



## Copyright Office

[Docket No. 2024–1]

### Periodic Review of the Designations of the Mechanical Licensing Collective and Digital Licensee Coordinator

**AGENCY:** U.S. Copyright Office, Library of Congress.

**ACTION:** Notice of continuing designation.

**SUMMARY:** The U.S. Copyright Office, as required by the Music Modernization Act, has completed its first periodic review of the existing designations of the mechanical licensing collective and digital licensee coordinator and has determined that both designations should be continued.

**DATES:** Effective [INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER].

**FOR FURTHER INFORMATION CONTACT:** Rhea Efthimiadis, Assistant to the General Counsel, by email at [USCOGeneralCounsel@copyright.gov](mailto:USCOGeneralCounsel@copyright.gov) or telephone at (202) 707-8350.

#### SUPPLEMENTARY INFORMATION:

##### I. Introduction

Prior to the passage of the Orrin G. Hatch–Bob Goodlatte Music Modernization Act (“MMA”) in 2018, there was “a widespread perception that our [music] licensing system [was] broken,”<sup>1</sup> especially as “music copyright and licensing laws [were] too difficult to comply with and [did] not adequately reward the artists and professionals responsible for creating American music.”<sup>2</sup> The cornerstone of the MMA’s reforms was

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<sup>1</sup> U.S. Copyright Office, *Copyright and the Music Marketplace* 1 (2015), <https://www.copyright.gov/policy/musiclicensingstudy/copyright-and-the-music-marketplace.pdf>.

<sup>2</sup> Report and Section-by-Section Analysis of H.R. 1551 by the Chairmen and Ranking Members of Senate and House Judiciary Committees, at 1 (2018) (“Conf. Rep.”), [https://www.copyright.gov/legislation/mma\\_conference\\_report.pdf](https://www.copyright.gov/legislation/mma_conference_report.pdf).

the creation of the new section 115 statutory blanket license. To administer this license, the MMA provided for the establishment of a “mechanical licensing collective,” a new entity that could centralize the collection and distribution of blanket license royalties and establish and maintain a publicly accessible database of musical works, their owners, and the sound recordings in which the musical works are embodied.<sup>3</sup>

The MMA directs the Register of Copyrights (“Register”) to designate an entity as the “mechanical licensing collective”; it also allows, but does not require, the Register to designate a “digital licensee coordinator” to coordinate the activities of digital music providers (“DMPs”).<sup>4</sup> The Register is required to revisit these designations every five years. In July 2019, the Register made her initial designations; designating the entity “Mechanical Licensing Collective” (“MLC”) as the statutory mechanical licensing collective and the entity “Digital Licensee Coordinator, Inc.” (“DLC”) as the statutory digital licensee coordinator.<sup>5</sup>

Despite general optimism that the MMA’s reforms would improve the section 115 license, some made the point that “once the bill is signed the real hard work begins,” especially as “build[ing] an industry-wide, comprehensive public database that will match compositions to recordings [would be] an ambitious undertaking that has yet to be

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<sup>3</sup> A “musical work” is “a song’s underlying composition along with any accompanying lyrics” and a “sound recording” is “a series of musical, spoken, or other sounds fixed in a recording medium, such as a CD or digital file, called a ‘phonorecord.’” *What Musicians Should Know about Copyright*, U.S. Copyright Office, <https://www.copyright.gov/engage/musicians/> (last visited May 26, 2026); 17 U.S.C. 101.

<sup>4</sup> 17 U.S.C. 115(d)(5)(B); *see also id.* at 115(d)(3)(D)(i)(IV), (d)(5)(C). Under the MMA, DMPs bear the reasonable costs of establishing and operating the collective through an “administrative assessment,” determined by the Copyright Royalty Judges (“CRJs”). *See id.* at 115(d)(7).

<sup>5</sup> 84 FR 32274, 32292, 32296 (July 8, 2019) (“Initial Designation”); *see also* 37 CFR 210.23 (discussing the designation of the MLC and DLC). In this notice, the currently designated digital licensing coordinator will be designated as the “Digital Licensing Coordinator” or “DLC” and the statutory digital licensing coordinator will be designated in lowercase. Similarly, the currently designated mechanical licensing collective will be designated as the “Mechanical Licensing Collective” or “MLC” and the statutory mechanical licensing collective will be designated in lowercase.

successfully completed in past industry attempts.”<sup>6</sup> From its initial designation until it began operations, the MLC had the formidable task of ensuring that it had all administrative and technological capabilities in place to open for business on the statutory “license availability date” of January 1, 2021. This included establishing a governance structure, including bylaws, Board membership, committee membership, policies, procedures, practices, and guidelines, and building out technological services, including establishing a musical works database, claiming portal, and payment and other financial processes. It also had to hire staff, construct physical space, engage in outreach and education, and invest in vendors, to fulfill its statutory duties.<sup>7</sup> The MLC completed all these tasks and made its first royalty distribution, on time, in April 2021.

In January 2024, the Copyright Office initiated the first five-year review of the MLC’s and DLC’s designations. The Office issued a Notification of Inquiry (“NOI”) seeking public comment on whether the existing designations should be continued, subject to certain statutory criteria.<sup>8</sup> The goal is to evaluate the efforts the MLC and DLC have made to realize Congress’s vision of improved efficiency, transparency, and fair administration of the section 115 statutory blanket license.

As discussed in detail below, the Register has determined that the current designations for the entities operating as the digital licensee coordinator and mechanical licensing collective should be continued. Overall, the administration of the MMA’s blanket mechanical license has been a great success for publishers, songwriters, and DMPs. The MLC has compiled ownership data for more than 53 million works, increased

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<sup>6</sup> Ed Christman, *President Trump Signs Music Modernization Act Into Law With Kid Rock, Sam Moore As Witnesses*, Billboard (Oct. 11, 2018), <https://www.billboard.com/pro/president-trump-signs-music-modernization-act-law-bill-signing/>.

<sup>7</sup> 17 U.S.C. 115(d)(3)(C).

<sup>8</sup> 89 FR 5940 (Jan. 30, 2024) (“NOI”).

its membership to over 80,000 copyright owners,<sup>9</sup> and improved the ratio of total royalties matched to royalties reported to approximately 92%.<sup>10</sup> It has also implemented many of the Office’s recommendations of best practices to effectively identify and locate copyright owners with unclaimed royalties of musical works, encourage copyright owners to claim accrued royalties, and ultimately reduce the incidence of unclaimed royalties.<sup>11</sup> One of the MLC’s most important success metrics is its distribution of approximately \$3.9 billion in royalties, constituting a reliable and significant income source for songwriters and publishers.

While most commenters expressed satisfaction with the MLC and DLC, some suggested ways that the designees could improve their respective services. In some cases, these comments reflected non-pervasive or nascent areas of concern. In others, they offered immediate opportunities for improvement. The Office appreciates the opportunity to work with both designees to appropriately address the suggestions and concerns. While the MLC and DLC have executed their statutory duties well over the first five-year period, this redesignation process provides an important opportunity for a comprehensive review. The Office has considered commenters’ concerns and suggested several areas of improvement to ensure the continuance of the designees’ successes and assist them as they build upon them.

Finally, some commenters objected to certain provisions of the MMA itself or its implementing regulations. Generally, those topics are outside this proceeding’s scope and will not be addressed here. While the Office has adopted numerous regulations to

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<sup>9</sup> *The MLC Quarter Note: Q1 2026*, MLC, <https://emails.themlc.com/the-mlc-quarter-note-q1-2026> (last visited May 26, 2026).

<sup>10</sup> *Blanket Royalties*, MLC, <https://www.themlc.com/blanket-royalties> (last visited May 26, 2026).

<sup>11</sup> See U.S. Copyright Office, *Unclaimed Royalties: Best Practice Recommendations for the Mechanical Licensing Collective* (2021) (“*Unclaimed Royalties Report*”), <https://www.copyright.gov/policy/unclaimed-royalties/unclaimed-royalties-final-report.pdf>.

implement the MMA, we retain regulatory authority to administer many of its provisions and will consider any potential regulatory changes separately from this proceeding.

## **II. Statutory and Regulatory Background**

### *A. Statutory Background*

Title I of the MMA<sup>12</sup> created a statutory blanket mechanical license for the reproduction and distribution of nondramatic musical works by DMPs in the form of digital phonorecord deliveries, including permanent downloads, limited downloads, and interactive streams (referred to in the statute as “covered activity” where such activity qualifies for the blanket license), and eliminated the song-by-song “notice of intention” process for such uses.

The MLC and DLC play important roles in the administration of this license. To evaluate whether either’s designation should be continued, the Office considered each entity’s separate statutory designation criteria, authority, and functions.

#### 1. The MLC’s Designation Criteria, Authorities, and Functions

The entity designated as the MLC must be: (i) a single nonprofit entity that is created by copyright owners to carry out its statutory responsibilities that is (ii) “endorsed by, and enjoys substantial support from, musical work copyright owners that together represent the greatest percentage of the licensor market for uses of such works in covered activities, as measured over the preceding 3 full calendar years,”<sup>13</sup> (iii) able to demonstrate to the Copyright Office that it has the administrative and technological capabilities to perform the required functions, and governed by a board of directors (“Board”) which includes a mix of voting and nonvoting members as directed by the statute.<sup>14</sup>

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<sup>12</sup> Pub. L. No. 115-264, 132 Stat. 3676 (2018).

<sup>13</sup> 17 U.S.C. 115(d)(3)(A)(ii).

<sup>14</sup> *Id.* at 115(d)(3)(A), (d)(3)(D)(i).

The MMA enumerates several required functions for the MLC.<sup>15</sup> Among other duties, its core functions include administering the blanket statutory mechanical license, identifying musical works and copyright owners, matching those works to sound recordings (and addressing disputes), and ensuring that copyright owners are paid correctly. To that end, the MMA requires the MLC to maintain a free, public database of musical work and sound recording ownership information and administer processes by which copyright owners can claim ownership of musical works (and shares of such works).<sup>16</sup> The MLC also participates in proceedings before the Copyright Royalty Judges (“CRJs”) to establish the administrative assessment that funds its activities and in proceedings before the Copyright Office with respect to activities related to the statutory license.<sup>17</sup>

By statute, the MLC’s Board consists of fourteen voting members and three nonvoting members. Ten voting members must be representatives of music publishers that have been assigned exclusive rights of reproduction and distribution of musical works with respect to covered activities, and four others must be professional songwriters who have retained and exercise exclusive rights of reproduction and distribution for musical works they have authored. There are also three nonvoting members that represent the interests of songwriters, music publishers, and digital licensees via representatives of relevant trade associations or, in the case of licensees, the DLC.<sup>18</sup>

In addition, the Board must maintain three committees: an Operations Advisory Committee, an Unclaimed Royalties Oversight Committee, and a Dispute Resolution Committee. The Operations Advisory Committee makes recommendations concerning

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<sup>15</sup> *Id.* at 115(d)(3)(C)(i), (iii) (enumerating thirteen functions, in addition to permission to administer voluntary licenses).

<sup>16</sup> *Id.* at 115(d)(3)(E).

<sup>17</sup> *Id.* at 115(d)(3)(C)(i)(IX)–(X).

<sup>18</sup> *Id.* at 115(d)(3)(D)(i).

the operations of the collective, “including the efficient investment in and deployment of information technology and data resources.”<sup>19</sup> The Unclaimed Royalties Oversight Committee establishes policies and procedures necessary to undertake a fair distribution of unclaimed royalties.<sup>20</sup> The Dispute Resolution Committee establishes policies and procedures to address disputes relating to ownership interests in musical works, including a mechanism to hold disputed funds pending the resolution of the dispute.<sup>21</sup>

## 2. The DLC’s Designation Criteria, Authorities, and Functions

The DLC must be a single nonprofit entity created to carry out certain statutory responsibilities, endorsed by DMPs and significant nonblanket licensees (or “SNBLs”) that together represent the greatest percentage of the licensee market for uses of musical works in covered activities (as measured over the preceding three years), and possess the administrative capabilities to carry out its functions.<sup>22</sup> Those statutory functions include: establishing a governance structure, criteria for membership, and membership dues; enforcing notice and payment obligations for the administrative assessment; participating in certain proceedings before the Copyright Office or CRJs; and assisting in publicizing the MLC’s existence and the ability of copyright owners to claim royalties with the MLC.<sup>23</sup>

### *B. Regulatory Background*

#### 1. Initial Designation

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<sup>19</sup> *Id.* at 115(d)(3)(D)(iv). By statute, this committee has an equal number of musical work copyright owners and DMP representatives, respectively appointed by the MLC and DLC.

<sup>20</sup> *Id.* at 115(d)(3)(D)(v), (d)(3)(J)(ii). By statute, this committee of ten has an equal number of musical work copyright owners and professional songwriters.

<sup>21</sup> *Id.* at 115(d)(3)(D)(vi), (d)(3)(H)(ii), (d)(3)(K). By statute, this committee consists of at least six members, again equally divided among musical work copyright owners and professional songwriters.

<sup>22</sup> *Id.* at 115(d)(5)(A)(i)–(iii).

<sup>23</sup> *Id.* at 115(d)(5)(C)(i).

In 2018, the Office published a notice in the *Federal Register* soliciting proposals from parties who wished to be designated as the mechanical licensing collective and digital licensee coordinator, and requesting information pertaining to the criterion set forth above.<sup>24</sup> The Office also requested public comments on the parties' proposals.

The Office received one proposal for designation as the digital licensee coordinator and two proposals for designation as the mechanical licensing collective. After reviewing the proposals along with the statutory designation criteria, considering over 600 public comments, and hosting *ex parte* meetings with interested parties,<sup>25</sup> we concluded that the entity "Digital Licensee Coordinator, Inc.," incorporated in Delaware on March 20, 2019, "me[t] each of the statutory criteria required of the digital licensee coordinator," and would be designated as the DLC.<sup>26</sup> With respect to the mechanical licensing collective, we concluded that, while both candidates "[met] the statutory criteria," the MLC "made a better showing as to its prospective administrative and technological capabilities" and was the only candidate that met the statute's "endorsement" criterion.<sup>27</sup> Therefore, the Register designated the entity "Mechanical Licensing Collective, Inc.," incorporated in Delaware on March 5, 2019, as the mechanical licensing collective.<sup>28</sup>

## 2. First Periodic Review

On January 30, 2024, the Office issued an NOI regarding the periodic review of the designations.<sup>29</sup> The currently designated mechanical licensing collective and digital

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<sup>24</sup> 83 FR 65747 (Dec. 21, 2018).

<sup>25</sup> *Ex Parte Communications*, U.S. Copyright Office, <https://www.copyright.gov/rulemaking/mma-designations/ex-parte-communications.html> (last visited May 26, 2026) (hosting *ex parte* meeting summary letters related to the Office's initial designations).

<sup>26</sup> Initial Designation at 32292, 32296; 37 CFR 210.23.

<sup>27</sup> Initial Designation at 32276, 32296.

<sup>28</sup> 37 CFR 210.23; Initial Designation at 32296.

<sup>29</sup> NOI.

licensee coordinator provided information regarding their past performance and capabilities, as well as future plans, in support of their requests that their current designations should be continued. The public was invited to comment on these submissions and the Office received over 60 comments. We also provided the currently designated entities an opportunity to submit replies in response to the comments, and held *ex parte* meetings with the MLC, DLC, and members of the public to address issues that had been raised.<sup>30</sup>

The NOI also explained that once the Office evaluated the record in this proceeding, the Register would “determine whether the current MLC and DLC designations should be continued,” and if she concluded that either designation should be continued, she would publish that determination in the *Federal Register*.<sup>31</sup>

### **III. Evaluation of the Mechanical Licensing Collective**

The MMA tasked the mechanical licensing collective with significant responsibility in administering a complex and novel licensing system. In the seven years since its designation, the MLC has worked diligently to develop one of the largest databases of musical work ownership in the world, improve matching rates and quality, and educate the music community regarding the MMA. In response to the NOI, most commenters endorsed the MLC’s continued designation, though some offered critiques or made suggestions for improvement in particular areas. While the Office has considered and addressed these comments in the sections below, they do not affect our conclusion

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<sup>30</sup> All activity, including public submissions and comments, can be accessed via navigation from <https://www.copyright.gov/rulemaking/mma-designations/2024/>. Records of *ex parte* communications, including those referenced herein, along with guidelines for such communications, are available at <https://www.copyright.gov/rulemaking/mma-designations/2024/ex-parte-communications.html>. References to the public comments are by party name (abbreviated where appropriate), followed by “Submission,” “Reply Submission,” “Initial Comments,” “Reply Comments,” or “*Ex Parte* Letter,” as appropriate.

<sup>31</sup> NOI at 5942. The NOI noted that if either designation would not be continued, the Office explained that it intended to solicit proposals for a new MLC or DLC designation in the *Federal Register*. *Id.* As both designations are being continued, soliciting proposals for new designees is unnecessary.

that the MLC has been a success. We find that it has met the statutory qualifications and possesses the administrative and technological capabilities to perform the required functions to continue its designation as the mechanical licensing collective.

*A. Nonprofit Status*

The MLC provided a “Statement of Good Standing” from the Delaware Division of Corporations to demonstrate that it is a “a single entity that is a nonprofit entity, not owned by any other entity, that is created by copyright owners to carry out responsibilities” under the MMA.<sup>32</sup> No comments raised any issue about the MLC’s nonprofit status. Accordingly, the MLC has satisfied the first statutory criterion for designation.

*B. Indicia of Endorsement and Support*

As proof that it satisfies the second criterion for designation, the MLC collected 1,129 endorsements from its current members, and provided compiled market share data for covered activities over the past 3 years for those endorsers.<sup>33</sup> The MLC confirmed that the endorsing members represent a clear majority of the market over the past three years, as measured by their licensing revenue from covered activities during this period.<sup>34</sup> The MLC also provided *Music & Copyright’s* annual survey showing that endorsing members Sony Music Entertainment, Universal Music Publishing Group, and Warner Chappell Music together had an average combined global market share of 69.2% for 2024.<sup>35</sup> The MLC noted that copyright owners have shown their substantial support over the past three years through their willingness to contribute their time and expertise as unpaid representatives on the MLC’s Board and various committees, and their

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<sup>32</sup> 17 U.S.C. 115(d)(3)(A)(i); *see* MLC Initial Submission Ex. 1, at 1.

<sup>33</sup> MLC Initial Submission at 7 and Ex. 2, at 1–28.

<sup>34</sup> *Id.*

<sup>35</sup> MLC *Ex Parte* Letter at 7–8 (July 21, 2025) (citing *Market share results reveal the 2024 recorded-music and music publishing winners and losers*, Music & Copyright (Apr. 23, 2025), <https://musicandcopyright.wordpress.com/category/market-share-2/>).

involvement in campaigns to build industry partnerships and improve the MLC's tools and resources.<sup>36</sup> No submitted comments contested the MLC's satisfaction of the endorsement criterion.

As the MLC has established that it is "endorsed by, and enjoys substantial support from, musical work copyright owners that together represent the greatest percentage of the licensor market for uses of such works in covered activities, as measured over the preceding 3 full calendar years,"<sup>37</sup> it satisfies the second statutory criterion for designation.

### *C. Administrative and Technological Capabilities*

The third criterion for designation involves evaluating the MLC's administrative and technological capabilities to perform its statutory functions, including its governance structure. The Office's NOI requested a detailed description of the MLC's administrative and technological capabilities as well as other aspects of its operations. We also requested an update on the MLC's efforts to implement recommendations contained in the Office's *Unclaimed Royalties Report*, including which ones have been implemented to date, what efforts are in progress, any plans to implement recommendations in the future, and any recommendations it is not planning to implement.<sup>38</sup>

#### 1. Musical Works Database, Registering Works and Shares, and the Claiming Portal

The statute requires the MLC to create and maintain a free online database to publicly disclose information about musical works, their owners, and the sound recordings in which they are embodied.<sup>39</sup> The database must include the following musical work information: the MLC's standard identifier; the work's title and any

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<sup>36</sup> MLC Initial Submission at 8.

<sup>37</sup> 17 U.S.C. 115(d)(3)(A)(ii).

<sup>38</sup> NOI at 5942.

<sup>39</sup> 17 U.S.C. 115(d)(3)(E), (e)(20).

alternative or parenthetical titles; the international standard musical work code (“ISWC”); the name(s) of the copyright owner(s) and songwriter(s); International Standard Name Identifiers (“ISNIs”) and Interested Parties Information (“IPIs”) for each musical work copyright owner, and, if different, songwriter, and administrator.<sup>40</sup> The database must also include the following sound recording information: the recording title; the international standard recording code (“ISRC”); and any unique identifier(s) assigned by a blanket licensee.<sup>41</sup>

The statute also requires the MLC to create and maintain an “online facility” (what the MLC and stakeholders refer to as its “claiming portal”) listing “unmatched musical works (and shares of works), through which a copyright owner may assert an ownership claim with respect to such a work (and a share of such a work).”<sup>42</sup>

The Office’s NOI requested information about how the MLC is fulfilling its statutory and regulatory requirements with respect to its maintenance of the musical works database. We also requested an update on the MLC’s efforts to implement recommendations related to the database’s usability contained in the *Unclaimed Royalties Report*.<sup>43</sup> These recommendations included establishing “flexible and robust searching, sorting, and filtering features,”<sup>44</sup> efficient song registration processes that include bulk mechanisms,<sup>45</sup> portal access to represented songwriters,<sup>46</sup> and quality assurance mechanisms to review, verify, and quality-check data reported to the database.<sup>47</sup>

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<sup>40</sup> *Id.* at 115(d)(3)(E)(ii)–(iii); 37 CFR 210.31(b)(1), (c)(1).

<sup>41</sup> 17 U.S.C. 115(d)(3)(E)(ii)–(iii); 37 CFR 210.31(b)(2), (c)(2).

<sup>42</sup> 17 U.S.C. 115(d)(3)(J)(iii)(I) (requiring the MLC to “maintain a publicly accessible online facility with contact information for the collective that lists unmatched musical works (and shares of works), through which a copyright owner may assert an ownership claim with respect to such a work (and a share of such a work)”).

<sup>43</sup> NOI at 5942.

<sup>44</sup> *Unclaimed Royalties Report* at 42.

<sup>45</sup> *Id.* at 48.

<sup>46</sup> *Id.* at 52–54.

<sup>47</sup> *Id.* at 60–62.

The MLC confirmed that it continues to satisfy the statutory requirements, asserting that it “maintains one of the largest databases of musical work ownership information in the world, with data for more than 35.5 million musical works.”<sup>48</sup> According to the MLC, the database features identifying information for each registered musical work including the work’s title, the owner(s) of the work, the percentage ownership shares claimed by each owner, owner contact information, the MLC’s standard identifier, or song code, assigned to each work, the musical work’s ISWC (if provided by rightsholders), and “information for any associated sound recording uses The MLC has matched to the work.”<sup>49</sup> The MLC also stated that it has built “novel” tools and features for users to “(1) enhance their individual user experience (*e.g.*, structured search fields and filters) and (2) support the needs of high-volume and power-user Members (*e.g.*, on-demand bulk data export and submission tools).”<sup>50</sup>

Some commenters praised the database as “a definitive source [that] allows . . . members (publishers, songwriters and administrators) to easily and efficiently manage their works.”<sup>51</sup> For example, one called the database “one of the most complete repositories of musical work metadata that is available to the public.”<sup>52</sup> Others offered specific critiques regarding the database’s tools and resources, songwriter access, and data quality.<sup>53</sup>

#### a. Tools and Resources

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<sup>48</sup> MLC Initial Submission at 12.

