

18 July 2016

Dear RiSA Member

THE LICENSING OF MUSIC VIDEOS TO BROADCASTERS BY RiSA AUDIO VISUAL

We write to you to inform you of a joint decision by the Executive members of the Association of Independent Record Companies (AIRCO) and the Recording Industry of South Africa RiSA/RiSA Audio Visual to cease to allow record companies to become members of both AIRCO and RiSA/RiSA Audio Visual. This is done to prevent conflict, and potential double payment of royalties to members with dual membership, in relation to the collection of music video licensing income. As members know, in instances where there are two collecting societies collecting in respect of the same right (in this case music videos), each collecting society has the following obligations to all users:

- to provide its membership list; and
- to provide a list of repertoire it represents.

RiSA Audio Visual and/or AIRCO will not be able to fulfil the above obligations in respect those members who hold dual membership, hence the joint decision to stop dual members of the two organisations.

In the circumstances, this letter serves as a notice to inform all those members of RiSA who are also members of AIRCO that as from the **1st August 2016**, RiSA Audio Visual will only represent its own members as detailed below.

Membership of RiSA Audio Visual (RAV)

A large number of RiSA members have entrusted the licensing of their music videos to RAV for many years. If you wish to become or to remain a member of RAV, and for RAV to continue to license your music videos for broadcasting and public performance, You are urgently required to:

1. please complete the attached form and return it by e-mail or fax and in person to the RiSA Offices; and
2. thereafter, you must ensure that you complete a “Notification of Videogram” form (which can be obtained from Mr. Bongani Manye on 0118861342 or info@rav.org.za) and submit it to RAV by

152 Bram Fischer Drive, Unit 2, Randburg 2194 PO Box 367 Randburg 2125
Tel: 27 (11) 886 1342 Fax: 27 (11) 886 4169 E-mail: sunny@risa.org.za

(Association Incorporated Under Section 21)
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e-mail every time that you add a music video to your portfolio or contact Bongani Manye/Sunny Motsepe on (011) 886 1342 who will gladly assist you.

What is RAV?

- RAV was created by RiSA as a special purpose not-for-profit company through which RiSA members' rights in music videos are licensed to broadcasters and for other forms of public performance. Membership of RiSA is not a requirement to license your music videos through RAV as long as you sign the attached form, you become a member of RAV.
- RAV (and RiSA itself) has licensed videos to SABC, eTV, M-Net, various DSTV channels, and other African regional TV broadcasters including broadcasters in Namibia and Nigeria. RAV is also licensing the non-interactive streaming of Videos on behalf of its members.

A hard copy of the RAV Distribution Policy is available to members on request.

We will be setting up workshops in each Province to discuss the membership of RAV, SAMPRA and RiSA during the month of August 2016 and will welcome interacting with you on the issues raised above. A schedule of the workshops will be sent out shortly.

We need to make changes to RAV's business model

RAV faces two recurring operating problems which need to be addressed: Database Management and the grant of Exclusive Rights. Extensive work was done over the years in relation to both areas of RAV's operations but with two organisations operating in the music video licensing space, more work needs to be done to improve the service rendered to members.

Database management

The first area concerns the management of our database of videos on behalf of the owners of rights.

RiSA has gone to great lengths and considerable expense to tidy up the existing music video database. That database now contains records of more than **11,000** videos.

We appeal to all companies to help us to maintain the quality of the music video database by updating all new videos.

You are requested, from today onwards, to submit a completed "Notification of Videogram" by e-mail to RAV every time you add a new music video to your portfolio that you make available to any broadcaster. RAV will register you as the owner of that video - and will make payment to you of royalties that are reported for the subsequent flighting of that video.

RAV's ability to manage the database efficiently is totally dependent on the co-operation of all our members. Record companies will always want to get new videos to production companies and broadcasters as quickly as possible – and they don't always give notification to RiSA/RAV of new videos that have been added to the system. These videos are thereafter reflected in reports of flightings that are received from broadcasters – but RAV has no record of who should be paid for them. That is why members have in the past frequently received copies of reports of broadcasters' flightings and have been requested to identify which videos belong to them. Each time this happens, the reporting and payment process is delayed. As there are two music video collecting societies, videos that are not reflected on the RAV system may result in RAV assuming that they belong to non-members.

The grant of exclusive rights to RAV

It is necessary for RAV to ensure that members grant RAV exclusive rights in regard to broadcast and performance rights in videos. In the past, RAV has obtained exclusive written licences from some rights owners. It has also represented other RiSA members under an inferred licence in terms of Section 22 (4) of the Copyright Act. Such licences were not exclusive to RiSA. It is necessary to move away from the practice of relying on any Section 22 (4) licences and ensure that, as soon as possible, all record companies who wish to remain or become members of RAV grant written exclusive licences to RAV in respect of their music video properties.

Why does RAV need written, exclusive licences for broadcast and public performance rights.

- Broadcasters are slow to enter into or renew license agreements – particularly where these involve increases in rates. Some broadcasters are also slow to make payment timeously.
- RAV's legal remedies relative to these problems is to withdraw licences, to get court interdicts preventing broadcasters from flighting videos and to sue them for payment.
- But these are very drastic steps that we, as RiSA and RAV, always try to avoid. All our members enjoy good working relationships with TV broadcasters and producers. We are very conscious of the need to respect and maintain those relationships and the goodwill that exists between record companies and broadcasters.
- We do, however, need to ensure that RAV is in a position to enforce members' rights legally if it needs to do so. This letter is therefore part of a drive to increase the number of RiSA members that have signed appropriate contracts that grant RAV the exclusive legal right to include the members' videos in licences that are granted to broadcasters and other public performance users.

How is RAV governed?

RAV is a not-for-profit company, registered under the Company's Act. It is governed by its members in general meeting. Voting is in accordance with members' financial contributions to RAV by way of not more than 20% administration fee that RAV charges for its services. An Annual General Meeting of RAV is held before the end of December of each year.

Code of Conduct

Please note that members of RAV are required to agree to abide by the Code of Conduct of RAV. A copy of which is available on request from Mr. Bongani Manye on 0118861342.

RAV and SAMPRA

Please note that membership of RAV is separate from the membership of SAMPRA and you must complete separate forms to join SAMPRA as well.

Your titles registered in RAV's database

We will be sending each existing member which has one or more titles registered in the RAV database a schedule reflecting such title or titles. You will be asked to verify the accuracy of the schedule that relates to your titles and to complete "Notification of Videogram" forms in respect of all additional titles that you would like to register in the database.

Summary

If you wish to become or to remain a member of RAV and for RAV to license your music videos for public performance:

1. Please complete the attached form and return the same by e-mail or fax.
2. Thereafter, you must ensure that you complete a "Notification of Videogram" form (see attachments to this letter) and submit it to RAV by e-mail every time that you add a music video to your portfolio.

If you have any questions or need any assistance in any way, please do not hesitate to contact me.

Yours sincerely

Adv. NP Sibisi
CEO