhad's ("MACP" or "the Organisation") members and affiliated organisations in distribution cycles throughout the year. The MACP Distribution Policy relates to royalties paid for the performance of music - known as the 'performing right' in law.

The MACP Distribution Policy explains how MACP works out royalties and schedule when MACP distributes royalties to MACP members and affiliated organisations. It's not just about the technologies and methods used, but also the principles used for guidance.

Fairness, accuracy, cost-effectiveness and transparency are all very important for MACP members.

While this document covers aspects of policy, it does not cover every aspect of the distribution process. Alternatively, members may raise queries via our website or contact our member services teams by email at general@macp.com.my/distribution@macp.com.my.

All policies, rates and information are valid as of November 2024, unless otherwise mentioned.

#### 1.2 General Distribution Policy Principles

MACP aims for all aspects of distribution rules and processes to be transparent and easily understood.

Access to data is also important. MACP needs usage data to identify the licensed music being used and the rights-holders to pay. In some cases, the people using music (known as 'licensees') are unable to provide complete usage data or supply it in a format MACP can process. MACP can use a variety of data collection methods in these situations.

MACP has engaged music recognition technology using electronic fingerprinting techniques to ensure that the distribution is based on the actual usage of works as required under the CISAC Professional Rules and CISAC Binding Resolutions for Musical Societies.

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. Instead, MACP uses cost effective methods of data collection and analysis to provide statistically representative information about music use.

Our Distribution Committee ensures a balance between our principles to provide the greatest value for all our members and rights-holders



#### 1.3 Policy Review and Decision-making Processes

The MACP Board of Directors ("the Board") is responsible for determining the methods by which MACP revenue is allocated and distributed as outlined in Article 66 of the Memorandum and Articles of Association ("the Articles"). The Board has delegated practical oversight of this responsibility to the Distribution Committee ("the Committee"), a sub-committee of the Board who is responsible for formulating and implementing specific distribution policy. The Committee is required to ensure the following:

- a) this policy is fair, accurate, transparent and cost-effective; and
- b) put in place a system to ensure that data supporting royalty allocation is, and continues to be, based on statistically reliable sources. These sources must fairly represent the performing right usage of musical works in Malaysia.

Article 66(b) provides that any scheme of distribution fixed by the Board shall comply with the terms and conditions of any agreement in force from time to time between the Association and any Member or Affiliated Association. Hence, MACP's distribution policies are subject to regular review. MACP's management works closely with the Committee so that policies in need of review are subject to thorough and timely examination. Many factors could lead to a policy review, including:

- a change in data availability, processing or cost, which affects how royalties would be distributed on a certain section;
- constructive feedback from members on the current policy;
- a change of legislation i.e., Copyright Act 1987, requirement under the CISAC Professional Rules and the CISAC Binding Resolutions for Musical Societies; and
- to comply with the obligation under the representation agreements with affiliated organisations.

One or more of these factors could lead to a policy review. MACP 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; and
- potential risks of not reviewing current policy, such as the absence of a distribution policy for a new revenue stream.

During a policy review, MACP management works closely with the Committee to determine a means of distribution that is considered as fair, accurate, cost effective, clear and straightforward as possible.

To achieve this, MACP management undertakes extensive analysis to understand the potential impacts of any proposed policy change on member and rights-holder earnings. MACP may

## **MCCP** Distribution Policy

consult with rights-holders if they are likely to be materially affected by any change in policy or implementation.

#### 1.4 Entitlement of Royalty

As a general rule, every member will be entitled to participate in distribution out of the royalty earnings received by MACP in respect of the exercise of the rights, licence or authority granted by them to MACP. The Articles have also spelled out the guideline in regards to the entitlement of royalty for Deceased Member and Terminated Member.

#### 1.4.1 Deceased Member

Pursuant to Article 10(a)(iii) of the Articles, any payment to which a member would have been entitled if living, have been entitled shall be made to the successor. Any successor of a deceased writer member is required to apply for admission as Successor Associate Member within three (3) year from the date of the death certificate of writer member. However, only one successor member to be elected to receive the royalties for the deceased Member. In the event a Successor Member is not appointed within 3 years after the demise of a member, Rule 2.16 (ii)(a) below will apply.

#### 1.4.2 Terminated Member

Upon the cessation of membership, a member shall not be entitled to participate in any further distributions, save as to any payment to which he may be entitled in respect of any period prior to cessation of membership in accordance with Article 12 of the Articles.



### 2. DISTRIBUTION CYCLES AND CONCEPTS

#### 2.1 Standard Distribution Cycles and Frequency

MACP pays royalties to the members and rights-holders in three main categories of distributions each year as follows ("Distribution Cycles"):

#### i) <u>Performing Distribution</u>

Performing royalties collected from general users, television broadcasters and radio broadcasters from January through December of the preceding year, including royalties received from affiliated organisations, will be distributed after the end of a calendar year. Distribution to eligible members and affiliated organisations for performing royalties is targeted to be made in Quarter 3 of the succeeding year.

#### ii) Concert Distribution

Performing royalties collected from the licences issued to promoters of Major Live Events such as ticket-selling concert and concert tour. The performing royalties collected from such concert and concert tour are targeted to be distributed to the eligible members and affiliated organisations in each quarter of the year.

Notwithstanding the above, MACP reserves the rights to perform a distribution on an ad-hoc basis wherever reasonably practical and proportionate.

#### iii) Digital Distribution

Performing royalties and related mechanical royalties (for the right owners represented by MACP through agency arrangement), collected from online services includes ringtone and ringback services, download and streaming services for the reporting periods are targeted to be distributed in 1<sup>st</sup> Quarter and 4<sup>th</sup> Quarter of each year.

By working to standard distribution cycles, MACP can be as fair, accurate, transparent and cost effective as possible, which gives MACP the time needed to collect revenues, process music usage data, allocate royalties to specific musical works and pay these out in a distribution.

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A summary of the Distribution Cycles are as follows:-

Distribution Cycles	Type of Distribution
March	Concert and Digital Distribution
June	Concert Distribution
July	Performing and Overseas Distribution
September	Concert Distribution
November	Concert and Digital Distribution

#### Ad-Hoc Distribution

Notwithstanding the aforementioned Distribution Cycles, MACP may perform distributions on an ad-hoc basis outside the established Distribution Cycles, whenever deemed necessary and proportionate, to comply with any contractual obligations and timelines agreed.

