



**MECHANICAL
LICENSING
COLLECTIVE**

Policy for the Distribution of Unclaimed Accrued Royalties

Pursuant to 17 U.S.C. § 115(d)(3)(J)

September 2026

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1. Overview

- 1.1. This policy sets forth The MLC's standard procedures for the distribution of Unclaimed Accrued Royalties ("UAR") and Accrued UAR Interest pursuant to 17 U.S.C. § 115(d)(3)(J), as established by the Unclaimed Royalties Oversight Committee and approved by The MLC's Board of Directors.

2. Scope of Policy

- 2.1. This policy applies to The MLC's distributions of UAR and Accrued UAR Interest associated with usage reported under the Blanket License, beginning with the January 2021 Reporting Period. It does not address distributions of UAR and Accrued UAR Interest for historical Reporting Periods before 2021.

3. Definitions

- 3.1. "Accrued UAR Interest" means interest accrued on Unclaimed Accrued Royalties as described in 17 U.S.C. § 115(d)(3)(H)(ii).
- 3.2. "Blanket License" has the same meaning as in 17 U.S.C. § 115(e)(5).
- 3.3. "Blanket Licensee" has the same meaning as in 37 C.F.R. § 210.22(b).
- 3.4. "Blanket Royalties" means "accrued royalties" as defined in 17 U.S.C. § 115(e)(2).
- 3.5. "Claimed Share" has the same meaning as defined in Section 5.1(i)(A).
- 3.6. "Covered Activities" means "covered activity" as defined in 17 U.S.C. § 115(e)(7).
- 3.7. "Database" means The MLC's musical works database.
- 3.8. "Database Snapshot" means the information in the Database as of a particular date used for a particular UAR Distribution. Where a distribution of Blanket Royalties will be accompanied by a UAR Distribution, the Database Snapshot that The MLC uses for the UAR Distribution will be the same Database Snapshot it uses for the distribution of Blanket Royalties.
- 3.9. "Dispute" has the same meaning as in Section 3.6 of The MLC's Dispute Policy: Musical Work Ownership.
- 3.10. "Individual Download License" has the same meaning as in 17 U.S.C. § 115(e)(12).
- 3.11. "Member" means a properly registered member of The MLC.
- 3.12. "MMA" means the Orrin G. Hatch-Bob Goodlatte Music Modernization Act.
- 3.13. "Monthly Royalty Statement" means a monthly royalty statement provided by The MLC to a copyright owner pursuant to 37 C.F.R. § 210.29.
- 3.14. "Offering" means each individual activity or offering reported to The MLC pursuant to 37 C.F.R. § 210.27.
- 3.15. "Payee" means the individual or entity identified in the Database to receive royalty distributions from The MLC.
- 3.16. "Reporting Period" means the monthly period during which Blanket Licensees used one or more Work(s).
- 3.17. "Reprocessing" means the act of engaging in subsequent efforts to match Usage Data

that is not matched upon initial reporting to a Work registered in the Database.

- 3.18. “Share” means a specified portion of a Work identified as a percentage of such Work (e.g., based on a share of ownership).
- 3.19. “Suspense” means a status describing royalties that are being accrued and held by The MLC outside of the ordinary monthly royalty distribution cycle (e.g., pending resolution of a Dispute, legal claim, internal review or investigation, or other similar issue).
- 3.20. “UAR Distribution” means a distribution of Unclaimed Accrued Royalties and associated Accrued UAR Interest.
- 3.21. “Unclaimed Accrued Royalties” or “UAR” has the same meaning as in 17 U.S.C. § 115(e)(34).
- 3.22. “Usage Data” means applicable identifying information reported by Blanket Licensees to The MLC in accordance with 37 C.F.R. § 210.27 for Works (and sound recordings embodying such Works) used under the Blanket License and in Covered Activities under Voluntary Licenses and Individual Download Licenses.
- 3.23. “Voluntary License” has the same meaning as in 17 U.S.C. § 115(e)(36).
- 3.24. “Work” means a musical work, including any accompanying words.
- 3.25. “Work/Share” means a Work or Share, as applicable.
- 3.26. “Work/Share Administration Activities” means any activities through which a Member may register, claim, or match a Work or Share, including but not limited to the activities specified in Section 4.1(ii).