<sup>49</sup> *Id.*

<sup>50</sup> *Id.*

<sup>51</sup> Big Machine Music Initial Comments at 1; NSAI Initial Comments at 2 (describing the database as clear, concise, and easily navigable).

<sup>52</sup> Reservoir Initial Comments at 1 (describing the database as “one of the most complete repositories of musical work metadata that is available to the public”).

<sup>53</sup> Abby North Initial Comments at 2, 5; A2IM Initial Comments at 2; BMAC & MAC Reply Comments at 3; CleaRights Initial Comments at 2.

In the NOI, the Office asked the MLC to describe any efforts it has undertaken to enhance database and claiming portal functionality, including with respect to searching the database, sorting and filtering queries, and sharing and exporting results, as well as specific plans to develop additional functionality over the next five years. We also asked whether the MLC had any plans to address disputes and situations where multiple claimants have claimed shares totaling over 100% on a musical work via a module within its portal.<sup>54</sup> In response, the MLC highlighted several enhanced functionalities in tools available to its members and the public.

i. Member tools

Among the tools available to the MLC's members, the MLC highlighted (1) its Member Portal, which allows members to "register, edit and review their musical works data, create and submit registrations for any new musical works, manage and update their contact information, banking details and tax forms, and associate one or more authorized users with their MLC Member accounts";<sup>55</sup> (2) its Claiming Tool, which allows members to search for unclaimed shares of works and claim the shares they administer; (3) various work registration tools, which provide for individual registrations, bulk registrations, and registration via Common Works Registration ("CWR") format; (4) its Matching Tool, which allows members to search data derived from monthly usage reports about recordings the MLC has been unable to match to registered musical works, and propose matches; (5) its Catalog Export Tool, which allows members to download all, or a portion of, their musical works data registered with the MLC;<sup>56</sup> and (6) its Overclaims Tool, which allows members to resolve overclaims and disputes regarding newly registered works for which the total shares claimed by all members amount to over 100%.<sup>57</sup>

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<sup>54</sup> NOI at 5943.

<sup>55</sup> MLC Initial Submission at 15.

<sup>56</sup> *Id.* at 16–17.

<sup>57</sup> MLC Reply Submission at 11.

## ii. Public tools

The MLC identified the following publicly available tools and resources that aid in matching. Its Public Work Search is a search tool that “allows anyone to retrieve ownership information for every musical work contained in [t]he MLC’s database.”<sup>58</sup> According to the MLC, “search results show ownership data for each rightsholder that has claimed a share of the work concerned, the total percentage of shares of the work that each owner has claimed, the represented songwriters (where rightsholders have provided it), and the sound recording products that [t]he MLC has matched to each musical work.”<sup>59</sup> This tool enables searching by work title, songwriter, and publisher, and also “allows users to filter results by additional criteria, including ISWC, MLC Song Code, writer IPI, and Publisher IPI.”<sup>60</sup>

Its Public Search API is an additional search tool that “allows any member of the public to retrieve information about musical works in [t]he MLC database” through the use of an application program interface (“API”).<sup>61</sup>

Its Missing Member Lookup resource is a public, searchable database containing the names of rightsholders that are not members of the MLC, but that may be entitled to royalties.<sup>62</sup>

Its Distributor Unmatched Recording Portal (“DURP”) is a tool that allows music distributors, aggregators, and other eligible sound recording distributors to view data derived from monthly usage reports about recordings the MLC has been unable to match to registered musical works. The MLC explained that it created this tool “to address the

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<sup>58</sup> MLC Initial Submission at 13.

<sup>59</sup> *Id.* at 13.

<sup>60</sup> *Id.*

<sup>61</sup> *Id.* at 14. Users can register for access on the MLC’s website. *Data Programs*, MLC, <https://www.themlc.com/dataprograms> (last visited May 26, 2026).

<sup>62</sup> MLC Initial Submission at 14.

unique challenges related to matching and distributing works written by independent or DIY artists.”<sup>63</sup>

### iii. Additional resources

In addition to these tools, the MLC created additional resources to assist in matching. It provides its members its “Top Unmatched Recording List,” which is a spreadsheet of the top 3,000 unmatched sound recording uses as reported to the MLC by DMPs based on calculated royalty value.<sup>64</sup> To the public, and as required by the statute, the MLC offers a Bulk Data Access Subscription, which provides access to the MLC’s musical work database in a bulk, machine-readable format.<sup>65</sup> It also created a Data Quality Initiative (“DQI”), which, as discussed further below, is a service that “provides participants with reports that highlight the discrepancies between the two sets of data so that they can more easily address those discrepancies and improve the quality of [t]he MLC’s data related to their works.”<sup>66</sup>

### iv. Commenters’ Views and MLC Response

Several commenters praised the MLC’s tools and resources, describing the mechanisms for “registering and managing catalogue information” as “user-friendly and efficient.”<sup>67</sup> Reporting its experience, Big Machine Music stated that “efficiency of

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<sup>63</sup> *Id.* at 14–15.

<sup>64</sup> *Id.* at 17.

<sup>65</sup> *Id.* at 13; *see also* 17 U.S.C. 115(d)(3)(E)(v) (“The mechanical licensing collective shall make such database available in a bulk, machine-readable format . . .”).

<sup>66</sup> MLC Initial Submission at 14.

<sup>67</sup> NMPA Initial Comments at 4 (“NMPA members have found the MLC’s tools for registering and managing catalogue information to be user-friendly and efficient.”); Big Machine Music Initial Comments at 1 (stating that the MLC’s “centralized database of song ownership information . . . has become a definitive source and allows for members (publishers, songwriters and administrators) to easily and efficiently manage their works”); NSAI Initial Comments at 2 (“The MLC built a publicly accessible database that is clear and concise, easily navigable and provides as much information as the MLC can publicly disclose.”); Peermusic Initial Comments at 3 (“In the areas in which we felt there was room for The MLC to build upon its initial successes, progress has to date been quick and highly visible: in the services provided to members, for example, including iterative improvements in portal access, client services, and new and creative methods to improve the quality of the musical works database.”).

submitting the matches, the approval process of our claims and the timely manner in which they are then tied back to our account is yet another positive change” the MLC has delivered.<sup>68</sup>

Other commenters were more critical. Some expressed general concern regarding the registration process and the length of time it took the MLC to register and claim works.<sup>69</sup>

Others highlighted certain inefficiencies in the MLC’s Matching Portal.<sup>70</sup> The A2IM stated that “the current matching tool is not versatile enough to effectively match many titles, leaving a significant number of songs unmatched and contributing royalties to the black box.”<sup>71</sup> Hameys Songs reported that it has had to submit its catalog “multiple times” to claim unmatched songs, and that “[m]any of these attempts have been unsuccessful and many of the titles are still in the unclaimed section of [t]he MLC website.”<sup>72</sup>

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<sup>68</sup> Big Machine Music Initial Comments at 1.

<sup>69</sup> Word Collections Initial Comments at 10 (“The MLC’s workflows for submitting and claiming works are woefully inefficient, unwieldy, unreliable, non-intuitive, and appear to vary in execution based on member creating a veritable black hole that negates the entire purpose of submitting works to The MLC in the first place.”); George Johnson Initial Comments at 1 (describing the MLC’s bulk song registration process as “almost impossible and time consuming”); *see also* A2IM Initial Comments at 3 (“Limits on API access, registration, and claims create bottlenecks that hinder the efficiency,” thus, “[t]he MLC should expand API access and simplify the registration and claiming processes to facilitate easier and faster transactions that will benefit the entire music ecosystem, not just those with greater resources.”); Abby North Initial Comments at 5 (encouraging the Office to provide guidelines for the MLC “regarding reasonable times from delivery of a match or claim by a member to processing”).

<sup>70</sup> Abby North Initial Comments at 5; Go to Eleven Entertainment Initial Comments at 1 (“With regard to submitting matches to unmatched works, their system is not ideal in any way as you cannot print out a complete excel list of such works by title, but can only make a claim on a song-by-song basis”); Lindvall, Lowery & Morgan Initial Comments at 13 (“[I]t appears that in order to use the Matching Tool, one must first be a Member and have registered your catalog. This slows down the matching process.”).

<sup>71</sup> A2IM Initial Comments at 2.

<sup>72</sup> Hameys Songs Initial Comments (“By resubmitting, we mean sending in the same titles and metadata information over and over again!”).

Commenters also took issue with certain aspects of the Overclaims Tool. Some noted that it only permits resolution of claims made within the last 90 days.<sup>73</sup> Another called the tool “rudimentary for newly registered works,” calling for “further enhancements that includes all overclaims and disputes.”<sup>74</sup>

Finally, commenters offered several suggestions regarding the MLC’s public tools and resources. For example, while Spirit Music Group praised the MLC’s Missing Member Lookup resource’s usefulness to “identify members that have not claimed royalties, and to identify errors for the writers and publishers” it represents, they suggested that there should be a way to also identify and quantify the corresponding recordings.<sup>75</sup> One commenter noted issues with the royalty report format,<sup>76</sup> although another praised the ease of processing such reports.<sup>77</sup>

In its reply comments, the MLC reiterated its commitment to making continued enhancements to its tools and resources, noting upgrades to its “Claiming Tool, improvements to the individual and bulk registration tools, and refinements to the Matching Tool.”<sup>78</sup> Related to its work registration process, the MLC reported that it “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,” and “now provides detailed rejection reasons for any incoming registration that

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<sup>73</sup> Go to Eleven Entertainment Initial Comments at 5; Abby North Initial Comments at 3.

<sup>74</sup> Spirit Music Group Initial Comments at 2.

<sup>75</sup> *Id.*

<sup>76</sup> Hameys Songs Initial Comments at 1 (explaining that the MLC uses .tsv files while other collective management organizations (“CMOs”) use PDF, Excel, or CSV). Relatedly, another commenter expressed concern that, although the bulk data access service is public, the data is provided in DDEX format such that, according to her, “there is no way you can use the bulk list unless you pay to convert it to a CSV” format. Go to Eleven Entertainment Initial Comments at 1–2.

<sup>77</sup> Warner Chappell Music Reply Comments at 2–3 (“The MLC provides members with detailed electronic statements via the portal. These statements are easier to process than many of the other CMO statements received by Warner Chappell around the world.”).

<sup>78</sup> MLC *Ex Parte* Letter at 3 (July 21, 2025).

it does not approve directly in the Registration History section of its Member Portal.”<sup>79</sup>

Finally, while the MLC defended its bulk data format choice (DDEX), by stating that it is the most accessible and industry-standard format for bulk data, it encouraged members to contact customer service for formatting and accessibility concerns.<sup>80</sup>

The Office supports the MLC’s continued efforts to improve its database tools and resources. In light of commenters’ suggestions, we encourage it to make its data as accessible as resources permit for users of all levels of sophistication.

#### b. Songwriter Access

The Office also asked the MLC to describe its efforts to develop portal access for songwriters who are not self-administered (*e.g.*, those represented by a publisher, administrator, or collective management organization (“CMO”)), to permit them to access, provide, or correct information about themselves and their works, including the ability to flag data issues with their publisher or other representative, to provide data directly to the MLC, and to have permissions-based access to view information such as stream counts and revenue.<sup>81</sup> This inquiry built upon the Office’s earlier recommendations in our *Unclaimed Royalties Report*.<sup>82</sup> Multiple comments echoed the Office’s recommendation, urging the MLC to develop “a portal within its website for published and/or administered songwriters to deliver data regarding their works.”<sup>83</sup>

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<sup>79</sup> *Id.* at 6.

<sup>80</sup> MLC *Ex Parte* Letter at 5 (Nov. 20, 2025) (“The MLC’s support team is trained to assist Members unfamiliar working with these and other formats and The MLC’s Help Center already includes related step-by-step technical guidance.”).

<sup>81</sup> NOI at 5943.

<sup>82</sup> *Unclaimed Royalties Report* at 50–51 (recommending that “represented songwriters be able to sign up with the MLC to gain appropriate access to the portal (or a tailored version of the portal), through which they can easily view and interact with information about their works, including the ability to alert [the MLC and] their publishers, administrators, or other representatives to have them register with the MLC (if they have not already done so) and/or to have them address any potential data issues flagged by the songwriter, including where information is missing, outdated, or incorrect”).

<sup>83</sup> Abby North Initial Comments at 2; Artist Rights Alliance Reply Comments at 2; BMAC & MAC Reply Comments at 3–4.

In October 2025, the MLC released its new Songwriter Hub, which is available to any songwriter with registered works. In this portal, songwriters are able “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.”<sup>84</sup> Songwriters may also submit correction requests to update writer names and IPI numbers. While the Songwriter Hub does not appear to permit alerts or corrections to any other data, the MLC reports that it “plans to develop additional tools and functionality tailored for songwriters to enable them to participate more easily in the administration of their songs.”<sup>85</sup>

The Office appreciates the MLC’s responsiveness to member concerns and looks forward to the ongoing enhancements that will be made to the Songwriter Hub during the MLC’s continued designation.

### c. Data Quality and Management

Data quality is foundational to the MLC’s ability to perform its statutory role successfully. Accordingly, the NOI asked several questions related to the MLC’s data management. It also asked the MLC to provide an update on its progress implementing the Office’s recommendations from the *Unclaimed Royalties Report*, which instructed the MLC to develop mechanisms for error and fraud detection, employ third-party uses of data beyond DMP reporting to ensure that its data is in sync with the data held and submitted by authoritative sources, and incorporate broad use of standard unique identifiers.<sup>86</sup>

Addressing the accuracy of its repertoire data, the MLC highlighted its DQI. It explained that the DQI “provide[s] a streamlined way for music publishers,

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<sup>84</sup> MLC *Ex Parte* Letter at 3 (July 21, 2025).

<sup>85</sup> *Id.*

<sup>86</sup> *Unclaimed Royalties Report* at 56–71.

administrators, self-administered songwriters and foreign CMOs to compare large schedules of their musical works' data against" the MLC's data.<sup>87</sup> The MLC provides participants with reports that highlight discrepancies between two sets of data so that users can resolve those discrepancies and improve the quality of the MLC's data. In addition to working with participating publishers, self-administered songwriters, and administrators, it created a Data Quality Initiative Partner Program to partner with organizations that specialize in different aspects of music data services.<sup>88</sup>

Regarding fraud detection, the MLC affirmed that it "proactively investigates instances of potential streaming fraud and pursues collaboration with [DMPs], distributors, aggregators, and other stakeholders within the music industry ecosystem to combat" such conduct.<sup>89</sup> While it noted that it must keep specific detection and prevention strategies confidential to preserve their effectiveness, the MLC explained that it engages with third-party vendors with fraud detection expertise and pursues collaboration with other industry stakeholders to bolster prevention and detection efforts.<sup>90</sup>

Finally, the MLC confirmed that it "employs standard unique identifiers to the broadest extent reasonably appropriate, including in the works registration, share claiming, and matching processes, and for general data maintenance activities."<sup>91</sup> This includes employing ISWC numbers, "if provided by rightsholders."<sup>92</sup>

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<sup>87</sup> MLC Initial Submission at 14.

<sup>88</sup> *Data Programs*, MLC, <https://www.themlc.com/dataprograms> (last visited May 26, 2026).

<sup>89</sup> MLC Initial Submission at 29.

<sup>90</sup> *Id.* at 29–30.

<sup>91</sup> *Id.* at 10.

<sup>92</sup> *Id.* at 12.

While some commenters praised the MLC’s data management,<sup>93</sup> others proposed specific improvements. Chiefly, commenters called for the MLC to require and prioritize use of standard identifiers, like the ISWC and the IPI, in their work registrations.<sup>94</sup> Spirit Music Group asserted that “[e]xpanding the identification process using song titles and CISAC codes, *i.e.*, the IPI and ISWC can enhance matching, improve results, and reduce unmatched recordings.”<sup>95</sup> Another commenter suggested the MLC should require “publishers to use IPI numbers of songwriters in their registrations” to prevent duplicate registrations.<sup>96</sup>

In response, the MLC agreed that unique identifiers like ISWC and IPI numbers are valuable, and clarified that it requests ISWC and IPI information from all DMPs who report usage and from all members who register their works.<sup>97</sup> It confirmed that it “utilizes a number of data points and identifiers in its matching processes, including ISWC, ISRC, and IPI numbers.”<sup>98</sup> It does not, however, “exclusively rely on these identifiers for a variety of reasons, including the fact . . . that not all of the data it receives from [DMPs] in their usage reports and/or in the works registrations data it receives from rightsholders includes these identifiers, and sometimes the identifiers submitted to [t]he MLC by [DMPs] and rightsholders are not accurate.”<sup>99</sup>

The Office believes that the MLC’s approach strikes the appropriate balance between the goal to reduce the number of unmatched works by employing standardized

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<sup>93</sup> Peermusic Initial Comments at 2 (“On an operational level, the transparency, reliability, and accuracy of reporting has been exceptional, opening new opportunities for peermusic to understand, analyze, and build on the data we receive”); *see also* Warner Chappell Music Reply Comments at 2 (calling the database “best in class”).

<sup>94</sup> Abby North Initial Comments at 6; BMAC & MAC Reply Comments; Christian Castle Reply Comments; Spirit Music Group Initial Comments at 2.

<sup>95</sup> Spirit Music Group Initial Comments at 2.

<sup>96</sup> Go to Eleven Entertainment Initial Comments at 4.

<sup>97</sup> MLC Reply Submission at 19.

<sup>98</sup> *Id.* at 21.

<sup>99</sup> *Id.*

metadata and the goal of maintaining broad access to the database by not making such metadata a prerequisite for engagement. As the MMA’s legislative history notes, “[u]sing standardized metadata such as ISRC and ISWC codes, is a major step forward in reducing the number of unmatched works.”<sup>100</sup> With that aim, the Office had encouraged the MLC to employ standardized metadata “to the broadest extent reasonably appropriate, including in its registration and claiming processes, matching processes, and general data maintenance activities.”<sup>101</sup> We agree, however, that some flexibility remains necessary in the context of registration and claiming, as requiring members to submit ISWCs, or other standard identifiers, may inhibit broader participation by publishers or songwriters who do not know or have access to that information.

#### i. Matching Practices

One of the MLC’s statutory duties is to match the sound recordings used by DMPs to their underlying musical works and match those musical works to their copyright owners, who must be identified and located.<sup>102</sup> To assist our review of the MLC’s execution of this duty, the Office requested detailed information about its matching practices, including how it measures match accuracy. Specifically, the NOI asked how the MLC has worked to improve automated and manual matching since the blanket license became available, and how it plans to further enhance matching over the next five years, both matching sound recordings to musical works and matching musical works to identified and located copyright owners. We also asked it to explain how it is using quantifiable measurements to monitor its match rate confidence, and how it adjusts confidence levels without using numerical metrics.<sup>103</sup>

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<sup>100</sup> Conf. Rep. at 7.

<sup>101</sup> *Unclaimed Royalties Report* at 65.

<sup>102</sup> 17 U.S.C. 115(d)(3)(C)(i)(III).

<sup>103</sup> NOI at 5943; *see* The Mechanical Licensing Collective, 2022 Annual Report 9 (2023) (“MLC 2022 Annual Report”),

The MLC’s response described a “multilayered” matching methodology, which includes automated and manual matching, a dedicated Matching Team, a quality-assurance process, and additional matching initiatives.<sup>104</sup> Its methodology begins with employing automated “elastic search” technology provided by one or more of its vendors to match sound recording information received from DMPs to musical work information in the MLC’s database.<sup>105</sup> In its automated process, unmatched sound recordings are also rerun against subsequent monthly snapshots, which incorporate newly submitted registration data, to see if new data results in new matches.<sup>106</sup>

Sound recordings that are not matched during this process are manually reviewed by the Matching Team, which uses “custom-built technology and public resources to research missing data elements and make manual matches.”<sup>107</sup> During this process, MLC staff conducts quality assurance, using “CMO databases, music credit databases, DMP websites, content owner websites, and other niche and genre-specific sources” to cross-reference multiple sources to validate manual matches.<sup>108</sup>

Any sound recordings that remain unmatched are presented in the MLC’s Matching Tool “to allow [m]embers to search for and identify sound recordings and independently propose matches. The Matching Team then manually verifies the accuracy of each [m]ember-proposed match.”<sup>109</sup> The MLC also highlighted additional matching initiatives. For example, it pointed to its Supplemental Matching Network, which is a network of vendors that use “complementary technologies” to supplement its internal

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<https://www.themlc.com/hubfs/The%20MLC%202022%20Annual%20Report.pdf> (stating that the MLC “does not use numerical metrics to monitor match rate confidence”).

<sup>104</sup> MLC Initial Submission at 18–21.

<sup>105</sup> *Id.* at 18.

<sup>106</sup> *Id.* at 19.

<sup>107</sup> *Id.*

<sup>108</sup> The Mechanical Licensing Collective, 2024 Annual Report 53 (2025) (“MLC 2024 Annual Report”), <https://www.themlc.com/hubfs/The%20MLC%202024%20Annual%20Report.pdf>.

<sup>109</sup> MLC Initial Submission at 19.

matching activities.<sup>110</sup> Currently, the network consists of organizations that specialize in: music data and licensing (Blokur); compiling music credits from record labels, distributors, publishers and industry associations (Jaxsta); audio recognition technology (Pex); and data matching and administration (Salt and SX Works).<sup>111</sup>

According to the MLC, this methodology has resulted in high match rates. It reported that, as of its initial submission date, its “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.”<sup>112</sup> These rates are based on “the total amount of royalties matched to registered musical works compared to the total royalties reported to [t]he MLC by [DMPs].”<sup>113</sup>

To measure the accuracy of its match rates, the MLC explained that it routinely “runs a number of different analytical processes of the matches it has made and conducts systematic, regular testing of its matches.”<sup>114</sup> Its Matching Team regularly examines random sample sets of automated matches and analyzes the results.<sup>115</sup> The MLC stated that its match rate confidence is further bolstered by comparing the matches produced by its internal processes with the matching data provided by its Supplemental Match Network vendors.<sup>116</sup>

Finally, the MLC highlighted other planned efforts to improve its match rate confidence and its ability to match sound recordings to the musical works they embody. For example, it noted that it is “working with other large CMOs on pilot programs to exchange matching data, in order to create yet another point of comparison that both

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<sup>110</sup> *Id.* at 19–20.

<sup>111</sup> *Id.* at 19, 31–32.

<sup>112</sup> MLC *Ex Parte* Letter at 2 (July 21, 2025).

<sup>113</sup> MLC Initial Submission at 20.

<sup>114</sup> *Id.* at 22.

<sup>115</sup> *Id.*

<sup>116</sup> *Id.*

organizations can use to assess the accuracy of their respective matches and to identify supplemental matches.”<sup>117</sup> It explained, “[t]his approach of assembling multiple points of comparison offers a compelling way for [t]he MLC to monitor the efficacy and accuracy of its internal processes.”<sup>118</sup> In addition, it noted that, in response to user feedback, it is developing mechanisms for members with larger catalogs to deliver proposed matches in bulk.<sup>119</sup> These proposed matches would then be reviewed by a supplemental matching vendor for automated verification.<sup>120</sup>

Many commenters highlighted the match rate as evidence that the MLC’s matching methodology has been successful.<sup>121</sup> The NMPA commented that “[t]he MLC has . . . worked diligently to reduce the incidence of unmatched and unclaimed royalties through better ownership data, the use of manual matching and partnerships with other technology vendors, resulting in an historically high average match rate of over 90%.”<sup>122</sup> One coalition of music publishers stated that they “believe that there is a direct correlation between the tools offered by the MLC . . . and our respective publishers’ Song Match Rate.”<sup>123</sup>

Other commenters, however, took issue with how the MLC defines its match rate.<sup>124</sup> Attorney Gwendolyn Seale stated, “As the most popular musical works are the ones generating the bulk of mechanical royalties over a given month and are typically owned and/or controlled by the major music publishers with the resources and capabilities to constantly monitor activities concerning their clients’ musical works and

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<sup>117</sup> *Id.*

<sup>118</sup> *Id.*

<sup>119</sup> *Id.* at 20.

