

Fiscal 2014 Business Affairs

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1. Collections

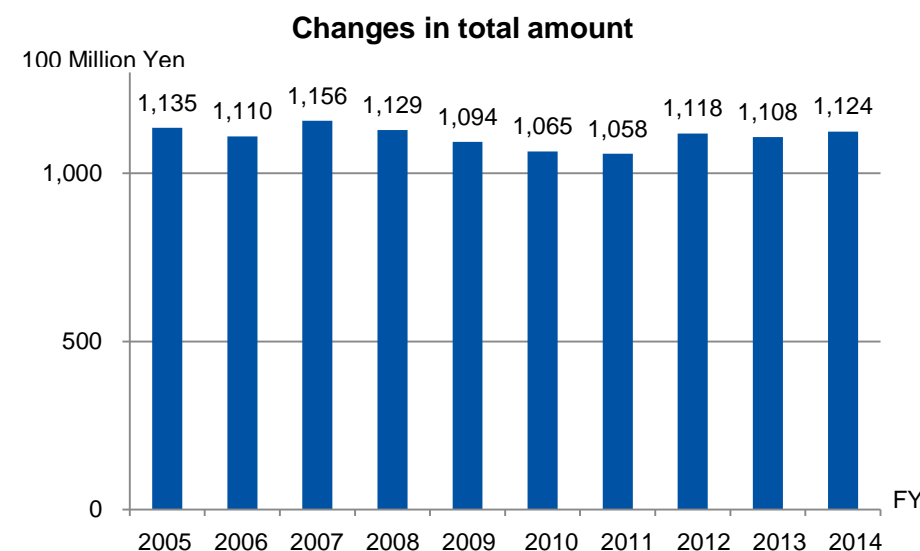
(1) Amount of royalties and other fees collected in FY2014

Category	Collection (JPY)	Against FY2013 (%)
Performances, etc.	20,551,725,730	103.1
Broadcasts, etc.	31,615,261,530	106.2
Cable broadcasting, etc.	5,760,582,213	127.6
Film exhibition	169,037,789	117.1
Background music	496,261,254	114.2
Foreign income (performing)	473,548,222	89.9
Total - Performing	59,066,416,738	106.8
Audio disc	13,085,357,712	92.5
Vidoeogram	18,130,480,224	93.5
Foreign Income (mechanical)	190,528,708	90.9
Recording and other sources	1,780,015,413	91.9
Total - Mechanical	33,186,382,057	93.0
Publication	1,148,300,511	104.8
Lending	3,432,219,520	98.5
Online Karaoke	6,799,156,220	105.1
Interactive transmission	8,862,254,890	101.6
Total – Composite use	15,661,411,110	103.1
Total collection	112,494,729,936	101.6
Remuneration for private audio recording	156	0.0
Remuneration for private video recording	103,244	0.9
Total – Private recording	103,400	0.2
Grand Total	112,494,833,336	101.5

The total amount of royalties and other fees collected in FY2014 was 112.49 billion yen.

While the collections for mechanical rights fell, the collections for performing rights and “composite use” grew, showing a 1.5% increase over the previous year.

Please refer to the next page for developments in each category.



Breakdown of interactive transmission

Category	Collection (JPY)	Against FY2013 (%)
Online music distribution	4,978,759,308	86.4
Online video distribution, etc.	3,329,976,934	129.2
Others	553,518,648	144.1

Performances

The amount of royalties collected from “performances, etc.” exceeded last year’s result for the following reasons: the concert market was booming and the amount of royalties collected from “concerts, etc.” reached a record high; the number of contracts with live music clubs and banquet halls increased.

The amount of royalties collected from “broadcasts, etc.” exceeded last year’s result due to a steady increase in advertising revenue, mainly from TV advertising.

Audio discs and videograms

The amount of royalties collected from audio discs and videograms was below last year’s level due to a decrease in the production of CDs and video software. The amount of royalties collected from “*pachinko*” pinball machines also decreased significantly.

Interactive transmissions

Although demand for music subscription services increased, the amount of royalties collected from “online music distribution” was below last year’s level due to a decrease in demand for music on-demand services.

The amount of royalties collected from “online video distribution, etc.” exceeded last year’s result substantially due to the steady demand for video subscription services and video-sharing websites.

Change in use of sound sources for background music

There are two types of procedure for copyright clearance when using background music in shops and similar venues. One is where professional background music providers are utilized, and another is where CDs and other sound sources available on the market are used.

Background music providers obtain copyright clearance from JASRAC on behalf of commercial facilities they provide music to. On the other hand, when CDs and other sound sources available on the market are used, each commercial facility is required to obtain a license individually.

When background music management started in 2002, the majority of commercial facilities used background music providers. However, sound sources have diversified in recent years and the number of commercial facilities that use CDs and internet radio has increased; accordingly, informing each commercial facility about the necessary procedures has become important.