#### Distribution thresholds

To ensure that distributions are cost effective, minimum payment thresholds for distribution were established, which are RM100.00 for MACP members and RM1000.00 for affiliated organisations. If the payment does not exceed the minimum payment threshold, payment will be made in the next distribution when the accumulative amount exceeds the above-mentioned amounts.

For any MACP members or affiliated organisations which possesses a foreign bank account, the payment of distribution is subjected to the applicable bank remittance requirement.

#### 2.2 Distribution basis

MACP base distributions on the following methods, in order of preference:

i) <u>Census</u>

MACP's preferred basis for all distributions. A census distribution involves data collection, processing and payment for every single performance within the licence period. Unfortunately, it is not always feasible to distribute on a census basis, due to the nature and volume of music usage by some licensees. Usually, this is where no cost-effective solution for collecting and processing data is available, for example music played in the background by licensed pubs.



#### ii) <u>Sample</u>

Where census distribution is not feasible, MACP seeks to collect a representative sample of actual performances as the basis to distribute total section revenue. This method is effective when:

- a) music usage is highly repetitive or there is a small breadth of total repertoire used; and
- b) MACP can collect statistically relevant sample information cost effectively.

Sampling is an appropriate and practical distribution basis if there is a very high volume of repetitive music usage and analysis of the high volume of usage data is expensive and not costs effective.

#### iii) <u>Analogy</u>

An analogy-based payment is used for any distribution where census and sample methods are not feasible. This is usually because sufficient usage data is not readily available. The analogy method uses a similar, or analogous, usage data set as the basis for revenue distribution. Analogy is most frequently used for general performance usages. In some instances, combinations of these approaches may be used.

Should a licensee fail to supply usage data at the correct time to enable MACP to make a distribution from out of the royalties received from that licensee, the royalty revenue will be distributed using analogous usage data.

#### 2.3 Distribution pool

A distribution pool is a pool of revenues collected from one or more sources and distributed together because they are related in some way. The 3 (three) distributions are as follows:

#### i) <u>Performing Distribution</u>

Performance royalties collected in a fiscal year allocated into 5 (five) main pools namely, General Pool, Cinema/Film Pool, Television Pool, Radio Pool and Performing Right Online Pool. Performing Right Online refers to online music usage where MACP licenses for communication to the public rights only and the mechanical rights has been licensed directly by the rightsholder.

#### ii) <u>Concert Distribution</u>

Major Live Events such as ticket-selling concert and concert tour are paid on an event-byevent basis. The Net Distributable Royalties relating to the concert is paid based on the licence fees collected and distributed on a full census basis based on the usage report deducting the



applicable commission at fifteen percent (15%).

#### iii) Digital Distribution

Digital Royalties involves performing and mechanical royalties collected in the distribution period for Ring Back Tone/Ring Tones, Streaming and Downloading services. The Net Distributable Royalties relating to this is paid based on the licence fees collected and distributed on claim basis based on the usage report deducting the applicable commission at ten percent (10%).

#### 2.4 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 (Including Concerts & OTT)
  - "O" Overseas performing royalties
  - "D" Downloading performing & mechanical royalties
  - "L" Claim basis performing & mechanical royalties
  - "I" Streaming performing & mechanical royalties
- ii) the details of each distribution can refer to each distribution cover letter

#### 2.5 Other Income

Other Income is the interest earned on investments and Commission Income. We apportion this revenue between rights-holders in direct proportion to their earnings. Other income is paid out in Performing Distribution.

## 2.6 Operating Cost

MACP's operating cost is recovered from revenue collected by MACP.

Operating costs covers admin cost, membership cost and provision of tax, in the production of royalties collection and distribution. These general costs include many essential activities such as maintaining a database of copyright information, negotiating with licensees and issuing licenses so that organisations can use licensed music.

#### 2.7 Royalties received from affiliated organisations

These royalties are distributed to members together with the performing royalties collected from general users, television broadcasters and radio broadcasters on an annual basis. MACP do not deduct any operating cost from royalties received from affiliated organisations.



#### 2.8 Net Distributable Royalties Calculation

Net Distributable Royalties would be calculated once MACP's financial statements had been audited and reported by MACP's appointed external auditor. The calculation for Performing Distribution, Concert and Digital Distribution Net Distributable Royalties are as follows:

#### i) Performing Distribution

Calculation of Net Distributable Royalties is arrived at as follows:

	GROSS REVENUE <sup>1</sup>
Less	DUBBING / SYNCH ROYALTIES
Less	DIGITAL ROYALTIES & CONCERT ROYALTIES <sup>2</sup>
Add	PERFORMING RIGHTS ONLINE ROYALTIES
Equals	PERFORMING REVENUE
Less	ADMIN COSTS & OTHER EXPENSES
Less	INCOME TAX EXPENSE & SST
Equals	NET DISTRIBUTABLE ROYALTIES

The calculation of Net Distributable Royalties is performed by the Management team using Distributable Net Royalty Summary Final Excel Spreadsheet. Save for Concert Distribution and any Ad-Hoc Distribution, the calculation of Net Distributable Royalties would be presented to and deliberated by the Committee two (2) weeks before the targeted distribution date.



Calculation of Royalty Payout to Member is arrived as follows:

- a) Total Point = Point Per Work<sup>3</sup> × Frequency
- b) Point Value =  $\frac{\text{Distribution Royalty-UPA}}{\text{Total Point}}$
- c) Royalty Payout = Total Point × Point value

The following report would be prepared by the Management team and approved by the Board of Directors to release payment to MACP members:

<sup>1</sup> includes Other Income
 <sup>2</sup> includes Performing Rights Online revenue
 <sup>3</sup> Please refer section Points and point values for more details on allocation of points and calculation of point values



- Point Value Calculation for Pool
- Society Summary
- Member Summary

#### ii) <u>Concert Distribution</u>

The calculation of Net Distributable Royalties is arrived at as follows:

	TOTAL REVENUE	
Less	COMMISSION & SST	
Less/Add	ADJUSTMENTS, if any	
Equals	NET DISTRIBUTABLE ROYALTIES	

#### iii) Digital Distribution

Calculation of Net Distributable Royalties is arrived at as follows:

	TOTAL REVENUE
Less	COMMISSION & SST
Less/Add	ADJUSTMENTS, if any
Equals	NET DISTRIBUTABLE ROYALTIES

The royalties shall be allocated in the following manner depending on the type of services, in accordance with the below matrix:

SERVICE	PERFORMING	MECHANICAL
Download	25%	75%
Ringback tone ("RBT") / Ringtone ("RT")	25%	75%
Streaming	66.67%	33.33%
Over the Top ("OTT")	50%	50%

#### 2.9 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 MACP members and affiliated organisations and is allocated in Performing Distribution. No UPA is allocated in Concert and Digital Distribution.

