



2021 ANNUAL REPORT

**MECHANICAL
LICENSING
COLLECTIVE**





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.

The MLC, The MLC logo, Connect to Collect, and Play Your Part are trademarks or registered trademarks of the Mechanical Licensing Collective in the U.S., other countries, or both.



\$420+ Million

in Blanket Royalties Distributed for Uses Reported to The MLC in 2021

Everything we do at The MLC is rooted in our mission: 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.

In the lead-up to our first year of operations in 2021, all our efforts focused on being ready to begin fulfilling that mission. After the U.S. Copyright Office officially designated The MLC, our newly formed team began building the systems and capabilities needed to receive and process the data required to distribute blanket royalties. By the time we began full operations in January 2021, we had already published our Music Data Organization Worksheet for songwriters, successfully launched the Data Quality Initiative (DQI) and The MLC Portal, established our musical works ownership database, and begun providing access to that data via our Public Work Search and Bulk Database Feed.

These new technology tools and systems helped ensure we were able to begin administering the blanket license on January 01, 2021, the License Availability Date specified in the MMA by Congress. We began receiving our first monthly usage reports and royalty payments in February 2021 from the digital services providers (DSPs) operating under the new blanket license. On April 16, 2021, we completed our first monthly royalty distribution on time — paying out more than \$24 million in royalties to our Members for uses of their songs during January 2021. From there, we have continued to distribute royalties to our Members on a monthly basis, for a total of twelve monthly royalties distributions for uses reported in 2021— all of which we completed on time or early.

REFLECTING ON YEAR ONE AT THE MLC:
A CONVERSATION WITH BOARD CHAIR ALISA COLEMAN
AND CEO KRIS AHREND

ALISA: It's hard to believe The MLC's first year of operations is already in the books! When The MLC began the process of building its team in January 2020, we had one year to build the technology tools and processes needed to launch full operations and start processing mechanical income by January 1, 2021. I know how hard you and the entire MLC team worked to meet that statutory deadline.

KRIS: Hitting that milestone was truly a collective effort. We could not have built The MLC and launched our operations on time without the support of our Board, our Advisory Committees, our amazing team, and our Members. I am so grateful to everyone who helped us get this far and helped us spread the word about The MLC.

ALISA: Spreading the word came with its own set of challenges, right? As we were taking the initial steps to get The MLC off the ground, COVID hit.

KRIS: That's right. So like the rest of the world, we pivoted to scheduling remote interviews, working from our homes, and finding ways to conduct our outreach and education virtually. We wound up doing a ton of webinars, both on our own and with a host of amazing industry partners, and these virtual events ultimately enabled us to reach and educate tens of thousands of prospective Members and grow our membership.

ALISA: I know increasing our membership was and continues to be a focal point. Every Member added means that more songwriters get paid, and that's what The MLC is here to do. In one year, we more than doubled the number of Members we had in January 2020, bringing us to over 16,000 Members by the end of 2021. These Members also sent The MLC an

incredible amount of data about their musical works, which ultimately helped us grow the total number of musical works in our database to almost \$24 million by the end of the year.

KRIS: This increase in the number of works in our database was amazing to see, and all credit goes to our Members. By registering new works and supplementing the data for works already registered, they gave us the data we needed to improve our match rates and pay out more and more royalties with each monthly distribution. By the end of the year, we were able to distribute nearly \$300 million in royalties to our Members, and every monthly royalty distribution was either on time or early.

ALISA: In the following pages, we will share the milestones we hit in 2021. Thank you for taking the time to read this review of our year and for supporting The MLC's journey in 2021. We are grateful for the support we have received thus far, and we know there is so much more work still in front of us.

KRIS: Yes, we are just at the beginning of this journey together. We look forward to continuing to work with all of our Members in the coming year. On behalf of the entire team at The MLC, thank you all for playing your part!


ALISA COLEMAN
Board Chair


KRIS AHREND
Chief Executive Officer



Leadership Team

The MLC team continued to grow throughout 2021, finishing the year with more than 80 team members. The majority are based in Nashville, TN, where The MLC's office is located, with a handful of other team members working from NYC, Los Angeles, Miami, and London. The MLC has 12 functional departments led by our Leadership Team – a diverse group of talented professionals and leaders who bring unique skillsets and expertise to the team.



ANDREW MITCHELL
Head of Analytics and Automation



DAE BOGAN
Head of Third-Party Partnerships



ELLEN TRULEY
Chief Marketing Officer



ILENE WEINTRAUB
Chief Financial Officer



INDI CHAWLA
Head of International Relations



JOYA CARMICHAEL
Head of Operations



KRIS AHREND
Chief Executive Officer



KRISTEN JOHNS
Chief Legal Officer



LEIGH MCCORKLE
Chief People Officer



LINDSEY MAJOR
Head of Customer Experience



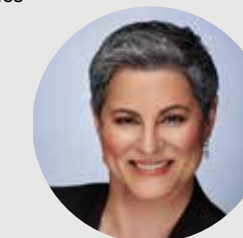
MAURICE RUSSELL
Head of Rights Management



MONIQUE BENJAMIN
Head of Finance



RICHARD THOMPSON
Chief Technology Officer



SERONA ELTON
Head of Educational Partnerships

Who We Are

The MLC is a non-profit organization that works to bring the vision of the Music Modernization Act of 2018 (MMA) to life for the benefit of songwriters, composers, and lyricists, and their music publisher and administrator partners. Each month we work with U.S. digital service providers (DSPs) who operate under the blanket license established pursuant to the MMA to collect that month's digital audio mechanical royalties and usage data. From there, The MLC processes this data in order to distribute the resulting royalties within 75 days after the end of the month concerned. We connect the royalties to the correct rightsholder by matching the sound recording usage data we receive from DSPs to the musical works data in our public database that is provided by our Members.

Joining The MLC as a Member

Before we can pay royalties to any rightsholder, they first have to become a Member of The MLC. Any music publisher, administrator, CMO, or self-administered songwriter that has a right to receive digital audio mechanical royalties in the U.S. can become a Member of The MLC by clicking the *Connect to Collect*®

button on our website. The process is easy to complete, and membership is completely free — DSPs separately pay all of The MLC's operating costs. Once a rightsholder completes the Membership process, they are eligible to begin receiving mechanical royalties from The MLC.

How Does The MLC Collect and Distribute Royalties?

Members of The MLC are able to register new musical works and update the data for previously registered works using The MLC's Portal. Registering works is one of the most important ways that Members can participate in our *Play Your Part*™ campaign, because registering works helps ensure we have the data we need to pay them the royalties they are due for their works. Each month, the DSPs that operate under the blanket license deliver the usage data for the songs that were streamed that month on their

services to The MLC, along with all of the royalties due for those uses. Our team then analyzes that data, matches it with the musical works registrations in our database, calculates the royalties due for each song, and then sends Members the royalties due for uses of their songs. Any uses that we are unable to match in the initial process get reprocessed by our team in subsequent months using any new data we have subsequently received.

Members can also use our Matching Tool in the Portal to search any uses we have not been able to match and propose matches for those uses to works they have already registered. Once these proposed matches have been approved, we will pay any unmatched royalties we have accrued to date for those uses and then use the approved matches to ensure Members receive royalties for additional uses of those songs in the future.

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.

2021 By the Numbers

40+ DSPs Operating under the Blanket License

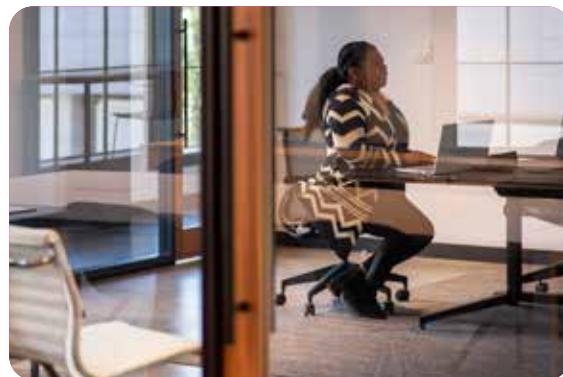
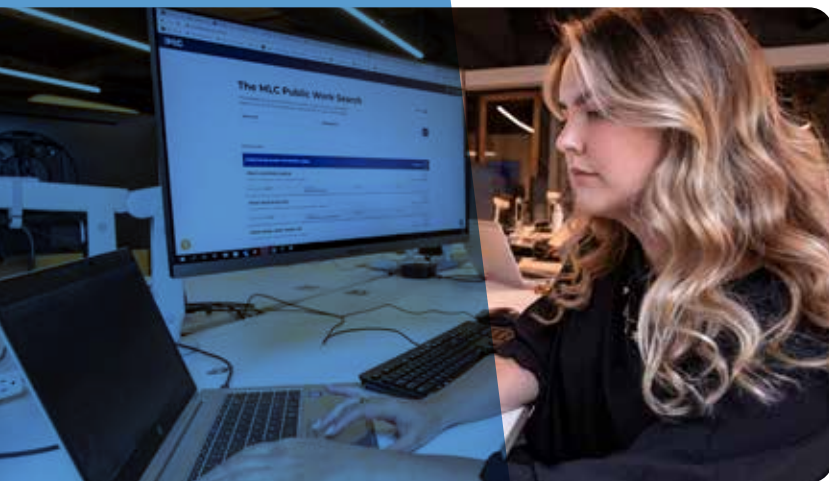
16,000+ Members

23.8m Songs in our Database

\$420m+ in Blanket Royalties Distributed for Uses Reported to The MLC in 2021

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.



Connecting with Creators

Member Outreach

The MLC is responsible for educating the industry about the new blanket licensing system and reaching out to rightsholders to ensure they understand the role we play in the collection and distribution of mechanical royalties.

