The Mechanical Licensing Collective (The MLC) is responsible for administering a new blanket compulsory license created by The Music Modernization Act of 2018 (MMA) that covers the use of musical works by U.S. interactive streaming and download services. As of January 2021, The MLC began collecting these digital audio mechanical royalties from the digital services operating under the blanket license and distributing those royalties on a monthly basis at no cost to its Members: music publishers and administrators; ex-U.S. collective management organizations (CMOs); and self-administered songwriters, composers and lyricists.
A MESSAGE FROM
ALISA COLEMAN THE MLC BOARD CHAIR

While we have met every required milestone to date, the tools and technology we have created are just the beginning.

It’s been three years since the MMA was signed and nearly two since it took effect. In that short time, The MLC negotiated an agreement with the digital services for the start-up and operating capital needed to fund The MLC (a combined 62.5 million dollars), the Board found a CEO to lead and build The MLC team, and The MLC built the technology and processes needed to launch full operations on January 1, 2021, the date required by Congress in the MMA. Since April of this year, The MLC has processed more than 438 million dollars of mechanical income, and it is on track to distribute nearly 300 million dollars in royalties by the end of this year, all at no cost to songwriters and music publishers.

I write to you, our Members, as both the Board Chair and a Member of The MLC, to emphasize that we could not have come so far without the support and participation of our Members. While we have met every required milestone to date, the tools and technology we have created are just the beginning. The portal currently provides transparency for claiming compositions and shares and matching sound recordings, distribution, royalties, and more. In the coming months and year, The MLC will expand and provide additional enhancements to its tools and technology, intended to enable members to continue to achieve our collective goals through continuous improvement.

The pages that follow only provide the facts and figures that make up this organization — YOU are the heart of The MLC, formed through unity and advocacy for the creative community. We know it is only through the combined effort of the Board, Committees, and our songwriter and music publisher Members that The MLC is a success now and in the future.

ALISA COLEMAN
Board Chair

A MESSAGE FROM
KRIS AHREND THE MLC CEO

I’m so pleased to write you as we wrap up what has been a successful first year of operations for the Mechanical Licensing Collective. Building The MLC has truly been a collective effort, and I could not be more grateful for the support of our Board (led by the extraordinary Alisa Coleman), our Advisory Committees, our many partners, and our amazing team. Every one of us shares a common goal: to make sure that you, our Members, receive the digital audio mechanical royalties you are due. As a team, we rely on our four guiding principles (excellence, transparency, diversity, and service) to guide and inform the work that we do. As a collective, we do this by working with you, our Members, to ensure we fulfill our mission for each of you.

Of course, the last few years have not always been easy. Only a few months after I joined The MLC, it became apparent that we would have to meet the challenge of bringing to life the historic changes envisioned by the MMA while grappling with the unprecedented challenges brought by the worst global pandemic in more than one hundred years. Nashville’s first case of COVID-19 was confirmed in early March, just as I returned from my first trip to Washington D.C. to update Members of Congress on our plans for building The MLC.

The arrival of COVID-19 so early in our development as an organization required our small but growing team to adapt quickly to this “new normal.” Where we had expected to hire and build our team through traditional in-person interviews, we quickly shifted to virtual interviews and began assembling our internal team often without ever having met each other in person. Where we had planned to hold outreach and educational events around the country, we quickly shifted to holding webinars by the hundreds, ultimately reaching tens of thousands of people virtually. Finally, where we had expected to work on designing and building our core technology, tools, and processes while working together, in-person, in our new office, we quickly shifted our meetings to Teams, moved our work to the cloud, and managed to meet every operational milestone required by the landmark MMA — largely without ever leaving our homes.

In short, no different than any of you, we found a way to make things work, and I could not be prouder of our team for having done so. And while much of the work we do isn’t in person yet, we look forward to the day (soon) when we will be able to gather together and meet more of you face-to-face.

In the pages that follow, we will share more about our incredible team, our internal processes, the technology and tools we have built to help us fulfill our mission, all the ways we strive to support and educate you, our Members, and our plans for the year ahead. I hope you enjoy reading it!

KRIS AHREND
Chief Executive Officer
We strive for EXCELLENCE
We set clear standards for our team. We measure our performance regularly. We value collaboration, innovation, and continuous improvement. By doing so, we will lead and shape the future of the music industry.

We embrace DIVERSITY
We are passionate about building a diverse and inclusive team of people with different backgrounds, views, and experiences. We know this makes our team stronger and better enables us to serve the needs of our diverse Membership.

