

Making \$ and ¢ of Your Royalties

SOCAN administers the public performance and communication 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."

And 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 How Long Will It Take to Receive My Royalties?

Before you start thinking SOCAN has missed accounting for your recent performances, you should know that there is a set 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 can be distributed. Typically, assuming we have all of the data, you can expect your royalties to be paid out 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

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 from.

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.

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.

To register with Nielsen BDS, please send an email with “Virtual Encode” as the subject to the BDS Client Services Department at clientservices@bdsonline.com to obtain a username and password. 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. You can also visit www.bdsonline.com for more information on Nielsen BDS.

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 programming information is given to SOCAN by the pay audio service providers.

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.ca 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 Ringtones

In Canada, ringtones are considered a telecommunication and are licensed by SOCAN under Tariff 24. SOCAN distributes from the **Ringtone Pool** based on information from the Ringtone providers.

In order to receive royalties for ringtone performances, make sure your works are registered with SOCAN. If you know that your work is available as a ringtone for download and haven't received payment, please contact SOCAN Membership at members@socan.ca or 1.866.307.6226.

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 the last 7 days of each month for each satellite channel. These performance logs are reported by the satellite providers transmitting in Canada.

In order to receive royalties for satellite radio performances, make sure your works are registered with SOCAN.

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 a 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 received by 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 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 – Acts will share in equal proportion of 90%

Exceptions: Not all concerts are distributable. SOCAN must first collect the license fee from either the venue or promoter before we can distribute royalties. Also, concerts that are deemed charitable, educational or religious that are exempt from license fees do not qualify for a distribution.

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.)
- If you have submitted the required documents, contact SOCAN Membership at members@socan.ca 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)
 - 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 TV Pool** and **Non-Broadcast (Cable) Pool**.

In order to distribute on these pools, SOCAN receives domestic programming information from Tribune Media Services (TMS), a company that tracks content that airs on TV around the world, 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

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%.
- Concert feature music - 200%.
- 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, the Station Weight is in direct proportion to the license fees received from each Broadcast TV station. For Cable TV, effective with the February, 2011 distribution (2Q10) and for subsequent three quarters, up to and including the November, 2011 distribution (1Q11,) the weight will be calculated using a combination of the

audience data and license fees received for each cable station. Starting with the February, 2012 distribution (2Q11) Cable TV station weights will be in direct proportion to the license fees.

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. However, foreign societies may distribute royalties for such usage, dependant 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, concert, 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.ca 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 can 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

SOCAN collects license fees from Internet services under Tariff 22(A-G).

All revenues received from online music sites, from YouTube for online musical works performances, from audio websites, and from game sites will be placed in the new Internet pool.

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. 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 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.

Revenues received from the following Internet services will be allocated to the existing pools as follows:

- Fees received from broadcast and non-broadcast television licensees for online audio-visual services go to the Television pools.
- Fees from YouTube online movie rentals go to the Cinema pool.
- Fees from the websites of commercial radio stations, non-commercial radio stations and CBC Radio go to the corresponding Radio pools.
- Fees from pay audio services for online content go to the Pay Audio pool, and
- Fees from online satellite radio services go to the Satellite Radio pool.

All monies in the Cinema pool received from YouTube for online movie rentals will be distributed based on performance information received from the licensee and receive one credit per viewing reported. Content streamed from websites owned by radio, pay audio, broadcast and cable television operators are paid according to the census/survey data received for terrestrial programming.

Please note that commencing in February 2014, Internet royalties will be distributed one quarter behind our regular royalty periods. For example, in February 2014, SOCAN will distribute Internet royalties for the performance period January to March 2013.

Earning Royalties Around the World

SOCAN, through its reciprocal agreements with affiliated Performing Rights Organizations (PROs) around the world, is passionate about ensuring that we collect and distribute the maximum available revenue to you, our members.

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 the 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. International trending reports and pre and post distribution information are available to members with online statements.

Who pays what?

The chart below summarizes the surveying / programming methodology employed by SOCAN's top 12 international societies.

The following summarizes the surveying / programming methodology for a number of distributions pools for SOCAN's top 12 international societies (as of May 2011).

