

MAJOR LABEL CEA

1. Term –
 - a. It is preferable to limit the record label's participation to the Term of the recording agreement, or if the artist is unable to do so, limit the participation to as short a post-term period as possible with the record label's participation in the artist's activities decreasing over time (e.g., 100% of the rate in the first half of the post-term and 50% of the rate in the second half of the post-term).
 - b. If the record label exercises all of the options under the artist's recording agreement or the artist breaches (e.g., fails to timely deliver an album), the record label will try to extend their participation (e.g., 5-10 years). Always try to limit any extension of the record label's participation.
2. Entertainment rights – It is preferable to limit record labels to passive participation instead of giving them active control over the disposition of the artists' rights in non-musical activities (e.g., publishing, merchandise and fan club rights).
 - a. In the case of publishing, if the artist is a songwriter who signs with a publishing company which is affiliated with the record label, the record label will generally waive its publishing participation.
 - b. In the case of merchandising and fan club rights, record labels frequently attempt to control and dispose of these rights in addition to receiving the income participation required under the CEA agreement. Watch for double dipping where these rights are licensed to third parties which may be affiliated with the record label and the record label insists on its percentage.
3. Approval of entertainment-related rights agreements – Try to limit the record label's right to approve the terms of the artist's agreements for entertainment activities outside of the music industry.
4. Tour –
 - a. The artist should have control over its touring schedule with guaranteed tour support from the record label. The artist should not be tied to the record label's preferred promoter as noted in the CEA agreement form. Although it makes sense to coordinate the artist's schedule with the promotional activities surrounding the release of a new album, the artist should otherwise control touring and have the right to work with promoters of the artist's choosing and develop those relationships independently from the record label.
 - b. Artist earnings should meet a threshold level before the record label participates. (i.e., per show (i.e., \$2,000-3,000) or per tour aggregate (\$125,000-150,000))

- c. Try to have the record label's touring participation calculated and paid on the same basis as the artist's manager (i.e., net the artist's booking agent fee, and sound and lights, opening act and trucking costs).
- 5. Entertainment rights advance – An advance should be payable to the artist in exchange for these rights.
- 6. Fan club data – To the extent that the record label controls fan club rights during the term of the recording agreement, the artist should have access to the fan club database (e.g., names and email addresses) during the term. Following the expiration or termination of the term, the rights in such database should revert to the artist.