4. Standards for Making UAR Distributions

- 4.1. Before proceeding with a UAR Distribution for a particular Reporting Period, The MLC shall engage in reasonable, good-faith, and commercially practicable efforts to maximize matching, claiming, and copyright owner identification with respect to Usage Data for such Reporting Period. This standard is deemed satisfied where, consistent with applicable statutory requirements and best-practice recommendations of the U.S. Copyright Office, The MLC establishes, maintains, and operates infrastructure supporting such efforts, executes relevant processes over a sustained, multi-year period, and satisfies the following minimum requirements:
 - (i) The MLC engages in reasonable efforts to match the Usage Data for the Reporting Period to Works registered in the Database. This standard is deemed satisfied where The MLC, at minimum:
 - (A) Employs automated, computerized processes, designed to efficiently match large volumes of data, to reasonably attempt to match the Usage Data for the Reporting Period.
 - (B) Employs manual, human-led processes to reasonably attempt to match the Usage Data for the Reporting Period.
 - (C) Provides tools and services that enable Members to engage in Work/Share Administration Activities, including as described in Section 4.1(ii), and specifically including the ability to review any Usage Data from a Reporting Period that The

MLC has not matched and to propose matches to registered Works as described in Section 4.1(ii)(B).

- (D) Implements processes designed to validate the overall accuracy of automated, manual, and Member-proposed matches.
 - (E) Conducts repeated Reprocessing efforts over time, including Reprocessing remaining Unclaimed Accrued Royalties at least once within 90 days preceding the Database Snapshot for the scheduled distribution.
 - (F) Leverages, as reasonably appropriate, third-party data sources, supplemental matching vendors, and industry partnerships.
- (ii) The MLC maintains public- and Member-facing tools and services that enable access to information and the ability to conduct Work/Share Administration Activities, and makes such tools and services reasonably accessible through commonly used platforms and technologies. This standard is deemed satisfied where The MLC, at minimum, provides:
- (A) Tools and services to support submission of Work registrations, including both individual and bulk options.
 - (B) Tools and services that enable Members to review any Usage Data from a Reporting Period that The MLC has not matched and to propose matches to registered Works. The MLC shall make such tools and services available to Members with respect to the Usage Data for the relevant Reporting Period for a period of at least five (5) years.
 - (C) Tools and services that enable Members to search for Works registered with The MLC for which less than one hundred percent (100%) of Shares have been claimed and to submit claims with respect to such Shares. With respect to such partially claimed Works, The MLC shall provide functionality enabling identified copyright owners to notify unidentified copyright owners of their unclaimed ownership Shares.
 - (D) Tools and services to enable Members to initiate Disputes.
 - (E) Tools and services through which songwriters may identify and submit information to The MLC regarding potential matches.
 - (F) Tools and services through which songwriters may identify and submit songwriter information to The MLC regarding potential data corrections and additions.
 - (G) Opportunities for stakeholders to provide feedback in support of the ongoing development and refinement of its public-facing tools and services and their functionality.
- (iii) The MLC makes reasonable efforts to engage in education and outreach to music publishers, songwriters, and other industry stakeholders regarding: (1) the framework established by the MMA, including the creation of the Blanket License, the role of The MLC, and the legal requirements governing UAR Distributions; and (2) how to engage in Work/Share Administration Activities. This standard is deemed satisfied where The MLC, at minimum:

- (A) Broadly publicizes its role, systems, tools, and processes through multiple communication channels, including through music industry- and non-industry-specific channels and other broadly accessible media.
- (B) Engages in in-person education and outreach activities, including activities directed specifically toward songwriters and other creators, including, to the extent reasonably practicable, opportunities for direct interaction with representatives of The MLC.
- (C) Pursues partnerships, to the extent reasonably practicable, with organizations and entities capable of supporting education and outreach efforts, including songwriter and other creator and copyright owner groups, trade associations, collective management organizations, performing rights organizations, Blanket Licensees and other digital services, educational institutions, and arts or cultural organizations.
- (D) Develops and makes available publicly accessible educational materials to facilitate understanding of its systems, tools, and processes.
- (E) Conducts outreach efforts directed toward a wide range of songwriters and other creators and copyright owners with the objective of improving awareness of and access to The MLC, including efforts reasonably tailored to address differences in language, geography, resources, and levels of industry familiarity.
- (F) Monitors the effectiveness of its education and outreach efforts and refines such efforts, as appropriate, based on participation trends, engagement indicators, and stakeholder feedback.

