



July 21, 2025

Via email

Emily Chapuis
Acting General Counsel and Associate Register of Copyrights
United States Copyright Office
Library of Congress
101 Independence Ave. SE
Washington, DC 20559-6000

Re: Summary of The MLC's July 10 and July 14, 2025 Ex Parte Meetings with the Copyright Office Concerning Docket No. 2024-1, Periodic Review of the Designations of the Mechanical Licensing Collective and Digital Licensee Coordinator

Dear Ms. Chapuis,

This letter summarizes the videoconferences that took place on July 10, 2025 and July 14, 2025 (the "July 2025 Meetings") between the Mechanical Licensing Collective ("The MLC") and representatives of the Copyright Office (the "Office").

The people participating in the July 25 Meetings for The MLC were Kris Ahrend (Chief Executive Officer), Rick Marshall (General Counsel), Ellen Truley (Chief Marketing and External Affairs Officer), Ilene Weintraub (Chief Financial Officer) and outside counsel Benjamin Semel (Pryor Cashman). The people participating on behalf of the Office were Emily Chapuis, Michael Druckman, Jalyce Mangum, and John Riley.

The following summarizes the discussion:

The MLC discussed how its Initial and Reply Submissions in this proceeding—which detailed The MLC's history, governance, metrics and results across numerous aspects of its operations and included copies of various organizational documents, policies and endorsements—clearly demonstrated that The MLC continues to satisfy the MMA criteria to be the statutory collective.¹ The MLC also reiterated how the Public Comments in the proceeding further demonstrated a broad industry consensus offering endorsement and support of The MLC. (See MLC Reply Submission at 2-5). To illustrate how The MLC constantly enhances and improves its operations and to further demonstrate its commitment to continued improvement, The MLC discussed the following select notable updates to some of the operational metrics and developments that have occurred in the year that has passed since its Reply Submission:

Blanket Royalty Metrics: As of the June 2025 distribution, The MLC has processed over \$3.11 billion in total royalties, comprising approximately \$2.865 billion in blanket royalties directly distributed by The MLC and \$246 million in voluntary royalties (valued at the applicable statutory rates) processed by

¹ This submission adopts the same defined terms as in The MLC's Initial and Reply Submissions.



The MLC, but distributed by DMPs to licensors under voluntary license arrangements. The MLC's current overall match rate across all usage periods stands at 91.6%, with year-specific match rates of 93.7% for 2021, 93.0% for 2022, 91.9% for 2023, and 90.3% for 2024. The current overall distribution rate across all usage periods is 84%, with year-specific match rates of 86.8% for 2021, 86% for 2022, 84.4% for 2023, and 82.2% for 2024. Additionally, The MLC began distributing adjustments related to the Phono 3 rate period (2021–2022) and 2023 Annual Reports of Usage (AROU) in September 2024. These adjustments include cumulative payments for usage periods spanning 2021 through 2023, along with applicable interest. Monthly processing of the remaining adjustments for these three annual periods is ongoing, following a tentative schedule that accounts for the volume and operational complexity of each DSP's data, and is expected to continue into the second quarter of 2026.

Historical Unmatched Royalty Metrics: The MLC has now matched nearly \$314 million of the \$397.20 million in historical unmatched royalties that DMPs transferred in February 2021 (or 79% of the total amount transferred) and distributed approximately \$223.42 million (or more than 56% of the total transferred)—a remarkable achievement given that DMPs, which include the largest technology companies in the world, were only permitted to transfer these royalties to The MLC if they were not able to match and distribute them to respective rightsowners after engaging in “good-faith, commercially reasonable efforts to identify and locate each copyright owner of such musical work (or share thereof)”. (Section 115 (d)(10)(B)(i)). The percentage of historical unmatched royalties The MLC has distributed from each phonorecords rate period are: 92.6% for Phono 1, 53.4% for Phono 2, and 56.6% for Phono 3.