In 2021, we continued to build our two primary outreach campaigns: the *Connect to Collect*[®] campaign, which encourages rightsholder to become Members of The MLC, and the *Play Your Part*[™] campaign, which encourages our Members and other stakeholders to take an active role in a variety of ways to help ensure The MLC fulfills its mission. Some of our main efforts included establishing relationships with organizations in the industry, maintaining our channels on all major social media platforms, taking interviews for editorial pieces, guest speaking on podcast episodes, publishing a monthly newsletter for Members, and publishing a quarterly newsletter for industry professionals. By the end of 2021, we had more than 16,000 cumulative social media followers, more than 5,000 industry newsletter subscribers, and over 16,000 Member newsletter subscribers.

By the end of 2021, we had more than doubled the number of Members we had at the beginning of the year — bringing our membership to nearly 16,000 total Members.

Community Outreach

Many of our Member outreach efforts center around connecting with the communities and other organizations with which our Members are affiliated. We believe the diversity of our outreach efforts should match the diversity of our Membership. In 2021, we formed community-based partnerships with several organizations to host events and campaigns aimed at reaching Latinx, LGBTQ+, Black Music, and Asian-Pacific Islander creators. We also expanded our multilingual educational and outreach materials.

Missing Members

The MLC actively searches for rightsholders who are not yet Members of The MLC, to let them know we have royalties for them and to help them sign up to become a Member. In 2021, through these efforts, we found and signed up more than 200 missing Members and paid them more than \$1 million total accrued royalties.

We also launched a “Missing Member Lookup” tool on our website in 2021. This tool is available for rightsholders use, to search for their names or the names of their publishing entities to see if we have royalties for them. Rightsholders who find themselves or their publishing entities in a search can immediately begin the Membership sign-up process or contact our Support team for additional assistance.

Our 2021 Outreach Efforts Included Engagement with

5k Industry Newsletter Subscribers

16k Member Newsletter Subscribers

16k Social Media Followers



Serving Songwriters

Member engagement doesn't end with becoming a Member of The MLC. The MLC offers extensive educational resources and Member support services. Many of our videos and resources can be found on our website (www.themlc.com), and on the Spanish-language (www.elmlc.com) and French-language (www.lamlc.com) versions of our website. We also offer a growing collection of multilingual educational materials and videos on those sites.

Member Education

The MLC continues to help educate Members by offering monthly webinars aimed at engaging and educating Members about specific topics of interest, like "Understanding Your Royalty Statement." The MLC also offers webinars aimed at specific types of Members, like self-administered songwriters, to address the specific questions and concerns those Members might have. In total, The MLC hosted 172 webinars in 2021, which reached a total of 12,851 attendees. The majority of these webinars 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.

The MLC has also developed a series of education initiatives aimed at reaching Members and prospective Members on college campuses. In 2021, we 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 course curriculum. By the end of 2021, our toolkit had been shared with more than 150 educators at campuses across the country. Many of these educators also joined our Educator Ambassador program, an educator partnership program that enlists educators to help host educational events about The MLC on their campuses and in their local communities.



Member Support

When we created The MLC, we established several teams whose primary focus was to provide support to our Members. Each of these teams continued to expand their efforts to engage with our Members in 2021.

Our Support Team continued to offer one-on-one support to Members and prospective Members alike, 12 hours a day, 5 days a week, via phone, email, and the chat function within the Portal. Where necessary, the Support Team can provide assistance in multiple languages, ensuring we are able to communicate effectively with Members around the world. Our Support team fielded more than 24,000 total inquiries in 2021, an average of more than 2,000 contacts each month.

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.

Additionally in 2021, The MLC's Rights Management and Publisher Relations teams continued to maintain recurring contacts with more than 120 music publisher and administrator Members. Through these relationships, they were able to provide operational support to publisher and administrator Members related to the works registration process, assist with conflicts and disputes, and field a variety of royalty-related inquiries.

Finally, The MLC's International Relations team continued to engage with Collective Management Organizations (CMOs) and other industry organizations around the world to ensure they understood how the new blanket licensing system for mechanical rights now works in the United States and how they can become Members of The MLC. As a result of their efforts and outreach, The MLC had enrolled almost 60 CMO Members by the end of 2021, with an additional 30 CMOs around the world connecting with The MLC via another administration partner. Altogether, these 90+ CMOs are now allowing The MLC to reach and pay rightsholders in 115 countries around the world.

172 Webinars Hosted in 2021

12,851 Webinar Attendees in 2021

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.

Distributing Royalties

As of March 2022, The MLC had completed 12 monthly royalty distributions to our Members for uses reported to The MLC during 2021 — all on time or early.

The MLC's end-to-end royalty distribution process 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. After the DSPs report usage, The MLC reviews the data it has received, confirms which royalties are ready to be included in the distribution, and then pays out those royalties to Members on or before day 75.

The MLC team's efforts to distribute royalties does not end with the initial royalty distribution each month. Once we complete an initial distribution cycle, we take any leftover unmatched data and attempt to match it again in future distribution cycles 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.

The total amount of royalties we distributed before reprocessing from usage reported to The MLC in 2021 was nearly \$400 million. Reprocessing brought the total amount of royalties distributed to Members to more than \$420 million.

2021 Royalty Distribution Schedule

USAGE MONTH	ROYALTY DISTRIBUTION DATE	INITIAL AMOUNT DISTRIBUTED
January	April 16, 2021	\$ 24.0 M
February	May 14, 2021	\$ 23.1 M
March	June 14, 2021	\$ 25.2 M
April	July 14, 2021	\$ 34.0 M
May	August 12, 2021*	\$ 32.9 M
June	September 13, 2021	\$ 32.8 M
July	October 14, 2021	\$ 37.1 M
August	November 12, 2021*	\$ 34.9 M
September	December 14, 2021	\$ 35.2 M
October	January 14, 2022	\$ 38.5 M
November	February 11, 2022*	\$ 39.4 M
December	March 16, 2022	\$ 41.6 M

* These three distributions were paid early, and the remaining nine distributions for uses reported in 2021 were paid on time.

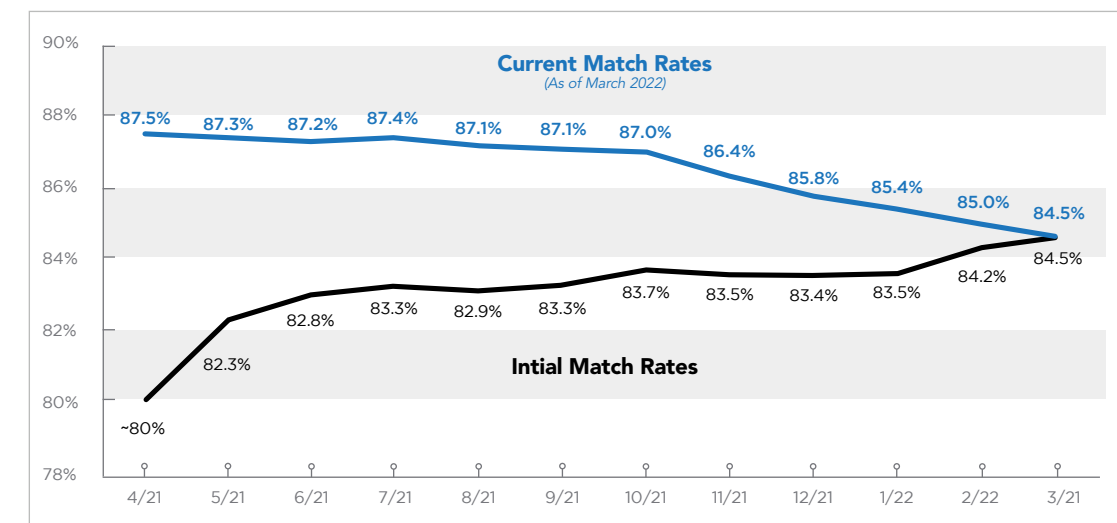
100%
of distributions were completed on time or early.

The timing of each Member's receipt of their royalty payments varied depending on the form of payment they selected: direct deposits and wire transfers typically took 1-5 business days to arrive, while physical checks could have taken up to 15 business days to arrive.

Matching Efforts

The MLC has a Matching Team dedicated to matching sound recordings to musical works. The team uses a blend of custom workflows, automated tools, analytic dashboards, over 30 public databases, and other research sources to support their matching efforts. The team also reviews all of the matches proposed by Members using The MLC's Matching Tool.

Tracking The MLC's 2021 Match Rates



The MLC steadily increased its initial match rates for the royalty distributions it completed in 2021 ranging from approximately 80 percent for its first monthly distribution in April to more than 84 percent for its last monthly distribution in March 2022. As a result of reprocessing, by March 2022, The MLC had increased many of those match rates to more than 87 percent.

The MLC's Technology Tools



The MLC has created various data management tools available to our Members to manage their musical works information and offers additional resources to the music industry at large. These resources improve the accuracy and accessibility of musical works data and affirm The MLC's commitment to greater transparency.

MLC Member Tools

The following tools allowed Members of The MLC to manage their musical works information in 2021.

The MLC Portal allows Members to register, edit, and review their musical works data; create and submit registrations for any new musical works; manage and update their contact information, banking details, and tax forms; and invite other users to set up their own user accounts under their MLC Member profile.

The Matching Tool allows Members to easily propose matches of sound recordings to their musical works. It utilizes usage data received from DSPs and allows MLC Portal users to propose matches of sound recordings to their musical works that already exist in The MLC database. This resource reduces the number of musical works not matched to sound recordings and helps The MLC more effectively distribute royalties for those works.

The Top Unmatched Sound Recording List provides Members with another way to search unmatched data and look for uses of their musical works. Every month, The MLC emails an updated

Excel spreadsheet containing the top 1,000 unmatched sound recording uses, based on their calculated royalty value, to Members who sign up to receive it.