We are committed to TRANSPARENCY
By approaching our work with integrity, communicating honestly, and welcoming feedback, we will build and maintain the trust of those we serve.

SERVICE is at the heart of everything we do
We approach each interaction with enthusiasm and empathy. We define success one person at a time. We recognize that each of our Members is unique.

The MLC strives to ensure songwriters, composers, lyricists, and music publishers receive their mechanical royalties from streaming and download services in the U.S. accurately and on time.
By bringing more Members into The MLC, we bring more data to our public database — which helps us achieve higher match rates and pay our Members more of the royalties we have received from DSPs. More data leads to more dollars paid to our Members.

— ELLEN TRULEY, Chief Marketing Officer

Managing the Process

The MLC collects digital audio mechanical royalties and usage data from DSPs on a monthly basis. The MLC then reviews, analyzes, and processes that data over the course of a 75-day “end-to-end” cycle, which culminates in the distribution of royalties to Members — also on a monthly basis. The MLC completed 9 of these “end-to-end” processes in 2021, all on-time or early, and distributed more than $280 million in royalties over the course of 9 monthly distributions to Members.

How The MLC’s Process Works

The MLC’s process begins with you — any music publisher, administrator, CMO, or self-administered songwriter that has a right to receive digital audio mechanical royalties in the U.S. can Connect to Collect® and become a Member of The MLC. Once a Member, you will be eligible to receive any mechanical royalties The MLC has collected from Digital Service Providers (DSPs) operating under the blanket license that The MLC matches to your registered works. As a Member, you can register your works and update the data for previously registered works directly in The MLC Portal. Registering your works is one of the key ways you can Play Your Part™ and ensure that you receive all of the royalties owed to you. Each month, The MLC collects usage data and payments from more than 40 DSPs that operate under the blanket license. After analyzing this incoming usage data to ensure accuracy, The MLC matches it with the song data in our database, calculates the royalties due for each song, and then sends Members their royalties on a monthly basis.

Our Commitment to Transparency

The musical works ownership data The MLC collects and maintains in its database is available free of charge for Members and the general public to view via the Public Search window on The MLC’s website.
Timing of Usage Delivery and Royalty Processing

The end-to-end process of distributing royalties takes place over a 75-day processing period. Each new processing period begins the day after the end of the calendar month for which DSPs are reporting usage. DSPs must either submit their usage files by Day 15 (if they wish to receive an invoice for the royalties they owe) or by Day 45 (which is also when their royalty payments are due). The MLC then reviews all the data it has received for the month concerned, confirms which royalties are ready to be included in the distribution, and then pays out those royalties to Members — on or before Day 75. Because The MLC accounts to Members on a monthly basis, we typically manage two or three overlapping monthly distribution cycles at a time.

Finding Solutions for Unmatched Royalties

The MLC’s distribution process does not end with the initial royalty distribution for a given month of usage activity. Once we complete an initial distribution cycle, we take any leftover unmatched data and attempt to match it again in our next distribution cycle using the song data we have subsequently received from our Members. By reprocessing previously unmatched usage against newly-received data, we are able to pay out additional royalties that were not payable during our initial royalty distribution.

Thanks to reprocessing, we have already increased our initial match rates for our first few distributions significantly. As an example, the initial match rate from our first monthly distribution (covering usage that took place in January 2021) was 80 percent, but since then, through reprocessing, we’ve been able to increase that match rate to more than 86 percent. This, in turn, has resulted in a significant decrease in the amount of unmatched royalties from those earlier distributions. To date, we have reduced our total unmatched royalties received since January by more than 17 million dollars and paid out even more blanket royalties to our Members as a result.

We are committed to providing a high level of service, and our proactive approach ensures that we are able to provide our publisher and administrator Members with the solutions they need.

– MAURICE RUSSELL, Head of Rights Management
Supporting Our Members

One-on-One Support
Through our Connect to Collect outreach campaign, we have successfully reached tens of thousands of rightsholders entitled to receive digital audio mechanical royalties in the U.S. and informed them of The MLC’s mission and the benefits of membership with The MLC. As a result, since January 2021 we have grown our membership to more than 16,000 total Members — more than double the number of Members we had at the beginning of the year. On average, we continue to add more than 500 new Members each month, or almost 20 new Members each day, and that growth shows no sign of slowing.

Ensuring our Members are paid on-time and accurately is our top priority, so we have built a strong and knowledgeable Support Team that offers one-on-one support to Members and prospective Members alike. The Support Team helps individuals understand what The MLC does and answers any questions they might have about our tools and processes. This team fielded more than 23,000 total inquiries since the beginning of 2021.