#### For MACP members

UPA is fixed by the Board at RM300.00 for each participating MACP member. A participating



MACP member is one who has been a continuous member for at least two (2) years 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 in the Distribution Year. However, UPA will reapply in the year the member begins to receive royalties again.

ii) For affiliated organisations

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 affiliated organisations in the previous performance year.

The amount of UPA is then calculated according to the UPA (overseas) ratio, and allocated to all affiliated organisations 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 and Special Accounts.

#### 2.10 Veteran Allowance

For MACP members, an allowance of RM500.00 will be paid to those who meet all the 3 following criteria below:

- i) Age 55 years and above in this year distribution;
- ii) have 50 and above work registered with MACP; and
- iii) have been a member of MACP for at least 10 years in this year distribution.

The allowance would not be entitled to the deceased Members.

2.11 Usage Report	

MACP obtains details of music playlist (usage report) from online streaming and download service providers, broadcasters, general users, concert promoters, airlines, retail outlets, restaurants, entertainment outlets, cinemas, hotels and other background music users.

#### 2.12 Points and point values

MACP allocates a number of points based on actual usage. A point represents a different value



depending on the distribution pool. Music would be assigned to 3 tiers, namely T1, T2 and T3. Thereafter, points will be awarded based on the duration of the music usage. If duration is not provided in the usage report, MACP distribution system will set the song duration at default duration, 3 minutes.

Please refer Appendix 1 for Music Classification and Points Award Table.

Within each pool, the total points for each work are added up. Work that have more usages accumulate more points. Each point within a pool will have the same value. Therefore, works that have accumulated more points will receive more royalties.

2.13 Exclusions

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

#### i) Overseas Works

Affiliated organisations 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.

ii) Local Works

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

2.14 Adjustments
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An adjustment is a change in royalties for a paid work, after the original royalty distribution has taken place.

In the normal course of distribution, error may occur due to misidentification of works or their interested parties. MACP is entitled to make adjustments in the event of misidentification of works or interested parties, or if notified by MACP members and affiliated organisations of the same within one (1) year of such distribution.

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



#### 2.15 Allocation of Shares

After deducting administration expenses from the revenues collected, MACP begin to work out how royalties are to be divided between the interested parties in the works exploited under our licences.

The Allocation of Shares net revenue for a work between the interested parties in that work is divided between the member, the affiliated society and other rights holders as appropriate. These interested parties are entitled to participate in the relevant share of the net revenue attributed to the use of the work. If and where MACP is unable to reasonably determine the identity of the interested person, because the share in question is disputed by two or more persons claiming to be interested or otherwise entitled to the royalties, the net revenue will be dealt with under our rules governing Disputes and Duplicate Claims and related policies (Please see Special Accounts section).

Each member must notify MACP of the allocation of shares and the full names of all interested parties, in sufficient detail, of each musical work in which they have an interest.

Notifications in respect of active works from affiliated organisations will be accepted by MACP from organisations in the customary manner. For example, FICHE Internationale.

Royalties will be divided between the parties involved in the work in the proportions agreed between them, subject to the following:

- The 'writer's share' in a MACP distribution is the share of monies allocated by MACP to the writer(s) of a work (or where the writer(s) is/are a member of an affiliated society, to that society). A member's right to an allocation of the writer's share under the Rules arises by virtue of his or her authorship of the work to which the distribution relates and regardless of whether or not the writer is entitled to retain that sum under the terms of his/or her contract (if any) with the publisher(s) and/or rightsholder(s) of the work).
- There is no inherent publisher share; a publisher share will only be allocated to a person claiming to be a publisher provided that it is the 'publisher' of the work concerned. Unless MACP has evidence or claims to the contrary, MACP will assume that publishers do meet the official definition of being a publisher as defined in our formal rules.

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.

The below non-exhaustive distribution of performing royalties to interested parties can be referred by the members as <u>reference</u>:



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Description	Share
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%

#### i) <u>Guidelines on Arrangements</u>

For performances of an arrangement of a copyright musical work, MACP will not allocate a share to the arranger.

For performances of a copyright arrangement of an otherwise non-copyright work, MACP will credit the arranger as if he/she was the composer of an original composition.

#### ii) <u>Guidelines Translations of Lyrics and Addition of Amended or Substituted Lyrics</u>

Where an authorised translation of copyright lyrics is made, or lyrics are changed or substituted with the authority of the copyright owner, the share allocated to the Translator/Sub-Lyricist and original lyricist respectively should be equal. This share is deducted from the shares of the composers and original lyricists in proportion, which would be the default practice unless mentioned otherwise.

Where there is a doubt as to whether the original or translated version was performed, the CISAC Amalfi Resolution will apply where the composer, author, sub-author and publisher will receive 25%, 16.70%, 8.30% and 50% respectively.

In line with the CISAC's recommendation known as the 'Amalfi Resolution', the author of an authorized local version should be entitled to receive a share in the distribution of performance royalties only if:

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

#### iii) <u>Guideline on Non-member shares</u>

a) MACP-originated work

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

#### b) <u>Non-MACP-originated work</u>



Non-member writer (foreign) – 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 (foreign) – Where a publisher is not a member, its allocated share will be paid to the society of composer and author.

#### iv) Guidelines relating to Sub-Published works

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.

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.

#### 2.16 Special Accounts

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

#### i) <u>Public Domain Special Account ("PD")</u>

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.

#### ii) Non-member Special Account ("NM")

a) MACP-originated work

If the MACP originated work derived from:-

(i) one of the interested parties who is not a member, that share will be a non-member share and shall be placed in this account. The royalties will be held for up to three (3) years until the non-member become a member only then will the amount held be released. No interest accrues or is paid to the interested parties if the interested parties become a member after the (3) years period;



(ii) a successor for a deceased member whom have not been elected as a successor associate member within three (3) years after the death of the deceased writer, that share will be a non-member share and shall be placed in this account where the royalty will be held for this period,

If the non-member does not become a member within the three (3) years, the nonmember 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.