Marketing and Outreach Metrics: The MLC continued its efforts to further connect with rightsholders and stakeholders across the industry. The total number of outreach events since The MLC's inception grew to over 1,000, reaching more than 31,500 participants. The MLC's digital presence also continued to grow, with social media followership surpassing 287,000, including more than 250,000 followers on YouTube, over 22,000 on Instagram, and more than 16,000 on LinkedIn. The MLC has continued to publish its Monthly Member Newsletter and quarterly Industry Newsletter (which, collectively, are distributed to well over 50,000 recipients), and in Spring 2025, launched two new targeted newsletters for Educator Ambassadors and users of the Distributor Unmatched Recordings Portal (DURP). The MLC also launched a Studio & Songcamp Partnership initiative, which is targeting more than 230 studios nationwide to meet creators where they work, and its first podcast, “The MLC Podcast: Taking Care of Your Music Business”.

Education Initiatives: The MLC continued to enhance its educational offerings and resources. A new Historical Unmatched Royalties dashboard is now available on The MLC website² and another Blanket Royalties dashboard is scheduled to launch shortly, both offering Members clear visibility of the key metrics related to The MLC's royalty process and distributions. The MLC published several “Explanations of Rates” resources³ and expanded its educational programming with the launch of “MLC 101⁴,” a free online micro-course designed to introduce students and new users to the fundamentals of mechanical licensing. The MLC also added a series of new educational videos, including animated explainers, portal

² See The MLC, Historical Royalties, <https://www.themlc.com/historical-unmatched-royalties>.

³ See The MLC, Explanation of Statutory Rates for Digital Audio Mechanical Uses, <https://www.themlc.com/rates>.

⁴ See The MLC, Quick Tips & Tutorial Videos, <https://www.themlc.com/tutorial-videos>.



tutorials, and on-demand webinar recordings, to its growing library of video resources.⁵ Finally, The MLC continued to add new resources to its already robust website offerings, including revised versions of The MLC's Copyright Terminations and Catalog Transfers Policies⁶, and translated versions of its key educational resources in four languages—Spanish, French, Portuguese, and Chinese.⁷

Membership Growth: As of July 1, 2025, The MLC's membership exceeded 62,000, reflecting the addition of approximately 12,000 new Members in 2025 alone and continuing a trend of consistent year-over-year growth since 2022. The MLC's international reach has also increased, with engagement now encompassing 108 collective management organizations (CMOs) representing rightsholders across 124 countries.

Member Tool Enhancements: The MLC has continued to enhance its suite of Member Tools and resources on a monthly basis as part of its commitment to continuous improvement and responsiveness to Member feedback. These ongoing developments are designed to streamline key processes and empower Members to manage their rights and data more effectively. Significant enhancements include upgrades to The MLC's Claiming Tool, improvements to the individual and bulk registration tools, and refinements to the Matching Tool. The MLC also released a new Overclaims Tool, and it has subsequently released several enhancements to that tool to enable members to resolve overclaims more easily. The Catalog Export Tool now offers Members more flexible and on-demand access to their catalog data in Excel-compatible formats. Notably, The MLC introduced a new distribution summary, which provides members with a high-level overview of the key metrics for their monthly royalty distributions, covering both prospective new distributions as well as all previous distributions dating back to The MLC's first royalty distribution in April 2021. Finally, The MLC has begun a pilot program to test its new Songwriter Hub—which upon wide release will be available to any songwriter who has works registered with The MLC—with full rollout planned for the third quarter of 2025. Initially, this tool will enable all songwriters to construct a catalog of their registered works, filter and search their catalog for specific works, and export the data for their catalogs on demand in a variety of formats, but The MLC plans to develop additional tools and functionality tailored for songwriters to enable them to participate more easily in the administration of their songs.

Member Support Metrics: To date, The MLC has fielded nearly 120,000 calls, chat inquiries and emails, averaging more than 2,500 interactions per month and more than 115 interactions per day (excluding weekends). Members are periodically asked to answer a handful of survey questions at the conclusion of their interaction with The MLC's support team to provide feedback on their experience. The MLC's Member Support Team consistently receives high confidence scores in these surveys, which indicate that The MLC's Members have a high level of satisfaction in the quality of service The MLC provides and a high level of confidence in The MLC's ability to answer their questions and address any concerns. Additionally, The MLC's Publisher Relations team continues to speak regularly with roughly 100 publishers per quarter, totaling more than 2,500 recurring scheduled contacts with publishers since The MLC's launch and many more non-recurring contacts.

⁵ See The MLC, For Students, <https://www.themlc.com/students>.