5. Market Share Calculation and UAR Allocation Process

- 5.1. For each Blanket Licensee and Offering, The MLC will separately calculate each copyright owner's share of UAR and Accrued UAR Interest on a Work/Share basis for each Claimed Share as reflected in the applicable Database Snapshot and then determine each Member's relative market share by adding up the sum of UAR allocated to all of their Claimed Shares in accordance with the following process:
 - (i) **Step 1: Determine the Distributed Pool and the UAR Pool.** For each Reporting Period, Blanket Licensee, and Offering, The MLC will identify: (1) the total amount of Blanket Royalties for all Claimed Shares (the "Distributed Pool"); and (2) the total amount of UAR (the "UAR Pool").
 - (A) A "Claimed Share" is a Share that, for the applicable Reporting Period, Blanket Licensee, and Offering: (1) received a distribution of Blanket Royalties; (2) would have received a distribution of Blanket Royalties if the Claimed Share had not been subject to a Voluntary License or Individual Download License; or (3) would be categorized under (1) or (2) if royalties associated with the Claimed Share were not being held in Suspense.
 - (B) For each applicable Claimed Share that did not receive a distribution of Blanket Royalties, The MLC will calculate and apply the Blanket Royalties that would have been distributed in connection with such Claimed Share but for being subject to a Voluntary License or Individual Download License or being held in Suspense.

- (ii) **Step 2: Calculate the pro-rata value of the Distributed Pool for each Claimed Share.** For each Reporting Period, Blanket Licensee, and Offering, The MLC will calculate each Claimed Share's pro-rata percentage of the Distributed Pool by dividing the Claimed Share's Blanket Royalties (including as calculated under Section 5.1(i)(B)) by the Distributed Pool.
- (iii) **Step 3: Apply each Claimed Share's pro-rata percentage of the Distributed Pool to the UAR Pool.** For each Reporting Period, Blanket Licensee, and Offering, The MLC will allocate UAR among Claimed Shares pro-rata, based on the Claimed Share's percentage of the Distributed Pool as calculated pursuant to Step 2.
- (iv) **Step 4: Calculate each Member's market share of the UAR Pool.** For each Member, add up the value of the pro-rata shares of the applicable UAR Pool for each Claimed Share for which that Member is identified as the Payee under Section 6.2 to determine their market share of the UAR Pool.
- (v) **Step 5: Distribute allocated UAR to Members.** Distribute the amount of UAR calculated under Step 4, along with associated Accrued UAR Interest, to the appropriate Payee in accordance with Section 6.

6. UAR Distribution Process

- 6.1. The MLC will schedule UAR Distributions to occur monthly, contemporaneously with The MLC's monthly Blanket License royalty distributions. Subject to 17 U.S.C. § 115(d)(3)(J)(i)(I), The MLC reserves the right to adjust the timing of individual UAR Distributions, in whole or in part, in its discretion, except that The MLC will not make a UAR Distribution for any Reporting Period for which the requirements of Section 4.1 have not been satisfied.
- 6.2. As a matter of reasonable administrability, The MLC will distribute UAR and Accrued UAR Interest to the Payee identified in the Database as of the applicable Database Snapshot, except where (1) a Dispute or investigation concerning the proper Payee exists, or (2) The MLC is notified in writing before the Database Snapshot that such Payee is not legally authorized to receive the distribution. No distribution made in accordance with this Section alters or prejudices any party's legal entitlement to any distributed funds or any party's ability to pursue recovery of such funds directly from a party other than The MLC in the event such funds were not distributed to that party by The MLC.
- 6.3. Where, as of a Database Snapshot, The MLC is holding royalties associated with a Work/Share in Suspense, such royalties are not Unclaimed Accrued Royalties if there is a Payee involved in the matter to whom such royalties may be paid following resolution of the matter. In such cases, The MLC will allocate UAR and Accrued UAR Interest to the Work/Share as described in Section 5, but will hold the allocated UAR and Accrued UAR Interest in Suspense pending resolution of the matter giving rise to the hold. The MLC will distribute such UAR, and any additional Accrued UAR Interest earned during the Suspense period, following resolution of the matter consistent with this Section.
- 6.4. The MLC will make reasonable efforts, in accordance with its established workflows and timelines, to process updates resulting from Work/Share Administration Activities that occur before the applicable Database Snapshot, and to ensure that the results of such Work/Share Administration Activities are accounted for in the calculations made