#### b) 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.



#### iii) <u>Dispute Special Account ("DIS")</u>

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 in writing.

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.

#### iv) 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 remaining royalties will be ploughed back into the corresponding distribution category and be allocated proportionally to all parties receiving royalties in the current distribution category.

#### Calculation of Unidentified Royalty Plough Back to Members

Plough Back Royalties = Work Unidentified Royalty - Work Identified Royalty Allocation of Plough Back Royalties = Plough Back Royalties x Categories by Ratio



## 3. MACP POOLS

#### 3.1 General Pool

#### i) Introduction

#### a) Restaurant/Café

MACP collects this revenue from eating or drinking establishment outlets such as restaurants, café, coffee houses, food courts, canteen, fast food joints & budget eatery outlets for the performance of mechanical music and live music.

Mechanical music means music performance by any form of recordings (including digital format), CD, DVD, tape player, radio and television and includes from and copied onto digital devices such as tablets and smartphones where the music is provided for background only.

Live music means music performance by live artiste performers including singers, bands, musicians, dancers, models and conductors.

Please refer Appendix 2 for General – Restaurant / Café MACP Licensing Tariff.

b) Airlines

MACP collects this revenue for performances of its repertoire in aircraft registered in Malaysia by any means other than live music.

Please refer Appendix 2 for General – Airlines MACP Licensing Tariff.

c) Hotel/Members Club

MACP collects this revenue from the hotel or members club, including all guest rooms or public areas directly on the hotel or members club.

Rooms shall mean the total number of guest rooms at the licensed premises.

Please refer Appendix 2 for General – Hotel / Members MACP Licensing Tariff.

d) Entertainment

MACP collects this revenue from an entertainment outlet for the performance of mechanical music, featured music and live music.



Mechanical music means music performance by any form of recordings (including digital format), CD, DVD, tape player, radio and television and includes from and copied onto digital devices such as tablets and smartphones where music is provided for background only.

Featured music refers to performance of music by DJ and includes music provided to accompany singing by patrons (karaoke) besides the use of any form of recordings (including digital format), CD, DVD, tape player, radio and television and includes form and copied onto digital devices such as tablets & smartphones.

Live music means music performance by live artiste performers including singers, bands, musicians, dancers, models and conductors.

Please refer Appendix 2 for General - Entertainment MACP Licensing Tariff.

e) <u>Retail</u>

MACP collects this revenue directly from major chains to individual stores using mechanical music.

Mechanical music means music performance by any form of recordings (including digital format), CD, DVD, tape player, radio and television and includes from and copied onto digital devices such as tablets and smartphones where music is provided for background only.

Retail premises mean a retail store or establishment open to the general public used exclusively to sell goods and/or services to the public.

Please refer Appendix 2 for General – Retail MACP Licensing Tariff.

f) Other Background Music

For public performance, MACP collects revenue from a variety of more than ten different tariffs, largely based on venue types.

Mechanical music means music performance by any form of recordings (including digital format), CD, DVD, tape player, radio and television and includes from and copied onto digital devices such as tablets and smartphones where the music is provided for background only.

Please refer Appendix 2 for General – Others MACP Licensing Tariff.



#### g) One-Off Event

MACP collects this revenue from One-Off Event Permit Licence for Mechanical and Live Music offered for events per day / per venue / per event.

Mechanical music means music performance by any form of recordings (including digital format), CD, DVD, tape player, radio and television and includes from and copied onto digital devices such as tablets and smartphones where the music is provided for background only.

Live music means music performance by live artiste performers including singers, bands, musicians, dancers, models and conductors.

Please refer Appendix 2 for General - One-Off Event MACP Licensing Tariff.

#### ii) Royalty Source

#### a) Restaurant/Café

Revenue is collected directly from restaurants ranging from major chains to independent premises that utilise mechanical music and live music.

#### b) <u>Airlines</u>

Revenue is collected by MACP from different airlines and contains separate charges for:

- Boarding and/or disembarkation music performed by loudspeakers
- In-flight entertainment music, which is all other music, whether audio or audio-visual and whether or not it is made available via headsets

#### c) <u>Hotel / Members Club</u>

Revenue is collected directly from hotels and members club that utilises mechanical music and live music.

#### d) Entertainment

Revenue is collected directly from various entertainment outlets with karaoke, including pubs, clubs and resto-bar. All identifiable charges are included in this distribution pool.

#### e) <u>Retail</u>

Revenue is collected directly from retails ranging from major chains to independent premises that utilise mechanical music.



#### f) Other Background Music

For public performances. Revenue is collected directly, ranging from major chains to independent premises that utilise mechanical music.

g) One-Off Event

For One-Off Event, revenue is collected directly from the One-Off Event mentioned above for Mechanical and Live Music.

- iii) <u>Distribution Policy</u>
  - a) <u>Restaurant/Café, Hotel/Members Club, Entertainment, Retail, Other Background Music</u> Based on the usage report provided by licensees & live performance notification provided by members & affiliated organisations.

Analogue will be applied if an insufficient usage report is received.

b) <u>Airlines</u>

Based on usage report provided by airlines and the list in Going Places Magazine by MAS (Malaysia Airlines System).

#### iv) Other Notes

a) Airlines

Not all airlines use in-flight entertainment music.

b) Entertainment, Retail and Others

Licensees send in a usage report detailing the titles of works performed at the premises once payment is made for the year.

c) One-Off Event

For One-Off Event, licensees send in usage report detailing the titles of works performed at the events once payment is made.



#### 3.2 Cinema / Film Pool

#### i) Introduction

MACP collects revenue from cinemas to cover the performance of our music as – in a film, soundtrack, trailer, advertisement and any Background Music audible in Common Areas / Foyer of the cinema.

Please refer Appendix 2 for Cinema / Film MACP Licensing Tariff

#### ii) Royalty Source

MACP collects cinema revenue from cinema operators under specific cinemas tariffs. Charges are based on cinemas' annual gross box office minus entertainment tax.

#### iii) Distribution Policy

MACP base on International Box Office, MOJO & Malaysia Box Office, FINAS to pro-portion the collection for Cinema Pool.

iv) Other Notes

Licensees send in usage report detailing the titles of works performed in the film once payment is made for the year.