⁶ See The MLC, Policies, <https://www.themlc.com/policies>.

⁷ See The MLC, Resources, <https://www.themlc.com/resources>.



Public Database Metrics: The MLC’s public musical works database now contains data for nearly 50 million works. The MLC’s Bulk Data Access Subscription program has grown to include 342 enrolled participants—including 195 monthly subscribers and 75 one-off access users. The MLC has also expanded the scope of the data available via its Public Search API to include several sound recording data points and data regarding the links between those sound recordings and the musical works to which The MLC has matched them.

Additional Updates: The MLC was accepted as a provisional member of CISAC and will begin actively participating in working groups and initiatives related to identifiers and metadata. On the fraud detection and prevention front, The MLC remains a leader, having successfully detected and blocked high-profile alleged bad actors from claiming royalties. The MLC continues to partner with key industry vendors and stakeholders while sharing best practices with peer CMOs. Finally, The MLC’s DURP initiative now includes approximately 116 enrolled distributors.

Awards and Recognitions: In the year that has passed since its Reply Submission, The MLC was honored with several prestigious awards and recognitions, including receipt of the 2024 Impact Award for Technological Excellence from the Music Business Association, recognition by Fast Company as one of the World’s Most Innovative Companies, and recognition by Women in Music as one of the Best Places to Work 2025. Additionally, several of The MLC’s employees received individual awards and recognitions for their leadership, innovation, and commitment to excellence within the music industry.

The MLC noted that additional specific metrics and contextual details intended to quantify its results are included in the several hundred pages of materials submitted to the Office, including The MLC’s Initial and Reply Submissions. Numerous updated metrics are also included in the two Annual Reports The MLC has published since the initiation of this proceeding, the most recent of which (The MLC’s Annual Report for 2024) was published at the end of last month.⁸ These materials contain data and metrics for dozens of performance indicators, all of which evidence The MLC’s success across every aspect of its operations, including (but not limited to) outreach, Member support, budget management, matching, and royalty distribution, as well as The MLC’s success in achieving continuous improvement in every aspect of its operations.

There was a discussion of the timing by which The MLC intends to conduct a distribution of unclaimed accrued royalties pursuant to Section 115(d)(3)(J). The MLC explained that it will not conduct any such distributions in 2025, and it has not made any plans yet to conduct any in 2026. In the meantime, The MLC will continue to regularly reprocess any remaining usage (both from the historic and blanket usage periods) in an effort to continue to increase its match and distribution rates for all prior usage periods. The MLC further explained that it has begun evaluating how such equitable market share distributions could be conducted and is approaching the issue deliberately and methodically. The MLC reiterated that it intends to develop and publish relevant policies well in advance of its first such distribution, ensuring the significant public notice and transparency. (See MLC Initial Submission at 28; MLC Reply Submission at 17-18; The MLC’s Annual Report for 2023 at 15; The MLC’s Annual Report for 2024 at 22).

⁸ The MLC’s Annual Report for 2024 is available at: <https://www.themlc.com/governance>.



There was a discussion of The MLC's ongoing efforts to improve matching, including both automated and manual processes. The MLC described the work of its dedicated matching team and its comprehensive matching methodology, which leverages a combination of state-of-the-art technology and partnerships with a network of leading experts in the matching field. There was also discussion of The MLC's initial pilot and continued rollout of its bulk match submission process initiative and how over 46 million proposed matches have already been processed during the pilot process. The MLC also discussed its successful pilot with the publishing administration arm of a large independent sound recording distributor, pursuant to which that company now regularly sends musical works registration data to The MLC using DDEX's Musical Work Right Share Notification (MWN) file format. Finally, The MLC discussed its ongoing efforts to address long-tail matching challenges, including its ability to power a "song lookup" process for third party sound recording distributors, which, if widely implemented, would significantly enhance the quality and quantity of data related to musical works that was paired with sound recording data at the beginning of the distribution process and, in turn, further improve The MLC's match rates. As described in detail in The MLC's Initial and Reply Submissions, all of these efforts are further enhancing The MLC's ability to match sound recording products to the musical works they embody in order to increase The MLC's match and distribution rates even higher. (See MLC Initial Submission at 18-20; MLC Reply Submission at 13)⁹

