

THE SOUNDEXCHANGE GUIDE TO FEATURED ARTIST LETTERS OF DIRECTION (LOD)

1. What is a SoundExchange Featured Artist Letter of Direction?

A SoundExchange Featured Artist Letter of Direction (LOD) is a document in which a Featured Artist directs SoundExchange to pay a portion of their sound recording performance royalties to a participant in the creative process - e.g., producers, engineers, mixers, re-mixers, etc. (hereafter referred to as “Creative Participants”).

The term “Featured Artist” generally refers to the individual(s) or group(s) most prominently featured on a track or album. Non-featured artists such as session musicians or backup singers do not receive royalties directly from SoundExchange.

2. Who can receive Featured Artist royalties pursuant to an LOD?

SoundExchange will honor an LOD for individuals who are involved in the creative process of making a sound recording, and who are not the featured artist on the sound recording or studio musicians or background singers.

If there is a question whether an individual is eligible to receive Featured Artist royalties via an LOD, SoundExchange will reach out to the party that submitted the LOD to clarify the role of the LOD participant.

3. If there are multiple Featured Artists on a sound recording, from whom do I need an LOD?

That depends. If you are seeking payment from each Featured Artist on a sound recording, you will need to procure an LOD from each Featured Artist. If you are only seeking payment from one Featured Artist on a sound recording, you will only need to procure an LOD from that Featured Artist.

4. Can I use an LOD to direct payments to other third parties?

No. The SoundExchange LOD can only be used to direct payments to Creative Participants as defined above. In particular, LODs cannot be used to direct payments to labels or any person or entity not directly involved in the creative process.

5. What royalties will an LOD be applied to?

Featured Artist LODs will be applied to royalties payable to the Featured Artist for each sound recording requested from the Effective Date as shown on the LOD or the Repertoire Chart which accompanies the LOD. The Effective Date references the first date from which the Featured Artist wants royalties directed to the Creative Participant. In addition, SoundExchange's LOD form provides a checkbox for the Featured Artist to indicate if the LOD is to be applied to all royalties received for a recording, regardless of Effective Date.

If no Effective Date is provided and the artist does not indicate that the LOD applies to all royalties received for a recording, SoundExchange will pay the LOD on a go-forward basis only, from the time of its processing at SoundExchange.

6. Can I file one LOD that will cover several sound recordings?

Yes. An LOD covers a specific combination of Artist, sound recording, and Creative Participant. Several sound recordings (or a whole album) can be covered by one LOD as long as the Artist and Creative Participant information is the same for each sound recording. Note that the LOD will apply to a given sound recording regardless of the album it appears on, i.e., if a specific sound recording appears on multiple releases, the LOD will be applied to all instances of the specific sound recording on all releases.

7. What does an LOD require?

Each LOD requires two completed documents, as follows:

1) A completed and signed SoundExchange Letter of Direction Form, which includes:

- Name of the Solo Artist or Group on the recording(s) ("Artist")
- Performer(s) legal name(s) for this LOD
- Effective Date for the LOD (use Repertoire Chart if multiple effective dates)
- Performer(s) Signature(s) and Signature Date(s), or Authorized Signatory*
- Performer(s) Printed Name

- Name of the LOD Recipient (“Payee”) (i.e., the Creative Participant’s Name or Company name)
- Payee Address, Telephone Number, and E-Mail

*Authorized signatory is the registered contact for the Featured Artist performer(s) on file with SoundExchange

2) A completed Letter of Direction Repertoire Chart of recordings covered, which includes:

- Solo Artist or Group Name, Sound Recording Track Name, Effective Date, and ISRC (if available) for each sound recording to be covered
- Payment Percentage (“Percentage”) for each sound recording, expressed as a percentage (1%-100%) of the Featured Artists share. Do not enter as points or fractions of percentages.

Both of these documents are required for an LOD to become active. If either of these forms is missing or incomplete, SoundExchange will contact the person who submitted the LOD or the Featured Artist’s registered contact to complete the information. This may delay activation of the LOD.

8. How do I submit an LOD to SoundExchange?

The Letter of Direction form and Repertoire Chart can be downloaded from the SoundExchange.com website at www.soundexchange.com/artist-copyright-owner/registration-membership/ or through your SoundExchange Direct account at <https://sxdirect.soundexchange.com>.

Completed and fully executed LODs and the Repertoire Chart should be submitted to SoundExchange via email at accounts@soundexchange.com or through your SoundExchange Direct account at <https://sxdirect.soundexchange.com>. You may also submit hardcopy forms via fax or mail to SoundExchange, but this may delay processing.

9. How will I know that my LOD is set up?

You will receive a notification when SoundExchange first receives your LOD application, confirming our receipt. The registered contacts of both the producer and the artist will receive further notification when the LOD is processed and becomes active.

Note: an LOD takes a minimum of two weeks to be set-up and active, assuming all elements of the application are complete and valid. A SoundExchange representative will contact you if any required elements are missing or incomplete.

You will begin receiving payments from SoundExchange the month after the valid LOD becomes active, if the payment balance meets SoundExchange’s payment thresholds (see below).

10. When will I be paid?

For LOD recipients who elect to receive direct deposit (or ACH) payments, you will be paid every month you have a balance exceeding \$100, or every quarter that your balance exceeds \$10. For LOD recipients who prefer to be paid by check, you will receive a check every quarter that your balance is over \$100.

11. What are the tax consequences for Creative Participants receiving payment via an LOD?

SoundExchange encourages all Creative Participants receiving payment via LOD to seek tax advice from a qualified professional.

12. Does SoundExchange send tax information to Creative Participants receiving payment via an LOD?

No. LODs are processed by SoundExchange as an accommodation to the Featured Artist and it is the Featured Artist's responsibility to provide the Creative Participant with any applicable tax paperwork.

Contact Us

If you have additional questions about how to submit a Letter of Direction, please contact our Customer Service team by phone at 1-800-961-2091 or email at accounts@soundexchange.com.

SoundExchange Customer Service
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