<sup>120</sup> *Id.* at 20, 22.

<sup>121</sup> CMPA Initial Comments at 2.

<sup>122</sup> NMPA Initial Comments at 4–5.

<sup>123</sup> CMPA Initial Comments at 2.

<sup>124</sup> Gwendolyn Seale Initial Comments at 3–4; George Johnson Initial Comments.

engage in manual matching, the current definition of match rate (*i.e.*, the royalty-based definition) does not mean very much by itself.”<sup>125</sup> Seale continued, “It would be useful for the MLC to also provide the monthly match rate on a recordings-to-musical works-matched basis,” or a works-based calculation,<sup>126</sup> and argued that such data would “shine a light on the efficacy of the MLC’s and its vendors’ matching technology and would help to ensure the musical works of countless self-published songwriters are being matched to reported sound recordings.”<sup>127</sup>

The MLC explained that a royalties-based calculation is standard for most CMOs. While it disagreed that a works-based calculation was warranted, in light of commenter concerns the Office requested further information regarding its match rate by royalty value. In response, the MLC defined five royalty tiers representing the cumulative amount of mechanical royalties earned by a given work since it began operating in January 2021: (1) greater than \$5,000; (2) between \$1,000 and \$5,000; (3) between \$500 and \$1,000; (4) between \$100 and \$500; and (5) under \$100.<sup>128</sup> The MLC’s current average match rates for the top three tiers are each above 90%, and for the highest tier it is over 99%. For works with a cumulative royalty value between \$100 and \$500, it is approximately 83%. And for works with a cumulative royalty value under \$100, it is 63%.<sup>129</sup>

The Office asked whether the MLC has identified any notable trends or patterns in reported usage that it has been unable to match through its efforts to date. It also asked the MLC about its attempts to address these trends or patterns, and specifically, to

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<sup>125</sup> Gwendolyn Seale Initial Comments at 3–4.

<sup>126</sup> *Id.*

<sup>127</sup> *Id.*

<sup>128</sup> MLC *Ex Parte* Letter at 5 (July 21, 2025).

<sup>129</sup> *Id.*

describe any targeted efforts it has undertaken or plans to undertake in the next five years.<sup>130</sup>

In response, the MLC explained, “[s]ound recordings with high stream counts that generate higher royalties are more likely to be matched to a work registered with [t]he MLC, while sound recordings with low stream counts and minimal royalties . . . are less likely to be matched – often because the works featured in those recordings have not been registered with [t]he MLC.”<sup>131</sup> The MLC’s data appears to validate this trend. According to the data, over 500 million unmatched reported sound recordings have less than one dollar in accrued mechanical royalties across all blanket periods to date (with the average being approximately five cents).<sup>132</sup> The MLC reasoned that rightsholders of these “long tail” works<sup>133</sup> “have less of a financial incentive to complete the work registration process since those works generate minimal royalties.”<sup>134</sup>

The MLC further stated that it created the DURP program to address the “unique challenges related to matching and distributing works written by independent or DIY artists,” *e.g.*, “songs with lower stream counts and royalties.”<sup>135</sup> As noted above, the DURP program engages independent distributors, aggregators, and other eligible sound recording distribution companies to identify the rightsholders for the works embodied in sound recordings with lower stream counts.<sup>136</sup> As of May 2026, the initiative includes at least 125 enrolled distributors.<sup>137</sup>

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<sup>130</sup> NOI at 5943.

<sup>131</sup> MLC Initial Submission at 23.

<sup>132</sup> *Id.* at 23 n.46.

<sup>133</sup> The MLC refers to “long tail” works as those works “with low stream counts and minimal royalties . . . [that] are less likely to be matched.” *Id.*

<sup>134</sup> *Id.*

<sup>135</sup> MLC 2024 Annual Report app. at 53; MLC Initial Submission at 14, 23.

<sup>136</sup> MLC Initial Submission at 23.

<sup>137</sup> *DURP Partners*, MLC, <https://www.themlc.com/durp-partners> (last visited May 26, 2026).

Based on the Office’s review of the MLC’s submissions, its matching processes and quality assurance analysis appear to function well. In accordance with our *Unclaimed Royalties Report* recommendations, the MLC reports employing both automated and manual matching processes that engage a broad array of resources. Its efforts include searching public and private third-party databases and leveraging its membership and industry partners. The Office supports the expansion of initiatives that contribute to improving the MLC’s methodology and match rate confidence, including DURP and the Supplemental Matching Network.

The Office applauds the MLC’s efforts to improve match rates for “long tail” works. Its disclosure of match rates by the royalty value tiers provided during this proceeding provides a helpful additional metric. If the MLC were to provide this information going forward, it would better assist with gauging the effectiveness of its matching methodology and initiatives for works earning different ranges of royalties.

ii. Collection and Distribution of Royalties, Including  
Unclaimed Accrued Royalties

To assess the MLC’s performance related to its duty to collect and distribute royalties, the Office requested information about its royalty distributions. Specifically, we asked the MLC for an update on its efforts to implement *Unclaimed Royalties Report* recommendations, which included the recommendation to adopt transparent, practical, and equitable policies, practices, and procedures, especially with respect to holding and distributing unclaimed accrued royalties.<sup>138</sup>

The MMA makes the MLC responsible for “[c]ollect[ing] and distribut[ing] royalties from [DMPs]” using the statutory mechanical license.<sup>139</sup> Any “royalties that cannot be distributed due to” “an inability to identify or locate a copyright owner of a

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<sup>138</sup> NOI at 5942 n.36 (citing the *Unclaimed Royalties Report*).

<sup>139</sup> 17 U.S.C. 115(d)(3)(C)(i)(II).

musical work (or share thereof)” or “a pending dispute before the [D]ispute [R]esolution [C]ommittee of the [MLC],” must be “deposit[ed] into an interest-bearing account.”<sup>140</sup> For those works for which royalties have accrued but the copyright owner is unknown or not located, the MLC holds such royalties for a minimum time period, as designated by the statute. In general, this period is “not less than 3 years after the date on which the funds were received by the [MLC].”<sup>141</sup> At the end of the statutory minimum holding period, accrued royalties for musical works (and shares) that remain unmatched become eligible for distribution by relative market share “to copyright owners identified in the records of the collective,” at which point they become “unclaimed accrued royalties.”<sup>142</sup>

The statute also includes a “transition period” for the period following the MMA’s enactment in October 2018, and before the blanket license became available on January 1, 2021.<sup>143</sup> During the transition period, if the musical work copyright owner was unknown, anyone seeking to obtain a compulsory license to make digital phonorecord deliveries could rely on a limitation on liability that required the DMP to “continue[ ] to search for the musical work copyright owner” using good-faith, commercially reasonable efforts and bulk electronic matching processes.<sup>144</sup> If the musical work copyright owner was not found before the end of the transition period, the DMP had to account for and transfer the accrued royalties (called “historic royalties”) to the MLC in 2021 for further processing. According to the MLC, twenty-one DMPs submitted reporting and transferred royalties related to streaming activities that took place between 2007 and

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<sup>140</sup> *Id.* at 115(d)(3)(G)(i)(III).

<sup>141</sup> *Id.* at 115(d)(3)(H)(i); *see also* Conf. Rep. at 11 (“For unmatched works, the collective must wait for the prescribed holding period of three years before making such distribution. This is intended to give the collective time to actively search for the copyright owner.”).

<sup>142</sup> 17 U.S.C. 115(d)(3)(J)(i), (e)(34).

<sup>143</sup> H.R. Rep. No. 115-651, at 10 (2018); S. Rep. No. 115-339, at 10 (2018).

<sup>144</sup> 17 U.S.C. 115(b)(2)(A), (d)(9)(D)(i), (d)(10)(A)–(B); *see* H.R. Rep. No. 115-651, at 4, 10; S. Rep. No. 115-339, at 3, 10, 22.

2020.<sup>145</sup> Unclaimed historic royalties are subject to a future market-share distribution, like unclaimed blanket license royalties.

The MLC provided an overview of its relevant metrics and achievements in response to the Office’s inquiry. First, it provided distribution metrics for blanket license royalties, historical royalties, and voluntary licenses. As of its June 2025 distribution, the MLC reported processing “over \$3.11 billion in total royalties, comprising approximately \$2.865 billion in blanket royalties directly distributed by [t]he MLC and \$246 million in voluntary royalties (valued at the applicable statutory rates) processed by the MLC, but distributed by DMPs to licensors under voluntary license arrangements.”<sup>146</sup> Each year since its inception, the MLC has completed every royalty distribution “on time or early” for the usage that took place in each relevant year.<sup>147</sup> It reports that it has “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).”<sup>148</sup>

The MLC previously reported that, of the \$568,945,432.36 in royalties held related to 2021–2024 usage, \$243,856,456.84 is related to unclaimed royalties.<sup>149</sup> And, of the \$397,196,646.86 in historical unmatched royalties collected, \$195,779,461.26 remain unmatched and \$74,473,413.08 remain unclaimed.<sup>150</sup>

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<sup>145</sup> *Historical Unmatched Royalties*, MLC, <https://www.themlc.com/historical-unmatched-royalties> (last visited May 26, 2026).

<sup>146</sup> MLC *Ex Parte* Letter at 1–2 (July 21, 2025).

<sup>147</sup> The Mechanical Licensing Collective, 2021 Annual Report 1 (2022), <https://www.themlc.com/hubfs/Marketing/23856%20The%20MLC%20AR2021%206-30%20REFRESH%20COMBINED.pdf>; MLC 2022 Annual Report at 2; The Mechanical Licensing Collective, 2023 Annual Report 2 (2024), <https://www.themlc.com/hubfs/2023%20MLC%20Annual%20Report.pdf>; MLC 2024 Annual Report at 1.

<sup>148</sup> MLC *Ex Parte* Letter at 2 (July 21, 2025).

<sup>149</sup> MLC 2024 Annual Report app. at 17.

<sup>150</sup> *Id.* at 18.

The MLC has not yet distributed unclaimed royalties. In early 2026, however, it announced that it has begun developing a policy to distribute the remaining unmatched and unclaimed blanket royalties.<sup>151</sup> While the MLC has, to date, prioritized the growth and engagement of its membership and the continued improvement of data necessary to facilitate accurate matching, it also recognizes that Congress did not contemplate the indefinite retention of blanket royalties.

Starting in early 2027, the MLC plans to start making market share distributions of unmatched and unclaimed royalties on a monthly, per-song and “pro rata basis for each [DMP] and offering”; in other words, “[e]very song that earned monthly royalties . . . will receive its pro rata share of the remaining royalties for that month.”<sup>152</sup> The MLC reports that the “current amount of remaining unmatched and unclaimed royalties from January 2021 that would be eligible to be included in [the] first monthly distribution in 2027 is less than \$7 million.”<sup>153</sup> Due to continued reprocessing, along with its continued matching efforts focused on the remaining 2021 royalties, it estimates that the remaining amount will likely be lower by January 2027. It plans to begin processing the remaining historical (*i.e.*, pre-January 2021) unmatched royalties at a later date.

Many commenters praised the MLC’s collection and distribution of blanket royalties, noting that it “has distributed monthly royalty payments for all [DMPs] on time or early every month since the first distribution in April 2021,” which “has allowed U.S. mechanical streaming income to become one of the most predictable and transparent revenue sources in the music industry.”<sup>154</sup> Certain other commenters, however, reported

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<sup>151</sup> *Looking One Year Ahead: Market Share Distributions*, MLC, <https://pages.themlc.com/looking-one-year-ahead-market-share-distributions> (last visited May 26, 2026).

<sup>152</sup> *Id.*

<sup>153</sup> *Id.*

<sup>154</sup> Big Machine Music Initial Comments at 2; *see* NMPA Initial Comments at 3 (“Since its inception, the MLC has distributed over \$2 billion in royalties to thousands of rightsholders,

payment delays due to processing errors and frivolous ownership disputes.<sup>155</sup> While the Office acknowledges the reported payment delays and alleged errors, it appears the MLC maintains an infrastructure capable of troubleshooting such issues. It has established common sense policies that address disputes and catalog transfers through a thoughtful and deliberate process. When a copyright owner believes that there has been a payment error, we expect the MLC to review and resolve any issues in a timely and fair manner.

Overall, the Office applauds the MLC's collection and distribution efforts, which have resulted in over \$3.9 billion in royalties paid to copyright owners. These efforts have had a significant and measurable impact on songwriters' and publishers' income, providing increased revenue reliability and predictability.

The Office also supports the MLC in commencing a process to develop policies governing the distribution of unclaimed royalties pursuant to the statute. We look forward to working with the MLC to ensure that its policies and processes are transparent, fair, and equitable for all songwriters and publishers.

### iii. Fraud and Frivolous Disputes

Next, the Office requested information about the MLC's efforts to combat fraudulent ownership claims, frivolous ownership disputes, and streaming fraud, specifically: (1) "any steps that the [MLC] is taking to protect against the incidence of fraudulent ownership claims and frivolous ownership disputes"; (2) "whether these steps have been successful"; and (3) "whether and to what extent the [MLC] is working with

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making every monthly royalty distribution on time."); NSAI Initial Comments at 2; Recording Academy Reply Comments; Reservoir Initial Comments.

<sup>155</sup> See, e.g., Word Collections Initial Comments at 17 (stating that MLC's Dispute Policy favors those claimants who "show[] up first," to the detriment of "uneducated songwriters" less familiar with how the MLC operates"); Music Copyright Consultant Group II Initial Comments (reporting payment errors and delays due to MLC's method of calculating royalties for medleys and music works that include interpolations and samples); Go to Eleven Entertainment Initial Comments at 4-5 (claiming that the MLC does not freeze payments for works in dispute until resolution, and suggesting that to avoid payment issues " [t]he minute [t]he MLC is served notice of via a Catalog Transfer Form, all royalties should be put on hold until the transfer is confirmed and set up by [t]he MLC").

DMPs, distributors, aggregators, or others to protect against streaming fraud and the status of such efforts, including their success or failure.”<sup>156</sup>

Regarding frivolous ownership disputes, the MLC asserted that its Ownership Dispute Policy is designed to “efficiently address ownership disputes between or among copyright owners” and “deters” frivolous claims because it “require[s] parties that initiate disputes to provide written documentation substantiating their claim(s) within a fixed time frame.”<sup>157</sup> It explained that this requirement “reduces the likelihood that parties without legitimate ownership claims can affect timely distribution of related royalties.”<sup>158</sup>

Concerning fraudulent ownership claims, the MLC states that it “has implemented a multi-faceted strategy for identifying and mitigating fraudulent ownership claims” that involves multiple internal teams monitoring incoming data for signs of fraud at every stage of the MLC’s royalty distribution process.<sup>159</sup> When MLC staff observe data anomalies, they escalate those observations for greater scrutiny.<sup>160</sup>

Finally, regarding streaming fraud, the MLC confirmed that it “proactively investigates instances of potential streaming fraud and pursues collaboration with [DMPs], distributors, aggregators, and other stakeholders within the music industry ecosystem to combat streaming fraud.”<sup>161</sup> While the MLC kept its specific detection and prevention strategies confidential “to preserve their effectiveness,” it explained that its strategies include, in addition to its own internal efforts, “engaging third-party vendors with expertise in detecting fraud” and “actively pursuing collaboration with other industry stakeholders.”<sup>162</sup>

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<sup>156</sup> NOI at 5943.

<sup>157</sup> MLC Initial Submission at 29.

<sup>158</sup> *Id.*

<sup>159</sup> *Id.* at 28–29.

<sup>160</sup> *Id.* at 29.

<sup>161</sup> *Id.*

<sup>162</sup> *Id.* at 29–30.

The Office supports the MLC's proactive work to combat fraud. Its collaborative initiatives in this area are important and appear to be contributing to improved data accuracy and integrity. We will continue to monitor these efforts as they progress.

## 2. Investment in Resources and Vendor Engagement

As noted above, to perform its statutory duties, the MLC invests in relevant resources and arranges for services of outside vendors. The NOI inquired about these activities, including the MLC's reliance on third-party vendors to support its operations and fulfill its statutory obligations.<sup>163</sup> The Office also asked the MLC to provide information about its Supplemental Matching Network vendors, "including the specific functions that they perform, or have been asked to perform, the vendors' relevant experience with clients and projects involving similar scale and type, or their industry-specific knowledge."<sup>164</sup>

The MLC's initial response provided general information about its third-party vendors' business capabilities.<sup>165</sup> DIMA, the DLC, and other commenters advocated for greater transparency,<sup>166</sup> and in subsequent meetings with the MLC, the Office requested further information. In response, the MLC elaborated that it "evaluates vendor performance through multiple, standard mechanisms that establish expectations for responsiveness, turnaround times, fulfillment, and consistency."<sup>167</sup> It explained that "the

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<sup>163</sup> NOI at 5941.

<sup>164</sup> *Id.* at 5943. Office regulations also require the MLC to provide in its annual report the MLC's "selection of new vendors during the preceding calendar year, including the criteria used in deciding to select such vendors, and key findings from any performance reviews of the mechanical licensing collective's current vendors." 37 CFR 210.33(b)(10). The information must "include a general description of any new request for information (RFI) and/or request for proposals (RFP) process, either copies of the relevant RFI and/or RFP or a list of the functional requirements covered in the RFI or RFP, the names of the parties responding to the RFI and/or RFP." *Id.*

<sup>165</sup> MLC Initial Submission at 30–32.

<sup>166</sup> *See, e.g.*, DLC & DIMA Initial Comments at 15; Gwendolyn Seale Initial Comments at 7; Spirit Music Group Initial Comments at 3.

<sup>167</sup> MLC *Ex Parte* Letter at 5 (Nov. 20, 2025).

vendors that comprise its Supplemental Matching Network provide a range of matching-related services” and “collectively assist [t]he MLC with matching tasks (with the specific allocation of work among them subject to adjustments to meet [t]he MLC’s evolving matching needs).”<sup>168</sup> These “matching tasks” include “(a) supplementing [t]he MLC’s core matching by applying independent work-to-recording and recording-to-work matching services; (b) validating and expanding matches between sound recordings and musical works; (c) finding additional versions of the same recordings across [DMPs] so all related uses are captured and tied to works already matched; [and] (d) identifying non-musical content so it can be removed from the royalty pool.”<sup>169</sup>

The Office understands the MLC’s need to maintain flexibility as it allocates matching tasks among its vendors. The information provided is sufficient for purposes of this designation proceeding. To the extent additional transparency is warranted, we will address those considerations elsewhere, including in the context of the MLC’s annual reporting obligations. We will continue to monitor how the MLC evaluates vendor performance and determines whether to continue engagement.

### 3. Funding

The MMA directs the MLC to report on procedures “to guard against fraud, abuse, waste, and the unreasonable use of funds.”<sup>170</sup> In evaluating whether the current MLC designation should be continued, the MMA’s legislative history directs the Office to consider any “evidence of fraud, waste, or abuse, including the failure to follow the relevant regulations adopted by the Copyright Office.”<sup>171</sup> Accordingly, the Office

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<sup>168</sup> *Id.*

<sup>169</sup> *Id.*

<sup>170</sup> 17 U.S.C. 115(d)(3)(D)(ix)(II)(bb)(BB) (directing the MLC to ensure that periodic audit reports address the implementation and efficacy of certain procedures). As noted above, the DMPs fund the MLC’s operations through an administrative assessment that is established by the Copyright Royalty Judges.

<sup>171</sup> H.R. Rep. No. 115-651, at 6.

requested information about the MLC’s “procedures to safeguard its use of the assessment funds against abuse, waste, and other unreasonable expenditures.”<sup>172</sup> We also asked the MLC to discuss “whether it ha[s] become more efficient over time[,] . . . address[ing] with specificity any expenditure categories (*e.g.*, personnel costs, information technology, professional fees, outreach, education, communication & events, insurance, rent, computer equipment, & office expenses) that have significantly increased since January 2021,” and providing a detailed explanation for any such increase.<sup>173</sup> In addition to the MLC’s submission in this proceeding, its annual reports aid in the Office’s evaluation.<sup>174</sup> They include information on the MLC’s “[b]udgeting and expenditures,” “total costs for the preceding calendar year,” projected annual budget, and “[e]xpenses that are more than 10 percent of the annual mechanical licensing collective budget.”<sup>175</sup>

a. Safeguarding Use of Assessment Funds and Efficiency

The MLC identified internal and external controls that ensure responsible use of assessment funds.<sup>176</sup> Its internal controls include “structured approval processes for expenditures and payments, emphasizing checks at multiple levels to ensure accountability.”<sup>177</sup> According to the MLC, monitoring mechanisms are in place to review vendor payments, employee-related financial transactions, and budgeting.<sup>178</sup> It stated that its Budget and Performance Advisory, Audit, and Compensation committees provide

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<sup>172</sup> NOI at 5944. Note that the MMA requires the MLC to retain a qualified auditor to examine its books, records, and operations and prepare a report on these topics for the MLC’s Board. *See* 17 U.S.C. 115(d)(3)(D)(ix)(II). The auditor’s letter to the MLC’s Board can be found on the MLC’s website. Letter from WithumSmith+Brown, P.C. to the Board of Directors of the MLC (Dec. 22, 2023),

[https://www.themlc.com/hubfs/Auditor%20Letter%20to%20Board%20re%20MMA%20Audit%20Provision%20\(115\(d\)\(3\)\(D\)\(ix\)\(II\)\).pdf](https://www.themlc.com/hubfs/Auditor%20Letter%20to%20Board%20re%20MMA%20Audit%20Provision%20(115(d)(3)(D)(ix)(II)).pdf).

<sup>173</sup> NOI at 5944.

<sup>174</sup> The MLC’s annual reports and public financial statements are available at <https://www.themlc.com/governance>.

<sup>175</sup> 37 CFR 210.33(b)(3)–(5), (7).

<sup>176</sup> MLC Initial Submission at 33–35.

<sup>177</sup> *Id.* at 33.

<sup>178</sup> *Id.*

further “oversight to ensure judicious use of resources and prevention of abuse, waste, and unreasonable expenditures.”<sup>179</sup>

The MLC also described its external controls, which include the statutorily required quinquennial outside audit, which was last completed in 2023.<sup>180</sup> The external auditor concluded that it had “obtained reasonable assurance that the financial statements as a whole were free from material misstatements, whether caused by fraud or error, in accordance with AU-C Section 240 Consideration of Fraud in a Financial Statement Audit, as issued by [the American Institute of CPAs].”<sup>181</sup> Additionally, the MLC has “engage[d], on a voluntary basis, a qualified and independent outside auditor to examine its books and records,” and each year since 2021, “[e]ach audit has resulted in an unqualified opinion (typically known as a ‘clean audit report’) that the financial statements presented fairly the position of [t]he MLC in all material aspects in accordance with accounting principles generally accepted in the U.S. (‘GAAP’).”<sup>182</sup>

Finally, the MLC noted that it “publicly discloses detailed analysis of its annual budget, annual collective total costs, and annual expenditures applied against assessment fees collected, as well as publicly disclosing copies of each annual IRS Form 990 filings.”<sup>183</sup>

Very few commenters addressed the MLC’s handling of administrative assessment funds.<sup>184</sup> The DLC and DIMA, however, questioned its expenditure of

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<sup>179</sup> *Id.* at 34.

<sup>180</sup> *Id.* at 33–34.

<sup>181</sup> *Id.* at 34 (quoting Letter from WithumSmith+ Brown, P.C. to the Board of Directors of the MLC (Dec. 22, 2023)).