There was a discussion about The MLC's match rates segmented by royalty value tier. The MLC is pleased to provide the following further details regarding those match rates for the following tiers, which represent the cumulative amount of mechanical royalties earned by a given product since The MLC began operating in January 2021: greater than \$5,000; between \$1,000 and \$5,000; between \$500 and \$1,000; between \$100 and \$500; and under \$100. The MLC's current average match rates for the top three tiers by value are each above 90%, and the match rate for the highest value tier (above \$5,000) is more than 99%.¹⁰ For products with a cumulative royalty value of between \$100 and \$500—covering more than four-and-a-half-years of monthly usage periods—The MLC's current average match rate is roughly 83%, and for products with a cumulative royalty value during that period of under \$100, the current average match rate is 63%.

There was a discussion of The MLC's approach to what it refers to as "unclaimed royalties" (which are royalties for shares of works that have not yet been claimed by their respective owners, despite the fact that The MLC has matched the streams of sound recordings featuring those works to a registered work in The MLC's database), and the range of actions it undertakes to identify and reach the owners of unclaimed works and shares. The MLC outlined the measures it has taken to reduce the volume of unclaimed royalties,

⁹ See also MLC Reply Submission at 5-6 ("Several commenters, including NSAI, AGM, CMPA, the Recording Academy and others, acknowledged the significant improvements The MLC has achieved in its match rates and the percentage of royalties distributed to rightsholders – improvements which show that more mechanical royalties are being paid to the proper rightsholders than ever before. As AGM stated, this improvement 'is perhaps the most valuable to our members who have separately struggled for many years in direct or indirect dealings with the DSPs.' The Recording Academy asserted that 'properly matching royalties to the proper copyright owners and reducing unclaimed royalties should be of paramount importance to the MLC' and noted that the improved matching and distribution rates achieved by The MLC are 'a key indicator of the success of the MLC.'") (internal citations omitted).

¹⁰ To put this in context, The MLC has made more than 50 monthly distributions since inception. \$5,000 in royalty value since inception thus equates to an average of less than \$100 in royalty value per month. Across *all* of the products with that royalty value or more, The MLC has a 99% match rate.



including the successful efforts of The MLC's Member Finance Team to identify, contact, and enroll so-called "missing members". The MLC has implemented nearly all of the recommendations for outreach that the Office outlined in its Unclaimed Royalties Report (MLC Initial Submission at 9-11), which the Office compiled after conducting a comprehensive public comment process that generated input from across the entire music industry.

There was a discussion regarding The MLC's work registration process, which has been highly effective. To date, The MLC has received over 50 million work registrations from rightsholders and processed more than 97.5% of those registrations. Moreover, The MLC consistently processes between 80% and 90% of the incoming registrations it receives in any given month within 21 days after the end of the month during which they are received. The MLC noted that it now provides detailed rejection reasons for any incoming registration that it does not approve directly in the Registration History section of its Member Portal, with over twenty distinct messages tailored to explain the specific reason for a rejection. Each explanation also includes suggested next steps to assist users in resolving the issue that prompted the rejection. Examples of common reasons for registration rejections were discussed, including when total claimed shares on a work exceed 100% and when a registration submission is incomplete or missing key information.

There was a discussion of The MLC's policies, including The MLC's Investment Policy Statement and Cash Management Policy Statement. The MLC attached these policy statements to its Initial Submission (MLC Initial Submission at Exhs. 7 and 8) and explained that these policies have not changed since then. The MLC continues to adhere to these policies in all respects as it seeks to fulfill the mandates of the MMA. Of note, the Investment Policy Statement states that The MLC's "[i]nvestment strategy shall be designed to ensure the prudent investment of Unmatched Royalty Funds in a manner that fulfills the investment return requirements set forth in the MMA while seeking to protect the value of the assets from volatility or risk of loss. For Unmatched Royalty Funds, The MLC is required to generate a return sufficient to pay its members interest at a rate equal to the Statutory Interest Rate."¹¹ (*Id.* at Exh. 7). Also of note, the Cash Management Policy Statement states that the MLC's "[c]ash management strategy for Royalties Pending Distribution shall be designed to protect the value of the funds from volatility or risk of loss given the need for liquidity and capital preservation. The strategy shall recognize the need to minimize, and to the extent possible, avoid investment risks to protect the value of the assets from volatility or risk of loss." (*Id.* at Exh. 8). Thus, both policy statements clearly reflect The MLC's commitment to minimizing risk and preserving the funds it holds.

