

CONFIDENTIAL

MEMO TO MEMBERS OF CAPACOA, CAFE AND CLMA

FEBRUARY 2024

**RE:SOUND TARIFFS 5.A, 5.B, 5.D, 5.E, 5.F, 5.G, 5.I & 5.J – LIVE EVENTS (2016-2025)
SETTLEMENT BETWEEN RE:SOUND, CAPACOA, CAFE AND CLMA**

Re:Sound, CAPACOA, CAFE and CLMA have reached an agreement with respect to Re:Sound Tariffs 5.A, 5.B, 5.D, 5.E, 5.F, 5.G, 5.I and 5.J – Live Events for the period of 2016-2025. This agreement includes rate increases on account of the increase to Re:Sound’s repertoire resulting from U.S. sound recordings becoming eligible for equitable remuneration in Canada through the coming into force of the Canada-U.S.-Mexico Free Trade Agreement (CUSMA) and the implementation of national treatment. Where applicable, rates have also been increased to reflect inflation since the rates were last adjusted, in accordance with the longstanding practice of the Copyright Board.

The new tariffs for 2016-2025 including the new rates are attached to this memo.

Repertoire Increase

The royalties collected by Re:Sound on behalf of performing artists and record labels now include U.S. sound recordings. This change is a result of Canada’s ratification of the Canada-U.S.-Mexico Free Trade Agreement (CUSMA) which requires Canada to provide the same rights to U.S. sound recordings as it does to Canadian sound recordings. Re:Sound’s previous tariff rates were set at a fraction of SOCAN’s because Re:Sound did not previously collect for U.S. recordings. Now that Re:Sound collects for U.S. recordings, its rates have been adjusted accordingly.

We appreciate that this will result in an increase in the royalties payable by your organizations, and that the timing is particularly difficult in view of the lingering impacts of the COVID-19 pandemic. However, without a rate increase which corresponds to the increase in eligible sound recordings and rights holders resulting from this legislative change, performers and makers (who have also seen their livelihoods severely impacted by the pandemic) will not receive the royalties to which they are entitled.

Although the change is effective as of July 1, 2020, Re:Sound intentionally refrained from pursuing these rate increases until pandemic restrictions were lifted and economic recovery had begun. Having now waited 3 ½ years, Re:Sound must obtain the required rate increases to ensure that all eligible performing artists and record labels are fairly and equitably compensated.

Re:Sound has agreed to waive the rate increases for the period of July 1, 2020 to August 31, 2022 for members of CAPACOA, CAFE and CLMA, provided they pay their new royalty fees when due.

Merger of Tariff 5.A and 5.K

As part of the agreement, the previous Re:Sound Tariff 5.A has been merged with Re:Sound Tariff 5.K into a new single tariff (now called Tariff 5.A), which adopts the rates and structure of the former Tariff 5.K. This was a change proposed by CAPACOA and CLMA, to help simplify and reduce the number of tariffs applicable to their members.

Tariff 5.D – Additional Rate Tiers

At the request of CAPACOA, CLMA and CAFE, additional rate tiers have been added to Tariff 5.D, to accommodate a wider range of event sizes and lessen the impact of moving between tiers.

Tariff 5.J – Annual Minimum Fee

At the request of CAPACOA and CLMA, an annual minimum fee has been introduced to Tariff 5.J, to lessen the burden on organizations which hold multiple small concerts in a year.

Timing of New Fees

Members of CAPACOA, CAFE, and CLMA are required to pay the difference between the new rates and the amounts they previously paid under the old rates, for the period of September 1, 2022 to December 31, 2023, by **May 1, 2024**. No interest is payable for members that pay the amounts owing by May 1, 2024.

The new rates will apply to all future payments, as of January 1, 2024, and for the remainder of the term of the agreement, which goes to December 31, 2025.

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The terms of this agreement are confidential and are not be shared outside of your organization.