International Support
We have done extensive outreach and engagement aimed at international Collective Management Organizations (CMOs) and other industry organizations around the world to ensure they understand how the new blanket licensing system for mechanical rights works in the U.S., enlisted almost 60 CMO Members, and connected with more than 90 CMOs around the world, which together represent rightsholders in 115 countries.

Publisher Services and Rights Management Operations
The MLC’s Publisher Services Team provides a central point of contact for more than 150 music publisher and administrator Members. This team leads The MLC’s efforts to serve the unique needs of our publisher Members and address any questions they might have. Additionally, together with members of our Finance, Legal, Technology, and Data teams, the Publisher Services Team manages a number of operational areas relevant to all of our Members, including the works registration process, conflicts and disputes, and royalty-related inquiries.

The impact of the royalties The MLC distributes is truly global. We are now engaged with more than 90 CMOs representing rightsholders in more than 115 countries, as well as numerous publishers and self-administered songwriters based outside the U.S.

–INDI CHAWLA, Head of International Relations

Our Support Team operates 12 hours a day, 5 days a week. We offer phone, email, and chat support in multiple languages to accommodate callers from around the world. If you haven’t spoken with our Support Team yet, please give us a call. We’re here to help!

–LINDSEY MAJOR, Head of Customer Experience
Educating Our Members

Transparency through Outreach and Engagement

The MLC’s commitment to transparency is evident in our outreach and education efforts. In addition to our administrative responsibilities, the MMA also tasked The MLC with conducting extensive outreach to educate the industry on the new blanket licensing system and how The MLC now serves rightsholders. We have demonstrated our commitment to fulfill this important objective through our extensive outreach efforts over the past year, including establishing connections with dozens of other organizations in the industry; regularly adding educational content and other resources to our website; establishing and maintaining “MLC-branded” channels on all the major social media platforms; and publishing both a monthly newsletter for our Members and a quarterly newsletter for others in the industry who are interested in keeping up with our progress. Above all, Members of The MLC team participated in more than 250 educational webinars this year and in 2020 — many of which The MLC produced and hosted itself. Not only were these webinars successful in allowing our team to reach tens of thousands of people, but many of them were recorded and posted on our website and online where they can be accessed on-demand by anyone interested in learning more about The MLC.

25,000+ Attendees

Over the past 2 years, The MLC has participated in more than 250 webinars and reached well over 25,000 webinar attendees.

Community Partnerships

Our community outreach efforts focus on reaching as diverse a group of creators and Members as possible. This year we partnered with several organizations to host events and campaigns and to form long-lasting cultural partnerships with LatinX creators, LGBTQ+ creators, Black Music creators, and Asian-Pacific Islanders creators. In an effort to reach Members of all cultural backgrounds, we are working to ensure our resources and support can be accessed without language barriers. We offer a growing collection of multilingual educational materials and videos, our current offerings include resources in Spanish and French, and we launched a Spanish-language version of our website (www.elmlc.com) earlier this year. In short, we’re ready to help you no matter where you are or what language you prefer.

Our outreach efforts are designed to reach rightsholders of every kind and background. The MLC Member community is incredibly diverse, and we are committed to reaching and serving them all.

—DAE BOGAN, Head of Third-Party Partnerships

Education Initiatives

The MLC has made it a priority to help educate the next generation of creators and music industry professionals about the work we do by partnering with colleges and universities that offer programs in music business studies, songwriting and composition, and other music-related fields. We have created a comprehensive Educator Toolkit that provides college educators with all the materials they need to incorporate information about The MLC and the blanket licensing system into their courses and curricula, including presentation slides, in-class activities, and suggested test questions. To date, our toolkit has been shared with more than 150 educators. We also offer these educators the opportunity to be a part of our Educator Ambassador program, through which they can partner with The MLC to host educational events about The MLC within their campus and local communities.

Through our educational initiatives aimed at college students, we are reaching the next generation of music industry creators and professionals — and by doing so, shaping the future of the music industry.

—SERONA ELTON, Head of Educational Partnerships
The MLC’s team is a diverse group of talented professionals and leaders — some new to the industry and some with industry experience. Each one brings their own unique skills and expertise to the team; all of us share a passion for The MLC’s mission and a strong commitment to serve our Members.