#### 3.3 Television Pool

#### i) Introduction

MACP collects revenue from government and commercial television broadcasters in Malaysia that broadcast music controlled by MACP.

#### ii) Royalty Source

The television broadcasters pay annual blanket licence fees based on a lump sum or revenue sharing covering their performing and broadcast usage. The lump sum or revenue sharing ratio is negotiated and agreed upon by both parties.

#### iii) Distribution Policy

All television channels' usage are analysed from the monitoring report provided by engaged music recognition technology companies on sampling basis either 1 in 3 days or 1 in 6 days based on sampling date.

Analogue will be applied if an insufficient usage data is received.



#### 3.4 Radio Pool

#### i) Introduction

MACP collects revenue from government and commercial radio broadcasters in Malaysia that broadcast music controlled by MACP.

#### ii) Royalty Source

The radio broadcasters pay annual blanket licence fees based on a lump sum or revenue sharing covering their performing and broadcast usage. The lump sum or revenue sharing ratio is negotiated and agreed upon by both parties.

#### iii) <u>Distribution Policy</u>

Usage report provided by radio broadcasting stations and monitoring report from the engaged music recognition technology companies.



#### 3.5 Performing Right Online

#### i) Introduction

MACP collects these revenues from online music usage for the performing rights. The licence fees depends upon the type of service and the extend of usage under a variety of different tariffs.

#### a) Music Streaming/Download

MACP issues licences to a number of online streaming and downloading services that use music in their online services.

Please refer to Apendix 2 for Others - Music Streaming/Download

b) Online Radio

A digital audio service is transmitted via the Internet.

Please refer Appendix 2 for Others - Online Radio MACP Licensing Tariff

c) Podcast

A digital audio file contains music made available on the Internet for downloading to a computer or mobile device, typically available as a series that can be received by users/ subscribers automatically.

Please refer Appendix 2 for Others - Podcast MACP Licensing Tariff

d) Website/Social platform

A set of related web pages are located under a single domain name, typically produced by a single person or organization where music is being utilised.

Please refer Appendix 2 for Others - Website/Social platform MACP Licensing Tariff

e) Online Background Music ("BGM") Provider

A music service that supplies background music to a commercial venue for subscription fee. The service enables digital reproduction of musical works on encrypted physical media and the non-interactive streaming of musical works to Customers' venues such as hotel lobbies, restaurants and retail establishments.

Please refer Appendix 2 for Others – Online BGM Provider MACP Licensing Tarif



#### f) Online Advertisement / Promotion

Any production for the below purposes:

- any commercial products and/or services involving promotional elements or endorsement;
- use of any corporate image or message as a communication tool; and
- maintaining and enhancing public relations of a commercial entity, a celebrity or a public figure.

Please refer Appendix 2 for Others – Online Advertisement / Promotion MACP Licensing Tariff

#### g) Online Live Music Show

Online Live Music Show refers to any music centric online live show such as Concerts, Dinner Show and other events of similar nature.

Please refer Appendix 2 for Others - Online Live Music Show MACP Licensing Tariff

h) Online Live General Entertainment Show

Online Live General Entertainment Show refers to any non-music centric online live show such as Graduation, Product Launching, Carnival, Exhibition, Sports Show and other events of similar nature.

Please refer Appendix 2 for Others - Online Live General Entertainment Show MACP Licensing Tariff

#### ii) Royalty Source

Revenues are collected directly from an online service that utilise music using different fees or calculation for each type of service, which use a mixture of different criteria and minimum payment threshold.

#### iii) Distribution Policy

Based on usage report / playlists provided by licensees and live performance notification provided by MACP members and affiliated organisations.

Analogue will be applied if insufficient usage data receives.



#### iv) Other Notes

Licensees send in usage report detailing the titles of works performed at the online service once payment is made for the year or as per contract terms.

Document No.: MACP\_002 Document Date: November 2024



## 4. APPENDIX

#### 4.1 Appendix 1 - Music Classification and Points Award Table

#### i) Music Classification

No.	Music Type	Definition		
Feature	Featured Work			
]	Serious Music	All serious music performed live in concert or by TV or radio broadcast.		
2	Pop Music	All featured music not included as serious music performed in concert or by TV or radio broadcast and general licensees.		
Prograi	mme Music			
3	Title Music	Music used for an event, cinema film, radio and TV programme and is found at the beginning and/or end of an individual programme, that identifies an event or a film.		
4	Visual Music	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.		
5	Interval Music	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.		
6	Background Music	Music which is heard by viewers as an accompaniment to the scene portrayed but not audible to the actors in the programme or film.		
7	Programme Identification Music	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.		
8	Trademark / Emblem / Logo	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.		
9	Signature Tune	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.		



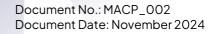
No.	Music Type	Definition
10	Commercial Jingle	A short musical item performed on radio and TV to
10	Commercial Jingle	advertise a product or promote an event.
		A short musical item on radio or TV performed to
11	Station Identification Music	identify and performed to identify and promote a
		particular broadcasting station or channel.

#### ii) <u>General Music Classification in Tiers</u>

No.	Acronym	Description	Tier
1	WS	Serious Music	TI
2	WP	Pop Music	TI
3	FT	Title Music	T2
4	FV	Visual Music	T2
5	IM	Interval Music	T2
6	FB	Background Music	T3
7	PI	Programme Identification Music	T3
8	TM	Trademark/Emblem/LogoMusic	T3
9	ST	Signature Tune	T3
10	CJ	Commercial Jingle	T3
11	ST	Station Identification Music	Т3

#### iii) Points Allocations according to Tiers

No.	Tier	Durati	on	Points
NO.	пег	From	То	Points
		0'1"	4'0"	3.0
		4']"	6'0"	4.0
		6'1" 8'0"	6.0	
1	TI	8'1"	10'0"	7.5
		10'1"	15'0"	13.0
		15'1"	20'0"	17.0
		Above 20'		30.0
2	T2	First 30 seconds		0.3
2	12	Every 10 seconds therea	er 0.01 every 10	0.01 every 10 seconds
3	тт	First 30 seconds		0.2
J	Т3	Every 10 seconds therea	fter	0.01 every 10 seconds





4.2Appendix 2 – MACP Licensing Tariff (as of 31 December 2023)

The tariffs are adjusted yearly in line with the local Consumer Price Index for the preceding calendar year published by the Department of Statistics, Malaysia.