Since FY2013, therefore, JASRAC has been making efforts to inform commercial facilities using background music about the procedures for copyright clearance and to promote the legal use of background music.

In FY2015, JASRAC has designated June and July as “Background Music Procedures Promotion Months,” during which JASRAC will disseminate information through mail and visit to the commercial facilities, and will also take legal actions.

2. Efficient Management

(1) Revision of Tariffs

The Tariffs for “on-line karaoke for commercial use” and “publications, etc.” were revised in FY2014 after consultations with representative of users on each category in order to establish fee rates congruent to actual usage forms and social conditions.

JASRAC will continue to negotiate its Tariffs with user representatives so as to establish fee rates that match the development of technologies and diversified services arising from such development.

(2) Dealing with reports on works used

In FY2014, there were approximately 1.13 billion lines of data in the works usage reports for “interactive transmissions” (a decrease of 0.3 billion compared to the previous year). Due to the increased volume of census reporting by broadcasters, there were 11.98 million lines of data in work usage reports for broadcasting, which is an increase of 0.98 million compared to the previous year.

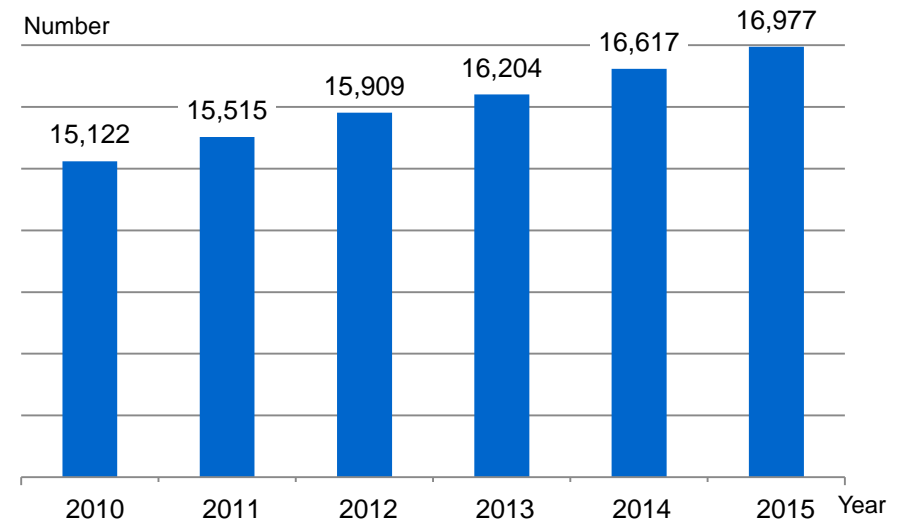
As of the end of March of this year, among the 228 stations operated by 193 commercial terrestrial broadcasters, 212 stations operated by 184 broadcasters (95.3%, 93.0%) are reporting on a census basis.

(3) Reduction of applied administrative expense rate

JASRAC has decided to lower the administrative expense rate for “interactive transmissions” applicable in FY2015 from 11% to 10% as a result of improvements in the efficiency of the collection and distribution operations.

(4) Changes in number of Members/Trustors

As of April 1 of this year, the number of JASRAC Members/Trustors is 16,977, which is an increase of 360 compared to the previous year.



3. Facilitation of Licensing Procedures

(1) Commencement of operation of work usage report system (for live music clubs, etc.)

In order to distribute the royalties paid by live music clubs and similar venues more accurately, JASRAC receives work usage reports regularly from licensed venues.

JASRAC commenced operation of a new Internet-based usage report system in April of this year in order to facilitate the reporting process.

Reference URL: <http://www.jasrac.or.jp/news/15/0331.html>

(2) Release of copyright fee calculation simulator for “publications”

JASRAC has made available a fee calculation simulator which estimates fees for “concerts, etc.,” “recordings” and “videograms,” as well as information on fee rates for “interactive transmissions” on the JASRAC website to meet the demands of music users who need fee estimates in advance.

To this, JASRAC added fee calculation simulator which estimates for publication use (publication of books of lyrics and books of music sheets, and usage of lyrics in concert programs, etc.) in FY2014.

Reference URL: <http://www.jasrac.or.jp/info/create/calculation/simulation.html>

(3) Simplification of licensing procedures for wedding celebrations DVDs

JASRAC adjusted its operation standards regarding license methods in order to simplify procedures for copyright clearance when a company producing videos to introduce the brides and grooms, videos to document wedding celebrations, etc. uses music for such videos.

JASRAC disclosed the names of video production companies which had concluded license contracts with JASRAC so that couples and wedding reception organizers can choose reliable video production companies.

