

**Copyright Board**Filed by / Déposé par: SOCANDate: 2022-11-14***Notice of Grounds for Proposed Tariff*****SOCAN Tariff 22.D.1.R – Reproduction of Musical Works Embedded in Audiovisual Works for Transmission by a Service (2024-2026)**

November 14, 2022

1. Description of Uses Covered by the Proposed Tariff

This tariff applies to the reproduction of works in SOCAN's repertoire by a service (and its authorized distributors) that delivers on-demand streams, limited downloads and permanent downloads of an audiovisual work to end-users, by any means whatsoever.

2. Description of Users / Groups of Users Covered by the Proposed Tariff

Users are online audiovisual services and their authorized distributors. Importantly, it is the nature of the *use*, and not the nature of the *user*, that determines whether the tariff applies.

3. Explanation of How Royalties are Determined

The proposed royalty rate for 2024-2026 is:

For permanent downloads, 6.11% of the amount paid by an end-user for the download subject to a minimum of 6.79¢ per permanent download in a bundle that contains 12 or more files and 81.43¢ per permanent download in all other cases.

For limited downloads, either 6.11% of the amount paid by an end-user for limited downloads, subject to a minimum of 4.52¢ per limited download in a bundle that contains 12 or more files and 52.28¢ per limited download in all other cases, or 6.11% of the gross revenue of the service, adjusted by a factor to represent SOCAN's repertoire percentage, subject to a minimum equal to the greater of 32.59¢ per subscriber, and 0.097¢ for each play of a file requiring a SOCAN licence.

For on-demand streams, 1.49% of the gross revenue of the service, adjusted by a factor to represent SOCAN's repertoire percentage, subject to a minimum equal to the greater of 7.95¢ per subscriber, and 0.054¢ for each play of a file requiring a SOCAN licence

For free on-demand streams, the lesser of 7.95¢ per unique visitor per month and 0.054¢ per free on-demand stream requiring a SOCAN licence.

These rates are derived from the performing right rate for online audiovisual services.

4. Submissions on the Collection of Information

The proposed tariff requires each licensee to report the information required to calculate the royalty owing each semester (January 1 to June 30 and July 1 to December 31) as well as music use information and cue sheet data.

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The proposed tariff also requires each licensee to report basic service-identification information.

The information collected under the proposed tariff is needed to identify users, calculate royalties and distribute those royalties to rights holders.

5. Explanation of Changes from Previously Proposed Tariff

1. The currently proposed tariff departs from a penny rate model of royalty calculation to a model that is primarily percentage-of-revenue-based.
2. The proposed tariff introduced changes to the confidentiality provisions to allow sharing of reporting information with SOCAN's agents and service providers. SOCAN relies on service providers to facilitate efficient processing of reporting data, among other things.

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