The Claiming Tool was developed in 2021 to provide an efficient way for Members to register an ownership claim and reduce the need to enter musical works data from scratch. It was made available for Members to use within The MLC Portal in January 2022. MLC Portal users are now able to easily search for musical works already in The MLC database to add their information and claim their available share(s). This new tool ensures that the correct party receives the correct royalties.

Data Management Resources

The following resources were available to the public in 2021 and allowed anyone to view, retrieve, and compare musical works data.

The Public Work Search allows the public to view musical work ownership information. It is available free of charge and without the need for a login. The information includes musical works ownership shares and matched sound recordings.

10.2m

Musical Works Registrations
Received & Processed in 2021

The Public Search API allows music publishers and administrators, DSPs, CMOs, music technology companies, and others to retrieve information about musical works in The MLC database.

The Bulk Database Feed enables The MLC's musical work database to be available in a bulk, machine-readable format. The Bulk Database Feed is supported by a new DDEX technical standard called "BWARM" (Bulk Works and Recording Metadata). The feed includes data about musical works, parties, sound recordings, products, and more. This resource is available to DSPs, music publishers, CMOs, record labels, metadata companies, and others throughout the industry.

The Data Quality Initiative is a streamlined way to compare large catalogs of musical works data against The MLC's data. Participants can either use the DQI directly through The MLC or by participating via a third party. The MLC has engaged in strategic partnerships with third parties, including those participating in our DQI Partner Program, to enable music publishers and self-administered songwriters to participate in The MLC's DQI process.

Where We're Going

Historical Unmatched Royalties

In February 2021, 21 DSPs transferred \$424 million 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 adjustments we received brought the total amount of historical unmatched royalties to \$426.9 million. The MLC will also need to take this newly received data for adjustments 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 spent the remainder of 2021 reviewing and ingesting each of these files. Once ingested, The MLC could begin running each file, one at a time, through our internal matching processes and then begin preparing the first sets of "matched" royalties for distribution to our Members.

The same systems and processes we put in place in the lead-up to 2021, to support the blanket royalty distribution process, will now also be used to support our processing of the historical unmatched usage data. The immense amount of new musical works data our Members have registered with us over the course of 2021 will also give The MLC a significantly larger data set to use when it processes this data for historical unmatched uses. Finally, the tools we have developed for our Members will continue to provide them with meaningful ways to play their part in this process, by helping us identify unmatched uses that relate to their works and enabling them to identify and claim shares of musical works that they have not yet registered.

As of this report's publication, in June 2022, we had begun making some of the data for the unmatched historical uses available for Members to search using the Matching Tool in our Portal. The data now found in the Portal is what remained after we had completed our initial matching processes. Additionally, we had also begun distributing the first set of royalties for "matched" historical uses in our June 2022 royalty distribution. We look forward to providing more details about our efforts in 2022 in next year's Annual Report, but we encourage you to visit our website for more frequent updates in the meantime.

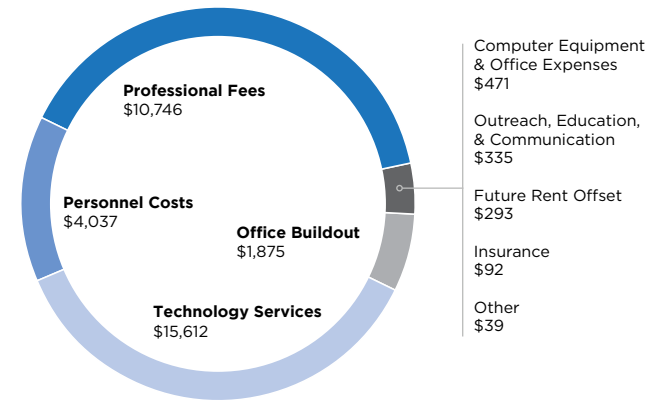


Financial Summary

(In Thousands)

Start-Up Expenditures

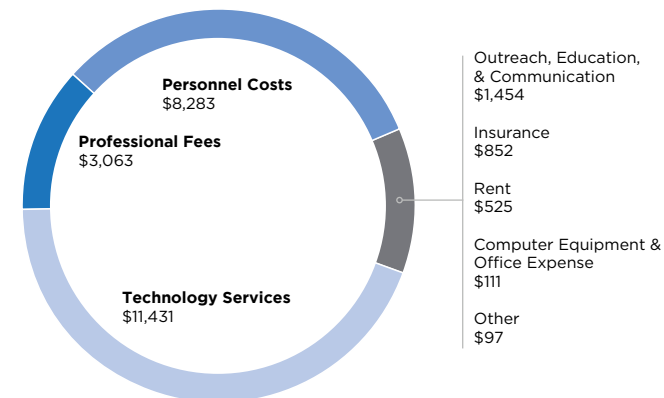
Technology Services	\$ 15,612
Professional Fees*	10,746
Personnel Costs	4,037
Office Buildout	1,875
Computer Equipment & Office Expenses	471
Outreach, Education, & Communication	335
Rent	293
Insurance	92
Other	39
Total Start-Up Expenditures	\$ 33,500
Total Start-Up Assessment	\$ 33,500
(Over)/Under	\$ 0



The above table reflects life to date actuals through December 2021 and a forecast spend for post 2021.

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

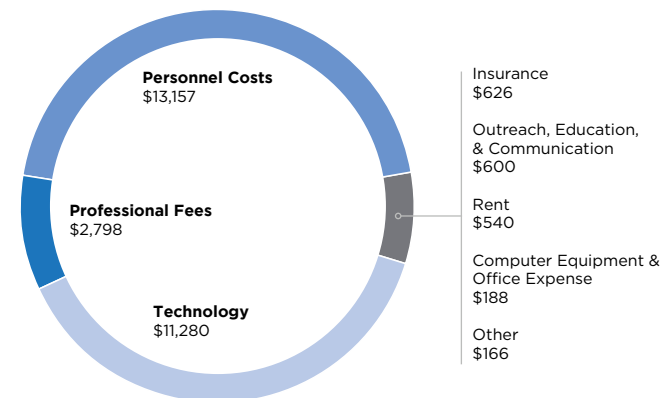


The above table reflects life to date actuals through December 2021 and a forecast spend for post 2021.

The MLC is using the remaining uncommitted 2021 funds (which represent approximately one month of operating costs) to establish a cash reserve for liquidity purposes.

2022 Board Approved Budget

Personnel Costs	\$ 13,157
Technology	11,280
Professional Fees*	2,798
Insurance	626
Outreach, Education & Communication	600
Rent	540
Computer Equipment & Office Expense	188
Other	166
Total 2022 Budget	\$ 29,355



*Professional Fees includes Legal Fees.

Board of Directors

Alisa Coleman

ABKCO Music & Records, Inc
New York City

Bart Herbison*

Nashville Songwriters Assoc. Intl.
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

BMG
New York City

Kara DioGuardi

Songwriter
Los Angeles

Kevin Kadish

Songwriter
Nashville

Mike Molinar

Big Machine Music
Nashville

Oak Felder

Songwriter
Los Angeles

Peter Brodsky

Sony Music Publishing
New York City

Rell Lafargue

Reservoir
New York City

Scott Cutler

Pulse Music Group
Los Angeles

Tim Cohan

Peermusic
Los Angeles

* Nonvoting Board Member

Advisory Committees

Unclaimed Royalties Oversight Committee

Ben Glover (Songwriter)
Dan Navarro (Songwriter)
Erika Nuri Taylor (Songwriter)
Frank Liwall (The Royalty Network, Inc.)
Kathryn Ostien (TRO)
Kay Hanley (Songwriter)
Michael Eames (PEN Music Group)
Patrick Curley (Third Side Music)
Phil Cialdella (Wonderlous Music)
Nate Smith (Songwriter)

Dispute Resolution Committee

Aimée Allen (Songwriter)
Alison Koerper (Disney Music)
Amanda Green (Songwriter)
Debbie Rose (Sundae Songs)
Ed Leonard (Daywind)
Gary Burr (Songwriter)
Jason Rys (Wixen Music)
Jennifer Schott (Songwriter)
Sean McGraw (Downtown)

Operations Advisory Committee

Alan Jennings (Amazon)
Alex Winck (Pandora)
Ana Ruiz (Drive Music Publishing)
Brandon Shevin (Beatport)
Dale Esworthy (Sony Music Publishing)
Ed Arrow (Universal Music Publishing)
Jen Rosen (Google)
Lisa Selden (Spotify)
Melanie Santa Rosa (Spirit Music)
Michael Lau (Laud Music)
Nick Williamson (Apple)
Scott Farrant (Kobalt Music)