— LEIGH MCCORKLE, Chief People Officer
The MLC’s Technology Tools for Members

Data Quality Initiative
In the summer of 2020, The MLC launched its Data Quality Initiative (DQI) — a simple way for our Members and others to compare their musical works ownership data with The MLC’s data. The DQI offers a streamlined way for participants to identify and address discrepancies between the two sets of data. Our goal is to ensure our data is as accurate as possible so that we pay our Members properly, and with your help, the DQI is helping to improve the quality of The MLC’s data. The MLC has created a webinar series introducing DQI to different interested parties that can be viewed any time on our website.

Since launching this initiative, more than 600 companies and individuals have reached out to The MLC to participate in the DQI, and we have helped them perform comparisons covering more than 21,000,000 musical works. Participating in the DQI is one of the many ways you, our Members, can help Play Your Part and ensure The MLC is successful for you.

Public Data Access
At the end of December 2020, The MLC launched its Public Work Search interface and its Bulk Database Feed subscription program. Together, these new tools provide members of the public with access to the musical works ownership information in The MLC’s database and, in doing so, offer the public much greater transparency into the blanket mechanical licensing process The MLC administers. Since the beginning of this year, users have performed hundreds of thousands of searches using the Public Work Search interface, while more than 85 organizations have now signed up for The MLC’s Bulk Database Feed.

By the end of this year, The MLC will launch the first version of our Public Data Application Programming Interface (API), which will enable organizations to access The MLC’s public data by directly connecting their systems with our database. This new API will make it even easier for organizations to integrate The MLC’s public data into their own systems and processes.

The MLC Portal
In September 2020, The MLC began rolling out its Member Portal — a brand new, web-based platform where Members can review and update their existing musical works data, view and download all of their monthly royalty statements and other information about The MLC’s royalty distributions, and access new Member tools like our Matching and Claiming Tools. Users can also use the Portal to register or update their musical works registrations, either individually or in bulk (using our bulk upload template). The Portal makes it easy for Members to manage their musical works data and access information about the royalties they receive from The MLC — all of which provides greater transparency around the mechanical licensing process in the U.S.

New Tools and Portal Enhancements
This October, we launched our Matching Tool, a resource that allows Members to search through the unmatched sound recording data The MLC has accumulated from previous royalty distributions and identify unmatched uses that feature songs they have registered with The MLC. Users can then propose links or “matches” connecting those unmatched sound recording uses to their registered works. Once reviewed and approved by The MLC, users will receive any accumulated mechanical royalties from those matched uses within a month or two, and then continue to receive royalties in the future from those matched uses of their songs. In January we will launch our new Claiming Tool, which will enable Members to search for unclaimed shares of works that they have not yet registered with The MLC, to ensure they are receiving royalties on all of the songs they manage. Together, these tools provide Members with greater transparency into the royalties The MLC is not immediately able to process, while at the same time giving them user-friendly ways to help ensure they receive all the royalties they are due.
What’s Next?

Historical Unmatched Royalties

In February 2021, 21 DSPs transferred 424 million dollars in historical unmatched royalties to The MLC, along with the first set of related data for those unmatched royalties. Under the regulations, DSPs then had until June to deliver the second set of data for the unmatched royalties they had transferred to The MLC back in February. This second set of data contained information regarding works for which DSPs had previously paid some, but not all, of the relevant rightsholders for a given work. Over the summer, DSPs had the right to adjust or amend the royalties and data they had reported for the previous year. The MLC will also need to take this data into account when it processes the historical unmatched royalties it received for uses that originally took place in 2020. Ultimately, The MLC received more than 4,000 data files related to the historical unmatched royalties that DSPs transferred. The MLC has begun the process of reviewing and ingesting each of these files. Once ingested, The MLC will process each file, one at a time, in order to match and pay out these royalties to rightsholders.

The systems and processes we put in place over this year in support of the blanket royalty distribution process will provide us with the foundation for processing the historical unmatched royalties. The musical works our Members have registered over the past year will give The MLC a significantly larger data set to use when processing these unmatched royalties. Finally, the tools we have developed and launched for Members will continue to provide them with ways to identify unmatched uses that relate to their works and to identify and claim shares of musical works that they have not yet registered. We look forward to beginning to distribute these historical unmatched royalties in 2022.

The work we did this past year not only supported the successful launch of the new blanket license and the distribution of royalties paid pursuant to the blanket, it also provided us with a strong foundation from which we could begin processing historical unmatched royalties. We look forward to beginning to distribute these historical unmatched royalties in 2022.

–KRIS AHREND, Chief Executive Officer

Board of Directors

Alisa Coleman
ABKCO Music & Records, Inc
New York City

Bart Herbison*
Nashville Songwriters Assoc. Intnl.
Nashville

Bob Bruderman
Kobalt Music
New York City

Claire McAuley
Warner Chappell Music
London

Craig Wiseman
Songwriter
Nashville

Danielle Aguirre*
National Music Publishers’ Association
Washington, D.C.

