

- IMMF Statement -

As illustrated by the recent discussions between YouTube and WIN - the independent record label organization - the evolution of the digital music market call's for a wider debate, in order to ensure the well-being of both creator's and consumer's interests. The diversity of culture informs the spirit of our society. The support of culture and creators is good for society.

The IMMF represents creators in the digital music value chain.

1. Basic Principles for prosperity in the digital music value chain

Within the digital music value chain there are a number of stakeholders, positioned between creators and consumers. ***If any stakeholder does not explicitly support the following two basic principles set out here, then the IMMF will not support them.***

1.1 TRANSPARENCY

Transparency is essential. The terms of usage of any creator's content should be transparent to that creator, as should the subsequent income streams.

1.2 FAIR REMUNERATION

Authors and Performers should earn a fair remuneration from all uses of their creative content. Transparency facilitates fair remuneration, and fair remuneration is impossible to prove without transparency.

2. Creators and intermediaries in the digital music value chain

Music Services and Record Labels are key players in the digital music value chain (along with other intermediaries). They should add value for both the creator and the consumer. The IMMF calls for:

2.1 HONEST PARTNERSHIPS

There are an increasing range of opportunities for monetising digital music consumption, making it increasingly complex to list all the revenue streams. Consequently, Labels, Publishers and other rights holders have a responsibility to ensure that the exploitation of the creator's content is appropriately accounted to the creator. As a consequence the IMMF calls for action to address the following issues:

- **Global pricing transparency:** Digital music service pricing needs to be transparent. The aim should be to establish what a 'use' generates (from advertisers, consumers, whoever), so that the rights holders and creators can make sound decisions when selecting the digital distribution channels that deliver the most sustainable value. If this information is not available to the public, it does not mean it cannot be made available confidentially to the creators. The value of transactions in every phase should be thoroughly 'visible' to those creators involved.

- **Usage data transparency:** When music is monetised, all usage data that is legitimately available from the service(s) to the rights-holders relating to each creator's music, should also be available without additional cost, to the creator. Creators can then use this information concerning end-users to build increased value for all stakeholders, and to check payments.
- **Licensed service statements:** There must always be a clear statement of how the creators will be rewarded from services that are built upon licenses that make use of the creators content. It is neither fair nor transparent for creators to not know the basic terms of how their content is monetized by rights holders.
- **All income must be accounted for:** Labels and Music Publishers and other intermediaries, including Performing Rights Organisations, need to ensure that every single exploitation of the creator's content is accounted for. Not all of these arrangements are precisely based only on rights for licensed music content, but the consumers want (from music services) access to music and artists. So it is the value of music and artists that these deals should always be fixed upon.
- **Pro-rata sharing:** Even in cases where the money is non-attributable it should be objectively evaluated and shared pro-rata with the creators. *Non-attributable does not mean unpayable.* If non-attributable truly meant "unpayable", how would the money have ended up being attributed to rights holders in the first place?

2.2 CLARITY & SIMPLICITY

The digital music value chain is challenged by unsustainable old world anachronisms such as packaging deductions, which make no sense for digital distribution models. As a consequence IMMF calls for action to address the following issue:

- **Digital recording deals:** The old contracts are often hopelessly flawed when it comes to the digital model and do not operate fairly and equitably for creators. As the digital trading model is so vastly different from the old physical 'records' model, that old recording deals (artist's agreements with record labels) should be partially renegotiated from the ground up, where they concern digital exploitation. The initial investment in rights from the pre-digital era has already been amortized/written off.

3. Final word

Digital holds an unprecedented potential to deliver transparency, itemisation, and line-by-line accessible accounting to all stakeholders in the digital music value chain. However this potential will only be realised for creators if they are fairly and transparently involved and empowered. It is in each stakeholder's own interest to work with, and not against, the interests of our creators, because without the creators there would be no value chain in the first place.

The following regional associations of artist managers co-developed and approved this IMMF statement:

AAM (Australia)

AMA (France)

IMUC (Germany)

MMaF (Belgium)

MMF Australia

MMF Canada

MMF Denmark

MMF Estonia

MMF Finland

MMF Ireland

MMF Italy

MMF Latin America

MMF Luxembourg

MMF Netherlands

MMF New Zealand

MMF Norway

MMF Portugal

MMF South Africa

MMF Spain

MMF Sweden

MMF UK

MMF US

MMF West Africa

About the IMMF:

The International Music Managers Forum (IMMF) is a non-profit organisation, which represents music managers and through them the artists (performers and authors) they manage. The core mission of the IMMF is to defend the economic and legal interests of artists on an international scale. The IMMF's vision is to create better international trade conditions for all artists across the world. The IMMF comprises regional music managers associations from North and South America, Europe, Africa and Australasia, representing +1.200 artist managers from +30 countries.

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