



SESAC Settlement “FAQ’s”

1. What is the key “takeaway” of the settlement agreement with SESAC?

SESAC regulation with regard to radio license fee rate-setting for the first time in SESAC’s 85-year history! The settlement encompasses a binding arbitration process over 22 years and a host of attendant protections that are intended to mirror the longstanding ASCAP and BMI federal rate court process which is the result of consent decrees agreed to between the U.S. Department of Justice, Antitrust Division and ASCAP and BMI, and which have benefitted our industry greatly.

2. How will the settlement benefit my radio company in terms of SESAC fees?

- In the absence of a voluntary agreement, SESAC will submit to binding arbitration in order to set reasonable license fees to be offered the radio industry through the RMLC. This binding arbitration period will encompass 22-years commencing 2016 and no historic SESAC rates may receive precedential value.
- SESAC’s rates will be frozen at existing 2015 levels, with no opportunity for SESAC to attempt further rate increases until the parties’ negotiations or arbitration are concluded covering rates for the license term 2016 through 2018.
- SESAC will continue to offer its existing All-Talk Amendment discount of 75% to operators of talk-format stations.
- SESAC will refrain from pursuing pending audit claims or instigating new audits.

3. What additional settlement benefits should I be aware of?

- SESAC will pay the RMLC some \$3.5 million as compensation for legal costs incurred by the RMLC in connection with prosecuting the antitrust case against SESAC.
- The scope of rights to be covered under future SESAC licenses will mirror the coverage that traditional operators currently enjoy with ASCAP and BMI, and SESAC commits to consolidating (as of 2016) its current three separate license structure for over-the-air, HD radio and streaming into a single license.
- SESAC’s writer and publisher affiliates will have greater ability to license works directly to radio station operators.
- In terms of pressing copyright infringement claims against stations, SESAC will be limited to pursuing only claims on works that have been posted to their online repertory search tool for at least 45 days. Additionally, SESAC must divulge, in addition to song title, the time and date of all alleged claims of infringement.
- SESAC will enhance its online repertory search offerings in order to support more user-friendly identification of SESAC works (including commercials and incidental music).

4. What steps must I take to have my station(s) participate in the SESAC settlement?

First, **in order to participate in and receive the benefits of the settlement, a station must “opt-in” for RMLC representation by completing and returning an Authorization form to the RMLC by no later than October 31, 2015.** The Authorization may be downloaded at the “Forms” tab on the RMLC website: www.radiomlc.org. Second, to be eligible to participate, a station must be less than six (6) months in arrears to SESAC (as of December 31, 2015).

5. If my stations elect to opt-in to the settlement terms and to be represented by the RMLC in negotiations and/or arbitrations with SESAC, will we be required to pay the RMLC an annual assessment?

Yes. As is the case with respect to RMLC industry representation linked to the ASCAP and BMI licenses, stations electing to opt-in to the SESAC settlement will also be required to make a separate annual payment to the RMLC so that the RMLC will have the necessary resources to effectively execute arbitrations that are expected to cost \$3- to \$4-million each. We estimate that the amount of this annual SESAC assessment will approximate 50% of the combined ASCAP and BMI annual amount that you are already accustomed to paying the RMLC. At the RMLC’s discretion, this assessment may be billed and collected by SESAC (as part of its regular billing process) and remitted to the RMLC. We expect the first annual billing to occur by January, 2016.