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GEMA publishes new music-on-demand rates

GEMA publishes a new rate for the compensation for music use by streaming services, which are free for the end user.

This rate is designed especially for providers of music-on-demand platforms financed by advertisements. In the future, 10.25% of the revenues generated by music use will be allocated for compensation to the authors and their publishers represented by GEMA, so that they have an appropriate participation in the use of their rights. The rate model will be supplemented by a graduated minimum compensation of 0.6 cents per stream for services with a high rate of interactivity, 0.31 cents per stream for services with a medium rate of interactivity, and 0.025 cents per stream for services with a low rate of interactivity. If a joint contract is agreed upon, the profit share will be reduced to 8.2%, and as a result of the usual joint contract rebate the minimum compensation will be reduced to the minimum compensations of 0.48 cents (high interactivity), 0.25 cents (medium interactivity) and 0.02 cents (low interactivity) per stream.

With this rate, GEMA is taking a big step in the direction of the providers of free streaming services, and thus guarantees a balance between the requirements of the market and the demands of the authors for appropriate compensation.

GEMA was able to reach an agreement only recently with the high-tech association BITKOM for providers of fee-based music-on-demand services.

Parallel to the new rate for free available streaming services, GEMA publishes in the Bundesanzeiger (the German Federal Gazette) two additional rates for music-on-demand, which reflect the contents of the joint contract with BITKOM. On the basis of the BITKOM agreement, right now GEMA is already negotiating with many online providers to conclude individual contracts. One can reckon with the first positive results starting in January 2012.

With these three rates, overall GEMA is publishing a new, reformed rate system for practically every application and business model in the area of music-on-demand. On this basis, now free – which means especially fee-based – and freemium business models and business models financed by advertisements with music contents can be licensed according to a uniform rate system.

GEMA represents in Germany the copyrights of more than 64,000 members (composers, text authors, and music publishers), as well as over two million copyright holders all over the world. It is worldwide one of the largest author societies for music works.

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