<sup>182</sup> *Id.*

<sup>183</sup> *Id.* at 34–35.

<sup>184</sup> *See, e.g.*, Abby North Initial Comments at 3–4 (stating that the MLC should “spend more money on correcting incorrect party data and mismatched recording data so that the correct parties receive the distributed royalties”); NMPA Initial Comments at 7–8 (highlighting that “the deal struck between music publishers and DMPs during the drafting of the MMA was the agreement that DMPs would fund ‘the collective total costs’ of the MLC” (emphasis omitted)).

resources to match sound recordings that have less than one dollar in accrued mechanical royalties across all blanket periods to date.<sup>185</sup> They argued that “it is highly inefficient for MLC[] to expend substantial resources to match these works, with what can’t even be described as marginal benefits to creators.”<sup>186</sup> Finally, they raised concerns related to transparency and access to information about certain vendor contracts and administrative assessment data.<sup>187</sup>

With regard to its efforts to match “long tail” works, the MLC noted the Office’s previous encouragement to “be careful in adopting and applying thresholds or cost/benefit analyses to appropriately balance the need to be cost-effective and fiscally responsible with the core duty to vigorously match.”<sup>188</sup> It explained that “[i]t is precisely [the DMP’s] disregard for the value of robust and comprehensive matching efforts that caused many of the problems that the MMA sought to address, and it validates the prescient decision of Congress to take control over the royalty administration process away from [DMPs] and give it instead to a statutory collective governed by a Board consisting almost entirely of rightsholders.”<sup>189</sup>

As further evidence of its fiscal efficiency, the MLC highlighted administrative fee ratios it publishes in its annual reports. These ratios “are calculated by dividing the respective administrative assessment for the calendar year by royalty metrics, with the metric most relevant for comparison with industry benchmarks being total royalty pools reported to [t]he MLC.”<sup>190</sup> In its initial submission, the MLC reported administrative fee ratios at 4.23% in its first year of operation, 3.97% in 2022, and 3.07% in 2023.<sup>191</sup> For the

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<sup>185</sup> See DLC & DIMA Initial Comments at 19.

<sup>186</sup> *Id.*

<sup>187</sup> *Id.* at 15.

<sup>188</sup> MLC Reply Submission at 25 n.66 (quoting *Unclaimed Royalties Report* at 82).

<sup>189</sup> *Id.* at 24.

<sup>190</sup> MLC Initial Submission at 35.

<sup>191</sup> *Id.* at 35.

2024 calendar year, the MLC reported an administrative fee ratio at 3.86%.<sup>192</sup> These ratios are comparable to or lower than those of other collective management organizations.<sup>193</sup>

Some commenters rejected the MLC’s assertion that administrative fee ratios are appropriate measures of efficiency in the context of the blanket license.<sup>194</sup> The DLC and DIMA argued that “[g]iven the high fixed costs of administering the section 115 license, focusing only on the administrative expense ratio leads to the conclusion that MLC[] is more efficient or less efficient merely because DMPs generated more or less revenues.”<sup>195</sup> The DLC and DIMA contended that the MLC’s spending should correlate to the advancement of its statutory duties, such as “‘matching’ tracks to underlying musical works, and setting up systems to receive usage reports and make payments,” notwithstanding how much revenue the services generate.<sup>196</sup>

Fiscal responsibility and efficiency remain core values in the Office’s assessment of the MLC’s past performance, especially as Congress envisioned the MLC “operat[ing] in a transparent and accountable manner.”<sup>197</sup> The Office acknowledges the MLC’s efforts to function accordingly. Indeed, since its initial designation, it has delivered to the Office

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<sup>192</sup> MLC 2024 Annual Report app. at 15.

<sup>193</sup> According to the MLC’s CEO, “no other collective management organization has ever reported an administrative cost percentage less than 5%, and most similar organizations around the world report percentages between 10% and 20% or more.” MLC Initial Submission at 35–36 (quoting *Five Years Later—The Music Modernization Act Before the Subcomm. on Courts, Intell. Prop. & the Internet of the H. Comm. on the Judiciary*, 118th Cong. (2023) (responses to questions on the record of Kris Ahrend, CEO, Mechanical Licensing Collective)). The Office notes that SoundExchange has reported administrative rates between four and six percent. *Why should I register with SoundExchange?*, SoundExchange, <https://www.soundexchange.com/faq/why-should-i-register-with-soundexchange/> (last visited May 26, 2026).

<sup>194</sup> DLC & DIMA Initial Comments at 17; Abby North Initial Comments at 3–4.

<sup>195</sup> DLC & DIMA Initial Comments at 17–18.

<sup>196</sup> *Id.* at 17; see also Abby North Initial Comments at 3–4 (“The goals should be to have the highest match and claim rate, the cleanest data, and the most accurately paid members, not the lowest admin fee.”).

<sup>197</sup> S. Rep. No. 115-339, at 7.

an annual report detailing all budgeting information required under the statute and the Office's regulations. In addition to the MLC's internal efforts to guard and expend funds responsibly, such public reporting permits stakeholders to remain vigilant against waste.

The Office recognizes that there may be a point at which expenditures associated with matching activity could become disproportionate to the value of royalties distributed. At present, however, the record does not indicate that the MLC is approaching such a threshold. To the contrary, its continued efforts to match works, including those with low accrued royalties, are consistent with its statutory obligation to identify and pay rightsholders, particularly prior to making any market-based distribution of unmatched funds.

The Office further concludes that commenters have not established that the MLC's current metrics for assessing efficiency are unreasonable. While there are multiple ways to evaluate efficiency, administrative fee ratios are a commonly used and informative metric among CMOs. The MLC's reported ratios fall within a range that supports a finding of responsible stewardship. Therefore, we find no basis to disturb the MLC's designation for that reason.

#### b. Increased Expenditures

Next, the Office asked the MLC to provide information on any expenditure categories that have significantly increased since January 2021. In response, the MLC addressed two expenditure increases. First, it explained that "overall staffing expenses have significantly increased since January 2021 as [t]he MLC has continued to build out its internal teams by hiring new team members."<sup>198</sup> Second, it explained that expenses related to education and outreach increased after 2022, because "the COVID-19 pandemic prevented [t]he MLC from conducting numerous activities that [t]he MLC

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<sup>198</sup> MLC Initial Submission at 37.

would have otherwise conducted from the outset,” and during that time it engaged in educational programs and activities exclusively on a virtual basis.<sup>199</sup> As pandemic-related restrictions relaxed, the MLC pivoted to add more outreach and education through hosting and participating in in-person events, which increased costs.<sup>200</sup>

Based on the information provided, the Office finds that the MLC has reasonably explained the identified increases in expenditures, including those related to staffing and outreach activities. These explanations are consistent with its ongoing efforts to build operational capacity and engage with stakeholders pursuant to its statutory duties. At the same time, the Office emphasizes the importance of continued attention to the efficient use of assessment funds, particularly as certain expenditures have grown. Thus, we encourage the MLC to consider whether additional or more granular metrics may assist in evaluating the effectiveness and efficiency of such spending, with particular focus on education and outreach activities. The Office will continue to monitor these issues, including through review of the MLC’s annual reports and other disclosures.

#### 4. Governance

In the NOI, the Office requested information related to the MLC’s governance, including, *inter alia*: a copy of the MLC’s bylaws; an explanation of how it approaches dispute resolution with interested parties “regarding interpretation of the MMA or the Office’s regulations”; an explanation of how it has been ensuring that “its policies, procedures, and practices are transparent and accountable” and “that all board and committee members have equal access to information in the [MLC’s] possession”; the “status of any policies or procedures related to the distribution of unclaimed accrued

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<sup>199</sup> *Id.*

<sup>200</sup> *Id.*

royalties and accrued interest”; and any other “policies addressing its statutory duties, procedures, practices, and guidelines.”<sup>201</sup>

Overall, the Office finds that the MLC’s governance meets the MMA’s requirements and supports the MLC’s continued designation. On this topic, comments noting concerns or improvements focused on the MLC Board’s composition, the Board’s Songwriter Trade Group Director, the MLC’s authority to interpret the MMA or Copyright Act, transparency, and certain MLC policies.

a. Bylaws, Board, and Committees

The MLC’s Board and statutory committee members are selected in accordance with its bylaws.<sup>202</sup> When a nonvoting MLC Board member is selected, that candidate “is then referred to the Register of Copyrights for evaluation, along with an explanation of how the candidate satisfies the MMA’s eligibility requirements” and becomes elevated to the Board only after the Librarian of Congress’s appointment.<sup>203</sup> The MLC provided a copy of its bylaws and detailed information on its Board and statutorily required committee members.<sup>204</sup> It also provided information on its non-statutory committees, including their purposes, members, and selection processes.<sup>205</sup> These additional committees are the Budget Performance Advisory Committee, Audit Committee, Compensation Committee, Songwriter Nominating Committee, and Publisher Nominating Committee.<sup>206</sup>

i. Board and Committees

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<sup>201</sup> NOI at 5944.

<sup>202</sup> MLC Initial Submission Ex. 3, secs. 6.1, 6.2, 7.2 (“MLC Bylaws”).

<sup>203</sup> *MLC and DLC Contact Information, Boards of Directors, and Committees*, U.S. Copyright Office, <https://www.copyright.gov/music-modernization/mlc-dlc-info/> (last visited May 26, 2026).

<sup>204</sup> MLC Initial Submission at 39–60 and Ex. 3.

<sup>205</sup> *Id.* at 60–64.

<sup>206</sup> *Id.*

The Office received several comments addressing the statutory composition of the MLC’s voting directors, which is divided between four self-published songwriters and ten music publisher representatives.<sup>207</sup> The Office appreciates these comments, but does not have the power to change the Board’s statutory composition by regulation.

Other comments raised concerns about current Board and committee membership, with some suggesting that members do not adequately represent the publishing and songwriting community, especially smaller publishers and independent songwriters.<sup>208</sup> The Office agrees that participation on the MLC’s Board or committees is a serious responsibility and that these positions should, as a whole, represent the varied interests of the greater publishing and songwriting community. Although, other than the Songwriter Trade Group Director position (discussed below), commenters did not make specific proposals to this end, we encourage the MLC to consider ways to address concerns regarding adequate representation of stakeholder groups on its Board and committees.

ii. Bylaws Governing the Songwriter Trade Group Director

Songwriter groups specifically addressed how the MLC’s bylaws implement the statutory nonvoting Board seat for “a representative of a nationally recognized nonprofit trade association whose primary mission is advocacy on behalf of songwriters in the United States”<sup>209</sup> (the “Songwriter Trade Group Director”). According to the bylaws, this director is “elected by a vote of all Class A Members [*i.e.*, the Board’s voting “Songwriter Directors”], with each Class A Member having one (1) vote. A tie vote shall

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<sup>207</sup> See BMAC & MAC Reply Comments at 2; Gwendolyn Seale Initial Comments at 8; Lindvall, Lowery, & Morgan Initial Comments at 17; SGA, SCL & MCNA Initial Comments at 4; SONA Initial Comments at 7.

<sup>208</sup> See Abby North Initial Comments at 6–7; BMAC & MAC Reply Comments at 2; George Johnson Reply Comments at 12; SONA Initial Comments at 7. For example, Go to Eleven Entertainment suggested that the MLC would benefit from having members on the MLC’s Nominating Committees (committees not required by the MMA) who are not on the MLC’s Board, because “the [B]oard controls the makeup of new members indefinitely and they often do not pick people who would challenge [the Board’s] opinions.” Go to Eleven Entertainment Initial Comments at 3–4.

<sup>209</sup> 17 U.S.C. 115(d)(3)(D)(i)(V).

be broken by a vote of the full Board, or if still tied after such vote, by the vote of the Chair of the Board.”<sup>210</sup> The Songwriter Trade Group Director’s term “shall continue until a vote of the majority of the Class A Members at any Annual Meeting of Members (or by a unanimous written consent of all Class A Members delivered to the full Board) calls for election of a replacement, at which point the term of the Songwriter Trade Group Director shall expire at the next Annual Meeting of Members.”<sup>211</sup>

Since the MLC’s formation, the Songwriter Trade Group Director has been a representative from NSAI. BMAC, MAC, and SONA suggested that having varying songwriter group representatives fill the role would be beneficial for songwriters as a whole.<sup>212</sup> BMAC and MAC stated that the MLC’s bylaws “make it challenging for different songwriter trade groups to be considered for this position.”<sup>213</sup> SONA echoed this claim.<sup>214</sup> These groups also asked for “clarification” related to the “eligibility, nominating process, term length, and term limits” for the Songwriter Trade Group Director position.<sup>215</sup>

It is important to emphasize that neither BMAC, MAC, nor SONA criticized the current Songwriter Trade Group Director or NSAI, the Director’s trade group. In fact, SONA expressed its “gratitude for all the work that NSAI has dedicated to the

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<sup>210</sup> MLC Bylaws sec. 4.2(c)(1).

<sup>211</sup> *Id.* sec. 4.3. The bylaws also state that “if a vacancy arises with respect to the Songwriter Trade Group Director, the Songwriter Directors shall appoint a replacement Director.” *Id.* sec. 4.4.

<sup>212</sup> BMAC & MAC Reply Comments at 1–2 (“While we appreciate the intent behind this role, we believe the current implementation falls short of providing adequate representation for the diverse songwriter community.”); SONA Initial Comments at 7; *see also* SGA, SCL & MCNA Initial Comments at 4; Letter from Rep. Scott Fitzgerald to Shira Perlmutter, Register of Copyrights and Director, U.S. Copyright Office at 3–4 (Aug. 29, 2024) (noting stakeholder concerns on this topic).

<sup>213</sup> BMAC & MAC Reply Comments at 2.

<sup>214</sup> SONA Initial Comments at 7 (“Due to a lack of clarity, the nature of the bylaws of The MLC make it virtually impossible for any other songwriter trade group to be contemplated.”).

<sup>215</sup> BMAC & MAC Reply Comments at 1–2; SONA Initial Comments at 7.

position.”<sup>216</sup> The Office echoes the appreciation for NSAI’s work to support the MMA’s goals, including through its participation on the MLC’s Board.

The Office does, however, recommend some changes to the MLC’s bylaws governing the Songwriter Trade Group Director. We believe that the bylaws’ current provision governing the Songwriter Trade Group Director’s term is inconsistent with the statute, as the term does not have a fixed duration, but continues until the Songwriter Directors call for the election of a replacement Songwriter Trade Group Director.<sup>217</sup> The MMA gives the MLC the authority to establish rules governing “the *length of the term* for each member of the board of directors,”<sup>218</sup> and that phrase suggests a fixed duration.<sup>219</sup>

While the rules governing the Songwriter Trade Group Director’s nomination and election provisions do not conflict with the letter of the law, as the MMA gives the MLC discretion in their implementation, the Office believes that there would be significant benefits to expanding the pool of songwriters who could nominate and elect the Songwriter Trade Group Director. Amending the bylaws to allow for greater songwriter input also would be consistent with the MMA’s legislative history, which states “that songwriters should be responsible for identifying and choosing representatives that faithfully reflect the entire songwriting community on the Board.”<sup>220</sup>

The Office encourages the MLC’s Board to make these changes as soon as reasonably practicable.

### iii. Authority to Interpret the MMA or Copyright Act

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<sup>216</sup> SONA Initial Comments at 7.

<sup>217</sup> MLC Bylaws sec. 4.3. The bylaws also state that “if a vacancy arises with respect to the Songwriter Trade Group Director, the Songwriter Directors shall appoint a replacement Director.” *Id.* sec. 4.4.

<sup>218</sup> 17 U.S.C. 115(d)(3)(D)(ii)(I)(aa) (emphasis added).

<sup>219</sup> *See Term*, Black’s Law Dictionary (12th ed. 2024) (defining “term,” in part, as a “fixed period of time”).

<sup>220</sup> Conf. Rep. at 4.

Some commenters questioned the MLC’s authority to establish various policies, including those that interpret the MMA or Copyright Act. For example, Artist Rights Institute and Abby North noted their concern over “appeal rights in the policies and practices of [t]he MLC . . . that effectively make the MLC a [rulemaking] body not authorized by the Music Modernization Act.”<sup>221</sup> Attorney Gwendolyn Seale stated that “[a]dditional transparency regarding some of the MLC’s positions taken since 2021 is warranted, particularly with respect to its (1) investment policy, (2) copyright terminations policy, and (3) historical royalties distributions decisions.”<sup>222</sup>

Nothing in the statute gives the MLC authority to interpret the Copyright Act or MMA.<sup>223</sup> Moreover, it is the Office, with the Librarian of Congress’s approval, that has the authority to promulgate regulations to effectuate the mechanical license and the CRJs who have the authority to set the statutory mechanical license’s rates and terms, establish the administrative assessment, and promulgate regulations related to that assessment.<sup>224</sup> At the same time, Congress granted the MLC its own specified authorities and functions, including the ability to establish its own bylaws.<sup>225</sup> While not every decision, practice, or dispute involving the MLC requires the Office’s legal guidance,<sup>226</sup> we have made clear that we will provide such guidance when there is a dispute over the correct interpretation

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<sup>221</sup> Artist Rights Institute & Abby North Reply Comments at 1.

<sup>222</sup> Gwendolyn Seale Initial Comments at 8 (noting also that “the MLC should be disclosing its organizational meeting minutes to the public, so the public is aware of the rationale behind its decisions”).

<sup>223</sup> *Cf.* 17 U.S.C. 702 (“The Register of Copyrights is authorized to establish regulations not inconsistent with law for the administration of the functions and duties made the responsibility of the Register under this title.”); 89 FR 56586, 56610 (July 9, 2024).

<sup>224</sup> 17 U.S.C. 801(b)(1), (b)(8); *id.* at 115(c)(1)(E)–(F), (d)(12)(A).

<sup>225</sup> *Id.* at 115(d)(3)(C), (d)(3)(D)(ii).

<sup>226</sup> The Office also recognizes that Congress intended that the Office’s regulations would “balance[] the need to protect the public’s interest with the need to let the new collective operate without over-regulation.” Conf. Rep. at 12.

of the Copyright Act or MMA.<sup>227</sup> To the extent that stakeholders have concerns about specific MLC practices or legal interpretations, we encourage them to bring those concerns to our attention.

#### b. Transparency, Accountability, and Access

As Congress observed, the MLC “is expected to operate in a transparent and accountable manner” and that the MMA “specifically requires that the [MLC] shall ensure that its policies and practices are transparent and accountable.”<sup>228</sup> The NOI asked for an explanation of how the MLC has been ensuring that “its policies, procedures, and practices are transparent and accountable” and “that all board and committee members have equal access to information in the [MLC’s] possession.”<sup>229</sup>

The MLC provided examples of how it meets this requirement. First, it noted that copies of its policies, “detailed information about its procedures and practices,” and “Annual Reports and annual IRS filings” are all available on its website.<sup>230</sup> It also noted that it “has built and deployed numerous tools and resources to facilitate access to and usage of [t]he MLC’s public data by its [m]embers and members of the public,” which “provide users with significant transparency and promote accountability.”<sup>231</sup> It stated that it “provides detailed royalty statements every month to [m]embers receiving royalty payments” and “engages in diligent efforts to publicize throughout the music industry the existence of The MLC and the ability for rightsholders to register new works, claim

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<sup>227</sup> The CRJs are responsible for clarifying any confusion over their own regulations. *See, e.g.*, 85 FR 22518, 22529–30 (Apr. 22, 2020) (noting, in the context of a dispute over the CRJ’s regulatory definition of “offering,” that “[t]his issue does not seem appropriate for the Office to opine on one way or the other . . . [and] concerns should be addressed to the CRJs” and on the issue of the CRJ’s late fee regulations, “any clarification should come from [the CRJs]”).

<sup>228</sup> Conf. Rep. at 6.

<sup>229</sup> NOI at 5944.

<sup>230</sup> MLC Initial Submission at 69–70.

<sup>231</sup> *Id.* at 70–71; *see also id.* at 12–18 (describing tools and resources).

shares in registered works, and submit proposed matches to unmatched usage, providing transparency and broad accountability on usage and ownership records.”<sup>232</sup>

Many commenters supported the MLC’s efforts to enhance the transparency of its policies, procedures, and practices.<sup>233</sup> Some, however, requested additional transparency concerning its matching efforts,<sup>234</sup> investment policy,<sup>235</sup> vendors,<sup>236</sup> and the process to

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<sup>232</sup> *Id.* at 71.

<sup>233</sup> AGM Initial Comments at 1–2 (“The MLC has set forth for us a verifiable and exemplary track record of transparency, efficiency, professionalism, and dependability.”); Big Machine Music Initial Comments at 1–2 (noting that “[t]he transparency of song information at the MLC ensures that we and our songwriters are able to keep accurate registration details of our songs, and consequently receive accurate and complete royalty payments,” “the MLC’s regular *Top Unmatched Sound Recordings Uses Report* gives us a new level of transparency than we have historically received, and allows us to make sure our songs don’t fall through the cracks,” and “has allowed U.S. mechanical streaming income to become one of the most predictable and transparent revenue sources in the music industry”); NMPA Initial Comments at 4–5; NMPA Reply Comments at 9–11; NSAI Initial Comments at 2; Peermusic Initial Comments at 2 (“On an operational level, the transparency, reliability, and accuracy of reporting [by the MLC] has been exceptional.”); Recording Academy Reply Comments at 2, 4 (“[T]he MLC has provided unprecedented transparency regarding the disposition of historical unmatched royalties.”); Reservoir Initial Comments at 1.

<sup>234</sup> A2IM Initial Comments at 2–3 (“It is crucial for the MLC to provide clear statistics on fully matched, partially matched, and unmatched titles to ensure transparency and build trust among rights holders.”); Abby North Initial Comments at 5; Artist Rights Alliance Reply Comments at 2 (“The MLC should increase transparency around the amount and status of matched and unmatched royalties, so that rightsholders are fully informed and included in the process.”); Artist Rights Institute *Ex Parte* Letter at 3 (Aug. 22, 2025) (“There must be a formal mechanism for the U.S. Copyright Office (USCO) or a designated independent representative experienced in royalty accounting, database management and royalty compliance examinations . . . to regularly review [t]he MLC’s benchmarks for matching, claiming, and distribution.”); CleaRights Initial Comments at 1; George Johnson Reply Comments at 9; Music Answers Initial Comments at 1; Spirit Music Group Initial Comments at 2.

<sup>235</sup> A2IM Initial Comments at 3–4; Artist Rights Institute *Ex Parte* Letter at 2, 5–8, 11–12 (Aug. 22, 2025) (calling for more transparency around governance issues, including the Investment Policy (MLC Initial Submission, Ex. 7)); BMAC & MAC Reply Comments at 2; Go to Eleven Entertainment Initial Comments at 4; Gwendolyn Seale Initial Comments at 8; SGA, SCL & MCNA Initial Comments at 10.