No.	Pool/ Category	Pool/ Category		Type of Music	MACP Licensing Tariff
1		An Initial Deposit before the Concert		Not applicable	2.5% x 60% of the Total Value of Tickets on Sale <sup>4</sup>
2	Concert	Major Live Event such as ticket-selling Concert <sup>5</sup> and Concert Tour		Not applicable	<ul> <li>2.5% on Actual Gross Box Office receipts; or</li> <li>1% on the Nominal Value for Complimentary Tickets.</li> </ul>
			Mechanical Music	First 50 persons	RM 847.06
3		Restaurant / Café -	Mechanical Music	Each additional person	RM 8.47
3		Restaurant, Café, Coffee House	Fasturad & Live Music	First 50 persons	RM 1,376.47
		House	Featured & Live Music	Each additional person	RM 13.77
		Restaurant / Café - Food Court, Canteen	Mechanical Music	First 100 persons	RM 741.18
4				Each additional person	RM 7.42
4	General		Featured & Live Music	First 100 persons	RM 1,058.83
	General		realured & Live Music	Each additional person	RM 10.59
5		Restaurant / Café – Budget Eatery Outlet	Mechanical Music	Flat Fee	RM 317.65
6		Airlines	Not applicable	Rate Per 500 Passenger Hours	RM 52.94
		Hetel ( Mersherry Olub	Two store and balaw	Minimum fee	RM 158.82
7		Hotel / Members Club - Hotel, Motel, Serviced	Two stars and below	Each guest room	RM 10.59
			Three stars and below	Each guest room	RM 16.94

<sup>4</sup>To be paid by way of a bank draft within the time specified on the invoice or two working days before the event, whichever is earlier. The actual fees will be calculated after Concert based on an audited Ticket Sales Report submitted by the Organisers.

<sup>5</sup> The above fees are subject to a minimum of RM500.00 per event / per venue / per day.

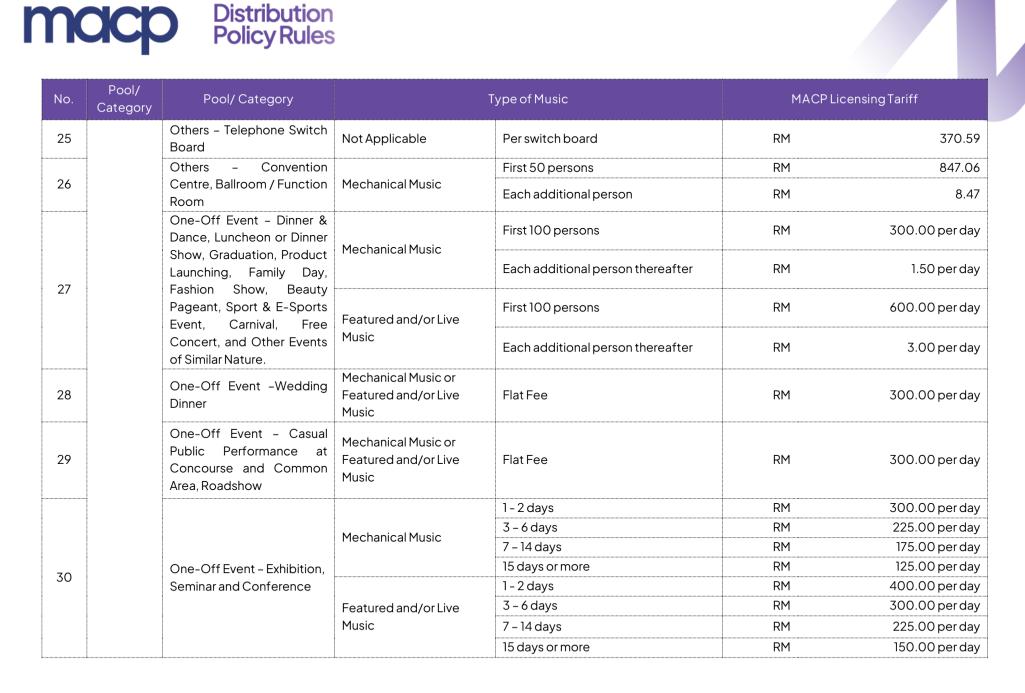
۱o.	Pool/ Category	Pool/ Category		Type of Music	MACP Lice	nsingTariff
		Apartment <sup>6</sup>		Lobby/Reception	RM	317.65
		Hotel / Members Club -	Not Applicable	Each guest room	RM	16.94
8		Member Club <sup>7</sup>	Νοι Αρρικαρίε	Lobby/Reception	RM	317.65
		Entertainment - Executive	Featured Music	First 50 persons	RM	5,823.54
9		KTV Lounge, Discotheque &		Each additional person	RM	58.24
/		Multi-Entertainment Outlet	Featured & Live Music	First 50 persons	RM	7,623.54
				Each additional person	RM	76.24
10		Entertainment - Non-	Featured Music	First 50 persons	RM	5,294.13
		Executive Karaoke		Each additional person	RM	52.94
11		Entertainment – Karaoke	Featured Music	First 50 persons	RM	952.94
••	4	Singing Training Centre		Each additional person	RM	9.53
12		Entertainment – Stand- Alone Karaoke Kiosk Box	Featured Music	Each Kiosk Box	RM	317.65
13		Entertainment – Community Singing Centre	Featured Music	Flatfee	RM	317.65
	4	Entertainment - Pub, Bar, Beer Garden, Bistro,	Machanical Music	First 50 persons	RM	1,588.24
14			Mechanical Music	Each additional person	RM	15.89
14			Featured & Live Music	First 50 persons	RM	2,964.71
		Lounge, Resto Bar	realured & Live Music	Each additional person	RM	29.65
		Retail – Departmental Store,		First 2,000 square feet (min fee)	RM	397.00
15		Supermarket, shopping mall, Retail Shop, Electrical Shop	Mechanical Music	Each additional square feet thereafter	RM	0.143
16		Retail - Stand-Alone Retail Kiosk	Mechanical Music	Flatfee	RM	185.30
17		Others - Hospital, Medical	Not Applicable	Each patient room	RM	16.94