THE MLC

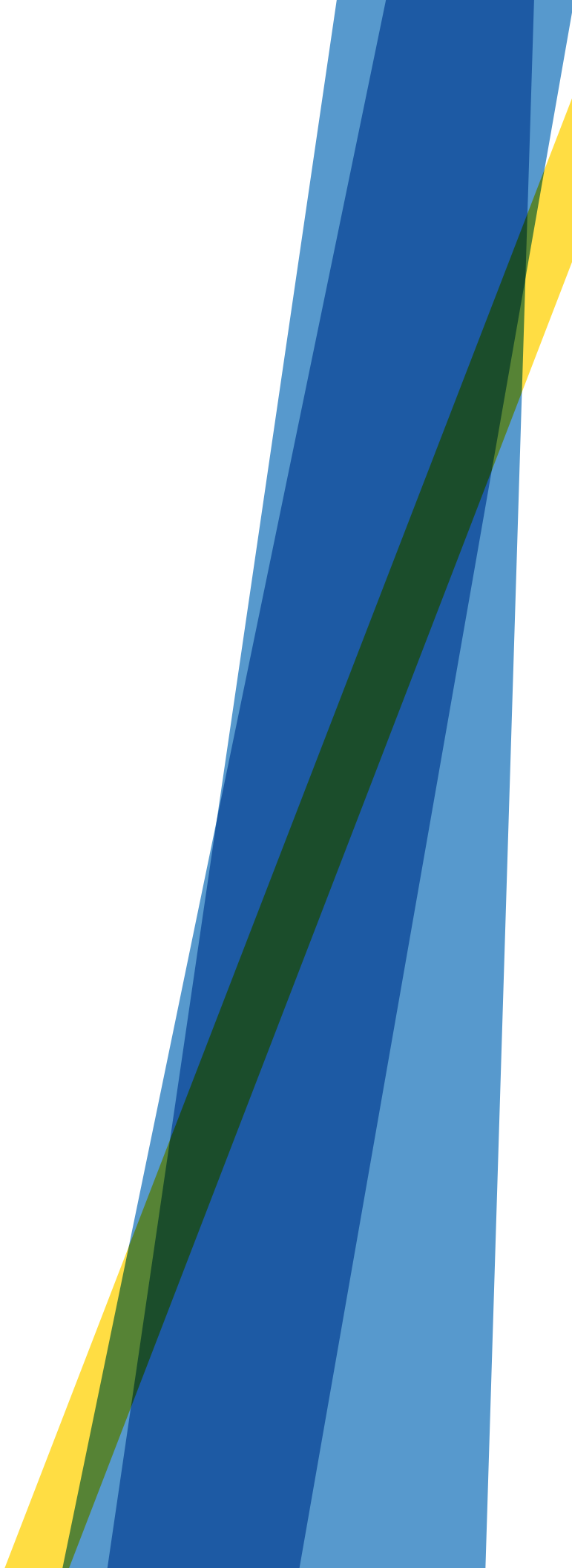
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APPENDIX TO
THE MLC'S 2021
ANNUAL REPORT



Appendix to The MLC's 2021 Annual Report

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A. Operations and Licensing (37 C.F.R. § 210.33(b)(1))

1. The MLC's current structure and organization

The MLC consists of 13 functional teams, each led by a member of The MLC's Leadership Council, which is chaired by the CEO. See Attachment A.1 for The MLC's most current Staffing Chart.

2. The MLC's major departments, groups, and other subdivisions

Analytics & Automation: The Analytics and Automation team oversees the design and implementation of business intelligence reporting, develops strategies and tools for analyzing reporting data, and manages the manual sound recording and musical works matching processes (including the Matching Team). Andrew Mitchell serves as The MLC's Head of Analytics and Automation.

CEO: The CEO sets the vision for The MLC's operations, chairs The MLC's Leadership Council, and leads the organization's overall effort to fulfill its mission and mandate set forth in the Music Modernization Act and its implementing regulations. Kris Ahrend serves as The MLC's Chief Executive Officer.

Customer Experience: The Customer Experience team designs, implements, and manages The MLC's customer experience strategy and serves as the primary point of contact for The MLC's diverse and growing Membership. Lindsey Major serves as The MLC's Head of Customer Experience.

Educational Partnerships: The Educational Partnerships team creates educational materials for The MLC's members and prospective members and leads The MLC's efforts to engage current and future members and music industry professionals who attend or work at colleges and universities around the world. Serona Elton serves as The MLC's Head of Educational Partnerships.

Finance: The Finance team manages accounting, finance, treasury, tax, budgeting, and reporting. Additionally, this team oversees all corporate and royalty accounting-related activities and aligns all financial decisions to the overarching strategies and goals of the organization. Ilene Weintraub serves as The MLC's Chief Financial Officer and Monique Benjamin serves as The MLC's Head of Finance.

Human Resources & Administration: The Human Resources and Administration team develops and manages all aspects of The MLC's human resources strategies and manages the day-to-day operations of The MLC's office in Nashville. Leigh McCorkle serves as The MLC's Chief People Officer.

International Relations: The International Relations team leads The MLC's outreach and educational activities aimed at collective management organizations (or CMOs), music publishers, self-administrated songwriters, and other rightsholders based outside the United States who are

entitled to receive royalties for musical works used on services that operate under the blanket license. Indi Chawla serves as The MLC's Head of International Relations.

Legal: The Legal team manages the organization's legal matters, including compliance with the obligations set forth in the Music Modernization Act and its implementing regulations. Kristen Johns serves as The MLC's Chief Legal Officer.

Operations: The Operations team coordinates and manages The MLC's end-to-end royalty distribution process and leads various process documentation and improvement initiatives for the company. Joya Carmichael serves as The MLC's Head of Operations.

Outreach & Education: The Outreach and Education team develops and executes all The MLC's marketing campaigns, brand strategy, digital initiatives, advertising, and public relations, with the aim of engaging both current and prospective members of The MLC and members of the music industry at large. Ellen Truley serves as The MLC's Chief Marketing Officer.

Rights Management: The Rights Management team leads the organization's rights management functions. This area includes The MLC's Publisher Relations team, which provides recurring and individual support to more than 120 music publisher and administrator Members. Maurice Russell serves as The MLC's Head of Rights Management.

Technology: The Technology team leads the development, launch, and management of The MLC's technology and data systems and tools, including The MLC's publicly accessible musical works database, The MLC's Portal for Members, and the systems and tools The MLC uses to manage its usage processing and royalty distribution process. Richard Thompson serves as The MLC's Chief Technology Officer.

Third-Party Partnerships: The Third-Party Partnership team leads the organization's efforts to engage third-party entities throughout the music and technology industries who seek to serve the needs of music publishers, administrators, self-administered songwriters, and others in the music industry who interact with those categories of individuals. This engagement supports initiatives in rights administration, data management, operations, and membership services. Dae Bogan serves as The MLC's Head of Third-Party Partnerships.

3. Major policies, practices, and procedures implemented in 2021

Ownership Dispute Policy: This policy outlines the procedures The MLC follows when processing royalties for musical works subject to ownership claims or disputes between or among copyright owners. The MLC first published this policy in February 2021. The Ownership Dispute Policy is available on The MLC's website at: <https://www.themlc.com/dispute-policy>.

Statutory Terminations Policy: This policy outlines the procedures The MLC uses to: (a) analyze notices of statutory termination claims received from rightsholders, and (b) determine how to administer royalties for works and shares of works subject to statutory termination claims or disputes. The MLC Board approved this policy in October 2021, and The MLC first published the policy in December 2021 with a set of forms for Members to use when addressing matters covered by this policy. The Statutory Terminations Policy and associated forms are available on The MLC's website at: <https://www.themlc.com/dispute-policy>.

Conflicts of Interest Policy: This policy establishes guidelines for managing actual, potential, or perceived conflicts of interest. The policy applies to MLC employees and subcontractors.

Investment Policy: This policy covers the investment of royalty and assessment funds, respectively, and sets forth The MLC's goals and objectives in establishing policies to implement The MLC's investment strategy. The anti-comingling policy required by 17 U.S.C. § 115(d)(3)(D)(ix)(I)(cc) is contained in The MLC's Investment Policy. The Investment Policy was approved by the Board in January 2021.

4. DMP compliance and enforcement-related activities

The MLC did not reject any notices of license, issue any notices of default, or terminate any blanket licenses in 2021.

As part of its compliance and enforcement efforts, The MLC's DSP Relations team engages with DMPs daily to encourage and support timely usage reporting and to assess the compliance by DMPs with their usage reporting and royalty payment obligations. The structure for DMP engagement includes direct lines of communication between multiple teams within The MLC and their respective counterparts at each DMP, as well as direct and recurring communication between leaders of The MLC and the Digital Licensee Coordinator (DLC). Using these various lines of communication and as appropriate, The MLC engages directly with each blanket license applicant and reviews each incoming Notice of License; investigates, clarifies, or resolves any monthly reporting discrepancies or other issues as and when they arise; sends coordinated notices and reminders to DMPs regarding all relevant regulatory obligations; sends escalating notices to appropriate contacts within DMPs and/or to the DLC as necessary; and sends quarterly requests for information as permitted under 37 C.F.R. § 210.27(m) to help ensure and confirm reporting accuracy.

5. How The MLC measures and tracks the level of success of its operations

a. Key performance metrics for 2021

Blanket Royalties Distributed: The MLC completed twelve monthly royalty distributions for usage reported in 2021 (all on time or early) and distributed more than \$420 million in royalties to Members.

Musical Works Registered: As of December 31, 2021, The MLC's database contained data for 23.8 million musical works.

Digital Service Providers Engaged: The MLC distributed royalties received from 40 DMPs operating under the blanket license.

Improvements in Match Rates: The MLC steadily increased its initial match rates for the royalty distributions it completed in 2021 ranging from approximately 80% for its first monthly distribution in April to more than 84% for its last monthly distribution in March 2022. As a result of reprocessing, by March 2022, The MLC had increased many of those match rates to more than 87%. Please see charts in Section 5.b below for monthly match and payout rates.

Membership: By the end of 2021, The MLC had approximately 16,000 Members, almost double the number of Members in January 2021.

Customer Support: The MLC fielded more than 24,000 calls and emails in 2021 — an average of almost 2,000 per month and more than 60 per day.

Education: The MLC hosted 172 webinars in 2021 and reached 12,851 attendees in the United States and more than a dozen countries globally.