<sup>236</sup> DLC & DIMA Initial Comments at 15 (stating that the MLC “declined to disclose the names of a number of the vendors that it works with, as well as its agreements with firms providing accounting, audit and legal services, without any clear explanation as to why that information is not being made publicly available” and “continues to limit [the DLC’s] visibility into its contracts that are under \$500,000 in value, despite [the DLC’s] requests for transparency into those not-insignificant expenditures”); Go to Eleven Entertainment Initial Comments at 2; Gwendolyn Seale Initial Comments at 7 (“In furtherance of transparency, the MLC should state whether it: (1) sets performance criteria for its vendors, (2) conducts evaluations of its vendors’ performances, and if the answer to both questions are ‘yes,’ then it should disclose the performance criteria and results of such evaluations. . . . If the MLC is not setting performance criteria and is not conducting evaluations of its vendors, it should do so, and include the results in

nominate its Songwriter Trade Group Director.<sup>237</sup> Those topics are discussed in other sections of this recommendation. Commenters also sought increased transparency on various topics, including royalty holds<sup>238</sup> and voluntary licenses.<sup>239</sup> Finally, some asked for the MLC to use clearly defined terminology in its public-facing documents<sup>240</sup> and would like more information and the opportunity to provide input into its policy-making process.<sup>241</sup>

The Office appreciates the MLC’s efforts to provide higher levels of transparency into its policies, procedures, and practices. We also appreciate that it has responded to our requests by providing additional information in meeting summaries or in its annual reports.<sup>242</sup> The Office expects the MLC to seriously consider commenters’ requests for additional transparency on the topics noted above. In particular, it should consider ways that songwriters and publishers who are not on the MLC’s Board or Committees can be

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each annual report going forward.”); SONA *Ex Parte* Letter at 2 (Aug. 18, 2024); Spirit Music Group Initial Comments at 3.

<sup>237</sup> BMAC & MAC Reply Comments at 2. Two comments also addressed transparency of the MLC’s annual report. Herman Rodriguez-Bajandas Initial Comments at 2–3; Letter from Rep. Scott Fitzgerald to Shira Perlmutter, Register of Copyrights and Dir., U.S. Copyright Office at 3–4 (Aug. 29, 2024). The annual report’s requirements, however, are found in the statute and regulations. 17 U.S.C. 115(d)(3)(D)(vii); 37 CFR 210.33. Any adjustments to those requirements would come from Congress or in a separate regulatory proceeding.

<sup>238</sup> Hameys Songs Initial Comments at 2.

<sup>239</sup> Imbr Initial Comments at 2–3.

<sup>240</sup> Gwendolyn Seale Initial Comments at 2; *see also* SGA, SCL & MCNA Initial Comments at 5–8 (stating that certain data reported by the MLC is “confusing”).

<sup>241</sup> DLC & DIMA Initial Comments at 14 (“[T]he MLC should ensure that all stakeholders are made aware of its activities and decision-making processes.”); Gwendolyn Seale Initial Comments at 2, 8 (“Additional transparency regarding some of the MLC’s positions taken since 2021 is warranted, particularly with respect to its (1) investment policy, (2) copyright terminations policy, and (3) historical royalties distributions decisions. . . . I believe the MLC should be disclosing its organizational meeting minutes to the public, so the public is aware of the rationale behind its decisions.”); Recording Academy Reply Comments at 5; *see also* Abby North Initial Comments at 8 (“When [t]he MLC envisions a new policy, members should be provided a mechanism to provide input related to this policy, prior to it being adopted.”).

<sup>242</sup> *See, e.g.*, MLC *Ex Parte* Letter at 1–2, 5–6 (July 21, 2025) (providing the Office with additional requested data); MLC 2024 Annual Report at 36–37 (reflecting the Office’s request for the MLC to clarify how it uses the terms “unmatched royalties” and “unclaimed royalties”).

better informed of those groups' activities,<sup>243</sup> and have the opportunity to submit data or opinions relevant to policies, procedures, and practices before they are finalized.<sup>244</sup>

### c. Unclaimed Royalties Policy

The MMA directed the MLC's Unclaimed Royalties Oversight Committee to "establish policies and procedures for the distribution of unclaimed accrued royalties and accrued interest," in accordance with the statute.<sup>245</sup> In response to the Office's earlier request for a status update,<sup>246</sup> the MLC indicated that it had not yet adopted such policies and that it intended to do so in advance of any distribution.<sup>247</sup> As discussed above, it has now announced that it is developing a policy governing the distribution of unclaimed accrued royalties and accrued interest, with distributions expected to begin in January 2027.

The comments received provide useful context for the development of that policy. Commenters generally supported the MLC's decision to hold unclaimed royalties beyond the minimum statutory period, so that it can improve its matching and claiming efforts.<sup>248</sup> At the same time, some emphasized the importance of transparency and increased

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<sup>243</sup> Unclaimed Royalties Study at v ("The MLC should be transparent about its activities and should continue to engage regularly with stakeholders. Toward this end, among other things, the MLC should make relevant material publicly available on its website, including: (1) full and complete copies of policies, practices, and procedures (*e.g.*, those concerning holding and distributing royalties, data quality, and matching activities) accompanied by clear layperson's explanations as well as discussions of its decision-making processes. . . .").

<sup>244</sup> As Congress indicated in the context of discussing the MLC's statutory committees, "[g]iven their importance, the three committees established by the collective must operate in a transparent manner to the greatest extent possible in order to avoid unnecessary litigation as well as to gain the trust of the entire music community." Conf. Rep. at 4.

<sup>245</sup> 17 U.S.C. 115(d)(3)(J)(ii).

<sup>246</sup> NOI at 5944.

<sup>247</sup> MLC Initial Submission at 68.

<sup>248</sup> *See, e.g.*, A2IM Initial Comments at 2 ("The Copyright Office should consider conditioning MLC redesignation on further delay in the distribution of these funds . . . until the MLC fully implements improvements to the system that result from this periodic review."); BMAC & MAC Reply Comments at 3 ("We strongly believe that the distribution of unmatched royalties based on market share should not occur until significant improvements are made to the MLC's matching technology and processes."); Recording Academy Reply Comments at 4–5; SONA Initial Comments at 4.

stakeholder engagement in advance of any market share distribution.<sup>249</sup> For example, the Recording Academy stated, “[w]hen the time does finally come to distribute unmatched royalties, the MLC must proceed with the . . . spirit of full transparency. A detailed explanation of the proposed process for distribution should be circulated well in advance with ample opportunity for stakeholders to weigh in.”<sup>250</sup> Similarly, while Representative Scott Fitzgerald praised the MLC’s work to identify copyright owners of historical royalties, he noted that “questions remain about whether the eventual market share based distribution serves as a disincentive to continue innovation” and “encourage[d] the Copyright Office to define clear timeframes and transparency measures in the distribution process as a condition of redesignation.”<sup>251</sup>

The Office supports the MLC’s efforts to develop policies and procedures governing the distribution of unclaimed accrued royalties well in advance of the tentative January 2027 distribution. As those policies are developed, we encourage the MLC to take into account the considerations raised by commenters. Advance publication of policies and procedures related to the distribution will provide rightsholders an opportunity to offer input. The Office looks forward to working with the MLC on this matter, and will continue to monitor its progress.

#### d. Other Statutory Policies, Procedures, Practices, and Guidelines

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<sup>249</sup> NSAI Initial Comments at 3 (“NSAI believes that The MLC needs to prioritize creating a strategy around its eventual market distribution of historic unmatched royalties. There is a necessary sequence of events that must begin in earnest in order to appropriately fulfill the obligation of the law. . . . It will be necessary to formulate and publish a written timeline of when and how unclaimed royalties from specific periods will be distributed. Public notice of an impending distribution will be the only way to motivate owners who have not prioritized claiming their royalties.”); SGA, SCL & MCNA Initial Comments at 5, 11 (requesting the establishment of certain rules governing the distribution of unclaimed royalties by market share and stating that “[e]nsuring fairness in market share-based distribution decision-making by the MLC board has thus already become a challenge of overwhelming importance that can only be met by genuine transparency . . .”).

<sup>250</sup> Recording Academy Reply Comments at 5.

<sup>251</sup> Letter from Rep. Scott Fitzgerald to Shira Perlmutter, Register of Copyrights and Director, U.S. Copyright Office at 4 (Aug. 29, 2024).

In addition to inquiries regarding the MLC’s Unclaimed Royalties Policy, the NOI requested “[c]opies of all the [MLC’s] policies addressing its statutory duties, procedures, practices, and guidelines,” along with “the location of these policies, procedures, and practices on its website if they are currently available to the public, and a summary of changes made, if any, from earlier versions of these policies, procedures, practices, and guidelines.”<sup>252</sup> The MLC’s initial submission provided this information for its Conflict of Interest Policy, Musical Work Ownership Dispute Policy, Statutory Termination Policy, and Guidelines for Adjustments.<sup>253</sup> It also provided this information for its Investment Policy Statement and Cash Management Policy Statement, which are discussed in depth below. After the Office concluded our rulemaking on “Termination Rights, Royalty Distributions, Ownership Transfers, Disputes, and the Music Modernization Act,”<sup>254</sup> the MLC updated its Statutory Termination Policy.<sup>255</sup> In September 2024, it established its Catalog Transfer Policy, which it revised in November 2024.<sup>256</sup>

#### i. Conflict of Interest Policy

Fewer comments addressed the MLC’s Musical Work Ownership Dispute Policy, Statutory Termination Policy, Catalog Transfer Policy, or Guidelines for Adjustments.<sup>257</sup>

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<sup>252</sup> NOI at 5944.

<sup>253</sup> MLC Initial Submission at 64–65, 67 and Exs. 5, 6, 9.

<sup>254</sup> 89 FR 56586.

<sup>255</sup> See MLC *Ex Parte* Letter at 3 (July 21, 2025).

<sup>256</sup> See *id.*

<sup>257</sup> The Office notes, for the MLC’s further consideration, several comments related to specific aspects of these policies. Gwendolyn Seale Initial Comments at 8–9 (addressing Statutory Termination Policy); Go to Eleven Entertainment Initial Comments at 4 (addressing Statutory Termination Policy); NSAI Initial Comments at 3 (addressing Statutory Termination Policy); Spirit Music Group Initial Comments at 3 (“The MLC’s adjustment policy does not allow for debits and credits of rightsholders in the event of an error. Additionally, credits to the entitled rightsholder are not delivered unless the funds are received from the party paid in error. CMOs around the world have policies in place to handle adjustments and the MLC should have similar procedures in place.”); Go to Eleven Entertainment Initial Comments at 5 (characterizing the MLC’s current conflicts procedures as “not efficient” due in part to the lack of deadlines in the “informal reach out” stage); SGA, SCL & MCNA Initial Comments at 11 (urging the MLC to

The DLC and DIMA, however, objected to the MLC’s Conflict of Interest Policy, stating that the MLC “has excluded [the DLC’s] statutorily designated board member from its board discussions, pursuant to [the] policy.”<sup>258</sup> They went on to state that “[s]uch exclusions are plainly improper, as the MMA specifically and purposefully requires a [DLC] representative to serve on [the MLC’s] board of directors” and that “[e]ven as a non-voting member, that representative should, as a rule, be entitled to participate in [the MLC’s] board meetings and be aware of its discussions and decisions.”<sup>259</sup>

The MLC’s Conflict of Interest Policy states that it “is intended to supplement but not replace applicable state and federal laws governing conflicts of interest.”<sup>260</sup> The MLC has also explained that “the policy is employed to appropriately manage actual, potential, or perceived conflicts in accordance with applicable legal requirements” and “serves its broader commitment to accountability and transparency.”<sup>261</sup>

In response to the DLC and DIMA’s comments, the MLC stated that it “notified the DLC representative when there will be a discussion of . . . topics [that involve a conflict for the DLC Board Member], and the DLC representative has been recused from that portion of the meeting,” but it “has not insisted on specific disclosure of every actual, potential or perceived conflict, and has not sought penalties against the DLC representative for failure to disclose all such conflicts,” notwithstanding “the obviousness of the conflicts that exist for the DLC representative.”<sup>262</sup> It provided the following

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“revamp[] . . . rules governing the ability of music creators to demand proper and accurate changes to the MLC database if the copyright owner of a work refuses to respond to written correction requests within a thirty-day period”).

<sup>258</sup> DLC & DIMA Initial Comments at 14.

<sup>259</sup> *Id.* The DLC and DIMA also opined that “the Copyright Office should issue a regulation that clearly outlines the instances (if any) in which a given member of the board, whether voting or non-voting, may be properly excluded from a board meeting.” *Id.* at 29.

<sup>260</sup> MLC Initial Submission Ex. 5, art. I.

<sup>261</sup> MLC *Ex Parte* Letter at 7 (July 21, 2025).

<sup>262</sup> MLC Reply Submission at 33–34.

example of where the DLC Board Member would be excluded from participating in an MLC Board meeting:

[T]he DLC representative on the Board is without question a representative of third parties who have Transactions (as that term is defined in the Conflict of Interest policy) with The MLC—including the DLC itself, which has negotiated and entered into multiple agreements with [t]he MLC concerning the administrative assessment . . . . When a meeting of The MLC Board is to include a discussion of whether to accept the DLC’s proposed terms for the administrative assessment, the DLC representative is obviously not entitled to sit in on that discussion.<sup>263</sup>

The MLC also emphasized that “when acting in their capacity on the Board, *all* Board members of [t]he MLC have a fiduciary duty of loyalty to [t]he MLC,” including the DLC Board Member.<sup>264</sup> Finally, it added that the DLC’s Board Member “has not before sought to create a dispute over this practical way of handling conflicts.”<sup>265</sup>

At this time, the Office is not making any recommendations concerning the MLC’s Conflicts of Interest Policy, to permit further discussion and potential refinement of the issues. We will continue to consider this issue and any possible recommendations, as appropriate; we also encourage the MLC and DLC to find a mutually agreeable resolution.

## ii. Anti-Comingling Policy

The MMA also directs the MLC to “establish an anti-comingling policy for funds not collected under [17 U.S.C. 115] and royalties collected under [17 U.S.C. 115],”<sup>266</sup>

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<sup>263</sup> *Id.* at 33 n.89.

<sup>264</sup> *Id.* at 34.

<sup>265</sup> *Id.*

<sup>266</sup> 17 U.S.C. 115(d)(3)(D)(ix)(I)(cc); MLC 2024 Annual Report app. at 5 (noting that its Investment Policy “contain[s] an anti-comingling policy” as required by the MMA).

*i.e.*, a policy to avoid combining royalty funds collected under the statutory blanket license with any other funds. Those other funds could include its own operational funds (*i.e.*, funds under the administrative assessment, voluntary contributions from DMPs and SNBLs, or fees charged for services) or royalties for voluntary licenses that it administers.

While the MLC does not have a stand-alone anti-commingling policy, its Investment Policy Statement and its Cash Management Policy Statement (both discussed in more detail below) each include anti-commingling policies.<sup>267</sup> Neither policy, however, accounts for the commingling of funds collected by the MLC when administering voluntary licenses.<sup>268</sup> While the MLC does not currently administer voluntary licenses, it should adopt a standalone anti-commingling policy to account for this possibility.

## 5. Governance – Financial Management

### a. Background

The final governance issue involves the MLC’s financial management of royalties for (1) unmatched works and (2) matched works that have not yet been distributed (what the MLC calls “royalties pending distribution”). The MMA provides some direction on how the MLC should manage royalties in its possession. The statute authorizes it to “[c]ollect and distribute royalties from digital music providers,” and “[e]ngage in such other activities as may be necessary or appropriate to fulfill [its] responsibilities.”<sup>269</sup> This authorization, however, is subject to “more particular requirements,”<sup>270</sup> including a requirement that the MLC “deposit into an interest-bearing account” any royalties that cannot be distributed due to “an inability to identify or locate a copyright owner of a

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<sup>267</sup> MLC Initial Submission Exs. 7, at 3, and 8, at 2.

<sup>268</sup> *Id.* at Exs. 7, at 3, and 8, at 2.

<sup>269</sup> 17 U.S.C. 115(d)(3)(C)(i)(II), (XIII).

<sup>270</sup> *Id.* at 115(d)(3)(C)(i).

musical work (or share thereof); or . . . a pending dispute before the [D]ispute [R]esolution [C]ommittee.”<sup>271</sup>

The statute further details the process: “Accrued royalties for unmatched works (and shares thereof) shall be maintained . . . in an interest-bearing account that earns monthly interest—(I) at the Federal, short-term rate; and (II) that accrues for the benefit of copyright owners entitled to payment of such accrued royalties.”<sup>272</sup> Once the MLC has located the owner of an unmatched work—and provided that it has not already distributed the royalties as unclaimed—it must pay the “royalties and a proportionate amount of accrued interest associated with that work (or share thereof) to the copyright owner.”<sup>273</sup> The MMA does not contain comparable language addressing whether or how the MLC should generate or pay interest for royalties pending distribution.

In the NOI, the Office requested copies of any MLC policies addressing statutory duties, procedures, practices, and guidelines, including those governing the “collection, processing, holding, and distribution of royalties,” and “investments.”<sup>274</sup> In response, the MLC provided its “Investment Policy Statement” and “Cash Management Policy Statement.”<sup>275</sup>

The Investment Policy Statement covers (1) “royalties for sound recording uses that have not yet been matched to an underlying musical work”; (2) “royalties for sound recording uses that have been matched to an underlying musical work, but for shares of that work where the identity and/or sufficient payment instructions for the copyright owner are not yet known”; and (3) “royalties that have been matched, and where one or more copyright owner claims have been made, but where royalties are not yet payable,

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<sup>271</sup> *Id.* at 115(d)(3)(G)(III)(aa), (bb).

<sup>272</sup> *Id.* at 115(d)(3)(H)(ii).

<sup>273</sup> *Id.* at 115(d)(3)(I)(ii).

<sup>274</sup> NOI at 5944.

<sup>275</sup> MLC Initial Submission Exs. 7 and 8.

including due to ownership disputes, reviews over eligibility for payment, regulatory guidance or legal claims.”<sup>276</sup> In other words, it covers royalties the MLC considers to be subject to the “Statutory Interest” requirements described above.<sup>277</sup> In contrast, the Cash Management Policy Statement covers all other royalties, chiefly those pending distribution, which are held in money market or bank deposit accounts “for a relatively brief period of time, until they can be processed as part of regular monthly royalty distributions.”<sup>278</sup>

Regarding its Investment Policy, the MLC submitted that “the MMA effectively requires . . . an investment program.”<sup>279</sup> It claimed that “[t]here is no deposit account where [t]he MLC can maintain royalty funds and earn interest at the [F]ederal short-term rate, without risk to the principal or interest.”<sup>280</sup> It noted that the Federal short-term rate typically exceeds the return available from bank and money market accounts; the MMA did not create a deposit account that offers that rate; and the government has not made such an account available to the MLC.<sup>281</sup> Absent the ability to directly obtain the rate designated by the MMA, the MLC “developed an investment program intended to earn the necessary interest rate while keeping risk at a minimum,” with guidance from a fixed-fee financial advisor.<sup>282</sup>

The Investment Policy Statement provides the MLC with two options for holding unmatched royalty funds: “(1) exceptionally diversified, high quality, short-term, fixed income and cash equivalent strategies via short-term fixed income funds and money market funds managed by reputable and experienced institutional investment firms that

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<sup>276</sup> *Id.* at Ex. 7, at 1.

<sup>277</sup> *Id.*

<sup>278</sup> *Id.* at Ex. 8, at 1, 3.

<sup>279</sup> *Id.* at 66.

<sup>280</sup> *Id.*

<sup>281</sup> *Id.*; *id.* at Ex. 7, at 3.

<sup>282</sup> *Id.* at 66.

have been diligently vetted and/or (2) [Federal Deposit Insurance Corporation] insured bank deposit accounts with reasonable levels of insurance for the funds placed.”<sup>283</sup> For royalties pending distribution, the Cash Management Policy Statement retains the same bank deposit option, but modifies the investment option to: “high-quality cash equivalent strategies via money market funds managed by reputable, experienced institutional investment firms that have been diligently vetted.”<sup>284</sup> Both policies require the MLC to “regularly” meet with its financial advisors to review its strategy and monitor the performance of investments to “ensure they continue to align with [the relevant] policy.”<sup>285</sup>

Beyond these policy statements, the MLC provided limited information about the details of its investments. According to the MLC, it “has investments in a handful of mutual funds managed by significant and experienced institutional investment firms that our financial advisors have thoroughly vetted,” and has at times “held a small amount of funds in deposit accounts at a handful of commercial banks willing to offer very competitive interest rates.”<sup>286</sup> It further stated that “[f]unds are never placed in investments that would be classified as having heightened or high risk.”<sup>287</sup>

Although prior versions of the policy statements detailed specific investments, the MLC withheld those statements from the public,<sup>288</sup> concluding that it would be “inappropriate to disclose . . . specific recommendations in a public document.”<sup>289</sup> It had “security concerns and concerns that such information could be used alongside [its] public royalty distribution timelines to engage in market timing to the detriment of [t]he

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<sup>283</sup> *Id.* at Ex. 7, at 3.

<sup>284</sup> *Id.* at Ex. 8, at 3.

<sup>285</sup> *Id.* at Exs. 7, at 4, and 8, at 3.

<sup>286</sup> *Id.* at 66.

<sup>287</sup> *Id.*

<sup>288</sup> The Office also has not been provided with copies of those statements.

<sup>289</sup> MLC Initial Submission at 67.

MLC.”<sup>290</sup> Before publicly disclosing its policy statements, it amended them to remove information about specific investments.<sup>291</sup>

#### b. Commenters’ Views and the MLC’s Response

Many commenters addressed the MLC’s investment policies, and generally called for greater transparency.<sup>292</sup> Discussing the statutory language, the Artist Rights Institute concluded, “[w]hatever Congress meant, it did not provide a broad discretionary authority to invest ‘hundreds of millions of dollars’ of other peoples’ money in the open market and then not disclose their holdings.”<sup>293</sup> Go to Eleven Entertainment said “[i]t is our money that they are investing, and I’d like to know the details as would many other publishers”;<sup>294</sup> while attorney Gwendolyn Seale commented “I do not understand why the MLC is secretive about how it is investing songwriters’ and publishers’ . . . royalties.”<sup>295</sup> “[J]oin[ing] other filers,” A2IM “call[ed] for increased transparency around the MLC’s investment policies and the revenue generated from those investments” and cautioned that “when transparency fails, it breeds skepticism.”<sup>296</sup>

Several commenters asked for details on specific investments, with some expressing concerns over potential conflicts of interest or other possible

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<sup>290</sup> *Id.* at 67 n.93.

<sup>291</sup> *Id.* at 67.

<sup>292</sup> *See* Artist Rights Institute Initial Comments at 2–8; A2IM Initial Comments at 3–4; BMAC & MAC Reply Comments at 2; SGA, SCL & MCNA Initial Comments at 10; DLC and DIMA Initial Comments at 26–28; DLC & DIMA Reply Comments at 9–10; Christian L. Castle Reply Comments at 2 n.3; Gwendolyn Seale Initial Comments at 8; Go to Eleven Initial Comments at 4; George Johnson Initial Comments at 28–29; George Johnson Reply Comments at 8; Hameys Songs Initial Comments at 2.

<sup>293</sup> Artist Rights Institute Initial Comments at 5.

<sup>294</sup> Go To Eleven Entertainment Initial Comments at 4.

<sup>295</sup> Gwendolyn Seale Initial Comments at 8.

<sup>296</sup> A2IM Initial Comments at 3–4; *see also* the SGA, SCL & MCNA Initial Comments at 10 (“[W]e remain highly disappointed by the apparent lack of authority or ability of such administrators to provide us with straightforward details concerning issues [such as] investment of held royalties . . . .”); BMAC & MAC Reply Comments at 2 (commenting that there “lacks transparency to songwriters and artists regarding how this investment fund will impact them”).

mismanagement.<sup>297</sup> Responding to the MLC’s claim that it cannot disclose such information due to security and market timing risks, multiple commenters noted that at least one major investment is (or was) already made public, albeit from public financial disclosures by the investment fund and not the MLC itself.<sup>298</sup>

Commenters also sought greater transparency on the MLC’s policies beyond the policy statements. Many asked some variant of: “what happens when profits are made or, more importantly, when losses are incurred,”<sup>299</sup> or when and how will investment revenues be distributed to rightsholders?<sup>300</sup> Some questioned how investments would be transferred in the event the MLC were not redesignated, with the Artist Rights Institute asking “[i]n whose name are the securities held?”<sup>301</sup>

Separate from these transparency issues, the Artist Rights Institute also suggested that the MLC may lack the statutory authority to invest royalty funds at all.<sup>302</sup> It claimed that had Congress intended the MLC to invest funds, it “would have taken more care to specify which bank, what kind of bank, what happens to shortfalls or windfalls, and so

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<sup>297</sup> See, e.g., Artist Rights Institute Initial Comments at 5–8 (“Does [t]he MLC[] hold any shares of its board members companies or any licensees? If so, how many share in which ones?”); A2IM Initial Comments at 3–4 (“The MLC must disclose how they invest funds [and] the revenue generated . . . .”); George Johnson Initial Comments at 28 (“*Where is the black-box money invested is another question and how much have they made off their secret investments?*”).

