

The beginning of another year brings renewed obligations for broadcasters who are operating a *non-interactive* webcast (as opposed to interactive downloads or podcasts). *If you are a broadcaster engaged in commercial webcasting of one or more streams, your first filing of the new year – consisting of a Minimum Fee Statement of Account with payment of \$ 500 per channel – is due on **January 31, 2014**. But your obligations continue throughout the year with Statements of Account and Playlist Reports of Use required on a monthly basis.*

Note that this message is being sent to you because you are a *commercial entity* under the webcasting statutory license. This is determined **not** by your FCC license but by whether the webcasting entity is exempt from taxation under Section 501 of the Internal Revenue Code. We have determined that you are not a tax-exempt entity and, therefore, are a commercial broadcaster. If believe you are a **noncommercial** webcaster because your organization is exempt from taxation under Section 501, please ask for our separate guide outlining the obligations for noncommercial webcasters in 2014.

With that out of the way, we'll turn to the details regarding the payment of royalties and filing of Playlist Reports of Use for all of 2014.

Any commercial company with an FCC-licensed AM or FM station simulcasting at least one channel on the Internet will fall into one of the two categories outlined below. The rest of this document not only outlines the eligibility for and obligations within each category but, where applicable, offers a direct link to every form on the SoundExchange website (note: some of the forms will not be available until early January, so we will be providing an updated version of this document at that time at no charge to you).

Please read the rest of this document closely. While many of you might be focused primarily on the royalty rates, that is only part of the equation. In fact, for most of you, the Playlist Report of Use requirement is much more impactful, since you might only be paying an annual minimum fee of \$ 500 per channel by January 31 and nothing more. You might be able to receive an exemption from the onerous Playlist Report of Use requirement if you elect into that status on your Minimum Fee Statement of Account Form (there is no longer a separate election form but you must send an Email to SoundExchange and pay an extra \$ 100 “proxy fee”). However, you will still have to file the above-referenced Monthly Statements of Account even if you do not exceed the aggregate tuning hour maximum and pay royalties in any given month.

Obviously, then, what you file will be determined by which service category you fall into. If you have any questions regarding that service category, you need only ask us.

Your obligations are:

**A. Commercial Broadcasters Who Cannot or Do Not Elect “Small Broadcaster” Status:**

Commercial Webcasters who are FCC-licensees of an AM or FM radio station and who do not qualify as a “Small Broadcaster” because they had at least 27,777 “Aggregate Tuning Hours” in 2013 have these obligations in 2014:

Annual Minimum Statement of Account Form and Fee: File an annual minimum fee of \$500 per channel **by January 31, 2014** using the 2014 Broadcaster Minimum Fee Statement of Account form found [here](#).

Monthly Statement of Account Form and Fee: File any fees incurred beyond the \$ 500 annual minimum already paid by using the 2014 Broadcaster Monthly Liability Statement of Account form found [here](#). You must file this form even if you're not actually paying because your cumulative fees for the year have not yet exceeded \$ 500. Each Statement of Account is **due within 45 days of the end of the month to which it pertains**.

Playlist Reports of Use: Playlist Reports of Use must be filed on a monthly basis; SoundExchange prefers that you adhere to the template report for filing (in Excel format) found [here](#). Each Playlist Report of Use is also **due within 45 days of the end of the month to which it pertains**. Note that you can opt out of this requirement if you qualify as a small broadcaster as per Section B below.

## B. ***SMALL Commercial Broadcasters:***

A select few broadcasters who are simulcasting on the web also qualify as “Small Commercial Broadcasters” and are treated differently, mainly because they are exempt from filing Playlist Reports of Use.

This distinct classification applies only to those broadcasters who had fewer than 27,777 “Aggregate Tuning Hours” in the previous year. These Small Commercial Broadcasters have one small additional step to complete before January 31, but they will save a lot of time in the future because they do not have to file playlist reports of use on a monthly basis. If you qualify as a "Small Broadcaster", you have these obligations in 2014:

Election: Broadcasters electing the “Small Broadcaster”, primarily to avoid filing Playlist Reports of Use must, **before January 31, 2014 (there is no opportunity to opt-in later in the year):**

Send an Email to [licenseerelations@soundexchange.com](mailto:licenseerelations@soundexchange.com) notifying SoundExchange of your election.

Enter their 2013 Aggregate Tuning Hour total on Step 6 of the form and pay an extra \$ 100 “proxy fee” as per Line 7 of the form.

Annual Minimum Statement of Account Form and Fee: File an annual minimum fee of \$500 per channel **by January 31, 2014** using the 2014 Small Broadcaster Minimum Fee Statement of Account form found [here](#). Note that you must provide the total ATH incurred in 2013 AND put \$ 600 Line 8.

Monthly Statement of Account Form and Fee: You must file any fees incurred beyond the \$ 500 annual minimum already paid by using the 2014 Small Broadcaster Monthly Liability Statement of Account form found [here](#). While it is extremely unlikely that a small broadcaster see its cumulative fees for the year exceed \$ 500, you must file this form every month with or without payment. Each Statement of Account is **due within 45 days of the end of the month to which it pertains.**

Playlist Reports of Use: Of course, the benefit of this classification is that you can opt out of filing Playlist Reports of Use. If you do not choose this option, the reports must be filed on a monthly basis; SoundExchange prefers that you adhere to the template report for filing (in Excel format) found [here](#). Each Playlist Report of Use is also **due within 45 days of the end of the month to which it pertains.**

Remember that your Minimum Fee Statement of Account Forms and payments (with elections, if applicable) are due by ***January 31, 2014***. We will send you another reminder, with updated links in mid-January. You can only electronically file these forms if there is no payment required (by Emailing a .PDF of the form in question to [royaltyadministration@soundexchange.com](mailto:royaltyadministration@soundexchange.com)) and there is a penalty for late payment (as well as the loss of the reporting waiver), so we suggest you get started now. Please do not hesitate to contact a Fletcher, Heald & Hildreth, P.L.C. attorney if you have any questions.