Outreach and Engagement: As of the end of 2021, The MLC had more than 16,000 followers across all its social networks. The MLC has two newsletters: one for Members, and one for the music industry at large. The Member Newsletter is sent to approximately 16,000 individuals monthly. The music industry newsletter is called The Quarter Note and is sent to approximately 5,000 individuals quarterly.

b. Initial match rates (from initial processing) and current match rates (post-reprocessing)

Match Rate:

Match Rates (pre/post reprocessing)	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Total
Original Match Rate	79.5%	82.3%	82.8%	83.3%	82.9%	83.3%	83.7%	83.5%	83.4%	83.5%	84.2%	84.5%	83.1%
Match Rate as of Mar-2022	87.5%	87.3%	87.2%	87.4%	87.1%	87.1%	87.0%	86.4%	85.8%	85.4%	85.0%	84.5%	86.4%
Match Rate as of May-2022	88.0%	87.8%	87.9%	88.1%	87.9%	87.8%	87.9%	87.4%	87.0%	86.9%	86.6%	85.9%	87.4%

Match Rate Calculation: The MLC’s match rate calculation is measured monthly and stated as a percentage. For the match rate calculation, the numerator is the total amount of royalties matched to musical works registered in The MLC’s musical works database (*i.e.*, total amount of royalties reported (see Section F.1.a)) less unmatched royalties (see Section F.1.e.i.1); the denominator is the total amount of royalties reported by DMPs for an applicable period (see Section F.1.a), which includes royalties for works embodied in both matched and unmatched sound recording uses.

Match rates have improved over time due to “reprocessing,” which consists of The MLC repeating the process described in the following “Matching Methodology” section (directly below).

The royalty figures provided in Section F relate to DMP usage that occurred January 2021 through December 2021 and corresponding royalty distributions that occurred April 2021

through March 2022 and is the basis for calculating the Match Rates as of March 2022.

Matching Methodology: The MLC’s methodology for matching sound recordings to musical works consists of a sophisticated, multilayered process. The first step in The MLC process involves the automated use of elastic search technology to pair sound recording information received from DMPs to musical work information in The MLC’s musical works database. In the second step, sound recordings not matched via the automated process are reviewed by The MLC’s Matching Team. The 25-member Matching Team utilizes custom-built technology and over 30 public resources to research missing data elements and make manual matches. This step includes a quality-assurance process where selected Matching Team personnel cross-check matches made by the larger team to ensure accuracy. As a third step, The MLC makes unmatched sound recording information available in its Matching Tool, where Members can search for and identify sound recordings and independently propose matches (see Section H.1.c for more information about The MLC’s Matching Tool). The Matching Team manually verifies the accuracy of all Member-proposed matches. The MLC currently repeats each step monthly for all remaining unmatched sound recordings (generally referred to as “reprocessing”). We do not use numerical metrics to monitor match rate confidence. Rather, The MLC’s foregoing process and multifactor approach balances The MLC’s mandate to accurately distribute royalties and provides transparency to Members by enlisting their feedback to improve MLC data.

Payout Rate:

Payout Rates (pre/post reprocessing)	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Total
Original Payout Rate	69.4%	71.8%	72.1%	72.9%	73.0%	73.2%	73.4%	73.7%	73.0%	73.5%	74.3%	74.4%	72.9%
Payout Rate as of Mar-2022	78.7%	78.6%	78.5%	78.4%	78.1%	77.8%	77.5%	77.2%	76.1%	74.9%	75.5%	74.4%	77.1%
Payout Rate as of May-2022	79.2%	79.1%	79.1%	78.9%	78.7%	78.4%	78.2%	78.0%	77.2%	76.1%	77.0%	76.5%	78.0%

Payout Rate Calculation: The MLC’s payout rate calculation is stated as a percentage. For the payout rate calculation, the numerator is the total royalty amounts matched to musical works registered in The MLC’s musical works database, *i.e.*, total amount of royalties reported (see Section F.1.a) less unmatched royalties (see Section F.1.e.i.1) less any royalty amounts matched to musical works registered in The MLC’s musical works database but that The MLC could not distribute due to unclaimed works or works held (see Section F.1.e.i.2 and Sections F.1.e.iii). The denominator for the payout rate calculation is the total amount of royalties reported by DMPs for an applicable period (see Section F.1.a), which includes royalties for works embodied in both matched and unmatched sound recording uses.

Similar to match rates, payout rates have improved over time due to reprocessing. As noted above, the royalty figures provided in Section F relate to DMP usage that occurred January 2021 through December 2021 and corresponding royalty distributions that occurred April 2021 through March 2022 and is the basis for calculating the Payout Rates as of March 2022.

B. Royalty Collection and Distribution (37 C.F.R. § 210.33(b)(2))

1. Monthly Royalty Distribution Schedule

Usage Month	Distribution Date	Distribution Day (in 75-day Cycle)
Jan-21	April 16, 2021	Day 75
Feb-21	May 14, 2021	Day 75
Mar-21	June 14, 2021	Day 75
Apr-21	July 14, 2021	Day 75
May-21	August 12, 2021	Day 73
Jun-21	September 13, 2021	Day 75
Jul-21	October 14, 2021	Day 75
Aug-21	November 12, 2021	Day 73
Sep-21	December 14, 2021	Day 75
Oct-21	January 14, 2022	Day 75
Nov-21	February 11, 2022	Day 73
Dec-21	March 16, 2022	Day 75

2. The MLC's average processing times for distributing royalties

The MLC processes and distributes royalties for each month of usage reporting data received from a DMP on a 75-day cycle. Each cycle begins on the day after the end of a calendar month for which the usage concerned was reported (Day 1).

As described in 37 C.F.R. § 210.27(g), DMPs must either submit usage files by Day 15 (to receive an invoice for royalties due) or by Day 45 (which is when corresponding royalty payments are due). The MLC reviews all monthly usage data, confirms royalty payment due, and then distributes royalties to Members within a 30-day window after the DMP's monthly royalty payment due date (*i.e.*, on or before Day 75). Because royalty payment distributions are made monthly, The MLC simultaneously manages two or three overlapping monthly distribution cycles at any given time.

For usage reported to The MLC in 2021, The MLC completed this 75-day royalty distribution cycle 12 times, and 3 of the 12 resulting royalty distributions were made early. The MLC provides a distribution summary for its Members that notes whether DMPs (if any) were excluded from a month's royalty distribution.

C. Budgeting and Expenditures (37 C.F.R. § 210.33(b)(3))

1. The MLC's financial and accounting policies and practices

The MLC prepares financial statements on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America. The MLC has engaged a qualified auditor consistent with general corporate practices and on a voluntary basis (until the requirements in 17 U.S.C. § 115(d)(3)(D)(ix)(II)(aa) are effective).

2. Voluntary contributions The MLC received prior to 2022, as described in 17 U.S.C. § 115(d)(7)(B)

The MLC has not received voluntary contributions as described in 17 U.S.C. § 115(d)(7)(B).

3. Fees The MLC charged for bulk, machine-readable access to its musical works database

The MLC charged a total of \$16,525 in fees for access to its Bulk Database Feed in 2021. Of this total, The MLC received \$15,795.58, with the remaining \$729.42 applied to payment processing fees. The fee for initial access to the Bulk Database Feed is \$100 (this fee includes a set-up charge and one month of access) and the fee for continued access is \$25 per month. Sixty-three entities received the Bulk Database Feed in 2021.

D. Collective Total Costs (37 C.F.R. § 210.33(b)(4))

1. The MLC’s Collective Total Costs (defined in 17 U.S.C. § 115(e)(6))

a. Collective Total Costs for start-up period

Start-Up Collective Total Costs	Actual Spend 2019 / 2020	Actual Spend 2021	Total Actual Spend	Committed Spend Post 2021	Total Spend
Technology Services *	\$10,123,362	\$2,065,534	\$12,188,896	\$3,423,164	\$15,612,060
Professional Fees	\$4,660,555	\$894,085	\$5,554,640	\$231,338	\$5,785,978
Legal Fees	\$4,959,631		\$4,959,631		\$4,959,631
Personnel Costs	\$3,717,119	\$280,325	\$3,997,444	\$39,499	\$4,036,943
Office Buildout	\$371,235	\$857,944	\$1,229,179	\$645,821	\$1,875,000
Computer Equipment & Office Expenses	\$128,700	\$197,982	\$326,682	\$143,899	\$470,581
Outreach, Education & Communication	\$334,784		\$334,784	\$0	\$334,784
Future Rent Offset	\$3,612	\$165,254	\$168,866	\$123,634	\$292,500
Insurance	\$100,281	(\$7,428)	\$92,853	(\$684)	\$92,169
Other	\$40,354		\$40,354	\$0	\$40,354
Total Start-Up Expenditures	\$24,439,633	\$4,453,696	\$28,893,329	\$4,606,671	\$33,500,000
Total Start-Up Assessment					\$33,500,000
<i>(Over)/Under</i>					\$0

* Technology Services include vendor costs as “vendor” is defined in 37 C.F.R 210.33(b)(10).

b. Collective Total Costs for 2021

2021 Collective Total Costs	Actual Spend 2021	Additional Anticipated Expenses Post 2021	Total Spend
Technology Services *	\$8,810,487	\$2,620,327	\$11,430,814
Personnel Costs	\$8,269,694	\$13,254	\$8,282,948
Professional Fees	\$1,224,880	\$213,858	\$1,438,738
Legal Fees	\$1,415,040	\$208,888	\$1,623,928
Outreach, Education & Communication	\$404,499	\$1,049,545	\$1,454,044
Insurance	\$436,815	\$415,260	\$852,075
Rent	\$525,000	\$0	\$525,000
Computer Equipment & Office Expense	\$120,012	(\$9,468)	\$110,544
Other	\$101,615	(\$4,122)	\$97,493
Total 2021 Expenditures	\$21,308,042	\$4,507,542	\$25,815,584
Total Start-Up Assessment			\$28,500,000
<i>(Over)/Under</i>			\$2,684,416

* Technology Services include vendor costs as “vendor” is defined in 37 C.F.R 210.33(b)(10).

