



**30 November 2022**

## **OfReg meets with musicians to clarify position on performing rights royalties in the Cayman Islands.**

Following the publication of a recent news story in a number of media outlets reporting on musicians being paid performing rights royalties for the broadcast of their works in the Cayman Islands, OfReg has met with one of the two musicians concerned, to clarify OfReg's role in the collection and purpose of license fees charged to operators in the information, communications and technology (ICT) sector.

Referring to the recent news story, OfReg Executive Director of Information, regulating the ICT sector, Mr. Sonji Myles explained, "OfReg is not responsible for or involved with the collection of artists' performing rights music royalties in any way whatsoever, nor is it commonplace globally for communications regulators to do so. There is no legislation, directive, or policy currently obligating broadcasters in the Cayman Islands to pay into performing rights collection agencies.

Consideration of such obligations are beyond OfReg's current remit because the collection of blanket payments – and the ultimate payment of performing artists' royalties - would extend to anywhere music is played in public, including hotels, restaurants, bars, nightclubs, concerts and other public events. OfReg is not responsible for regulating these."

Addressing the misunderstanding of license fees that OfReg do collect, he continued, "All of our ICT licensees which includes Internet Service Providers, tower infrastructure providers, TV broadcasters, FM radio broadcasters and others, pay annual license fees.

The fees are made up of a pro-rated regulatory fee, which covers OfReg's operating costs, and a 6% royalty fee based on licensees' revenue which permits them to operate. OfReg collects this portion of the fees on behalf of the Cayman Islands Government (CIG) and does not retain any part of it."

In the recent meeting with Caymanian musician Stuart Wilson, OfReg clarified its' role as the regulator and also sought to understand more on how local musicians think OfReg can help address the issue of performing artists royalties.

"The misunderstanding of the license fees that OfReg collects is the result of a Freedom of Information request received in 2019 related to royalties paid by licensees to CIG. The term 'royalty fee' was incorrectly interpreted as including performing artists royalties. The two musicians, Mr. Wilson and Mr. Smith, accept that the 6% licensee royalty fee collected as part of their annual license fees is not related to performance royalties in any way.

However, we do appreciate that local musicians and music creators want to progress the current situation to establish their intellectual property rights in Cayman. As such, OfReg has agreed to raise the matter with the appropriate CIG ministries in the upcoming weeks for their further consideration." Mr. Myles concluded.

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**UTILITY REGULATION AND COMPETITION OFFICE**

**ABOUT OFREG**

The Utility Regulation and Competition Office ('OfReg' or the 'Office') is the independent regulator established by s4 of the Utility Regulation and Competition Act (as revised) (the 'URC Act') for the electricity, information, and communications technology, water, wastewater, and fuel sectors in the Cayman Islands.

OfReg provides the opportunity for consistency and collaboration in regulation across the energy, fuel, ICT, and water sectors; better utilisation of skills and resources, resulting in more efficient and effective regulatory processes; encouraging competition where appropriate and feasible; championing sustainability and innovation across markets, contributing to the economic and social goals of the Cayman Islands.

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