<sup>298</sup> See Gwendolyn Seale Initial Comments at 8; Artist Rights Institute Initial Comments at 6–7; George Johnson Initial Comments at 28–29; George Johnson Reply Comments at 8 n.16; Christian L. Castle Reply Comments at 2 n.3.

<sup>299</sup> Gwendolyn Seale Initial Comments at 8 (emphasis omitted); see also Artist Rights Institute Initial Comments at 7 (“If Congress authorized this investment program, who bears the losses and who earns the profit on those investments?”).

<sup>300</sup> See A2IM Initial Comments at 3–4 (“The MLC must disclose . . . how they will disburse those revenues to rightsholders.”); BMAC & MAC Reply Comments at 2 (“[T]here exists uncertainty surrounding . . . investment fund losses or distribution impact on payments of unmatched royalties . . . .”); Artist Rights Institute Initial Comments at 7 (“Have there been any distributions of trading profits from the investment corpus? If so, to whom were these distributions made?”).

<sup>301</sup> Artist Rights Institute Initial Comments at 7; see also BMAC & MAC Reply Comments at 2 (noting uncertainty surrounding “policies for transfer or ownership of the securities if the MLC in [sic] not redesignated.”).

<sup>302</sup> See Artist Rights Institute Initial Comments at 2–5, 7; see also Gwendolyn Seale Initial Comments at 8 (“It must be said that there is no specific language in the MMA which directs the MLC to invest the historical royalties in its possession.”).

on.”<sup>303</sup> Instead, the Artist Rights Institute suggested the statutory interest should function as a penalty “similar[] to the royalty late fee,” which could be paid out of the administrative assessment.<sup>304</sup>

Conversely, the DLC and DIMA observed that collective management organizations “often generate interest or other investment income on the funds they collect. Typically, interest is used to either offset administrative costs of the organization or is added to the total pool of funds to be distributed.”<sup>305</sup> While recognizing that the MMA is explicit about the disposition of interest on royalties for unmatched and disputed works, they argued that it is “silent as to all of the other categories of interest or other investment income,” including that “earned as part of the ordinary churn of royalties.”<sup>306</sup> They suggested that this income could be significant and should be used to offset the MLC’s administrative costs.<sup>307</sup>

In its reply comments, the MLC acknowledged that commenters had raised questions about its investment policy, and responded by citing to its Initial Submission and policies, saying they provided “an extensive explanation of why [t]he MLC is effectively required by the MMA to have an investment program and how it works.”<sup>308</sup> It also reiterated that it “does not publicize the details of specific investments, which involve security and market manipulation concerns.”<sup>309</sup>

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<sup>303</sup> Artist Rights Institute Initial Comments at 3.

<sup>304</sup> *Id.*

<sup>305</sup> DLC & DIMA Initial Comments at 26.

<sup>306</sup> *Id.* at 27.

<sup>307</sup> *Id.*

<sup>308</sup> MLC Reply Submission at 22.

<sup>309</sup> *Id.*

The MLC and others further discussed these issues at a series of *ex parte* meetings with the Office.<sup>310</sup> Initially, the MLC emphasized its commitment to minimizing risks and preserving funds, quoted policy provisions related to the independence of investment decisions, and noted that it interprets “Federal short-term rate” as the rate proscribed in 26 U.S.C. 1274(d).<sup>311</sup> At the final *ex parte* meeting, it provided details on several operational issues.<sup>312</sup>

On the composition of its investment portfolio, the MLC explained that “consistent with best practices among nonprofit organizations managing similar funds . . . , it has retained expert, fee-based financial advisors to provide specialized guidance.”<sup>313</sup> According to the MLC, it has been advised “that an investment strategy composed exclusively of purchasing U.S. Treasury securities would be highly unlikely to meet the Statutory Interest Rate over time.”<sup>314</sup> This is “due to several factors, including that the target benchmark reflects current market yields while any portfolio holds securities purchased at prior yields, causing systematic underperformance during periods of rising rates; there is no guarantee that offsetting rate movements would occur during the MLC’s investment horizon; . . . ongoing distribution obligations require liquidations even during unfavorable conditions; and fund returns are net of fund expenses and so will systematically lag the yield of any underlying bundle of treasuries.”<sup>315</sup> Accordingly, the MLC pursues a strategy designed by their advisors to generate sufficient returns “while prudently managing risk and maintaining adequate liquidity.”<sup>316</sup>

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<sup>310</sup> See MLC *Ex Parte* Letter at 6–7 (July 21, 2025); MLC *Ex Parte* Letter at 6–7 (Dec. 10, 2025); Artist Rights Institute *Ex Parte* Letter at 6–10 (Aug. 22, 2025); DLC *Ex Parte* Letter Ex. 1 (Sept. 22, 2025).

<sup>311</sup> MLC *Ex Parte* Letter at 6–7 and 6 n.11 (July 21, 2025).

<sup>312</sup> MLC *Ex Parte* Letter at 6–7 (Dec. 10, 2025).

<sup>313</sup> *Id.* at 6.

<sup>314</sup> *Id.* (footnote omitted).

<sup>315</sup> *Id.* at 6 n.13.

<sup>316</sup> *Id.* at 6.

On investment expenses and costs, the MLC explained that “fees paid to its fee-based advisors are covered by assessment funds” but that “mutual fund expense ratios are not investment fees paid by [t]he MLC” and “are part of a fund’s net asset value, with no distinct investment fee payable by fund investors.”<sup>317</sup> When asked whether it could structure its investments such that management fees are paid out of the administrative assessment, it responded that it was “not aware of any such foreclosure by [Generally Accepted Accounting Principles], but [t]he MLC chose to pursue the strategy that its fee-based advisors recommended.”<sup>318</sup>

On potential investment gains and losses, the MLC stated that it holds investment returns that exceed the Federal short-term rate, and the cash management interest on royalties pending distribution, to “ensure that it can meet its statutory obligation to pay interest on unmatched royalties.”<sup>319</sup> The MLC described these funds as “reserves,” claiming that it “has not identified any excess funds beyond reasonable reserves for its statutorily mandated interest obligations in the future.”<sup>320</sup> As to a potential distribution of excess reserves, it stated it “has not created any policies for distribution or liquidation of royalty funds beyond the distribution provisions set forth in the MMA.”<sup>321</sup>

Finally, the MLC discussed whether its royalty investments would be protected from non-royalty creditors in the event of insolvency.<sup>322</sup> It “stressed that it has no basis to expect any such situation to occur, and reiterated comments shared with Congress.”<sup>323</sup> It said it ““would have to address the matter based upon the specific details at hand,”” and it

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<sup>317</sup> *Id.* at 6–7.

<sup>318</sup> *Id.* at 7.

<sup>319</sup> *Id.* at 6 n.14.

<sup>320</sup> *Id.* Although the MLC did not disclose the amount of its reserves, it stated that it had “approximately \$153.7 million in interest income” at the end of October 2025. *Id.*

<sup>321</sup> *Id.*

<sup>322</sup> *Id.* at 7.

<sup>323</sup> *Id.*

is its “intention and expectation that there will never be a shortfall.”<sup>324</sup> It also stated that “royalty funds in its custody are subject to statutory safeguards under the MMA.”<sup>325</sup>

### c. Analysis

As discussed above, the MMA requires the MLC to “deposit” certain royalty funds into “an interest-bearing account” that “earns monthly interest . . . at the Federal, short-term rate.”<sup>326</sup> Interest “accrues for the benefit of copyright owners entitled to payment of . . . accrued royalties,”<sup>327</sup> and the MLC must pay out a “proportionate” amount or share when making a distribution.<sup>328</sup> Interpreting this language presents several challenges.

#### i. The Federal Short-Term Rate

The phrase “Federal, short-term rate” is not defined or cross-referenced in the Copyright Act or MMA. Beyond title 17, the phrase does appear in the Internal Revenue Code at sections 1274(d)(1)(C)(i) and 6621(b)(3); however, these sections supply different definitions for different purposes. Section 1274 describes the process for determining an imputed principal amount for certain debt instruments that lack “adequate stated interest.”<sup>329</sup> It defines “[f]or purposes of this section” a short-term rate that is “based on the average market yield . . . on outstanding marketable obligations of the United States with remaining periods to maturity of 3 years or less.”<sup>330</sup> In contrast, section 6621 describes the process for determining interest rates corresponding to the underpayment and overpayment of tax.<sup>331</sup> It defines, “[f]or purposes of this section,” a

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<sup>324</sup> *Id.*

<sup>325</sup> *Id.* (citing 17 U.S.C. 115(d)(3)(D)(ix)(I)(cc), (d)(3)(G)(ii), (d)(3)(H)(ii), (d)(11)(D)).

<sup>326</sup> 17 U.S.C. 115(d)(3)(G)(i)(III).

<sup>327</sup> *Id.* at 115(d)(3)(H)(ii).

<sup>328</sup> *Id.* at 115(d)(3)(I)(ii), (J)(i).

<sup>329</sup> *See* 26 U.S.C. 1274(a).

<sup>330</sup> *Id.* at 1274(d)(1)(C)(i).

<sup>331</sup> *See id.* at 6621(a).

short-term rate that is calculated “in accordance with section 1274(d),” except it is rounded to the nearest full percentage.<sup>332</sup>

The MLC takes the position that the section 1274 Federal short-term rate is the rate contemplated by the MMA.<sup>333</sup> The following factors support this position. First, the MMA is explicit that interest is earned “monthly,” and revenue rulings from the Treasury Department under section 1274 provide the short-term rate calculated for different compounding periods, including monthly, whereas rulings under section 6621 are based on daily compounding.<sup>334</sup> Second, the short-term rate defined in section 6621 is based on the rate defined under section 1274. In the absence of an explicit cross-reference to section 6621—something Congress has done in other statutes—it is reasonable to infer that the base rate was intended. Third, the short-term rate in section 6621 is rarely cross-referenced directly. Instead, the Internal Revenue Code uses it to define separate overpayment and underpayment rates, and it is those rates that are most frequently cited by other statutes.<sup>335</sup>

## ii. Achieving the Statutory Rate

Assuming section 1274 applies, the statute is not clear as to *how* the MLC should achieve that rate. The MLC takes the position that the MMA directs it to maintain an internal account or ledger for unmatched and disputed royalties, and to calculate interest owed pursuant to the Federal short-term rate, but that the statute does not govern how it must fund the interest obligations.<sup>336</sup> It claims that in the absence of deposit accounts that

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<sup>332</sup> *Id.* at 6621(b)(3).

<sup>333</sup> MLC *Ex Parte* Letter at 6 n.11 (July 21, 2025).

<sup>334</sup> Compare Rev. Rul. 2025-14, <https://www.irs.gov/pub/irs-drop/rr-25-14.pdf> (last visited May 26, 2026), with Rev. Rul. 2024-25, <https://www.irs.gov/pub/irs-drop/rr-24-25.pdf> (last visited May 26, 2026).

<sup>335</sup> See, e.g., 30 U.S.C. 1721. *But see* Pub. L. 113-291, 3021(c)(2) (Dec. 19, 2014) (amending prior version of section 1721 to refer to the “Federal short-term rate determined under section 6621(b)”).

<sup>336</sup> See MLC Initial Comments at 66 and Ex. 7, at 3; MLC Reply Comments at 22; MLC *Ex Parte* Letter at 6 (July 21, 2025); MLC *Ex Parte* Letter at 6 (Nov. 20, 2025).

offer the Federal short-term rate, the statute “effectively” requires an investment program that obtains a return that “matches or exceeds [the] required amount.”<sup>337</sup> The problem with this “ledger” approach is the plain language of the statute, which directs the MLC to “deposit” funds “into” an “interest-bearing account” that “earns monthly interest.” The ledger interpretation would seem to render several of these statutory terms meaningless.<sup>338</sup>

The Office has no reason to doubt the MLC’s assertion that there is no standard financial product that would allow it to consistently earn monthly interest at exactly the Federal short-term rate. The section 1274 rate is based on the average market yield on government debt instruments, mainly U.S. Treasuries, with remaining maturity periods up to three years, and is calculated based on the preceding month.<sup>339</sup> This rate will often exceed rates available from traditional bank accounts and money market funds because the underlying securities are subject to greater duration risk.<sup>340</sup>

The MLC must place royalty funds *somewhere*. Even if it used traditional deposit accounts, such accounts are not entirely risk-free, especially as they are not insured at the

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<sup>337</sup> MLC Initial Comments at 69, 191.

<sup>338</sup> The Office also rejects the Artist Rights Institute’s claim that the MLC should do nothing with royalty funds at all and pay the interest out of the administrative assessment as some form of penalty. There is no indication that Congress intended this approach.

<sup>339</sup> The rate is calculated each calendar month, for the “following calendar month,” based on “the average market yield (during any 1-month period selected by the Secretary and ending in the calendar month in which the determination is made) on outstanding marketable obligations of the United States with remaining periods to maturity of 3 years or less.” 26 U.S.C. 1274(d)(1)(C)(i); *see also About Treasury Marketable Securities*, TreasuryDirect, <https://www.treasurydirect.gov/marketable-securities/> (last visited May 26, 2026).

<sup>340</sup> *Cf.* 17 CFR 270.2a–7(d)(1) (limiting the average maturity of investments held by money market funds). At times, including in recent years, some deposit accounts have offered rates that exceeded the Federal short-term rate. This can happen when the treasury yield curve is inverted, *i.e.*, when one-month treasuries offer a higher yield than three-year treasuries. *Cf. 10-Year Treasury Constant Maturity Minus 3-Month Treasury Constant Maturity*, Federal Reserve Bank of St. Louis, <https://fred.stlouisfed.org/series/T10Y3M> (last visited May 26, 2026) (charting the historical spread between 10-year and 3-month Treasury yields). But when the yield curve has a positive slope—as is often the case, including when the MLC began administering the blanket license—the Federal short-term rate will likely exceed rates available from deposit accounts. This means the MLC cannot *reliably* achieve the short-term rate from a traditional deposit account.

scale of the MLC's holdings.<sup>341</sup> And Congress directed the MLC to earn interest "at" the Federal short-term rate—not above or below it. While exceeding the short-term rate could lead to greater interest payments or an accumulated "reserve," it also means greater risk exposure. If the MLC cannot obtain the short-term rate in a deposit account directly, one reasonable response would be to invest in assets that mirror the risk and return of the short-term rate, *i.e.*, a blend of U.S. Treasuries with remaining maturities up to three years.<sup>342</sup> Whether it has done so, and how, presents a different set of questions.

Initially, it is difficult to fully assess the MLC's investment practices because its policies were adopted without public debate and with limited public disclosure. The MLC has not publicly disclosed its financial advisor, the fund(s) it invests in, the portfolio(s) held by the fund(s), the amount(s) invested, or its policy for gains or losses. Likewise, it has not identified the amount of interest earned on royalties pending distribution under its cash management practices, or a written policy on the distribution or use of this interest. However, based on the information that is available, the Office has several concerns.

The MLC claims that disclosing specific investments would pose security and market timing risks.<sup>343</sup> Yet, it appears that the identity of a major investment has already been publicly disclosed via routine Securities and Exchange Commission filings, and the MLC has not responded or updated its practices. If there are substantial security and

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<sup>341</sup> Subject to more specific provisions and adjustments, the Federal Deposit Insurance Corporation's "standard maximum deposit insurance amount" is \$250,000. *See* 12 U.S.C. 1821(a)(1)(E). Depositors may be able to obtain greater coverage in certain circumstances, but those methods do not appear to be a practical solution for the MLC.

<sup>342</sup> This would be somewhat analogous to the Copyright Office's investment of cable, satellite, and digital audio recording devices or media royalty fees in "interest-bearing United States securities". *See, e.g.*, 17 U.S.C. 111(d)(2) ("The Register of Copyrights shall . . . deposit the balance in the Treasury of the United States, in such manner as the Secretary of the Treasury directs. All funds held by the Secretary of the Treasury shall be invested in interest-bearing United States securities for later distribution with interest. . ."); *id.* at 119(b)(3) (same); *id.* at 1005 (same).

<sup>343</sup> *See, e.g.*, MLC Initial Submission at 67 n.93; MLC Reply Submission at 22.

market timing risks from that disclosure, it should take steps to address them. If there are not, it should not cite them as a reason for withholding information.

To the extent there are market timing risks, they would also seem to arise from the MLC's decision to invest beyond U.S. Treasuries. The treasury market is a multi-trillion-dollar market with high liquidity and massive trading volumes. It is unlikely that the MLC could influence such a market. Further, investing solely in U.S. Treasuries would have a separate advantage—they are government-backed assets that are relatively uncontroversial. While the Office has no reason to question the propriety of the MLC's investments, and it certainly appears that the underlying fund(s) hold relatively standard and diversified fixed income securities, the decision to go beyond U.S. Treasuries and the accompanying lack of transparency has fostered suspicion among some stakeholders<sup>344</sup> and may be inconsistent with Congressional intent in choosing an interest rate explicitly tied to marketable U.S. government debt.

The MLC asserts that it cannot limit investments to U.S. Treasuries or funds that mirror the treasuries used to calculate the short-term rate.<sup>345</sup> It points to guidance from financial advisors that such a strategy would be “highly unlikely” to meet the short-term rate over time.<sup>346</sup> Specifically, it claims that the short-term rate reflects “current market yields,” and therefore a portfolio of treasuries purchased at prior yields would underperform “during periods of rising rates.”<sup>347</sup> This underperformance might not be corrected during the “MLC's investment horizon” and its distribution obligations could require liquidation during unfavorable conditions.<sup>348</sup> Finally, since investment funds

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<sup>344</sup> For example, some commenters questioned whether the MLC invests within the music industry or in some other improper manner. *See, e.g.*, Artist Rights Institute Initial Comments at 5, 7–8; George Johnson Initial Comments at 28.

<sup>345</sup> MLC *Ex Parte* Letter at 6 (Nov. 20, 2025).

<sup>346</sup> *Id.* at 6 n.13.

<sup>347</sup> *Id.*

<sup>348</sup> *Id.*

provide returns net of expenses, they would systematically lag the yield of underlying treasuries.<sup>349</sup>

The MLC is correct on the first two points: U.S. Treasuries have interest rate risk, lose value when rates rise, and might not generate sufficient funds to cover the short-term rate during a period of rising interest rates.<sup>350</sup> The problem is that this is also true of fixed income funds with broader portfolios, which are subject to interest rate *and* greater credit risks.<sup>351</sup> Conversely, both generally perform well during periods of falling rates. In either instance, the MLC could be forced to liquidate funds at a loss or gain; and this does not explain why a rolling treasury portfolio would not more closely mirror the risk and return of the treasuries underlying the short-term rate.

The MLC's third point, however, does explain why treasuries might be infeasible. Investment funds generally charge a fraction of a percent of the investment in annual management fees and other expenses, and as the MLC notes, their returns are “net” these expenses.<sup>352</sup> Accordingly, the return on a treasury-based fund similar in composition to the treasuries used to calculate the short-term rate would inevitably lag the rate due to expenses—unless those expenses were paid separately.

### iii. Investments and Administrative Costs

The Office questioned the MLC on how its investment expenses relate to the MMA's provisions on administrative costs. The MMA provides that “collective total costs” shall be funded by the administrative assessment and voluntary contributions from

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<sup>349</sup> *Id.*

<sup>350</sup> However, contrary to the MLC's claim, the Federal short-term rate does not reflect “current market yields”; it is calculated based on a preceding month. *Cf.* 26 U.S.C. 1274(b) and (c)(1).

<sup>351</sup> For example, following a year of rising interest rates, the MLC had over \$6 million in net unrealized losses on investments at the end of 2022. *See The MLC's Form 990 for 2022*, MLC (2022), <https://www.themlc.com/hubfs/990-2022-Combined.pdf>; *Federal Funds Effective Rate*, Federal Reserve Bank of St. Louis, <https://fred.stlouisfed.org/series/fedfunds> (showing an increase in the federal funds effective rate from 0.08% in January 2022 to 4.10% in December 2022).

<sup>352</sup> MLC *Ex Parte* Letter at 6 n.13 (Nov. 20, 2025).

DMPs and significant nonblanket licensees,<sup>353</sup> and defines those costs as “the total costs of establishing, maintaining, and operating the mechanical licensing collective to fulfill its statutory functions,” including “costs of . . . royalty administration.”<sup>354</sup> The MLC responded that its financial advisor fees are paid out of the assessment funds “consistent with the treatment of other administrative costs,” but “that mutual fund expense ratios are not investment fees paid by [t]he MLC,” and there is “no distinct investment fee payable by fund investors.”<sup>355</sup> When asked whether it could structure its investments so that expenses were paid out of the administrative assessment, the MLC did not identify any specific barriers but said that it pursued a strategy recommended by its financial advisors.<sup>356</sup>

#### iv. Gains, Losses, and Reserves

An important consequence of the MLC’s current practice of investing in relatively higher-risk, higher-return investments, is the potential for gains that exceed statutory interest obligations. Further, under its cash management practices, the MLC earns interest on royalties pending distribution with no corresponding statutory obligation. The MLC indicated that it holds excess investment returns and the cash management interest as “reserves” against future interest obligations, *i.e.*, to make up for potential future investment losses. While it did not directly quantify the size of these reserves, it reported over \$153 million in “interest income” as of the end of October 2025.<sup>357</sup>

The MLC’s interest reserve practices are not addressed in its policy statements and raise important legal and policy questions. It is unclear whether the MLC’s ledger

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<sup>353</sup> See 17 U.S.C. 115(d)(7)(A).

<sup>354</sup> *Id.* at 115(e)(6)(A)(v).

<sup>355</sup> MLC *Ex Parte* Letter at 6–7 (Nov. 20, 2025).

<sup>356</sup> *Id.* at 7.

<sup>357</sup> *Id.* at 6 n.14. According to the MLC’s annual report from 2024, by March 2025 it had accrued approximately \$41 million in interest on royalties held but not distributed related to usage from 2021-2024, \$25 million in interest on historical unmatched royalties, and \$11 million in Phono III adjustment royalties. See MLC 2024 Annual Report app. at 48–52.

interpretation and reserve practices align with the MMA’s direction that royalty payments include a “proportionate” amount or share of the accrued interest, at least for interest from invested unmatched royalty funds.<sup>358</sup> Further, as the MMA does not require royalties pending distribution to accrue interest, it is unclear why interest earned by those matched royalties should be used as a reserve for underperforming unmatched royalty funds. It has also not explained whether its current reserves, supplemented by the ongoing cash management interest from royalties pending distribution, are consistent with its claims regarding the infeasibility of investing in U.S. Treasuries. The MLC has not articulated any policies for managing the size of the reserves or distributing excess reserves. Nor has it articulated any policies that address the converse possibility that these investments could result in sustained extended losses and exhaust its reserves.<sup>359</sup>

The potential for investment shortfalls raises important questions, including whether a shortfall for one period would be shared across usage periods or between the historic and blanket royalties, and whether investments would be protected from non-royalty creditors in the event of insolvency. While the MLC points to “statutory safeguards under the MMA,”<sup>360</sup> the Office believes the MLC and stakeholders would benefit from further articulation of how these safeguards function, the degree of protection afforded, how the MLC intends to respond to potential overages or shortfalls, and any additional legal mechanisms available or used to protect royalty funds.