<sup>6</sup> Separate charges apply for other outlets within the establishment

<sup>7</sup> Separate charges apply for other outlets within the establishment

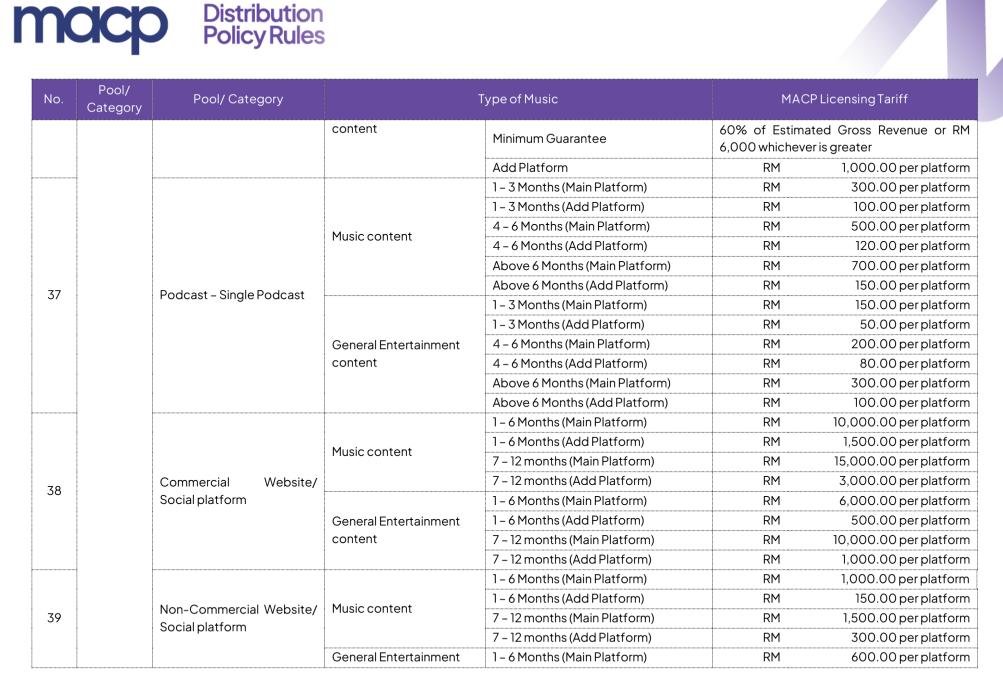
No. Poo Categ	Pool/ Category		Type of Music	MACP Licensing	gTariff
	Centre		Lobby/Reception	RM	317.65
			TV monitor surcharge	RM	185.30
18	Others - Clinic	Not Applicable	Flatfee	RM	211.77
	Others - Buses, Coach,	Not Applicable	EachUnit	RM	211.77
19	Limousine, Boat, Ferry, Train		Each seat with video-on-demand screen	RM	10.59
20	Others – Bank & Banking Hall, Office Premise, Factory, Saloon, Beauty Centre, Spa & Health Centre, Showroom, Service Station & Workshop, Petrol Kiosk, Terminal, Bowling Centre, Snooker Centre, Internet Café		First 2,000 square feet (min fee)	RM	397.00
20			Each additional square feet thereafter	RM	0.143
			First 2,000 square feet (min fee)	RM	953.00
21	Others - Amusement Centre, Theme Park,		Next 50,000 square feet	RM	0.264
21	Skating Rink		Each additional square feet thereafter	RM	0.106
22	Others - Fitness Centre,	Mechanical Music	First 2,000 square feet (min fee)	RM	476.40
22	Dance & Music School		Each additional square feet thereafter	RM	0.185
23	Others – Music Retailer Shop	Mechanical Music	Flatfee	RM	185.30
			First 2,000 square feet (min fee)	RM	211.80
24	Others - Carpark	Mechanical Music	Each additional square feet thereafter	RM	0.080