Reference URL: http://www.jasrac.or.jp/news/14/1119_1.html

Works information database (J-WID)

If the rights ownership of musical works is not identified, it is impossible to take copyright clearance procedures to use works.

JASRAC has made available to the public a database that can be used to search the information on rights ownership of musical works, mostly for those administered by JASRAC which have been used in Japan.

As of the end of March of this year, there are 1.40 million domestic works and 1.86 million foreign works administered by JASRAC which can be searched on the database.

4. Cooperation with Copyright Societies Around the World

(1) Enhancing copyright management in Asia

JASRAC worked actively to enhance copyright management standards in Asia, where Japanese works are often used. We explained our copyright management operations to 113 visitors, including government officials and lawmakers from 16 countries and 2 territories, including Indonesia, Korea and China.

In addition, we actively dispatched our staff to other countries, including a visit to the copyright management organization in Vietnam and participation in a copyright forum held in Taiwan.

Visitors received from following Asian countries in FY 2014

India	Indonesia	Korea
Cambodia	Singapore	Sri Lanka
Thailand	Taiwan	China
Pakistan	Philippines	Bhutan
Vietnam	Hong Kong	Malaysia
Myanmar	Mongolia	Laos

(2) Expanding the copyright management network

With the aim of further expanding the international copyright management network, JASRAC has signed reciprocal representation agreements for performing rights and mechanical rights with AAS (Azerbaijan), and performing rights with UACRR (Ukraine).

The total number of foreign copyright management organizations which have representation agreements with JASRAC is 122 (in 93 countries and 4 territories).

(3) Efforts to increase remittances from foreign countries

More and more Japanese animations and dramas are being broadcast overseas; therefore, efforts were made to ensure the precise management of works administered by JASRAC overseas, including provision of electronic cue-sheets (program schedules) to major foreign copyright management organizations.

(4) Hosting international conferences

International conferences of the copyright management organizations were invited to Tokyo: The CISAC (International Confederation of Societies of Authors and Composers, with 230 members in 120 countries and territories) Board of Directors, and the BIEM (Bureau International des Societes Gerant les Droits d'Enregistrement et de Reproduction Mecanique, with 54 members in 58 countries and territories) Management Committee.

In these conferences, discussions about the increasing number of work usage reports, the development of digital and networking technology and other issues took place.

JASRAC serves as a member of the Board of Directors of CISAC, a vice-chairman of the CISAC Asia Pacific Committee, and a member of the Management Committee of BIEM.

5. Endeavors to Strengthen Copyright Systems

(1) Creation of a new system for private copying

JASRAC and other right holder organizations appealed for the realization of proposals*¹ made in November 2013 concerning the creation of a new remuneration system voiced by Culture First*² at the “Subcommittee for Appropriate Protection, Use and Distribution of Works, etc. (Subcommittee for Protection, Use and Distribution), Subdivision on Copyrights of the Council for Cultural Affairs,” in which the review of a system for appropriate remuneration to creators was discussed as one of the agenda items.

The current system for private audio and video copying system does not suit actual conditions and has virtually ceased to function. In fact, since the Society for the Administration of Remuneration for Video Home Recording (SARVH) was dissolved on March 31 of this year, the right holders have become unable to receive remuneration for private video recording.

JASRAC has established a special web page on its website to inform the general public and gain their understanding about the proposals.

*1 The proposals are as follows:

- (1) The subject of the remuneration should be the copying function provided for the purpose of private copying.
- (2) The supplier of the copying function should be obligated to pay the remuneration.

*2 Culture First is a principle of conduct created as a slogan for unification of right holders. As of September 17, 2014, the number of organizations that promote Culture First is 85.

Reference URL: <http://www.jasrac.or.jp/newinstitution/index.html>

(2) Dissolution of wartime prolongation obligation

In Japan, based on the San Francisco Peace Treaty, the copyrights of some works created by nationals of the Allied Powers of World War II are protected for a period equivalent to the length of the war, in addition to the normal copyright protection period (50 years from the death of the author). This wartime prolongation obligation is imposed only on Japan.

JASRAC has been appealing for the wartime prolongation obligation to be promptly dissolved, through newspaper advertisements and other media to gain broader understanding.

Reference URL: http://www.jasrac.or.jp/senji_kasan/index.html

(3) Extension of copyright protection period

The protection period of copyrights in Japan is lifetime of the author plus 50 years; however, in many countries, the period is lifetime of the author plus 70 years.

Works easily cross borders and are used in other countries due to the development of digital and networking technology. Therefore, in an effort to achieve international harmonization, JASRAC is requesting that the term of copyright protection be extended.

JASRAC is paying attention to the Trans-Pacific Partnership (TPP) negotiations because copyright term extension is one of the demands put on the table.

6. Other Issues

Public Relations Activities to Gain Better Public Understanding of JASRAC

(1) Webcast of “THE JASRAC SHOW!”