#### v. Conclusion Regarding Financial Management

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<sup>358</sup> 17 U.S.C. 115(d)(3)(I)(ii), (d)(3)(J)(i).

<sup>359</sup> When asked about these scenarios, the MLC responded, “it is our intention and expectation that there will never be a shortfall,” and that in the event a hypothetical shortfall came to pass, they “would have to address the matter based upon the specific details at hand.” MLC *Ex Parte* Letter at 7 (Nov. 20, 2025) (quoting Resps. to Questions for the Record, *Five Years Later – The Music Modernization Act: Hearing Before the Subcomm. on Courts, Intellectual Prop., and the Internet, of the H. Comm. on the Judiciary*, 118th Cong. (2023) (Kris Ahrend, CEO, the Mechanical Licensing Collective)).

<sup>360</sup> *Id.* at 7 and n.16.

The purpose of this proceeding is to address whether the MLC continues to meet the statute’s designation criteria, and not to address issues with the MMA itself. Unfortunately, the MMA was not clear as to how the MLC should earn interest on royalties for unmatched works at the Federal short-term rate. This omission, in combination with the requirements the Act imposes, places the MLC in a difficult position regarding the management of an important administrative function. The Office believes the MLC and the greater music community would benefit from additional Congressional direction in this area.<sup>361</sup>

Absent that direction, the MLC has articulated one potential interpretation of the statute, and the available information suggests it has adopted a relatively routine and low-risk investment strategy to implement that interpretation. This was a rational response to a difficult situation and is not a reason to withhold the designation. Nonetheless, it is not clear that the MLC’s ledger-based approach is consistent with Congressional intent and, even assuming it is, there appears to be room for improvement in its execution. While the Office appreciates the MLC’s deference to financial advisors, we encourage it to work with those advisors to reevaluate (1) the viability of a treasury-based portfolio, taking into consideration the size of its current reserves and the ongoing interest earned on royalties pending distribution; (2) the potential for reallocating investment management fees to the administrative assessment; and (3) any market timing risks associated with its current investments.

The Office also notes that the MMA directs the MLC to “ensure that the policies and practices of the collective are transparent and accountable.”<sup>362</sup> This creates heightened expectations for transparency and oversight regarding its handling of large

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<sup>361</sup> The Office notes that under the MMA, the MLC is prohibited from engaging in government lobbying activities and therefore could not raise this issue with Congress directly. *See* 17 U.S.C. 115(d)(3)(C)(iv).

<sup>362</sup> *Id.* at 115(d)(3)(D)(ix)(I)(aa).

sums of money on behalf of others, even where the MLC may be following common industry practices. Unfortunately, the MLC has not provided stakeholders with a meaningful opportunity to review and comment on these issues. For example, it has repeatedly deferred to the advice of financial advisors, but it has not conveyed that advice at a sufficient level of detail for interested parties to assess its quality or the MLC's actions thereon. Further, regardless of whether the MLC changes its investment strategy based on the reevaluation discussed above, it should at least revise its public policy statements to fully articulate its reserve practices, including the extent to which they comingle royalties across usage periods (and any statutory authority for doing so), and formulate meaningful contingency plans for sustained investment losses or gains.

#### 6. Education and Outreach

Under the MMA, the MLC must “engage in diligent, good-faith efforts to publicize, throughout the music industry . . . the existence of the collective and the ability to claim unclaimed accrued royalties for unmatched musical works (and shares of such works) held by the collective” and “the procedures by which copyright owners may identify themselves and provide contact, ownership, and other relevant information to the collective in order to receive payments of accrued royalties.”<sup>363</sup> The MLC is further required to “participate in music industry conferences and events for the purpose of publicizing the [aforementioned] matters,” as appropriate.<sup>364</sup> In the Register's initial designation, we stated that its education and outreach efforts “should include clear benchmarks that measure [the MLC's] outreach effectiveness so that it can modify and adapt its strategies and tactics to best serve the entire songwriter community.”<sup>365</sup>

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<sup>363</sup> *Id.* at 115(d)(3)(J)(iii)(II)(aa)–(bb).

<sup>364</sup> *Id.* at 115(d)(3)(J)(iii)(III).

<sup>365</sup> Initial Designation at 32292 (internal quotations omitted).

In the NOI, the Office asked about the MLC’s education and outreach efforts, “including how the MLC reaches a variety of audiences to engage in diligent, good-faith efforts to publicize the collective and ability to claim unclaimed accrued royalties for unmatched musical works (and shares of such works).”<sup>366</sup> Referencing the *Unclaimed Royalties Report* recommendations, we also asked how the MLC “tailor[s] its education and outreach activities in recognition of the industry’s broad and diverse spectrum of songwriters and copyright owners, including by stakeholders’ varying levels of sophistication, geographic location, age, and music genre,” and how it “employ[s] dedicated, persistent outreach to historically underserved groups.”<sup>367</sup> Finally, we asked how it is using “member demographic statistics and DMP usage analytics . . . to better target its education and outreach efforts towards under-participating groups.”<sup>368</sup>

In response, the MLC first highlighted its implementation of the outreach-specific recommendations from the *Unclaimed Royalties Report*. As of the date of its initial submission, the MLC reported that it has conducted or participated in over 5,000 different outreach activities. Of those activities, (1) 1.6% addressed the recommendation to target historically underserved groups, (2) 8% addressed the recommendation to “focus efforts on educating the community about what it does, its processes, the complex nature of the statutory license, and the significance of registering with the MLC,”<sup>369</sup> (3) 3% addressed the recommendation to “advertise to the broadest extent reasonably practicable, including through official journals and other broad-reaching publications (*i.e.*, not just music industry publications), social media campaigns, national newspapers, television, multi-state unclaimed property sites, direct mailings, and public events,”<sup>370</sup> (4)

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<sup>366</sup> S. Rep. No. 115–339, at 14 (2018).

<sup>367</sup> *Unclaimed Royalties Report* at 29.

<sup>368</sup> *Id.*

<sup>369</sup> *Id.*

<sup>370</sup> *Id.* at 37.

20% addressed the recommendation to “publicize throughout the music industry the existence of the MMA, the MLC, the Blanket License, and the public musical works database, the ability to claim ownership of unmatched works (and shares), and the procedures by which copyright owners may identify themselves and provide relevant information to the MLC,”<sup>371</sup> and (5) 6.4% addressed the recommendation to conduct outreach efforts in partnership with “individual creators, foreign CMOs, [performing rights organizations], the DLC, DMPs, distributors and aggregators, music education programs, and local government arts or cultural organizations.”<sup>372</sup>

Next, the MLC described its communications strategy, which involves “in-person events, webinars and virtual events, print and digital advertisements, video content, newsletters, interviews for articles and podcasts, social media, and strategic partnerships” with educational institutions, international organizations, distributors, aggregators, and third-party companies operating in the music and technology sectors.<sup>373</sup> The MLC stated that it employs this strategy to reach a variety of audiences, differentiated by level of sophistication, geographic location, age, music genre, and community.

Finally, the MLC addressed its use of data “to assess the impact of various marketing activities, including in-person events, webinars and advertising campaigns” and decide where to allocate time and funding.<sup>374</sup> It stated that it “tracks various digital performance metrics, including potential reach (*i.e.*, the estimated number of potential Members that will see the advertisement), impressions (*i.e.*, the number of potential Members that actually see the advertisement), and clicks (*i.e.*, the number of potential members that click on the advertisement).”<sup>375</sup>

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<sup>371</sup> *Id.*

<sup>372</sup> *Id.*

<sup>373</sup> MLC Initial Submission at 79.

<sup>374</sup> *Id.* at 103.

<sup>375</sup> *Id.*

In addition to tracking engagement, the MLC uses member demographic and DMP usage analytics to target education efforts. As an example of how it uses member demographics, it noted it “analyzes [m]ember zip codes to gain valuable insight into the regional concentrations of rightsholders and to help target event outreach accordingly.”<sup>376</sup> Likewise, it “analyzes statistics pertaining to its [m]embers’ varying levels of activity and engagement,” and “segments its [m]embers according to these engagement patterns . . . [to] tailor[] its email marketing campaigns to each segment so that the messaging is relevant and targeted, fostering continuous interaction and involvement.”<sup>377</sup>

The MLC also reported that it “analyzes [DMP] usage reporting to help target outreach to members in multiple ways.”<sup>378</sup> It highlighted two initiatives that demonstrate this effort: the DURP program, offering metadata in DMP usage reporting “to provide enrolled independent sound recording distributors with a targeted view of the public works database that can be used by them to direct outreach and education to rightsholders who potentially have unregistered works,”<sup>379</sup> and the Missing Member initiative, which “analyzes sound recording artist metadata in [DMP] usage reporting to try to identify rightsholders who have not yet registered with [t]he MLC in connection with their works.”<sup>380</sup>

Generally, commenters praised the MLC’s efforts, noting that its staff provides a “high level of service and support to assist and educate its members.”<sup>381</sup> They were

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<sup>376</sup> *Id.* at 105.

<sup>377</sup> *Id.* at 103.

<sup>378</sup> *Id.* at 106.

<sup>379</sup> *Id.*

<sup>380</sup> *Id.*

<sup>381</sup> Big Machine Music Initial Comments at 2; BMAC & MAC Reply Comments at 3 (“The MLC has been proactive in educating songwriters, particularly those who are self-published.”); NSAI Initial Comments at 2 (noting that the MLC’s customer service is staffed with “many human . . . representatives specifically trained and assigned to assist self-published songwriters and even published songwriters who have questions and concerns related to their digital mechanical royalties”); Peermusic Initial Comments at 2 (“No department is without a reliable contact at the

particularly impressed with its work to educate self-published or “DIY” songwriters,<sup>382</sup> and to curate webinars and workshops covering relevant topics for this audience.<sup>383</sup> Peermusic also expressed appreciation for the MLC’s “proactive[]” outreach to “elicit feedback, hear . . . concerns, and address specific issues.”<sup>384</sup>

Other commenters offered suggestions for improvement. BMAC and MAC called for the MLC to expand its outreach initiatives to include “[i]nteractive and hands-on educational programs within genre specific communities with complex publishing histories such as rap, R&B, and Latin music genres could further empower songwriters to navigate the MLC’s systems effectively ensuring proper matching more accurate distributions.”<sup>385</sup> SONA encouraged the MLC to improve outreach to *published* songwriters.<sup>386</sup>

It is clear that the MLC has prioritized education and outreach efforts. In particular, it has excelled in producing written materials, videos, tutorials, webinars, and other web content that is educational and accessible to songwriters across multiple sophistication levels, and has participated in many music industry conferences and other events. It has effectively partnered with other organizations to develop content and produce events that allow creators and songwriters to directly engage with MLC

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MLC for any issue that may arise, from our colleagues in IT to Royalties to Copyright to Legal and Business Affairs”).

<sup>382</sup> Go to Eleven Entertainment Initial Comments at 2; NSAI Initial Comments at 2 (“The MLC took their mission to outreach and educate very seriously and have strategically positioned themselves in any and all places where a self-published songwriter might take notice”).

<sup>383</sup> Dennis Llewellyn Day Reply Comment (“To its credit MLC offers numerous webinars and workshops available to its members, most cover relevant topics around program operations”); Go to Eleven Entertainment Initial Comments at 2 (“They have lots of webinars and are really trying to reach DIY songwriters in multiple ways and locations”); *see also* Big Machine Music Initial Comment (“From monthly memos updating information regarding tools and services to webinars for staffers of all levels of administration sophistication, we have felt the MLC’s emphasis on outreach”).

<sup>384</sup> Peermusic Initial Comments at 2.

<sup>385</sup> BMAC & MAC Reply Comments at 3.

<sup>386</sup> SONA Initial Comments at 8.

representatives. It has also “partner[ed] with influencers and creators on social media,” including established and up-and-coming songwriters,<sup>387</sup> consistent with the suggestion in the *Unclaimed Royalties Report*.<sup>388</sup>

The Office acknowledges the challenges associated with quantifying the effectiveness of education and outreach activities. While the MLC tracks reach, impressions, and clicks, the ultimate performance metrics would be the number of members the MLC gained, the works claimed and matched, and the reduction of unclaimed royalties. Changes in these metrics which result from different education and outreach activities are hard to measure, as they may occur far after an outreach event or after repeated educational activities. Nevertheless, we encourage the MLC to continue to evaluate the effectiveness of its outreach activities in the context of both its ultimate goals and budgetary impact.

In addition to focusing on the most cost-effective outreach activities and events, the Office continues to encourage the MLC “to use member demographic statistics and DMP usage analytics, to the extent available and reasonably practicable, to better target its education and outreach efforts towards under-participating groups.”<sup>389</sup> We also encourage it to expand its existing songwriter group partnerships to identify the most effective ways to engage songwriters in different regional and genre-specific communities.

#### *D. Analysis*

Overall, the MLC’s submissions and the supporting comments demonstrate that it satisfies the statutory criteria to continue its designation as the statutory mechanical

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<sup>387</sup> MLC Initial Submission at 84.

<sup>388</sup> *Unclaimed Royalties Report* at 34 (“Various parties suggested partnering with individuals, such as peers, celebrities, industry ‘ambassadors,’ or other admired creators who are more likely to gain songwriters’ attention and may therefore help with educational outreach.”).

<sup>389</sup> *Id.* at 38.

licensing collective. Since the MMA’s enactment, the MLC has made impressive strides in bringing Congress’s vision for the new blanket mechanical license to life.

The MLC has distributed more than \$3.9 billion in royalties, its overall match rate is approximately 92%, and it has over 80,000 members.<sup>390</sup> Its success has also been recognized by various industry awards and recognitions, including 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.”<sup>391</sup>

These achievements are not diminished by the fact that some commenters want the MLC to develop additional administrative or technological capabilities. Nor are they diminished by the Office’s above-noted recommendations for further improvement. As NSAI put it best, “While NSAI is very complimentary of the work The MLC has done to date, no organization is perfect and there is always room for improvement. Redesignation is an opportunity to review such areas for improvement as well as to tout successes.”<sup>392</sup>

To further the MLC’s continued improvement and success, the Office is making several recommendations. First, we encourage the MLC to continue to improve its database tools and processes for registering and claiming works. We expect it to continue engagement with members to increase the efficiency of its workflows and practices. Second, to measure the effectiveness of the MLC’s matching methodology and initiatives for works earning different ranges of royalties, we expect it to implement routine disclosures of match rates by the royalty value tiers provided during this proceeding.

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<sup>390</sup> *Blanket Royalties*, MLC, <https://www.themlc.com/blanket-royalties> (last visited May 26, 2026); *The MLC Quarter Note: Q1 2026*, The MLC, <https://emails.themlc.com/the-mlc-quarter-note-q1-2026> (last visited May 26, 2026); *Member Newsletter*, The MLC (May 2026), <https://emails.themlc.com/may-2026-member-updates>.

<sup>391</sup> MLC *Ex Parte* Letter at 4 (July 21, 2025); *see also* InHerSight & Women In Music, *The Best Places to Work in the Music Industry 2026*, <https://www.inhersight.com/women-in-music-2026>, (last visited May 26, 2026) (listing the MLC in Women in Music’s Best Places to Work for 2026).

<sup>392</sup> NSAI Initial Comments at 3.

Third, we recommend that the MLC adopt additional metrics to assess whether it is making efficient uses of the assessment funds, with particular focus on allocations for education and outreach initiatives. Fourth, to better align with the goal to encourage wider songwriter participation, we recommend that it amend its bylaws governing the selection of the Board's songwriter representatives. Finally, we expect the MLC to exhibit greater transparency concerning its investment practices and to engage with stakeholders and the Office to address the important policy gaps discussed above.

#### **IV. Evaluation of the Digital Licensee Coordinator**

The Office requested information from the DLC and the public regarding whether the DLC's designation as the digital licensee coordinator should be continued.<sup>393</sup> Few commenters responded directly to the DLC's redesignation proposal and even those voicing criticisms did not oppose redesignation.<sup>394</sup> In subsequent *ex parte* meetings, however, NMPA and the MLC challenged the DLC's continued designation.<sup>395</sup>

To continue as the digital licensee coordinator, the DLC must be a single nonprofit entity that is endorsed by and enjoys substantial support from DMPs and significant nonblanket licensees that together represent the greatest percentage of the U.S. licensee market over the last three years,<sup>396</sup> and it must possess the administrative and technical capabilities required to perform its statutory functions.<sup>397</sup> For the reasons described below, the Register concludes that the DLC meets the statutory criteria and continues its designation.

##### *A. Nonprofit and Ownership Status*

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<sup>393</sup> See NOI at 5941–42.

<sup>394</sup> See Imbr Initial Comments; NMPA Initial Comments; NMPA Reply Comments.

<sup>395</sup> NMPA *Ex Parte* Letter at 3 (Sept. 5, 2025); MLC *Ex Parte* Letter at 3–7 (Aug. 27, 2025).

<sup>396</sup> See Initial Designation at 32280–86 (discussing the Office's conclusions regarding how the endorsement criterion is applied).

<sup>397</sup> See 17 U.S.C. 115(d)(3)(C)(i–iii) (enumerating DLC's thirteen functions, in addition to the ability to administer voluntary licenses); see also *id.* at 115(d)(3)(B)(iii).

The DLC provided a certificate of incorporation to demonstrate that it is “a nonprofit, not owned by any other entity” created to carry out its responsibilities under the MMA.<sup>398</sup> While no comments addressed the DLC’s nonprofit status, the MLC questioned whether the DLC satisfies the requirement that it cannot be “owned by any other entity,” suggesting that it is controlled by DiMA.<sup>399</sup> Recognizing that “nonprofits lack traditional equity ownership,” the MLC asked the Office to evaluate ownership through frameworks such as “operational control, governance overlap, and financial dependency.”<sup>400</sup> In addition, the MLC and NMPA raised concerns over the overlap between the operations of the DLC, which is statutorily prohibited from engaging in lobbying activities, and DiMA, which is an advocacy organization.<sup>401</sup> They highlighted that the same representatives comprise the boards of both organizations;<sup>402</sup> that “[t]he DLC has no employees, and its work is carried out entirely by DiMA”;<sup>403</sup> and that the DLC’s IRS Form 990 did not list any DLC employees or legal fees.<sup>404</sup>

The DLC refuted these concerns. It argued that “independence is not the relevant standard,” rather “[t]he question is whether the DLC is *owned* by anyone else.”<sup>405</sup> It asserted that “DLC and DiMA remain entirely distinct entities,”<sup>406</sup> “[t]here is nothing in the statute that prevents DiMA and the DLC from sharing staff,” there is “nothing that

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<sup>398</sup> *Id.* at 115(d)(5)(A)(i); see DLC Initial Submission Ex. A, at 1 (certificate of incorporation) (stating that “[n]o part of the net earnings of [DLCI] shall inure to the benefit of, or be distributable to, its members, trustees, directors, officers or other private persons”).

<sup>399</sup> MLC *Ex Parte* Letter at 3–5 (Aug. 27, 2025).

<sup>400</sup> *Id.* at 4–5 (citing *Freeman v. Complex Computing Co.*, 119 F.3d 1044, 1051 (2d Cir. 1997) (providing a list of ten factors to consider)).

<sup>401</sup> NMPA Reply Comments at 14–16; see MLC *Ex Parte* Letter at 5–6 (Aug. 27, 2025).

<sup>402</sup> NMPA Reply Comments at 14–15; MLC *Ex Parte* Letter at 5 n.8 (Aug. 27, 2025).

<sup>403</sup> MLC *Ex Parte* Letter at 3 (Aug. 27, 2025); NMPA *Ex Parte* Letter at 3 (Sept. 5, 2025) (“DiMA carries out the activities of the DLC using DiMA’s resources and DiMA’s employees.”).

<sup>404</sup> NMPA Reply Comments at 16–18; see MLC *Ex Parte* Letter at 3–4 & n.5 (Aug. 27, 2025).

<sup>405</sup> DLC *Ex Parte* Letter at 3 (Sept. 22, 2025).

<sup>406</sup> *Id.*

extends the MMA’s lobbying prohibition from the DLC to DIMA,”<sup>407</sup> and there is not “anything remotely improper about the relationship between DIMA and the DLC.”<sup>408</sup> It explained that “[s]ection 115 indicates that overlap between DIMA and the DLC is to be expected,” as “the DLC must be “endorsed by and enjoy[] substantial support from digital music providers” representing “the greatest percentage of the licensee market for uses of musical works in covered activities.”<sup>409</sup> Further, “the statute expressly contemplates that DIMA would step in to fulfill certain of the DLC’s statutory functions in the event that no digital licensee coordinator is designated.”<sup>410</sup>

The Office acknowledges the concerns about the DLC’s independence. We agree that the MMA contemplates that the DLC will operate as a separate entity from DIMA (or any other organization),<sup>411</sup> and that this distinction is particularly important given the DLC’s lobbying restrictions.<sup>412</sup> At the same time, we are not persuaded by arguments equating the MMA’s “ownership” criterion with “independence,” especially as the statute created an explicit independence requirement for the MLC’s officers, but not for the DLC.<sup>413</sup> We also recognize that some natural overlap in the DLC and DIMA is expected, as they share board members.

Nevertheless, the Office believes that the DLC’s representatives should take great care to avoid the appearance of impropriety or conflicts. In particular, they should avoid

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<sup>407</sup> *Id.* at 5.

<sup>408</sup> *Id.* at 4.

<sup>409</sup> *Id.* (citing 17 U.S.C. 115(d)(5)(A)(ii)).

<sup>410</sup> *Id.* (citing 17 U.S.C. 115(d)(3)(D)(i)(IV)).

<sup>411</sup> *See id.* (“DLC and DiMA remain entirely distinct entities.”).

<sup>412</sup> 17 U.S.C. 115(d)(5)(C)(ii).

<sup>413</sup> *Id.* at 115(d)(5)(D)(viii) (stating that, with respect to MLC’s independent officers, “[a]n individual serving as an officer of the mechanical licensing collective may not, at the same time, also be an employee or agent of any member of the board of directors of the collective or any entity represented by a member of the board of directors”).

the impression that the DLC is owned by DIMA.<sup>414</sup> They should observe all relevant formalities, ensure that their actions as DLC representatives serve the interests of the DLC, and be transparent about which organization they are representing in public communications. The Office expects that the DLC will take the concerns expressed seriously.

In sum, the DLC has established that it is “a nonprofit, not owned by any other entity” created to carry out its responsibilities under the MMA.<sup>415</sup> Accordingly, it satisfies the first statutory criterion for designation.

### *B. Indicia of Endorsement and Support*

The DLC also must be “endorsed by and enjoy[] substantial support from digital music providers and significant nonblanket licensees that together represent the greatest percentage of the licensee market for uses of musical works in covered activities, as measured over the preceding 3 calendar years.”<sup>416</sup> On this criterion, the DLC claimed that its membership has grown substantially<sup>417</sup> and includes “all of the largest streaming

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<sup>414</sup> See MLC *Ex Parte* Letter at 3 (Aug. 27, 2025) (citing Kristin Robinson, *DIMA CEO: Legal Fights, Transparency & Neutrality—Improvements Streamers Suggest for the MLC*, Billboard (July 29, 2024), <https://www.billboard.com/pro/dima-ceo-mma-mlc-interview-legal-fights-transparency-neutrality-improvements> (noting the statement of the DLC’s Board member and DIMA’s President and CEO that “DiMA administers the DLC, so the running of the DLC is done by DIMA”)).

