

THE MLC
MECHANICAL LICENSING COLLECTIVE

FREQUENTLY ASKED QUESTIONS

WHAT IS THE MECHANICAL LICENSING COLLECTIVE (THE MLC)?

The MLC is a **nonprofit organization** designated by the United States Copyright Office (USCO) under the Music Modernization Act (MMA) of 2018. The MLC administers **blanket mechanical licenses** to digital service providers (DSPs) in the U.S. and collects and distributes royalties associated with those licenses to songwriters, music publishers, and other rightsholders.

WHY WAS THE MLC CREATED?

Before the establishment of The MLC, there was no centralized system for collecting and distributing mechanical royalties. The MLC provides a transparent, centralized system for managing mechanical royalties in the U.S. digital music marketplace, transforming a historically fragmented process.

WHO CAN JOIN THE MLC?

Anyone entitled to receive U.S. digital audio mechanical royalties can become a Member of The MLC to collect royalties. This includes songwriters, music publishers and administrators, composers, lyricists, and collective management organizations (CMOs). The MLC has enrolled more than **100,000 Members.**

ARE THERE COSTS ASSOCIATED WITH JOINING THE MLC?

No. There are **no costs** associated with becoming a Member of The MLC, nor are there costs for registering a musical work with The MLC. With operating costs covered by DSPs (as required by Congress), The MLC is able to distribute 100% of the royalties it collects to rightsholders, without deducting a commission or an administration fee.

HOW DOES THE MLC REACH PROSPECTIVE RIGHTSHOLDERS?

Both the MMA and the guidance issued by the USCO require The MLC to undertake extensive efforts to conduct **outreach and educational activities** aimed at reaching the full cross-section of the rightsholder community. The MLC fulfills this responsibility through a variety of initiatives, including outreach and education events, informative webinars, explainer videos, targeted communications, and one-on-one support for rightsholders. These efforts are designed to ensure that all stakeholders are well-informed and equipped to navigate the complexities of music licensing and royalties.

WHAT SUPPORT DOES THE MLC OFFER TO RIGHTSHOLDERS?

The MLC provides extensive, individualized support that is readily available 10 hours a day, 5 days a week, via chat, phone, and email, providing **one-on-one support** to Members and prospective Members alike. The MLC has also developed a **suite of tools** that enable rightsholders to register works, claim their shares of previously registered works, submit proposed matches of their works to unmatched usage, and more.

HOW IS THE MLC FUNDED?

The MLC is funded by DSPs such as Spotify, Apple Music, and Amazon Music, as prescribed in the MMA. The MLC's budget process is a collaborative effort among all key stakeholders including DSPs. Each proposed budget is reviewed by a budget advisory committee that includes members representing DSPs and members representing music copyright owners. Each proposed budget is then presented to The MLC's Board of Directors and the Digital Licensee Coordinator (DLC), the entity designated by the USCO to represent DSPs. Additionally, funding for The MLC's budget is collected after an assessment by the neutral three-judge Copyright Royalty Board (CRB) within the Library of Congress.

WHAT IS THE MLC'S ROYALTY DISTRIBUTION PROCESS?

Each month, DSPs send sound recording usage data and associated mechanical royalties to The MLC. The MLC then matches this data to the musical works data in The MLC's database. Once matched, The MLC distributes the mechanical royalties to its Members on a monthly basis according to the rates determined by the CRB. Since the first royalty distribution in April 2021, The MLC has completed every **monthly royalty distribution** on time or early.

WHO OVERSEES THE MLC'S OPERATIONS?

The MLC's governance structure is set forth in the MMA. It is led by a Board of Directors that is comprised of fourteen individuals: ten must be representatives of music publishers, including independent publishers, and four must be professional songwriters who retain and license mechanical rights for songs they have written. There are also three nonvoting Board Members representing trade organizations for songwriters, music publishers, and DSPs, respectively. The Board of Directors also receives guidance and support from three advisory committees, which are comprised of songwriters and representatives of musical work copyright owners and DSPs.

WHAT IS THE DIFFERENCE BETWEEN THE MLC AND PERFORMING RIGHTS ORGANIZATIONS (PROS)?

The MLC and performing rights organizations (PROs) serve distinct roles in music royalty collection and distribution. The MLC is responsible for collecting and distributing mechanical royalties generated from the reproduction and distribution of music, including digital streams and downloads. In contrast, PROs like ASCAP, BMI, SESAC, GMR, and AllTrack manage public performance royalties, which are generated when a song is publicly played – such as on radio, TV, in live venues, or on streaming platforms where the music is performed publicly. While both deal with music royalties, The MLC handles royalties from the reproduction of music, whereas PROs handle royalties from the public performance of music, with each type of royalty being calculated differently.

WHAT IMPACT HAS THE MLC HAD ON THE MUSIC INDUSTRY?

The MLC has made a significant impact on the global music industry, achieving total royalties processed of **over $5 billion.** With more than **100,000 Members** across the U.S. and around the world, The MLC serves a diverse and growing community. It collaborates with more than **110 CMOs** that represent rightsholders in more than **120 countries**, ensuring a global reach. The MLC also partners with more than **120 music distributors** serving customers in more than 20 countries through its public data portal for independent music distributors. Notably, The MLC maintains a consistent track record of timely or early royalty distributions every month. Additionally, The MLC's public database has more than **60 million works**, with a match rate of **over 92%**. By providing a publicly accessible database, clear visibility into the royalty distribution process, and detailed monthly royalty distribution information, The MLC has significantly increased transparency across the industry.