2. Discrepancies between The MLC’s Collective Total Costs and The MLC’s total budget for 2021

There are no significant discrepancies between The MLC’s Collective Total Costs and The MLC’s total budget for 2021.

3. The MLC’s policies and practices with respect to distinguishing its Collective Total Costs from any added costs incurred by The MLC to provide services under voluntary licenses

The MLC did not provide services under voluntary licenses.

4. Administrative Fee Ratios

The MLC does not deduct any administrative fee from royalties distributed.

The following administrative fee ratio analysis is for illustrative purposes only. In the chart below, “Fee Ratio” is calculated by dividing the 2021 administrative assessment by each of the 2021 total royalties reported, royalties distributed & royalties matched to voluntary licenses, and royalties distributed, respectively.

Description	2021 Total	
2021 Administrative Assessment	\$28,500,000	
Description	2021 Total	Fee Ratio
Royalties Reported	\$ 673,991,530.65	4.23%
Royalties Distributed and Royalties Matched to VLs	\$ 519,360,331.99	5.49%
Royalties Distributed	\$ 421,131,566.76	6.77%

E. Projected Annual MLC Budget (37 C.F.R. § 210.33(b)(5))

1. The MLC’s projected annual budget (as defined in 17 U.S.C. § 115(e)(19)) for 2022

2022 Board Approved Collective Total Costs Budget	
Personnel Costs	\$13,156,561
Technology Services *	\$11,279,700
Legal Fees	\$2,002,650
Professional Fees	\$795,212
Insurance	\$625,632
Outreach, Education & Communication	\$600,000
Rent	\$540,225
Computer Equipment & Office Expense	\$187,764
Other	\$167,256
Total 2022 Proposed Budget	\$29,355,000
Total 2022 Budget Approved by the Board	\$29,355,000
<i>(Over)/Under</i>	\$0

* Technology Services include vendor costs as “vendor” is defined in 37 C.F.R 210.33(b)(10).

F. Royalty Receipts and Payments (37 C.F.R. § 210.33(b)(6)) related to usage by DMPs

The royalty figures provided in this section relate to DMP usage that occurred January 2021 through December 2021 and corresponding royalty distributions that occurred April 2021 through March 2022 (see Section B.1 for additional detail).

Total Royalties Reported/Collected: DMPs reported \$673,991,530.65 in royalties to The MLC (see Section F.1.a). Of the amount reported, The MLC collected \$580,610,630.31. The difference of \$93,380,900.34 was matched to works subject to direct voluntary license agreements (between DMPs and copyright owners) (see Section F.1.b). After reprocessing, The MLC identified an additional \$4,847,864.89 as subject to direct voluntary license agreements and credited that amount to DMPs (see Section F.1.c). The net amount of royalties that The MLC collected is \$575,762,765.42 (see Section F.1.c).

Total Royalties Distributed: The MLC collected a net amount of \$575,762,765.42 in royalties (see Section F.1.c). Of the net amount collected, The MLC distributed \$421,131,566.76 in royalties (see Sections F.1.d.i-ii), which includes \$20,133.63 in paid accrued interest (see Section F.4.a). Of the \$421,131,566.76 in distributed royalties and paid accrued interest, The MLC distributed \$398,595,855.56 in initial monthly distributions (see Section F.1.d.i) and an additional \$22,535,711.20 after monthly reprocessing (see Section F.1.d.ii).

Total Royalties Held: The MLC held a net amount of \$154,651,332.29 in royalties (see Section F.1.e). Of the amount held, \$91,796,802.38 is related to unmatched royalties, \$59,781,291.15 is related to unclaimed royalties, and \$2,944,944.83 is related to holds (see Section F.1.e.i-iii). As a result of reprocessing, an additional \$128,293.94 in royalties was matched to public domain and non-musical works and The MLC will distribute these royalties to copyright owners when it processes adjustments, as applicable.

Total Royalties Undistributed: Of the \$421,131,566.76 in “Royalties distributed” (see Sections F.1.d.i-ii), a total of \$7,767,704.32, are royalties that The MLC matched and considered eligible for distribution but were deemed undistributable for various reasons by The MLC’s third-party payment processor. Such reasons include royalty amounts not exceeding the regulatory minimum threshold, copyright holders not providing complete or correct payment information, and matched royalties held pending Member registration.

1. 2021 total and month-by-month royalty receipts and payment breakdowns:

a. Royalties reported by DMPs

Usage Month	Distribution Month	Amount
Jan-21	Apr-21	\$ 53,707,127.89
Feb-21	May-21	\$ 51,051,261.24
Mar-21	Jun-21	\$ 54,400,779.49
Apr-21	Jul-21	\$ 56,156,317.82
May-21	Aug-21	\$ 54,315,811.81
Jun-21	Sep-21	\$ 53,972,912.85
Jul-21	Oct-21	\$ 59,049,471.09
Aug-21	Nov-21	\$ 55,578,656.99
Sep-21	Dec-21	\$ 56,576,803.60
Oct-21	Jan-22	\$ 60,683,951.83
Nov-21	Feb-22	\$ 58,048,904.34
Dec-21	Mar-22	\$ 60,449,531.70
Total:		\$ 673,991,530.65

b. Royalties collected from DMPs (net of royalties having been identified as subject to direct voluntary license agreements between DMPs and copyright owners during initial monthly processing)

Usage Month	Distribution Month	Amount
Jan-21	Apr-21	\$ 40,362,390.81
Feb-21	May-21	\$ 37,444,124.58
Mar-21	Jun-21	\$ 40,332,426.48
Apr-21	Jul-21	\$ 49,215,661.72
May-21	Aug-21	\$ 47,587,826.09
Jun-21	Sep-21	\$ 47,263,077.28
Jul-21	Oct-21	\$ 52,854,399.66
Aug-21	Nov-21	\$ 49,478,169.59
Sep-21	Dec-21	\$ 50,451,316.11
Oct-21	Jan-22	\$ 54,523,219.88
Nov-21	Feb-22	\$ 54,382,167.40
Dec-21	Mar-22	\$ 56,715,850.71
Total:		\$ 580,610,630.31

c. Royalties collected from DMPs (after reprocessing)

Usage Month	Distribution Month	Amount
Jan-21	Apr-21	\$ 40,362,390.81
Feb-21	May-21	\$ 37,444,124.58
Mar-21	Jun-21	\$ 40,332,426.48
Apr-21	Jul-21	\$ 49,181,559.66
May-21	Aug-21	\$ 47,490,016.93
Jun-21	Sep-21	\$ 47,255,057.68
Jul-21	Oct-21	\$ 51,160,046.75
Aug-21	Nov-21	\$ 48,373,990.20
Sep-21	Dec-21	\$ 50,142,239.88
Oct-21	Jan-22	\$ 53,378,379.50
Nov-21	Feb-22	\$ 54,180,626.86
Dec-21	Mar-22	\$ 56,461,906.09
Total:		\$ 575,762,765.42

d. Royalties distributed, broken down based on whether the distribution was pursuant to initial monthly processing, later reprocessing, or other subsequent matching or claiming activities

i. Royalties distributed pursuant to initial monthly processing

Usage Month	Distribution Month	Amount
Jan-21	Apr-21	\$ 23,946,791.99
Feb-21	May-21	\$ 23,054,378.92
Mar-21	Jun-21	\$ 25,163,723.33
Apr-21	Jul-21	\$ 34,019,105.98
May-21	Aug-21	\$ 32,932,319.66
Jun-21	Sep-21	\$ 32,789,811.88
Jul-21	Oct-21	\$ 37,143,933.44
Aug-21	Nov-21	\$ 34,857,854.02
Sep-21	Dec-21	\$ 35,171,674.69
Oct-21	Jan-22	\$ 38,452,620.00
Nov-21	Feb-22	\$ 39,440,266.72
Dec-21	Mar-22	\$ 41,623,374.94
Total:		\$ 398,595,855.56

ii. Royalties distributed pursuant to reprocessing (including \$20,133.63 in interest)

Usage Month	Distribution Month	Amount
Jan-21	Apr-21	\$ -
Feb-21	May-21	\$ -
Mar-21	Jun-21	\$ -
Apr-21	Jul-21	\$ 73,237.21
May-21	Aug-21	\$ 921,518.00
Jun-21	Sep-21	\$ 64,306.10
Jul-21	Oct-21	\$ 5,565,565.94
Aug-21	Nov-21	\$ 5,136,039.34
Sep-21	Dec-21	\$ 2,106,795.99
Oct-21	Jan-22	\$ 2,482,885.81
Nov-21	Feb-22	\$ 2,469,665.70
Dec-21	Mar-22	\$ 3,715,697.11
Total:		\$ 22,535,711.20

e. Royalties held

i. Royalties held as unmatched (*i.e.*, royalties associated with reported uses of sound recordings embodying musical works for which the copyright owners of such musical works (or shares thereof) have not been identified or located)

The chart below is the sum of the information provided in Section i.1 (Royalties associated with reported uses of sound recordings that have not been matched to their underlying musical works) and Section i.2 (Royalties associated with reported uses of sound recordings that have been successfully matched to their underlying musical works, but for which the copyright owners of such musical works (or shares thereof) have not been identified). Please see Section F.1.e.ii below regarding The MLC’s definitions and applications of “unmatched” and “unclaimed” works.

