



1 UPPER JAMES STREET
LONDON W1F 9DE
T +44 (0)20 7534 1000
F +44 (0)20 7534 1111
ppluk.com

IVOR THOMAS (AMUSEMENTS) LTD

100 Grange Road

RAMSGATE
Kent
CT11 9PX

17 January 2018

Dear Sir/Madam

Ending our agency arrangement for the collection of PPL background music public performance licensing fees

I am writing to your organisation in your capacity as a BACTA member which has historically acted on behalf of PPL to collect public performance licensing fees for the use of background music at the venues you supply. As explained further below, significant developments in how PPL undertakes public performance licensing mean that we now wish to bring our agency arrangement with you to an end.

As you may be aware, PPL and PRS are entering into a joint venture to collect public performance licensing fees from all UK businesses and organisations requiring such a licence. This new venture, based in Leicester, is called PPL PRS Ltd and we anticipate that it will commence operations in early 2018. One of the key aims of PPL and PRS in forming the joint venture is to simplify public performance licensing for our customers, by covering the permissions needed from both PPL and PRS in one simple transaction. There is clear desire for that simplification from our customers, and we are pleased to be addressing it.

The agency arrangements that we have previously operated with BACTA members such as yourselves are admin-intensive for all parties, not least because the BACTA member has to pay the PPL fees in full in advance to PPL for each venue and then recoup those fees from the venues in instalments. Further, the current arrangement is not a one-stop-shop because the venue is then required to take out a separate licence with PRS, and also potentially obtain additional licences directly from PPL if they have other (non-background) usage of recorded music such as discos or music on hold etc.

Having considered matters carefully, PPL is of the view that the right approach going forwards is for PPL PRS Ltd to license the relevant venues directly instead. Channelling all such licensing directly through PPL PRS Ltd will maximise the benefit for licensees, by covering all of their PPL and PRS licensing requirements in a single transaction. It will also resolve the inefficiencies, for all parties, of the current process.

PPL met with BACTA on 26th June 2017 and 12th December 2017 to discuss this proposed new approach also to discuss how we can work together to respond to future changes in the market. Following those BACTA discussions, and with the launch of PPL PRS Ltd now imminent, we are now in a position to formally notify you about bringing our current agency arrangement to an end. Please see further below.

Formal notification

With effect from 5 February 2018, you will no longer be authorised to act on PPL's behalf to issue any new licences (including renewals) for the public performance of background music.

Please note:

- For those venues where you have already issued background music licences which are fully paid-up but have not yet expired, those licences will remain in place until their expiry date, at which point the venue will then be transferred to the new joint licence from PPL PRS Ltd. This will keep things simpler for you and the relevant venues, as it avoids the need for you to have to issue credits to those venues.
- Similarly, for those venues where you have already issued background music licences but the venue has not yet paid you in full, we are happy for you to continue to collect the outstanding instalments from that venue for that existing licence. Again, when the venue's current licence expires it will be transferred to the new joint licence.

Please also note that the ending of the agency arrangement regarding background music licences does not affect any ongoing agreement you have with PPL in relation to the collection of jukebox public performance fees.

Next steps

As part of the preparations for the launch of PPL PRS Ltd, PPL will be contacting all its licensees – including those who have been licensed via yourselves – with more information about transitioning to the joint licence.

To help ensure that we can make appropriate contact with all our customers, please provide, within 14 days of the date of this letter, a full and up-to-date list of all venues to whom you have issued background music public performance licences. This should include:

- the name of the venue operator/owner,
- the full venue address including postcode,
- telephone number, and contact name
- the date on which their current background music licence expires

In addition, you are of course welcome to communicate directly with the venues you supply about the change in background music licensing arrangements if you wish (for example, to let them know that their other services from yourselves will be unaffected). If you would like any assistance from us in that regard, please do let us know. We would suggest that, where you intend to retain customers who you provide with music systems and/or music content, you may wish to contact them to explain that this element of your service will remain unaffected.

We look forward to receiving the above customer details within the next 14 days. If you have any queries with regards to the contents of this letter please do not hesitate to contact me on the contact details below. I also would like to take this opportunity to thank your organisation for having acted as PPL's background music licensing agent.

Kind regards,



Head of Dubbing & Tariff Development