Both of these policies also include core principles and practices, including:

- *Anti-Comingling of Funds*: Unmatched royalty funds and royalty accounts "shall not be commingled with The MLC's own operational funds. Royalty accounts must be maintained separately to ensure clear separation and transparency in financial reporting and auditing processes."

¹¹ The MLC confirmed that, pursuant to Section 115 (d)(3)(H)(ii)(I), it earns monthly interest for unmatched works (and shares thereof) at the Federal short-term rate proscribed in 26 U.S.C. § 1274 (d) (Determination of applicable Federal rate).



- *Independent Cash Management Decisions*: All investment and cash management decisions: “All cash management decisions shall be guided solely by the objectives above, and shall not be influenced by the personal interests of any insider, including board members, officers, committee members, or employees (“Insiders”). At all times, Insiders shall adhere to The MLC’s Conflict of Interest policy, and The MLC shall maintain procedures and practices to prevent any undue influence that could affect the impartiality and independence of investment decisions.”
- *Gifts and Inducements*: “Insiders shall not accept benefits of material value, including gifts, cash, or any other forms of inducement from entities or individuals engaged in investment-related activities with The MLC or seeking to influence investment decisions. This principle is in place to ensure investment decisions are independent, merit-based and not influenced by external incentives or rewards.”

(*Id.* at Exhs. 8 and 9).

There was discussion of The MLC’s Conflict of Interest Policy, which The MLC also attached to its Initial Submission (MLC Initial Submission at Exh. 5) and is also available on The MLC’s website.¹² The MLC discussed how the policy is employed to appropriately manage actual, potential, or perceived conflicts in accordance with applicable legal requirements. The MLC emphasized that the policy serves its broader commitment to accountability and transparency.

Finally, there was discussion of The MLC’s fulfillment of the endorsement criteria. The MLC’s Initial Submission included an exhibit with the names of over 1,100 musical work copyright owners that endorsed The MLC (“Endorsing Members”), along with their specific endorsement language. The MLC reiterated that while “[u]nder federal regulations, The MLC is not permitted to disclose the market share of particular Members or subgroups of Members to any other Member or to the public. 37 C.F.R. § 210.34, [it] can provide a precise calculation of the Endorsing Members’ aggregate market share to the Office under seal at its request.”

The Office asked whether The MLC, without revealing confidential market shares, could point to third-party public sources that corroborated generally that the Endorsing Members represent the majority of the licensor market for Section 115(d) covered activities. As The MLC indicated in its Initial Submission:

While The MLC does not endorse third-party market share calculations over the actual count of royalty distributions from its authoritative records, it notes that the same third-party source that the Office cited in the Designation Rule as confirmatory of The MLC meeting the endorsement criterion continues to provide that same confirmation. *Compare* Designation Rule at 32285 at n.191 (Jul. 8, 2019) (citing Music & Copyright annual survey for 2017 and 2018) *with Recorded-Music Market Share Gains for SME and The Indies, Publishing Share Growth for UMPG and WCM, Music & Copyright*, <https://musicandcopyright>.

¹² See The MLC, Governance and Bylaws, <https://www.themlc.com/governance>.



[wordpress.com/category/ market-share-2/](https://musicandcopyright.wordpress.com/category/market-share-2/) (last visited Mar. 28, 2024) (Music & Copyright annual survey for 2021 and 2022).

Since the Initial Submission, the 2025 edition of this same source has been released, which again corroborates that the endorsement criteria has easily been satisfied. *Market share results reveal the 2024 recorded-music and music publishing winners and losers*, Music & Copyright, <https://musicandcopyright.wordpress.com/category/market-share-2/> (last visited July 18, 2025). The MLC also notes that it is not aware of any comments in this proceeding that raise doubt about The MLC's satisfaction of the endorsement criteria.

The MLC appreciates the Office's time, effort, and thoughtful inquiries, and is available to provide further information on request.

Sincerely,

A handwritten signature in black ink, appearing to read "Rick Marshall". The signature is stylized with a large, looped "R" and a trailing flourish.

Rick Marshall
General Counsel