David Kokakis
Universal Music Publishing Group
Los Angeles

Garrett Levin*
The Digital Media Association (DiMA)
Washington, D.C.

Jeff Brabec
BMI
Los Angeles

Kara DioGuardi
Songwriter
Los Angeles

Kevin Kadish
Songwriter
Nashville

Mike Molinar
Big Machine Music
Nashville

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Kevin Kadish
Songwriter
Nashville

Mike Molinar
Big Machine Music
Nashville

Oak Felder
Songwriter
Los Angeles

Peter Brodsky
Sony Music Publishing
New York City

Roll Lafargue
Reservoir
New York City

Scott Cutler
Pulse Music Group
Los Angeles

Tim Cohen
Peermusic
Los Angeles

* Nonvoting Board Member

Advisory Committees

Unclaimed Royalties Oversight Committee

Ben Glover (Songwriter)
Darin Navarro (Songwriter)
Erika Nuri Taylor (Songwriter)
Frank Leavitt (The Royalty Network, Inc.)
Kendryn Dixon (TRG)
Kay Hanley (Songwriter)
Michael Eames (PEN Music Group)
Patrick Curley (Third Side Music)
Phil Coolidge (Wonderulous Music)
Tom Shapiro (Songwriter)

Dispute Resolution Committee

Aimee Allen (Songwriter)
Alyson Kraerper (Disney Music)
Amanda Green (Songwriter)
David Hodges (Songwriter)
Debbie Ross (Sundae Songs)
Ed Leonard (Daywind)
Gary Burr (Songwriter)
Jason Rys (Wixen Music)
Jennifer Schott (Songwriter)
Sean McCearin (Downtown)

Operations Advisory Committee

Alan Jennings (Amazon)
Alex Winck (Pandora)
Ana Buz (Drive Music Publishing)
Dave Eisworthy (Sony Music Publishing)
Ed Arrow (Universal Music Publishing)
Jen Rosen (Google)
Les Watkins (TIDAL)
Lisa Selden (Spotify)
Michael Lau (LaudMusic)
Nick Wilkinson (Apple)
Scott Farrant (Kobalt Music)
Financial Summary
(In Thousands)

Start-Up Expenditures
- Technology Services: $15,612
- Professional Fees: $10,746
- Personnel Costs: $4,037
- Office Buildout: $1,875
- Computer Equipment & Office Expenses: $471
- Outreach, Education, & Communication: $335
- Rent: $293
- Insurance: $92
- Other: $39

Total Start-Up Expenditures: $33,500
Total Start-Up Assessment: $33,500
(Over)/Under: $0

2021 Operating Expenditures
- Technology Services: $11,431
- Personnel Costs: $8,283
- Professional Fees: $3,063
- Outreach, Education, & Communication: $1,454
- Insurance: $852
- Rent: $525
- Computer Equipment & Office Expense: $111
- Other: $97

Total 2021 Expenditures: $25,816
Total 2021 Assessment: $28,500
(Over)/Under: $2,684

The above table reflects year to date actuals through August 2021 and a forecast spend for the remainder of 2021 and post 2021.

The MLC has now completed 9 monthly royalty distributions (all on-time or early) and distributed more than $280 million in digital audio mechanical royalties to Members.

7.7 Million Registrations Received
The MLC has received 7.7 million musical works registrations since January and processed more than 97% of those registrations.

23.8 Million Songs
The MLC's database now contains data for 23.8 million musical works.

40 DSPs
The MLC is now regularly distributing royalties received from 40 DSPs operating under the blanket license established by the MMA.

86% Match Rate
Thanks to reprocessing, our match rates for previous distributions have all increased from 80% in our first monthly distribution to more than 86% for each of our first four distributions (April, May, June, and July) and more than 85% for the next two (August and September).

The MLC has now over 16,000 Members, more than double the number of Members we had in January.

23,000+ Questions Answered
We fielded more than 23,000 calls and emails this year – an average of almost 2,000 a month and more than 60 a day.

25,000+ Webinar Attendees
The MLC has now hosted more than 250 webinars since early 2020 and reached more than 25,000 attendees — from all 50 U.S. states and more than a dozen countries around the world.

15,000+ Social Media Followers
The MLC now has more than 15,000 followers across all of its social networks, and The MLC's two newsletters have a total circulation of more than 20,000 individuals.