Usage Month	Distribution Month	Amount
Jan-21	Apr-21	\$ (11,324,975.10)
Feb-21	May-21	\$ (10,774,063.17)
Mar-21	Jun-21	\$ (11,519,441.39)
Apr-21	Jul-21	\$ (11,941,994.48)
May-21	Aug-21	\$ (11,791,335.65)
Jun-21	Sep-21	\$ (11,797,736.25)
Jul-21	Oct-21	\$ (13,012,940.59)
Aug-21	Nov-21	\$ (12,441,404.61)
Sep-21	Dec-21	\$ (13,275,850.71)
Oct-21	Jan-22	\$ (14,825,780.53)
Nov-21	Feb-22	\$ (13,791,687.32)
Dec-21	Mar-22	\$ (15,080,883.73)
Total:		\$ (151,578,093.53)

1. Royalties associated with reported uses of sound recordings that have not been matched to their underlying musical works

Usage Month	Distribution Month	Amount
Jan-21	Apr-21	\$ (6,716,871.79)
Feb-21	May-21	\$ (6,506,834.40)
Mar-21	Jun-21	\$ (6,960,349.76)
Apr-21	Jul-21	\$ (7,049,095.02)
May-21	Aug-21	\$ (7,004,052.21)
Jun-21	Sep-21	\$ (6,983,318.93)
Jul-21	Oct-21	\$ (7,676,072.00)
Aug-21	Nov-21	\$ (7,542,889.34)
Sep-21	Dec-21	\$ (8,041,187.95)
Oct-21	Jan-22	\$ (8,833,667.79)
Nov-21	Feb-22	\$ (8,716,036.94)
Dec-21	Mar-22	\$ (9,766,426.24)
Total:		\$ (91,796,802.38)

2. Royalties associated with reported uses of sound recordings that have been successfully matched to their underlying musical works, but for which the copyright owners of such musical works (or shares thereof) have not been identified

Usage Month	Distribution Month	Amount
Jan-21	Apr-21	\$ (4,608,103.31)
Feb-21	May-21	\$ (4,267,228.77)
Mar-21	Jun-21	\$ (4,559,091.62)
Apr-21	Jul-21	\$ (4,892,899.46)
May-21	Aug-21	\$ (4,787,283.44)
Jun-21	Sep-21	\$ (4,814,417.31)
Jul-21	Oct-21	\$ (5,336,868.59)
Aug-21	Nov-21	\$ (4,898,515.27)
Sep-21	Dec-21	\$ (5,234,662.76)
Oct-21	Jan-22	\$ (5,992,112.75)
Nov-21	Feb-22	\$ (5,075,650.38)
Dec-21	Mar-22	\$ (5,314,457.50)
Total:		\$ (59,781,291.15)

3. Royalties associated with reported uses of sound recordings that have been successfully matched to their underlying musical works, and for which the copyright owners of such musical works (or shares thereof) have been successfully identified, but for which such copyright owners have not been located

See Section F.1.e.iv.a.

ii. Royalties held as unclaimed (*i.e.*, the subset of held unmatched royalties that have been held for the statutory minimum length of time and which have become statutorily eligible for distribution by market share under 17 U.S.C. § 115(d)(3)(H)(i) and (d)(3)(J))

The MLC is not treating any held royalties as “unclaimed accrued royalties” within the meaning of 17 U.S.C. § 115(e)(34) and has not distributed any royalties by market share under 17 U.S.C. § 115(d)(3)(H)(i) and (d)(3)(J).

“Unclaimed accrued royalties” defined in 17 U.S.C. § 115(e)(34) refers specifically to royalties eligible for distribution under subsection 17 U.S.C. § 115(d)(3)(J). The MLC uses the term “unclaimed” more narrowly and makes a distinction between unmatched royalties and unclaimed royalties. The MLC uses the term “unmatched royalties” to refer to royalties for musical works where The MLC has not yet matched the data for a particular sound recording use (reported by DMPs) to a musical work in The MLC’s musical works database. The MLC uses the term “unclaimed royalties” to refer to royalties that it has been able to match to a musical work in its musical works database, but for which less than 100% of the ownership shares for that matched musical work have been claimed by a Member of The MLC. For example, if only 80% of a matched musical work has been claimed, the remaining 20% is unclaimed, and The MLC refers to royalties associated with that unclaimed share as “unclaimed royalties.”

iii. Royalties held as disputed (*i.e.*, royalties that are neither unmatched nor unclaimed, but rather are held by The MLC pending resolution of an ownership dispute over a work (or share))

Usage Month	Distribution Month	Amount
Jan-21	Apr-21	\$ (132,596.92)
Feb-21	May-21	\$ (145,382.38)
Mar-21	Jun-21	\$ (149,796.43)
Apr-21	Jul-21	\$ (200,177.06)
May-21	Aug-21	\$ (129,509.47)
Jun-21	Sep-21	\$ (201,757.99)
Jul-21	Oct-21	\$ (261,305.12)
Aug-21	Nov-21	\$ (247,492.46)
Sep-21	Dec-21	\$ (266,181.19)
Oct-21	Jan-22	\$ (387,144.44)
Nov-21	Feb-22	\$ (404,885.90)
Dec-21	Mar-22	\$ (418,715.47)
Total:		\$ (2,944,944.83)

iv. Other royalty amounts held (*e.g.*, royalties owed to matched copyright owners: (1) that have not yet exceeded the minimum threshold for distribution or (2) that are being held pending registration with The MLC)

a. Royalties held: undistributed

Usage Month	Distribution Month	Amount
Jan-21	Apr-21	\$ (1,130,563.11)
Feb-21	May-21	\$ (592,768.49)
Mar-21	Jun-21	\$ (631,254.22)
Apr-21	Jul-21	\$ (525,025.18)
May-21	Aug-21	\$ (894,667.34)
Jun-21	Sep-21	\$ (657,753.58)
Jul-21	Oct-21	\$ (1,178,669.63)
Aug-21	Nov-21	\$ (1,077,107.34)
Sep-21	Dec-21	\$ (669,373.89)
Oct-21	Jan-22	\$ (874,391.26)
Nov-21	Feb-22	\$ 1,266,321.54
Dec-21	Mar-22	\$ (802,451.82)
Total:		\$ (7,767,704.32)

b. Royalties held: historical unmatched

Month Received	Amount
Jan-21	\$ (32,855,221.60)
Feb-21	\$ (391,528,478.79)
Mar-21	\$ (283,824.40)
Apr-21	\$ (175,267.00)
May-21	\$ (175,267.00)
Jun-21	\$ (1,186,416.00)
Jul-21	\$ (2,568,268.82)
Aug-21	\$ -
Sep-21	\$ (385,501.19)
Oct-21	\$ -
Nov-21	\$ (73.35)
Dec-21	\$ 2,296,820.14
Jan-22	\$ -
Feb-22	\$ -
Mar-22	\$ -
Total:	\$ (426,861,498.01)

2. The total amount of any royalties that were subject to an adjustment, as described in 37 C.F.R. § 210.27(k)

The MLC did not receive any adjustments as described in 37 C.F.R. § 210.27(k) for royalties distributed in 2021.

3. Accrued interest, as that term is defined in 17 U.S.C. § 115(e)(1)

a. Interest paid on royalties distributed by The MLC

The MLC paid a total of \$20,133.63 in interest on royalties distributed as a result of reprocessing. This amount is included in the “Royalties distributed pursuant to reprocessing” chart provided in section I.F.1.d.ii.

b. Interest accrued on royalties held by The MLC

The MLC accrued a total of \$339,146.30 in interest on royalties held (see Section I.F.1.e) and not distributed in accordance with 17 U.S.C. § 115(d)(3)(H)(ii)(I).

c. Interest accrued on historical unmatched royalties transferred to The MLC

The MLC accrued a total of \$1,332,227.76 in interest on historical unmatched royalties transferred to The MLC in accordance with 17 U.S.C. § 115(d)(3)(H)(ii)(I).

G. Large Expenses (37 C.F.R. § 210.33(b)(7))

1. Expenses that comprise more than 10 percent of The MLC’s annual budget

The MLC entered into a third-party vendor agreement with The Harry Fox Agency (“HFA”) and ConsenSys to provide services related to the development and support of the following systems and processes: The MLC’s Portal, The MLC’s process for onboarding songwriters, composers, lyricists and music publishers and their respective catalogs, The MLC’s process for matching uses of sound recordings to musical works, and The MLC’s process for distributing mechanical royalties. The MLC did not incur any other expenses that were more than 10 percent of The MLC’s annual budget.

H. Matching Efforts (37 C.F.R. § 210.33(b)(8))

1. The MLC’s efforts to locate and identify copyright owners of “unmatched” musical works (and shares of works) as defined in 17 U.S.C. § 115(e)(35)

a. Staffing and other resources committed to “matching efforts”

Staffing and other resources: The MLC’s Matching Team consists of 25 individuals dedicated almost exclusively to matching sound recordings to musical works. The team has built custom predictive analytics to prioritize work and forecast the likelihood of matching specific sound recordings each month. The team has also built and implemented custom workflows, automated tools, and analytic dashboards to measure and maximize productivity.

Use of public/private databases in online/offline research: The MLC’s Matching Team utilizes over 30 public databases and other research sources to support its matching efforts. These sources include various collective rights management organization databases, music credit databases, DMP websites, content owner websites, and other niche and genre specific sources. The Matching Team does not consider any one source as authoritative. Rather, the team attempts to validate information by cross-referencing multiple sources, as necessary, on a work-by-work basis. The MLC continues to review and engage in discussions to obtain access to third-party data sources.

b. The MLC’s “matching efforts” and efforts to identify copyright owners

Efforts to link sound recordings to musical works: See response in Section A.5.b for information about The MLC’s automated and manual matching process and related efforts to link sound recordings to the musical works.

Existing Member Outreach: The MLC’s Outreach Team conducts monthly outreach to Members whose royalties were deemed undistributable for various reasons by The MLC’s third-party payment processor. (*e.g.*, copyright holders that have not provided complete or correct payment information to The MLC).