pursuant to Section 5 for the relevant Reporting Period.¹

- 6.5. Except to the extent that this policy may be amended as contemplated by Section 6.7, and subject to the post-UAR Distribution error correction process set forth in Section 6.6, all completed UAR Distributions shall constitute the final disposition of the applicable UAR and Accrued UAR Interest.
- 6.6. Where The MLC distributes UAR and Accrued UAR Interest to an incorrect party as a result of an error caused by The MLC, The MLC will engage in reasonable efforts to correct such error after becoming aware of it (e.g., by applying debits or credits where possible). For purposes of this Section, an error shall not be deemed to be caused by The MLC where The MLC acts in accordance with this policy or reasonably relies on information provided by Members, Blanket Licensees, or other third parties that is subsequently determined to be inaccurate.
- 6.7. This policy does not address the handling of any reports of adjustment that may be submitted by Blanket Licensees pursuant to 37 C.F.R. § 210.27(k)(6) for a period that has already been subject to a UAR Distribution. The MLC may amend this policy to do so in the future as appropriate.
- 6.8. As part of each UAR Distribution The MLC will credit each Member's account with the full amount of UAR and Accrued UAR Interest allocated to each Claimed Share for which that Member is identified as the Payee under Section 6.2. The MLC will pay such royalties to the Member when the cumulative amount of unpaid Blanket Royalties (and associated interest) and UAR (including associated Accrued UAR Interest) credited to the Member's account equals or exceeds the thresholds set forth in 37 C.F.R. § 210.29(h)(2). The MLC will hold and continue to accrue interest on such royalties until the cumulative amount of unpaid Blanket Royalties (and associated interest) and UAR (including associated Accrued UAR Interest) credited to the Member's account equals or exceeds the thresholds set forth in 37 C.F.R. § 210.29(h)(2).
- 6.9. The MLC will report UAR Distributions to copyright owners as follows:
 - (i) The MLC will provide the following minimum information for each UAR Distribution, which will be reported separately for each Reporting Period, Blanket Licensee, and Offering:
 - (A) An identification of each Claimed Share for which the Member receiving the Monthly Royalty Statement is identified as the Payee under Section 6.2, which will consist, at minimum, of the following information:
 - (1) The Work name, including primary and any alternative and parenthetical titles for the Work known to The MLC.
 - (2) The international standard musical work code (ISWC) for the Work, to the extent it is known to The MLC.
 - (3) The MLC's standard identification number (MLC Song Code) of the Work.
 - (4) The administrator's unique identifier for the Work, to the

¹ For information about The MLC's established workflows and related processing timelines, please refer to The MLC's website at: <https://www.themlc.com/marketshare>.

extent one has been provided to The MLC by a copyright owner or its administrator.

(5) The name(s) of the songwriter(s), to the extent they are known to The MLC.

(6) The Share owned or controlled by the copyright owner.

(B) For each Claimed Share identified in Section 6.9(i)(A):

(1) The name of the Blanket Licensee and, if different, the trade or consumer facing brand name(s) of the service(s), including any specific Offering(s), through which the Blanket Licensee engages in Covered Activities.

(2) The service tier or service description.

(3) The use type (download, limited download, or stream).

(4) The amount of Blanket Royalties (including as calculated under Section 5.1(i)(B)).

(5) The amount of Unclaimed Accrued Royalties distributed.

(6) The amount of Accrued UAR Interest distributed.

(C) The Distributed Pool.

(D) The UAR Pool.

(E) A step-by-step explanation of the calculation of UAR under Section 5.

