

NCB's Baltic & Nordic offices

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Music downloads

NCB collects and distributes royalties for music downloads

If your music is sold by music download providers, NCB will see to it that you receive your royalty payment as a composer, lyricist or music publisher.

According to agreements between NCB and the Nordic/Baltic performing rights societies and the local online music providers, NCB collects your royalties from the sale of music downloads and pays out royalties to you in our quarterly distributions in March, June, September and December.

ROYALTIES FOR SALES IN THE NORDIC AND BALTIC COUNTRIES

You may expect to receive royalties from NCB for each individual download sold by online music providers.

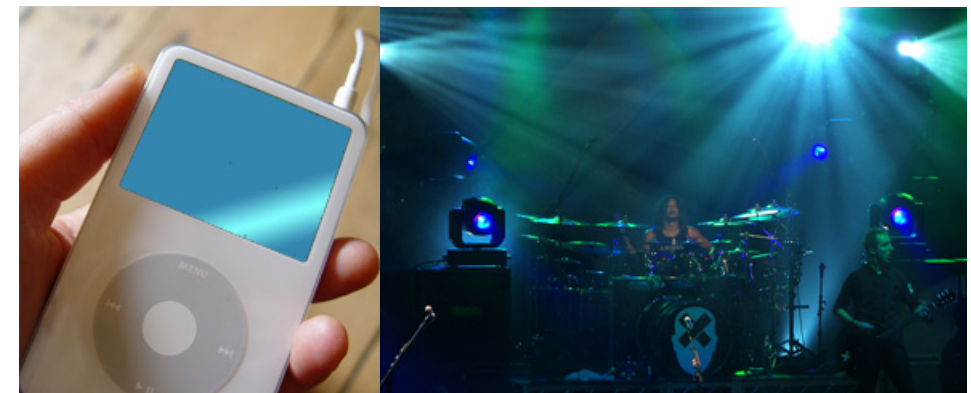
The royalty amount we pay to you may vary. You will e.g. receive a larger amount for a track

sold as a single download than for the same track sold as part of an album download.

Online music providers pay royalties as a percentage of their actual music sales. Most agreements administered by NCB provide for a royalty rate between 8% and 12% of the turnover per track sold. The minimum rate on single track sales is between € 0.07 and € 0.10 per track sold. Often no minimum rate applies to tracks sold as part of an album download.

NCB DISTRIBUTES MECHANICAL AS WELL AS PERFORMING RIGHTS SHARES FOR MUSIC DOWNLOADS

European copyright societies have decided to view music downloads as a combination of performing and mechanical rights. NCB collects royalties for both rights.



Did you know that...

– NCB administers more than 130 agreements with online music providers

Music downloads

The distribution for both rights appears on your distribution statement. In the statement column "Contract type" the two types of rights are referred to as "Downloads/Mechanical" and "Downloads/Performing".

SALES OUTSIDE THE NORDIC/BALTIC COUNTRIES

If your music is sold by a foreign (i.e. non-Nordic or non-Baltic based) online music provider who has signed an agreement with the copyright society in his own country, the foreign copyright society will collect the royalties and subsequently send the mechanical royalties to NCB for distribution to you.

As this process involves an additional link in the collection chain (= the foreign copyright society) royalties for sales made outside NCB's territory are distributed to you later than royalties for sales made by a Nordic or Baltic online music provider.

There are no internationally agreed tariff rates for music downloads. Consequently, the

royalty amount collected per track for sales in each country may vary.

When NCB receives mechanical royalties from sales made in foreign territories, they are treated as foreign receipts. On your distribution statement the download sales appear in the column "Contract type" as "Foreign/Online."

The distribution of royalties deriving from foreign sales is also divided into mechanical rights' shares and performing rights' shares.

The performing rights share is distributed to you through your local performing rights society. The split between performing rights shares and mechanical rights shares also varies, which means that it is not necessarily the same as the split for Nordic/Baltic sales.

DOWNLOADS IN THE USA

Please note that collection and distribution of royalties for download sales in the USA may be subject to special tariff rates and practices.

MULTINATIONAL ONLINE MUSIC PROVIDERS AND INTERNATIONAL LICENCES

A foreign (= non-Nordic or non-Baltic) online music provider may be granted a licence from a foreign copyright society to sell music online inside the NCB territory.

Quite often this licence is issued by the copyright society in the country where the online music provider's international headquarter is based. Then the copyright society collects royalties on sales in NCB's territory and forward these royalties to NCB.

Whenever this is the case NCB will seek influence on the collection and distribution of royalties to secure that NCB's royalty rates are used.

ARTIST RIGHTS

If you have rights as a performing artist – apart from your rights as composer/lyricist – such rights are likely to be covered by your record company.

ADDITIONAL INFORMATION

If you need more information on how NCB collects and distributes royalties on music downloads, you are welcome to contact NCB's Online & Mobile Music department or our Member Services – or your local NCB office (contact information on the back of this folder).

market trends

The market for music downloads in the Nordic and Baltic countries

The first online music businesses in NCB's territory were established some years ago. The market has continued to develop since then.

Both the number of businesses and their turnover have increased.

By June 2008 NCB administered 130 agreements with online music providers in the Nordic and Baltic countries.

In December 2007 NCB distributed € 728,000 to rights owners (mainly for sales made in the preceding six months).

In each country the market is lead by a handful of online music providers whose web shops tend to offer the current popular repertoire of the major record companies and independent labels.