Missing Member Outreach: “Missing Members” are rightsholders that are not yet Members of The MLC and may be entitled to collect royalties. In 2021, The MLC initiated a Missing Member outreach campaign that resulted in the addition of 230 payees and payment of \$1,117,666

in total accrued royalties. As part of this campaign, The MLC sent messages to all Missing Members with works or shares of works that were registered in The MLC's database. The MLC's Outreach Team generates a monthly list of Missing Members and attempts to individually contact individuals and entities on the list and assist with the Member onboarding process. The MLC has also launched a Missing Member Lookup database (see Section H.1.c for more information) where individuals and entities can independently search to determine if they are entitled to collect mechanical royalties.

Webinars: As noted in Section A.5.a, The MLC hosted more than 172 webinars in 2021 to educate rightsholders on utilizing support services and available tools to register unmatched musical works. Webinars are archived on The MLC's website at <https://www.themlc.com/webinars-videos>.

c. Tools and support for copyright owners and songwriters to undertake matching and claiming efforts

Data Quality Initiative: In Summer 2020, The MLC launched its Data Quality Initiative (DQI), a streamlined way to compare large catalogs of musical works' data against The MLC's musical works database. Since its launch, more than 600 companies and individuals have reached out to The MLC to participate in the DQI. The MLC has helped perform comparisons covering more than 21 million musical works.

Matching Tool: In October 2021, The MLC launched the Matching Tool, a resource that allows Members to search the unmatched sound recording data The MLC has accumulated from previous royalty distributions and to identify unmatched uses that feature songs registered with The MLC.

Claiming Tool: In 2021, The MLC also largely completed development of the Claiming Tool (launched in January 2022). The Claiming Tool enables Members to search for unclaimed shares of works that have been registered with The MLC by other Members.

Member Support: The MLC Support Team fields inquiries from Members related to the Matching and Claiming Tools and leads educational events for Members to help them learn how to use these tools effectively, including, but not limited to, webinars intended to show Members how to find and utilize both Tools, to educate Members about the outcomes of suggested matches or proposed claims, and to solicit feedback from Members related to the usability of each Tool.

Missing Member Lookup: In Fall 2021, The MLC launched Missing Member Lookup, a searchable database of rightsholders that are not yet Members of The MLC who may be entitled to royalties. The information in this database, which is updated monthly after each distribution, is available via The MLC's website at <https://www.themlc.com/missing-members-lookup>.

Top Unmatched Sound Recording Uses List: In November 2021, The MLC began disseminating a monthly "Top Unmatched Sound Recording Uses List" to Members. This resource lists the top 1,000 sound recording uses previously reported to The MLC that have not yet been matched to a registration in The MLC's musical works database.

Public Search API: The Public Search API allows music publishers and administrators, DSPs, CMOs, music technology companies, and others to retrieve information about musical works in The MLC musical works database.

I. MLC Board (37 C.F.R. § 210.33(b)(9))

1. The MLC’s selection of board members and criteria used in selecting any new board members during 2021

Information regarding The MLC’s governance structure and the open, competitive processes by which members of The MLC’s Board of Directors are selected is set forth in detail in The MLC’s Bylaws and summarized on The MLC’s website at <https://www.themlc.com/governance> and the U.S. Copyright Office’s website at <https://www.copyright.gov/music-modernization/mlc-dlc-info/>.

In 2021, one new Publisher Director was elected for appointment by the Librarian of Congress as a Director of The MLC. Claire McAuley, Senior Vice President of Global Administration at Warner Chappell Music (“WCM”), replaced Paul Kahn as the Mechanical Licensing Collective Liaison (“Collective Liaison”) at WCM. Pursuant to Section 2.2(c) of The MLC’s Bylaws, WCM is a Class C Member of The MLC. Thus, pursuant to Section 4.2(b)(2)(i) of The MLC’s Bylaws, the Collective Liaison at WCM occupies an ex-officio Director seat.

2. The MLC’s selection of members of the Operations Advisory Committee, Dispute Resolution Committee, and Unclaimed Royalties Oversight Committee

Information regarding The MLC’s governance structure and the open, competitive processes by which members of The MLC’s Advisory Committees are selected is set forth in detail in The MLC’s Bylaws and summarized on The MLC’s website at <https://www.themlc.com/governance> and the U.S. Copyright Office’s website at <https://www.copyright.gov/music-modernization/mlc-dlc-info/>.

In 2021, The MLC filled one songwriter vacancy on the Dispute Resolution Committee (“DRC”) and began the process for filling one musical work copyright owner vacancy on the Operations Advisory Committee (“OAC”).

In February, songwriter member Odie Blackmon resigned from the DRC. In April, The MLC’s Board of Directors appointed professional songwriter Amanda Green to fill Mr. Blackmon’s vacated seat. Ms. Green was nominated by the Songwriter Nomination Committee, elected by the Songwriter Directors of The MLC’s Board of Directors and approved by the full Board of Directors pursuant to Section 6.2(a)(3) of The MLC’s bylaws.

In March of 2021 publisher member Joe Conyers III resigned from the OAC. In March of 2022, The MLC’s Board of Directors appointed Melanie Santa Rosa, Senior Vice President, Global Administration, at Spirit Music Group, to fill Mr. Conyers’ vacated seat. Ms. Santa Rosa qualified to serve on the OAC under 17 U.S.C. § 115(d)(3)(D)(iv) of the Copyright Act.

3. Additional committees and their purpose

The MLC's Board of Directors established a Budget Performance Advisory Committee (BPAC) in 2021. The BPAC comprises twelve members: six appointed by The MLC Board of Directors and six appointed by the DLC. The committee consists of the following members:

Members Appointed by The MLC Board of Directors:

Danielle Aguirre (National Music Publishers Association)
Bob Bruderman (Kobalt Music)
Alisa Coleman (ABKCO Music and Records, Inc.)
Joe Gillen (BMG)
Rell Lafarge (Reservoir)
Claire McAuley (Warner Chappell Music)

Members Appointed by the DLC:

Olivia Delao-Ng (Amazon Music)
Matt Eccles (Napster)
Rob McAdam (Pandora)
Jen Rosen (Google)
Lisa Selden (Spotify)
Nick Williamson (Apple)

4. The MLC's efforts to promote the availability of open board and committee positions to potential new candidates with diverse backgrounds, views, and experiences

The inaugural members of The MLC's Board of Directors and Advisory Committees were selected in open, competitive processes by neutral advisory panels of respected members of the music industry. Songwriter members were selected by panels comprised exclusively of songwriters, and music publisher members were selected by panels comprised exclusively of individuals from the independent music publishing community. Today, songwriter members continue to be chosen by songwriters, and publisher members continue to be chosen by publishers.

When vacancies arise, requests for suggestions for new Board of Directors and Advisory Committee members are published across different media outlets and emphasize the requirements under the Music Modernization Act (and The MLC's Bylaws), which include requirements for diverse backgrounds and affiliations. The MLC has the support of organizations from every corner of the music industry. This broad support is reflected by the diverse backgrounds and affiliations of the members of The MLC's Board and Advisory Committees.

J. Vendors (37 C.F.R. § 210.33(b)(10))

1. The MLC's selection(s) of vendor partners

The MLC has engaged a variety of third-party vendors and subcontractors to support its operations in the normal course of business. The MLC did not select any new vendors to perform

materially significant technology or operational services related to The MLC's matching and royalty accounting activities. The MLC did not issue any Requests for Proposals or Requests for Information.

K. Use of Unclaimed Royalties to Defray Costs (37 C.F.R. § 210.33(b)(11))

The MLC did not apply unclaimed accrued royalties pursuant to 17 U.S.C. § 115(d)(7)(C).

L. Suspension of Access to Public Database (37 C.F.R. § 210.33(b)(12))

The MLC did not suspend access to the public database to any individual or entity as described in 37 C.F.R. § 210.33(b)(12).

Attachment A.1: The MLC's Staffing Chart

Analytics & Automation

Andrew Mitchell
Alyssa Lackey
Chad Andersen
Jane Bushmaker
Joshua Swann

CEO

Kris Ahrend

Customer Experience*

Lindsey Major
Ashley A.
Cameryn C.
Faith A.
Fanen D.
Gabrielle H.
Jacob H.
Jessica C.
Jessica D.
Josh H.
Margaret P.
Michelle M.
Morgan H.
Nicholas W.
Raleigh B.
Savannah R.
Tavar B.
Taylor J.

Educational Partnerships

Serona Elton

Finance

Ilene Weintraub
Monique Benjamin
Heath Baird
Israel Hernandez
Margaret Eggers
Susanne Hines
Trang Tran Adara
William White

Human Resources & Administration

Leigh McCorkle
Allie Anderson
Katerine Albert
Renair Jackson

International Relations

Indi Chawla

Legal

Kristen Johns
Nathan Osher
Rick Marshall
Tristen Hulse

Matching**

Andrew Deaton
Bethany Dillingham
Emma Gillis
Erin Jarvis
Gerardo Rojas
Mansir Mohammed
Matthew Estevez
Nancy Prescott

Operations

Joya Carmichael
Brian Kelly
Chandler Bobbitt
Jeff Donnel

Outreach & Education

Ellen Truley
Brianna Gesling
David Felipe
Derek Medeiros
Helena Cook
Kayla Ott
Lacy Cowden
Mallory Fatke
Maria Brannon

Rights Management

Maurice Russell
Baylee Kuss
Evan Lei
Jared Jones
Sean McNamara
Sydney Evans

Technology

Richard Thompson
Alex Barlow
Amanda Turman
Ben Shoemaker
Chris Heredia
Dan Brown
Gabriel Edwards
Katrina Feyintola
Krystal Ribble
Maurice Buckberry
Raphael Amselli

Third-Party Partnerships

Dae Bogan

** Last names are abbreviated for privacy and safety concerns.*

***This does not include 15 temporary staff on the Matching Team.*



**MECHANICAL
LICENSING
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