JASRAC webcasts “THE JASRAC SHOW!” through *NicoNico Live* on the last Tuesday of each month. JASRAC members, including Shunichi Tokura, Chairman of JASRAC, were invited as guests on the show to tell their stories about creating music.



●Guests invited onto the program (December 2014–March 2015)

12/16/2014	Shunichi Tokura (composer, Chairman of JASRAC)
1/27/2015	Yuki Matsuura (lyricist, composer, singer)
2/24	MAYUKO (Yuumao) (artist, lyricist, composer)
3/24	Yuho Iwasato (lyricist)

Reference URL: <http://ch.nicovideo.jp/jasrac>

(2) Activities performed through Boards of Education

JASRAC continuously made efforts to work with Boards of Education. In FY2014, JASRAC distributed leaflets to junior and senior high schools in Chiba, Aichi, Fukuoka and Kagoshima prefectures to promote the appropriate use of works on the internet.

The “Kokorone” Project

Through the “Kokorone” project, JASRAC Members and Trustors (lyricists, composers and publishers) can donate royalties paid for the use of works that they choose, to help with the reconstruction of regions affected by the Great East Japan Earthquake.

The progress of the project, as of the end of April of this year, is as follows:

Number of works chosen: 153

Members/Trustors participating: 91

Amount of money donated: 36,850,406 yen



Support activities utilizing the *Kokorone* Fund will be carried out with due consideration given to the requirements and circumstances of the affected regions.

Reference URL: <http://www.jasrac.or.jp/kokorone/index.html>

The works submitted to the “Kokorone Song Act,” which was set up as a collection of works created by JASRAC Members/Trustors to provide encouragement to people affected by the earthquake, are available on the JASRAC website and the “JASRAC Channel” on the *NicoNico Douga* website.

Reference URL: <http://www.jasrac.or.jp/kokorone/act.html>

Projects for JASRAC's 75th Anniversary

JASRAC celebrated its 75th anniversary in FY2014. The projects listed to the right were conducted under the concept of “Building toward a century of trust, JASRAC now at 75.” We also published our basic ideas on being an organization that is trusted by all.

● Basic ideas (extracts)

In the face of significant changes in the environment surrounding music expression, brought on by the advancement of digital and networking technology, we consider our 75th anniversary to be a new start as we take a step forward towards the creation of a more advanced copyright management system. We will also actively send out information, and make further efforts to promote better communication with all those involved.

In addition, we will collaborate with copyright management organizations around the world in improving the status of creators and establishing an environment in which copyright will be managed appropriately to deal with cross border music usages.

Please refer to <http://www.jasrac.or.jp/release/pdf/14052103.pdf> for the entire statement.

(1) 75th Anniversary Celebration

The 75th Anniversary Celebration was held on November 18 to show JASRAC's appreciation to all those who understand and support the collective management of music copyrights.

(2) International Symposium

On November 21, an international symposium called “Roles to be Played by Collective Management Organizations: The Creators' Perspective ~creating sustainable business models~” was held, inviting representatives of international creator's councils of CISAC (International Confederation of Societies of Authors and Composers).

(3) Publication of anniversary book “*Uta no Chikara*”

JASRAC published a book called “*Uta no Chikara: JASRAC Real Count and the Future of Japanese Music*” in order to provide more information about the operations of JASRAC and the copyright system to people of all ages.



(4) Creation of the JASRAC Music Culture Award

“JASRAC Music Culture Award” was established as a new award program on JASRAC’s 75th Anniversary, to reward the unheralded activities that may not lead to impressive statistics in sales and works usages.

The first award was presented to the following individuals and group on November 18, 2014.



Reference URL: http://www.jasrac.or.jp/profile/culture_award/index.html

First awardees and the reasons behind their receiving the award

◆ Ms. Kanae Iwasaki

JASRAC awards Kanae Iwasaki to recognize her efforts to have overcome difficulties and her cheerful dedication to piano, which have made a wide audience realize that the power of music exhilarates people, as well as to honor people who turn the power of music into energy to live.

◆ Mr. Toshiro Kido

(Music producer, Professor of the Faculty of Art and Design, Kyoto University of Art and Design, former chief of the performance section at the National Theatre of Japan)

JASRAC awards Toshiro Kido to recognize his achievements in energetically working on projects which present the world of tradition to people today and touch their sensibilities, based on solid studies and innovative methods with a broad range of knowledge in both Japanese and Western music.

◆ “Confiding in Aogiri Tree” Production Committee

In this film “Confiding in Aogiri Tree,” music such as the theme song and inserted songs play a role to deliver the thoughts of bomb survivors effectively. JASRAC awards this film to recognize its efforts in appealing to the public the preciousness of peace and the value of life, ahead of the 70th anniversary of the atomic bombings.