SOCIETY (country)	RADIO		LIVE PERFORMANCES / CONCERTS	TELEVISION		CABLE			SATELLITE TV	CINEMA	OTHER MEDIA		
											Background	Internet	Ringtones
ASCAP (USA)	Sample		Pop: Census of 300 top-grossing concert tours - headline and opening acts - and performances at 13 specific prestige venues Serious: Census	Census for syndicated programming and movies - sample everything else Locally produced programs which ASCAP is paid on a per-program basis PBS - All PBS programs, syndicated programs and films on stations with \$20,000 or more annually in license fees Sample- all other programs and uses	Census (national: all general entertainment cable networks, premium movie services, selected sports services; all series and movies on MTV and VH1) - otherwise sample Sample (all local programs and music in commercials, promotionals, PSAs)	n/a			US performing rights societies not permitted to collect from cinemas for music synchronized to A/V programs	Census (MUZAK & DMX)	Census (if ASCAP is provided with complete data on music use) (downloads not included)	Census (if ASCAP is provided with complete data on music use)	
BMI (USA)	Sample (public) Census and sample (commercial) Census (satellite)		Pop: Census of 300 top-grossing concert tours Serious - Census BMI Live (online registration of concerts in live music venues across the US regardless of size)	Census (local and network)	Census (national, local and pay per view)	n/a			Does not pay for Cinema performances	Census (MUZAK & DMX)	Census (if BMI is provided with complete data on music use) (downloads not included)	n/a	
PRS (UK)	Census (public) Census and sample (commercial and satellite)		Pop and Serious: Census	Census	Sample	Combination of Census and Sample			Data is supplied from an industry body listing total box office takings for each film each quarter. From this, the total annual blanket revenue is prorated to each film. The resulting revenue for each film is distributed against the cues in proportion to durations.	Sample	Census	Census	
SACEM (France)	Census		Pop and Serious: Census	Census (national, regional public/private and network)	Census (national)	Census			Census	n/a	Census	Census	
GEMA (Germany)	Census		Pop and Serious: Census	Census (national, regional public/private and network)	Census (national and regional)	Census			Census	Analogous to Live Performance and Radio/TV	n/a	n/a	
SIAE (Italy)	Census		Pop and Serious: Census	Census (national private and national/regional public)	n/a	Census			Census	n/a	Census on the basis of the report of the users	Census	
APRA (Australia)	ABC - 90% - census SBS - sample Census (commercial) Sample (community classical, non-commercial/college)		Pop and Serious: Census	Census (national/regional private, network) Sample (local)	Census	Census			Sample (major box offices included)	Census	Sample	Census	
SABAM (Belgium)	Census (commercial, national public)		Pop and Serious: Census	Census (national and regional private and public)	Census	Census			Census	Census	Census	Census	
BUZA (Netherlands)	Census (national and regional public) Census (national commercial and classical)		Pop and Serious: Census	Census (national and regional private and public)	n/a	n/a			Census	n/a	Licenses > 1000 euro Census	Licenses > 1000 euro Census	
KODA (Denmark)	Census (national/regional public) Sample (local public) Census (commercial)		Pop and Serious: Census	Census (national private, national/regional public) Sample (local)	Census on Danish channels uplinked from Denmark	Census on Danish channels uplinked from Denmark			Full reporting of ticket sales for each individual movie	Distribution based on another representative distribution-basis.	Full census (webradio and music used on homepages having entered into agreement with KODA)	considered part mechanical / part public performance rights. (for efficiency, NCB distributes both rights)	
STIM (Sweden)	Census		Pop and Serious: Census	Census (national and regional)	n/a	n/a			Census (income per film from Sveriges Biografägareförbund)	Sample	Census (some webradio and some streaming services)	Census	
JASRAC (Japan)	Public Census (national/regional/local) Sample (some cases) Note: NHK (Japan Broadcasting Corporation) corresponds to public radio station. NHK divides its broadcasting time into nationwide broadcasts and regional/local broadcasts.	Private Census (major FM radio stations) Mainly sampling but census for some stations (other stations including AM) Sample (community FM stations in each regional/local area correspond to non-commercial; University of the Air Foundation corresponds to College) (no radio stations which broadcast only classical music in Japan)	Pop and Serious: Census	national private, regional private, local, network/national Census (nationwide broadcasts) Sample (most others) Note: For private/commercial broadcasts, there are 5 key nationwide broadcasters that collaborate with their affiliate regional/local stations (simulcast same programs as key stations for more than 50% of the day; census is used for such nationwide broadcasts)	national/regional public Census (national and regional) Sample (some cases) Note: NHK (Japan Broadcasting Corporation) corresponds to public TV (divides broadcasting time into nationwide broadcasts and regional broadcasts) (no state-run television broadcasts in Japan)	national n/a (no state-run nor nationwide cable TV stations)	regional n/a (some cable TV stations may be categorized as regional by expanding broadcast area through mergers among operators, but most are local)	local Sample	Census and sample (depends on broadcaster)	Census (Japanese films) Foreign films: we confirm any JASRAC-administered works in the film; if so, we collect fees on a per-film basis)	Uses data for cable broadcasts and background music tapes.	Census	Census (online)

census = analysis based on complete performance log of music usage
sample = analysis based on partial performance log of music usage

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.ca 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.ca 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.ca 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.ca or **1.866.307.6226**.