(ii) The information required to be reported under Section 6.9(i) will be contained within the Monthly Royalty Statement for the month in which the applicable UAR Distribution is made and will be accompanied by a certification that includes:

(A) The name of the person who is signing and certifying the statement.

(B) A signature of a duly authorized officer of The MLC.

(C) The date of signature and certification.

(D) The title or official position held by the person who is signing and certifying the statement.

(E) The following statement: This statement was prepared by the Mechanical Licensing Collective and/or its agent using processes and internal controls that were suitably designed to generate monthly statements that accurately allocate royalties using usage and royalty information provided by digital music providers and musical works information as reflected in the Mechanical Licensing Collective's musical works database.

(F) The certification will also include a statement establishing that such processes and internal controls were subject to an examination, during the past year, by a licensed certified public

accountant in accordance with the attestation standards established by the American Institute of Certified Public Accountants, the opinion of whom was that the processes and internal controls were so suitably designed.

7. Publicizing UAR Distributions

- 7.1. Pursuant to 17 U.S.C. § 115(d)(3)(J)(iii)(II), The MLC will continue to “engage in diligent, good-faith efforts to publicize, throughout the music industry” the following, at minimum:
 - (i) The existence and purpose of The MLC.
 - (ii) The existence and nature of UAR and Accrued UAR Interest.
 - (iii) The ability to engage in Work/Share Administration Activities, including the ability to claim UAR.
 - (iv) Methods and instructions for engaging in Work/Share Administration Activities, including the procedures by which copyright owners may identify themselves and provide contact, ownership, and other relevant information to The MLC in order to receive royalty payments.
 - (v) Any pending UAR Distribution, not less than 90 days before the date on which the distribution is made.
- 7.2. Pursuant to 17 U.S.C. § 115(d)(3)(J)(iii)(III), The MLC will continue to participate in music industry conferences and events for the purpose of publicizing the information described in Section 7.1, including by continuing to reach as wide a music industry audience as reasonably possible, including the international music community.
- 7.3. As part of The MLC’s publicization efforts, it will maintain a regularly updated webpage that contains the following information or links to such information about upcoming UAR Distributions:
 - (i) A summary of the framework established by the MMA, including the creation of the Blanket License, the role of The MLC, and the legal requirements governing the distribution of UAR and Accrued UAR Interest.
 - (ii) A description of The MLC’s responsibilities under the MMA, including its obligations with respect to the distribution of UAR and Accrued UAR Interest.
 - (iii) An explanation of what constitutes UAR and the circumstances under which royalties become UAR.
 - (iv) A description of the methodology The MLC uses to allocate and distribute UAR and Accrued UAR Interest.
 - (v) Simple and clear step-by-step instructions describing how to conduct Work/Share Administration Activities.
 - (vi) A description of the timing of applicable Database Snapshots.
 - (vii) The scheduled distribution date.
 - (viii) The total amount of UAR to be distributed if no further matching or Work/Share Administration Activities occur, or if the classification of any Work/Share does not

otherwise change, broken down by Reporting Period, and provided both with and without Accrued UAR Interest included.

- 7.4. The MLC will, in accordance with 17 U.S.C. § 115(d)(3)(J)(iii)(II)(dd), issue a notice at least 90 days before each UAR Distribution announcing the pending distribution and containing a link to the webpage described in Section 7.3. Such notice will be made available to Members through a Member newsletter and to the general public via the posting of such newsletter to The MLC's website.
- 7.5. After each UAR Distribution, The MLC will issue a notice to Members through a Member newsletter and to the general public via the posting of such newsletter to its website. Such notice will include:
 - (i) The total amount of UAR distributed, broken down by Reporting Period, and provided both with and without Accrued UAR Interest included.
 - (ii) The amount of any remaining UAR from the relevant Reporting Period(s) that The MLC is continuing to hold, provided both with and without Accrued UAR Interest.

8. Transparency

- 8.1. The MLC will publish this policy on its website and announce its adoption publicly.
- 8.2. The policy will be accompanied by FAQs and other materials explaining the policy and distribution process in layperson's terms.
- 8.3. Any material amendment to the policy will be publicly announced before it becomes effective.