<sup>415</sup> 17 U.S.C. 115(d)(5)(A)(i); see DLC Initial Submission Ex. A, at 1 (certificate of incorporation) (stating that “[n]o part of the net earnings of [DLCI] shall inure to the benefit of, or be distributable to, its members, trustees, directors, officers or other private persons”).

<sup>416</sup> 17 U.S.C. 115(d)(5)(A)(ii); see NOI at 5945. As noted in the initial designation rulemaking, the statutory language here parallels the MLC’s endorsement and support criteria. Compare 17 U.S.C. 115(d)(5)(A)(ii) (requiring that the DLC be “a single entity that . . . is endorsed by and enjoys substantial support from digital music providers and significant nonblanket licensees that together represent the greatest percentage of the licensee market for uses of musical works in covered activities, as measured over the preceding 3 calendar years”), with *id.* at 115(d)(3)(A)(ii) (requiring that the MLC be “a single entity that . . . is endorsed by, and enjoys substantial support from, musical work copyright owners that together represent the greatest percentage of the licensor market for uses of such works in covered activities, as measured over the preceding 3 full calendar years”).

<sup>417</sup> DLC Initial Submission at 2 (stating that the DLC “has . . . seen substantial growth in the organization’s membership over the past five years. As explained below, [its] membership has more than tripled since 2019, leading to an increase in both the size and diversity of the organization. [The DLC] anticipates that this growth trend will continue into the future as well”).

services in the market segment, as well as many medium and small-sized services.”<sup>418</sup> Additionally, during both the initial and current designation process, it cited aggregated metrics from the Harry Fox Agency and Music Reports, Inc., which indicated that DLC members “represented by [these two companies] combined had . . . over 88% of the aggregate royalties paid” in 2016, 2017, and 2018.<sup>419</sup> After the Office requested updated sources confirming this information, the DLC provided citations that support that its members “ma[ke] up the vast majority of the licensee market in interactive streaming.”<sup>420</sup>

The Copyright Office must evaluate the support of both the DMPs who will use the blanket license as well as significant nonblanket licensees.<sup>421</sup> When asked whether it had the support of any significant nonblanket licensees, the DLC noted that “[t]here are currently only five relatively small services operating as SNBLs, the most well-known of which (Bandcamp LLC) is a DLC member.”<sup>422</sup> It also asserted that it “readily meets the statutory criteria,” as the MMA “simply requires that DLC enjoy the support ‘from digital music providers and significant nonblanket licensees *that together* represent the greatest percentage of the licensee market for uses of musical works in covered activities.”<sup>423</sup>

Most comments did not address the DLC’s endorsement criteria. While NMPA pointed out that no DMP submitted separate comments supporting the DLC’s continuing

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<sup>418</sup> *Id.* at 6–7. The DLC also stated that, based on “over 35 distributions’ worth of reporting data from blanket licensees,” the MLC “confirmed that DLC[]’s members represent the greatest percentage of the licensee market for uses of musical works in covered activities, as measured over the preceding 3 calendar years.” *Id.* at 7 and n.8.

<sup>419</sup> Initial Designation at 32293 (quoting the DLC 2019 Initial Designation Proposal at 5–6 (Mar. 21, 2019)); *see also* DLC Initial Submission at 7.

<sup>420</sup> DLC *Ex Parte* Letter at 5 (Aug. 8, 2025) (citing Dylan Smith, *The ‘Big Three’ of Streaming: Spotify, Apple Music, and Amazon Music Now Account for Over 90% of U.S. Subscribers*, *DMN Pro Data Finds*, Digi. Music News (July 5, 2024), <https://www.digitalmusicnews.com/2024/07/05/music-streaming-market-share-us/>; Jacca-RouteNote, *Just 3 music services dominate 90% of the U.S. market*, RouteNote Blog (July 8, 2024), <https://routenote.com/blog/just-3-music-services-dominate-90-of-the-u-s-market/>).

<sup>421</sup> *See* 17 U.S.C. 115(d)(5)(A)(ii).

<sup>422</sup> DLC *Ex Parte* Letter at 5 (Aug. 8, 2025).

<sup>423</sup> *Id.* (citing 17 U.S.C. 115(d)(5)(A)(ii) (emphasis added)).

designation,<sup>424</sup> the services on the DLC’s Board clearly endorse its continued designation. Imbr also suggested that the DLC’s efforts to support nonblanket (*i.e.*, voluntary) licensees were insufficient in various ways, but its comments were not directed specifically towards the endorsement criteria.<sup>425</sup>

As the DLC enjoys the endorsement and support of the majority of digital service providers and SNBLs, measured by the largest aggregate percentage of total royalties paid from the use of musical works in covered activities in the United States,<sup>426</sup> it satisfies the second statutory criterion for designation.

### *C. Administrative and Technical Capabilities*

In addition to establishing a governance structure, criteria for membership, and membership dues, the MMA authorizes the DLC to perform the following functions: enforce notice and payment obligations for the administrative assessment; participate in Copyright Office proceedings involving the blanket license; participate in administrative assessment proceedings before the CRJs; provide documentation for use in proceedings to set the statutory mechanical license’s rates and terms; maintain records of its activities; assist in publicizing the MLC’s existence and the ability of copyright owners to claim royalties with the MLC; and “engage in such other activities as may be necessary or appropriate to fulfill [its statutory] responsibilities.”<sup>427</sup> The DLC provided updates on its fulfillment of these different functions.

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<sup>424</sup> NMPA Reply Comments at 16 n.46.

<sup>425</sup> Imbr Initial Comments at 1–3 (“The notable absence of mention of voluntary licenses in the DLC’s submission, . . . underscores a significant oversight concerning this critical component of the MMA.”). Imbr also supported the DLC’s continued designation. *Id.* at 1.

<sup>426</sup> *See* Initial Designation at 32294 (identifying total paid royalties as the appropriate statutory metric).

<sup>427</sup> 17 U.S.C. 115(d)(5)(C)(i). Of course, the DLC is also responsible for organizing its governance structure and membership requirements, which it has successfully done over the past several years. *See* DLC Initial Submission Ex. B (“DLC Bylaws”). Additionally, the DLC must maintain records of its activities, *see* 17 U.S.C. 115(d)(5)(C)(i), and appoint representatives to the MLC’s Operations Advisory Committee and one non-voting DMP member to the MLC Board, *see id.* at 115(d)(3)(D)(iv)(II), (i)(IV).

## 1. Governance

The DLC’s board of directors (“Board”) is currently composed of Nick Williamson (Apple, Inc.), Josephine Speranza (Spotify), Jen Rosen (Google), Amy Braun (Amazon), and Wiatt Bingley (Pandora).<sup>428</sup> Since its founding, the DLC has expanded its membership to seventeen DMPs, “including many medium and small-sized services.”<sup>429</sup>

The DLC’s bylaws govern membership requirements and responsibilities, meetings, Board and committee structures, and include other rules and operational provisions.<sup>430</sup> They create three classes of membership (principal, charter, and general). As of 2024, the principal members have been determined on a market-share basis and consist of those “charter members” with the five highest stream counts, reevaluated every two years.<sup>431</sup> These members are responsible for dues covering at least 60% of the DLC’s yearly operating budget.<sup>432</sup> The remaining members are general members.<sup>433</sup>

As previously noted, since its initial designation, the DLC has increased its membership from five to seventeen members.<sup>434</sup> It attributes this growth to its outreach

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<sup>428</sup> See *MLC and DLC Contact Information, Boards of Directors, and Committees*, U.S. Copyright Office, <https://www.copyright.gov/music-modernization/mlc-dlc-info> (last visited May 26, 2026); DLC *Ex Parte* Letter at 1 (Aug. 8, 2025); DLC *Ex Parte* Letter at 1 (Sept. 22, 2025) (also listing Graham Davies, DiMA CEO as “Board member, Secretary and Treasurer of DLC”).

<sup>429</sup> DLC Initial Submission at 8. DLC’s current members are Amazon, Apple, Pandora, Spotify, YouTube, Audiomack, bandcamp, Beatport, Hangout FM, iHeartMedia, MedRhythms, Paste, prestomusic, Qobuz, Soundcloud, TIDAL and Wolfgang’s. See *id.*; see also *Our Members*, DLC, <https://digitallicensecoordinator.org/> (last visited May 26, 2026) (reflecting bandcamp and prestomusic as DLC members, but omitting Idagio and Napster, who were previously identified as DLC members).

<sup>430</sup> See generally DLC Bylaws. These operational procedures include a voting structure, a meeting schedule, and a structure for collecting dues and funding the DLC.

<sup>431</sup> *Id.* at 3. “Charter members” are those members who have adhered to the DLC’s mission and standards for at least two years and have paid relevant dues. *Id.*

<sup>432</sup> See *id.* at 2–5. The bylaws also set out the voting structure, a meeting schedule, and a structure for collecting dues and funding the DLC. *Id.* at 4–10, 12.

<sup>433</sup> See *id.* at 2, 5.

<sup>434</sup> See DLC Initial Submission at 8; see also *Our Members*, DLC, <https://digitallicensecoordinator.org/> (last visited May 26, 2026). The Office noted in its initial designation that in 2019, “[DLC] membership d[id] not include TIDAL, Deezer, Soundcloud, iHeartRadio, or Napster.” Initial Designation at 32295. Since then, TIDAL, Soundcloud, and iHeartRadio have joined the DLC. See DLC Submission at 8.

and leadership in implementing the blanket license system.<sup>435</sup> The DLC also notes that it “regularly engages with non-member DMPs, responding to queries and serving as a resource, in support of its commitment to continued development of the music streaming ecosystem.”<sup>436</sup>

As authorized by the MMA,<sup>437</sup> the DLC appointed DIMA’s CEO to serve as a nonvoting member of the MLC’s Board.<sup>438</sup> It also appointed six representatives to the MLC’s Operations Advisory Committee.<sup>439</sup> It noted that its representatives’ participation in the MLC committees has provided valuable insight into the MLC’s operations and facilitated discussions with the MLC.<sup>440</sup>

In addition to the concerns regarding the DLC’s independence, addressed above, commenters raised other governance-related issues. NMPA expressed concern that only the five founding-member DMPs (*i.e.*, the larger U.S. DMPs) have seats on the DLC’s Board.<sup>441</sup> Regarding the participation of smaller DMPs on its Board, the DLC emphasized that, because the largest members pay the majority of dues, “smaller [DMPs

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<sup>435</sup> See DLC Initial Submission at 8.

<sup>436</sup> *Id.* at 9.

<sup>437</sup> 17 U.S.C. 115(d)(3)(D)(i)(IV).

<sup>438</sup> See DLC Initial Submission at 9.

<sup>439</sup> See *id.* at 10. These representatives are Amy Braun (Amazon); Jen Rosen (Google); Brandon Shevin (Beatport); Josephine Speranza (Spotify); Meghna Viswanadha (Apple); and Wiatt Bingley (SiriusXM/Pandora). See *Advisory Committees*, MLC, <https://www.themlc.com/committees> (last visited May 26, 2026); see also *MLC and DLC Contact Information, Boards of Directors, and Committees*, U.S. Copyright Office, <https://www.copyright.gov/music-modernization/mlc-dlc-info> (last visited May 26, 2026).

<sup>440</sup> See DLC Initial Submission at 9–10. Though not required by the MMA, the DLC has also appointed representatives to serve on the MLC’s Budget Performance Advisory Committee (“BPAC”) and Audit Committee. See *id.* at 10–11. The BPAC, which makes recommendations to the MLC Board on budgetary issues, and the DLC’s representation on BPAC ensures that DMPs have insight into how the MLC is spending the administrative assessment that DMPs pay. See *id.* at 10. The MLC’s Audit Committee “is responsible under the bylaws for ensuring that the statutory audit report outlined in 17 U.S.C. [sec.] 115(d)(3)(D)(ix)(II) occurs, and to oversee external audits of The MLC’s financial statements that The MLC arranges to be done by independent auditors.” MLC 2024 Annual Report at 57; DLC Initial Submission at 11 (“[T]he purpose of [the MLC’s Audit Committee] is to assist the board with oversight of the MLC’s financial reporting and external audits of the MLC.”).

<sup>441</sup> See NMPA Reply Comments at 14.

may] become DLC . . . members at dramatically lower dues, which has in turn enabled DLC . . . to grow and diversify its membership and ensure that DMPs of all sizes are able to participate in both [the DLC’s] operations and the broader mechanical licensing ecosystem.”<sup>442</sup> Moreover, it highlighted its accommodation of smaller licensees in “modifying the allocation of the administrative assessment to alleviate the burden on such licensees.”<sup>443</sup> Because its governance structure places the greatest financial burden on its largest members, smaller streaming platforms may join at a more manageable cost.<sup>444</sup>

The MLC suggested that the Office “require the DLC to produce annual reports comparable to The MLC’s for prior periods, which can be reviewed by stakeholders and become part of the record of this proceeding,” and that such reports “could also support the ongoing evaluation of the DLC’s qualifications and activities.”<sup>445</sup> The DLC responded that its Board “will discuss whether additional disclosures could be helpful and appropriate for its membership and the public, either in the form of an annual report, posts on its websites, or otherwise.”<sup>446</sup>

The MMA does not dictate the DLC’s bylaws or Board membership. Further, no DMPs submitted comments opposing the DLC’s dues structure, bylaws, or Board membership rules, and the DLC maintains that DMPs of all sizes are well represented through committee leadership roles and are well informed of its activities.<sup>447</sup>

Notwithstanding the DLC’s efforts, the Office recognizes that its Board membership rules, including the costs of becoming a charter member, may deter smaller

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<sup>442</sup> DLC Reply Submission at 8–9.

<sup>443</sup> DLC Initial Submission at 9.

<sup>444</sup> See DLC Bylaws at 5; DLC Initial Submission at 9.

<sup>445</sup> MLC *Ex Parte* Letter at 6 (Aug. 27, 2025).

<sup>446</sup> DLC *Ex Parte* Letter at 6 (Sept. 22, 2025).

<sup>447</sup> See DLC Reply Submission at 9 (“DMP members of all sizes are represented on DLC[]’s various committees, and DLC[] engages with its entire membership regularly. For example, in addition to its regular Board and committee meetings, DLC[] also holds monthly meetings open to all of its members in order to ensure that members are kept apprised of DLC[]’s activities, and have the opportunity to provide feedback.”).

DMPs from participating.<sup>448</sup> As a result, the DLC may struggle to attract leadership that broadly represents its varied constituents. Although it has taken steps to improve its organizational functioning,<sup>449</sup> we encourage it to consider additional ways for smaller DMPs to participate in leadership activities going forward.

## 2. Enforcing Notice and Payment Obligations Related to the Administrative Assessment

On enforcement, the DLC stated that it has “consistently been a resource to the MLC in connection with the MLC’s enforcement efforts against DMPs who have not met their payment obligations (to the extent that those issues have arisen),”<sup>450</sup> but it did not provide further details. Instead, it focused on its efforts to “consult[] with a broad array of licensees to ensure that the approach taken [with the administrative assessment] strikes the balance between . . . equitable distribution among those DMPs whose use of the blanket license creates [an] administrative burden for the MLC, and . . . minimizing the expense and burden to smaller and newer licensees in a market segment with an already-high barrier to entry.”<sup>451</sup> As the DLC indicated in the initial designation proceeding, it believed that “by prioritizing negotiations and cooperation among licensees and the MLC,” it could “minimize the need for contested proceedings or enforcement actions.”<sup>452</sup>

## 3. Participation in Proceedings before the Copyright Office and Copyright Royalty Judges

In addition to the administrative assessment proceedings noted above, the DLC has participated in several of the Office’s rulemaking proceedings since its initial

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<sup>448</sup> *Cf.* DLC Bylaws at 5, 11.

<sup>449</sup> For example, the DLC clarified its officer rotation structure and added procedures to permit an individual to rotate in or out of a company’s primary representative seat. *See* DLC Initial Submission at 8.

<sup>450</sup> DLC Initial Submission at 12.

<sup>451</sup> *Id.* at 11.

<sup>452</sup> DLC 2019 Initial Designation Proposal Ex. C, at 3.

designation, including those “related to the public musical works database, database access and use”; the “appropriate transparency of the MLC; notices of license, data collection efforts, reports of usage and payment by DMP blanket licensees and related records of use, notices of non-blanket activity and reports of usage by [significant nonblanket licensees]”; “data collection efforts by musical work copyright owners; the protection of confidential information by the MLC and DLC; the applicability of the derivative works exception to termination rights under the Copyright Act; the appropriate treatment of public domain works; the reporting and payment of accrued unmatched royalties; and the applicability of late fees.”<sup>453</sup>

To aid these efforts, the DLC established a Policy Committee, tasked with “coordinating DLC[]’s responses to proposed Office rulemaking, as well as highlighting points that may require additional clarification and/or further rulemaking.”<sup>454</sup> The Policy Committee also identifies potential issues that require coordination with the MLC.<sup>455</sup>

#### 4. Maintaining Records

Since July 2020, the DLC’s Director of Operations and Outreach has been the primary officer responsible for ensuring that the DLC’s records are properly created and maintained.<sup>456</sup> The DLC has also implemented procedures, including in its bylaws and Code of Conduct and Ethics, to ensure that confidential, private, proprietary, or privileged information is not improperly disclosed or used by its directors or committee

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<sup>453</sup> DLC Initial Submission at 13–15 (citations omitted); *see also* MLC *Ex Parte* Letter at 4 n.5 (Aug. 27, 2025) (“Known DLC work in 2020 consisted primarily of its full participation in at least five Copyright Office rulemakings, involving more than 20 written submissions and 10 meetings with the Office . . .”).

<sup>454</sup> DLC Initial Submission at 13.

<sup>455</sup> *See id.*

<sup>456</sup> *See id.* at 8, 15. Among other duties, the Director of Operations and Outreach keeps minutes of all DLC Board meetings and annual meetings and maintains detailed membership records and listservs to facilitate widespread participation of DLC members. *See id.* at 15.

members,<sup>457</sup> as well as protocols to shield the MLC’s shared confidential information from improper use or disclosure.<sup>458</sup> Finally, the DLC’s representative on the MLC Board serves pursuant to a confidentiality agreement that is designed to keep deliberations confidential to the extent they relate to the MLC’s internal operations and are not intended to be shared with the DLC at large.<sup>459</sup>

#### 5. Publicizing the MLC’s Existence and the Ability to Claim Royalties; Other Education and Outreach

The DLC reported that it has engaged in a variety of educational and outreach efforts pursuant to its statutory obligation to assist the MLC with locating and identifying copyright owners of unmatched musical works and unclaimed royalties.<sup>460</sup> These efforts included “posting contact information for the collective at reasonably prominent locations on [DMP] websites and applications” and “conducting in-person outreach activities with songwriters.”<sup>461</sup> The DLC describes them as successful,<sup>462</sup> and DMPs such as “Apple, Amazon, Spotify, YouTube, Audiomack, Napster and Qobuz[] have prominently posted the MLC’s contact information on their respective websites.”<sup>463</sup> Additionally, the DLC

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<sup>457</sup> *See id.* at 15 (describing Code of Conduct and Ethics); DLC *Ex Parte* Letter at 4 (Aug. 8, 2025) (attaching Code of Conduct and Ethics). All DLC members must enter into a confidentiality agreement “designed to facilitate and safeguard the exchange of information” when they join the DLC. *See* DLC Initial Submission at 15–16.

<sup>458</sup> *See* DLC Initial Submission at 16.

<sup>459</sup> *See id.* at 9.

<sup>460</sup> *See* 17 U.S.C. 115(d)(5)(C)(iii).

<sup>461</sup> *Id.*; *see also id.* at 115(d)(5)(C)(i)(VII).

<sup>462</sup> *See, e.g.,* DLC Initial Submission at 8–9, 16–17. For example, in October 2020, the DLC began “a direct email campaign to DMPs relaying important information[, dates, deadlines, and resources regarding] the January 1, 2021 License Availability Date.” *Id.* at 17. In these emails, DLC also publicized the MLC’s education efforts and data management tools. *See id.* To facilitate its members’ peer-to-peer outreach, the DLC “developed messaging that DMPs can use for industry education, including in particular, sample language that any DLC[] member or other DMP can display on its website or other platform to drive copyright holders to the MLC’s website.” *Id.* at 16.

<sup>463</sup> *Id.* at 16; *see id.* at 16 n.21 (collecting member websites displaying DLC’s contact information).

has hosted open Q&A webinars<sup>464</sup> and has “regularly participated in industry panels to explain the section 115 license and MLC’s operations to all stakeholders—digital services, rightsholders, and creators.”<sup>465</sup>

Very few commenters addressed the DLC’s administrative and technical capabilities.<sup>466</sup> Based on evidence in its proposal and subsequent comments, the Office finds that the DLC has satisfied the third statutory criterion.

#### *D. Analysis*

Having reviewed the DLC’s submissions and engaged in further discussions about its redesignation proposal, the Office finds that it continues to meet the MMA’s criteria for redesignation. The DLC has created a governance structure, criteria for membership, and a dues structure that has increased its membership since its initial designation. Moreover, it has shown willingness to adjust its structure and operations to best serve the MMA’s goals. It has demonstrated its ability to meet the administrative and technical demands of its role.

Going forward, the Office suggests that the DLC should focus on the following matters. First, as noted above, it should take great care to not give the impression of impropriety or conflicts, especially with respect to perceived representation of DIMA. Second, the Office expects that it will continue to be “regularly in touch with companies that are not formally members of the organization . . . [and will] offer[] those companies the opportunity to join.”<sup>467</sup> As there are currently over fifty DMPs who have submitted

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<sup>464</sup> See *id.* at 17. DLC invited questions from DMPs regarding the section 115 blanket license, the MLC administrative assessment allocation system, and DLC membership. See *id.*

<sup>465</sup> *Id.*

<sup>466</sup> But see MLC *Ex Parte* Letter at 5 (Aug. 27, 2025) (“While it originally committed to enforcing administrative assessments, supporting public awareness of The MLC and unclaimed royalties, assisting in rate proceedings, and maintaining independent records, there is little public evidence that it has met these responsibilities consistently during the term of its initial designation.”).

<sup>467</sup> DLC Initial Submission at 8.

notices of license or notices of nonblanket activity to the MLC that are not DLC members, the DLC should continue to work to increase its membership by the next review of its designation. Third, it should similarly work to increase the number of DMPs that have prominently posted the MLC’s contact information on their websites and applications. Finally, while the DLC has implemented procedures and policies to ensure confidential, private, proprietary, or privileged information will not be improperly disclosed or used by its directors or committee members, it is unclear whether those policies apply to its personnel, including any employees, volunteers, or contractors.<sup>468</sup> The DLC should clarify whether its procedures and policies apply to all personnel.

## **V. Conclusion**

For the reasons set forth above, the Register is continuing the designations of the MLC and DLC, which the Librarian approves. The MLC has demonstrated that it continues to meet each of its statutory criteria for redesignation and that its individual Board members are well qualified to serve on its Board pursuant to the statute. Similarly, the DLC has demonstrated that it continues to meet each of its statutory criteria for designation, and that its individual Board members are well qualified to serve on its Board pursuant to the statute.

As each designation is being continued, there is no need to amend the Office’s regulations at this time.

Dated: May 29, 2026.

**Shira Perlmutter,**

*Register of Copyrights and*

*Director of the U.S. Copyright Office.*

Approved by:

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<sup>468</sup> Notwithstanding the DLC’s procedures and policies, the Office’s regulations governing “confidential, private, proprietary, or privileged information” apply to the DLC’s “personnel.” 37 CFR 210.34(a).

**Robert Newlen,**

*Acting Librarian of Congress.*

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