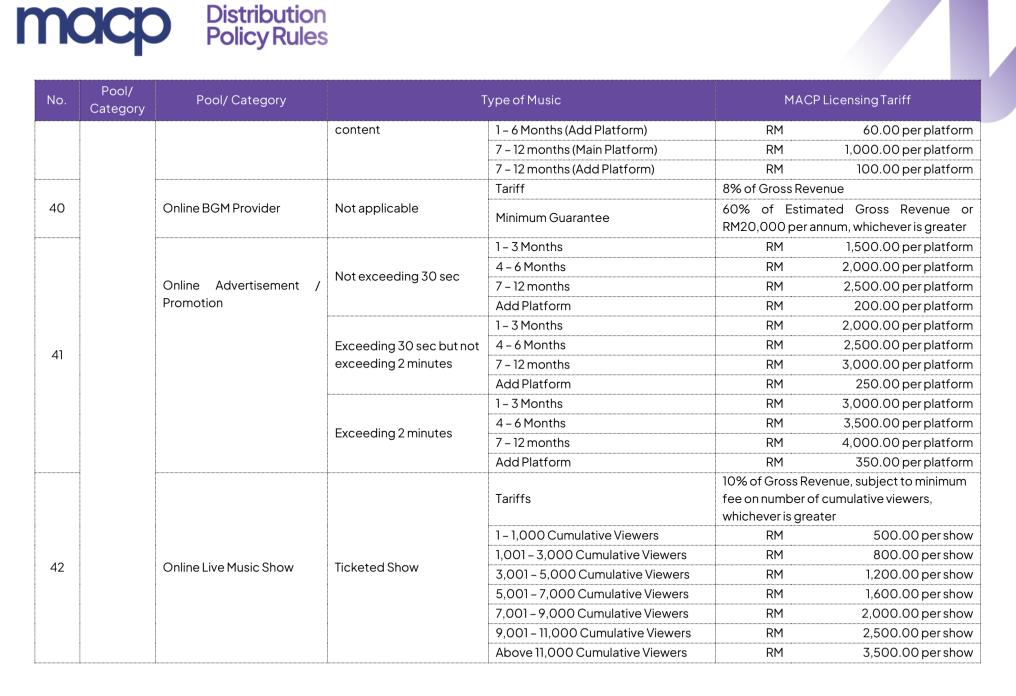
**Distribution** Policy Rules





No.	Pool/ Category	Pool/ Category		Type of Music	MACP Licensing Tariff	
31		One-off Event - Blanket Licence for One-off Music Event	Mechanical/Featured/ Live Music	Perannum	RM 30,000.(	00
32	Cinema /	Music in movie	Ν	otapplicable	0.20% of Gross Receipts less Entertainme Tax	ent
	Film	Common area / foyer in		First 2,000 square feet (min fee)	RM 397.0	.00
33		cinema	Mechanical Music	Each additional square feet thereafter	RM 0.1	143
				Tariff	15.1% of Gross Revenue	
34		Streaming / Download	Music content	Minimum Guarantee	60% of Estimated Gross Revenue or RM30,000 per annum, whichever is greate	er
54			General Entertainment	Tariff	5% of Gross Revenue	
			content	Minimum Guarantee	60% of Estimated Gross Revenue or RM20,000 per annum, whichever is greater	
				Tariff	5% of Gross Revenue	
35		Over-The-Top Service	Music Content	Minimum Guarantee	60% of Estimated Gross Revenue or RM30,000 per annum, whichever is greate	er
				Tariff	3.5% of Gross Revenue	
	Others		Music content	Minimum Guarantee	60% of the Estimated Gross Revenue RM15,000, whichever is greater	or
35		Online Radio	<b>A</b> 1 <b>-</b>	Tariff	1.5% of Gross Revenue	
			General Entertainment content	Minimum Guarantee	60% of the Estimated Gross Revenue RM10,000, whichever is greater	or
				Tariff	3.5% of Gross Revenue	
			t Music content	Minimum Guarantee	60% of Estimated Gross Revenue or F 10,000 whichever is greater	RM
36		Podcast – Podcast		Add Platform	RM 2,000.00 per platform annu	
			General Entertainment	Tariff	1.5% of Gross Revenue	







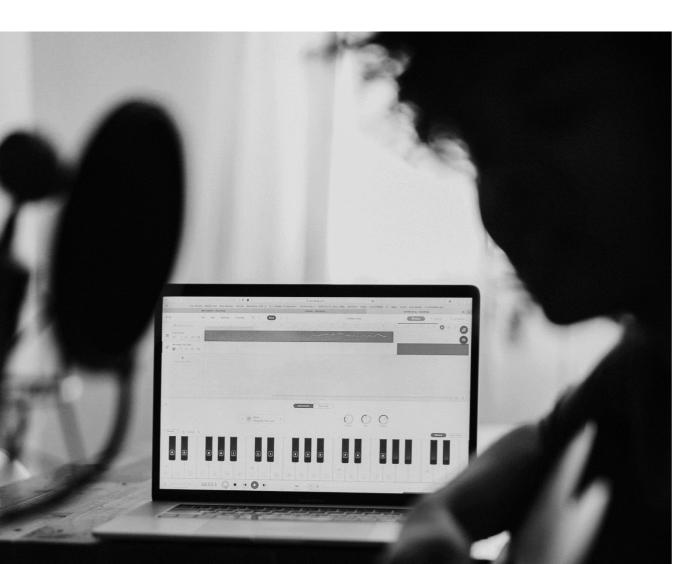
No.	Pool/ Category	Pool/ Category		Type of Music	MACP	LicensingTariff
				1 – 1,000 Cumulative Viewers	RM	500.00 per show
				1,001 – 3,000 Cumulative Viewers	RM	800.00 per show
				3,001 – 5,000 Cumulative Viewers	RM	1,200.00 per show
			Non – Ticketed Show	5,001 – 7,000 Cumulative Viewers	RM	1,600.00 per show
				7,001 – 9,000 Cumulative Viewers	RM	2,000.00 per show
				9,001 – 11,000 Cumulative Viewers	RM	2,500.00 per show
				Above 11,000 Cumulative Viewers	RM	3,500.00 per show
				1 – 1,000 Cumulative Viewers	RM	300.00 per show
				1,001 – 3,000 Cumulative Viewers	RM	500.00 per show
				3,001 – 5,000 Cumulative Viewers	RM	700.00 per show
43		Online Live General Entertainment Show	Not Applicable	5,001 – 7,000 Cumulative Viewers	RM	900.00 per show
		Entertainment Show	7,001 – 9,000 Cumulative V	7,001 – 9,000 Cumulative Viewers	RM	1,100.00 per show
				9,001 – 11,000 Cumulative Viewers	RM	1,300.00 per show
				Above 11,000 Cumulative Viewers	RM	2,000.00 per show
		Blanket Licence for One-	Music Content	6 months	RM	19,500
44		Off Music Show – Live only	General Entertainment Content	6 months	RM	12,000
44		Blanket Licence for One-	Music Content	6 months	RM	30,000
		Off Music Show - Live and Making Available	General Entertainment Content	6 months	RM	18,000

#### Definitions:

No.	Term	Definition
1	Gross Revenue	Revenue received and receivable, including but not limited to ticket sales, subscription fee, service fee, donation/contribution, advertisement and sponsorship payments and any benefit in kinds, virtual gifts, barter trade perks, advantages or consideration (which shall be calculated based on their estimated monetary values).
2	Music content	Any music centric content (audio and/or audio-visual material incorporating one or more musical



No.	Term	Definition
		works), including but not limited to concerts, music videos, audio music tracks, singing contests and music-centric games where the musical works are the main focus.
3	General Entertainment content	Any non-music centric content (audio and/or audio-visual material incorporating one or more musical works), where the musical works are not the main focus (e.g., TV shows, films, audio books). For the avoidance of doubt, music videos do not constitute General Entertainment Content.
4	Minimum Guarantee	A minimum payable fee in the event that the amount of Licence Fees payable is less than or equal to the Minimum Guarantee. The non-refundable but recoupable advance payment to be paid upon issuance of the licence.
5	Cumulative Viewers	Total non-overlapping number of users accessing the online live show service, and the number of such, in principle, shall be determined on the basis of media access control (MAC) address. In case where it is unable to determine the accurate number of viewers, it shall be decided upon mutual agreement.
6	Online Live Music Show	Any music centric online live show such as a concerts, music show, dinner show and other events of similar nature.
7	Commercial Website/ Social platform	Any website and/or social platform primarily intended for or directed toward commercial advantage or monetary compensation.
8	Non-commercial Website/ Social platform	Any website and/or social platform that is not primarily intended for, or directed towards, commercial advantage or monetary compensation by an organization.
9	Online Live General Entertainment Show	Any non-music centric online live show such as graduation, product launching, carnival, exhibition, sports show and other events of similar nature.
10	Online Advertisement/ Promotion	Advertisement and/ or promotion designed specifically to promote goods or services to the general public via any online platform.



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