



**EXPLANATORY NOTES
ADOPTION OF NEW MASTER RIGHTS AGREEMENT
TO TAKE EFFECT FROM 1 JANUARY 2018**

1. Recorded Music NZ will be adopting a new Input Agreement (to be called a **Master Rights Agreement**) between Recorded Music NZ Limited (**Recorded Music**) and each of you as an owner or exclusive licensor of a master sound recording (**The Rights Holder**).
2. The new Master Rights Agreement will take effect from **1 January 2018**.
3. The last time a new agreement was adopted and executed between Recorded Music and The Rights Holders was in 2011. At that time, the current Input Agreement was to:
 - reflect the requirement to express your grant of rights to Recorded Music as non-exclusive; and
 - take account of the emergence of digital rights and the opportunity for Recorded Music to license such rights on behalf of its many Rights Holders by way of blanket licence.
4. Recorded Music considers it is time to publish a new Master Rights Agreement, primarily due to:
 - more certainty and definition now established in the digital market and around digital rights;
 - the establishment in 2013 of OneMusic, a joint licensing initiative between Recorded Music and APRA | AMCOS and the winding up of RIANZ and the bringing together the activities of PPNZ Music Licensing and RIANZ under the Recorded Music banner; and
 - the election on the part of some of The Rights Holders to license certain digital rights directly.
5. The form, structure and language of the new Master Rights Agreement has also been changed from the existing Input Agreement to:
 - reflect the fact that some aspects of the current Input Agreement are now redundant or due for amendment;
 - ensure consistency of definitions and language across different agreements with certain Rights Holders and the current Input Agreement; and
 - allow flexibility for Recorded Music to publish additional statements of rights agreements (**Specific Rights Agreements**) as new opportunities to blanket license present themselves or there is a requirement to amend a part of the agreement (without requiring the adoption of an entirely new Master Rights Agreement).
6. Part 1 of the new Master Rights Agreement (**Main Agreement**) covers aspects of our contractual relationship that will, in all likelihood, remain constant, including:
 - the terms and definitions that apply to the Main Agreement as well as many of the Specific Rights Agreements, but not necessarily all of them;
 - the key grant of licence to Recorded Music to act on your behalf, including in other areas beyond licensing, such as promotion and advocacy;
 - the requirements of supply of information by you to Recorded Music in respect of your master sound recordings and music videos;

- your entitlement to remuneration and the basis upon which that is to be calculated and distributed i.e. Recorded Music's Distribution Policy (which has recently been amended and updated and can be found at www.recordedmusic.co.nz); and
 - customary other contractual matters around termination; warranties and indemnities; amendments; limitations of liability and the handling of disputes between us.
7. The balance of the Master Rights Agreement comprises currently 10 Specific Rights Agreements covering the licensing categories that Recorded Music currently licenses on your behalf with specific and detailed definitions to provide additional clarity.
8. To detail further, we set out the name of each of the Specific Rights Agreement below and a short description of the sort of services or licensing each applies to:

- Public Playing or Showing and Limited Reproduction of recorded music: This is to cover all aspects of public performance and certain reproduction licensing.

Most licensing to which this Specific Rights Agreement applies is conducted through OneMusic. This includes playing music in retail premises, exercise facilities, churches, councils, workplaces, at dance schools, studios and by dance instructors, in hospitality businesses, at sporting events, by transportation operators and at education facilities.

This Specific Rights Agreement also covers off required limited copying (i.e. reproduction) for the purposes of permitting subsequent public performance of music or playlists of music. An example is the grant of licence to music service providers.

The licensing which is carried out by directly by Recorded Music includes playing and/or reproducing for the purposes of playing music:

- (a) in all public areas of a cinema and within the exhibition of cinematograph films at a cinema;
- (b) at events such as fashion shows, theatre productions and other events using recorded music in a featured or background way; and
- (c) as part of a quiz programme or a music bingo service.

- Music on Hold: This covers the communication of music on an on hold telephone service and the creation of playlists for this purpose and is administered by OneMusic.
- Radio: This covers terrestrial or traditional radio including the large networked broadcasters; smaller commercial operators; student radio; community radio and public radio as well as Low Power FM radio stations.
- Radio New Zealand: This Specific Statement of Rights is required because the Civil Defence and Emergency Management Act requires Radio New Zealand to continue to broadcast to all New Zealanders, whether located in New Zealand or anywhere in the world, in times of an emergency. Therefore, the grant of licence to Radio New Zealand to broadcast sound recordings is to cover all territories in the world in the event of an emergency.
- Non-Interactive Webcasting: This covers linear, single or multi-channel, non-interactive, online/digital radio services from a website owned or controlled by the Licensee.
- Television: This covers traditional terrestrial and satellite television including commercial broadcasters; Maori TV and regional providers.
- Audio and Audio-Visual Communication: This includes catch-up TV; streaming video-on-demand services as well as general news and entertainment websites.

- The OneMusic Sub-Licence to APRA | AMCOS: This covers the specific right to sub-licence to APRA | AMCOS for the purposes of public performance licensing and limited reproduction as detailed above.
 - Communication in closed loop environments by airlines: This covers the playing of recorded music by airlines from an aircraft.
 - Non-Broadcast Video for Domestic Use: – This covers the reproduction and synchronisation of recorded music into any video of a private, personal or family orientated event, for example, weddings.
9. If new opportunities arise to license on a blanket basis on your behalf, we will be able to publish a new Specific Rights Agreement which you will be given 20 Business Days to actively elect to “**opt out**” of. If you opt out, be aware that it may be for the entire relevant category of licensing. More detail would be provided to you at the relevant time. If you do not respond, you will be deemed to accept the new Specific Rights Agreement/Statement of Rights. To seek physical execution each time and on an ongoing basis is simply impractical.
10. Recorded Music has nearly 2,000 individual Master Rights Holders and 2,700 individual participants in the Recorded Music Direct-to-Recorded Artist Scheme and accordingly it is also impracticable to enter into a negotiation with each of you on the terms and conditions of the new Master Rights Agreement as a whole. So, the form attached will be that adopted and applying to our licensing from **1 January 2018**. If you have any queries, however, please contact memberservices@recordedmusic.co.nz and we will review as soon as possible.