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SAG-AFTRA/JPC 2022 Commercials Contract MPU & Holding Fee Examples



SAG-AFTRA.



**THE JOINT POLICY
COMMITTEE, LLC**

MPU & Holding Fee Examples

What are the new MPU and holding fees changes?

Most of the rules for MPU and holding fees haven't changed, except that an advertiser or agency now has **13 weeks after the last production day** or **the first commercial airdate** (whichever occurs first) to initiate a use cycle (excluding recalls and retakes which will be ignored for the purpose of calculating the MPU). Previously the MPU was calculated 13 weeks from the first shoot day. This change means that a commercial can be finished without cutting into the 21-month use period as much as it did previously with past contracts.

Holding fees are paid to hold the performer exclusive to a category of product or service and/or in order to use a commercial in non-consecutive use cycles. The holding fee amount is still equal to a session fee, and the session fee still serves as the first holding fee. An advertiser or agency then has 13 weeks after the last production day to initiate a use cycle. If no use is initiated, a holding fee is due to the performer. Thereafter, a holding fee is due every 13 weeks unless a commercial is in a 1-year use cycle, otherwise it's paid and credited against the use cycle. Additionally, holding fees may be credited against all media types.

For commercials produced under 'Linear' and 'Linear + Digital' (includes streaming), holding fees **are automatic**. As a result, non-consecutive use cycles are always permitted. For commercials that fall under the 'Digital Only' category the contract (which includes Traditional Digital and Gaming, AR or Virtual Worlds, & Emerging Platforms – but not streaming), holding fees **are not automatic**. For Traditional Digital, producers can use the commercial in non-consecutive cycles as long as they are paying holding fees to the principal performers. For Gaming, AR or Virtual Worlds, & Emerging Platforms, holding fees can be freely bargained.

Summary of examples

Below are eight (8) real-world examples created by the JPC and SAG-AFTRA to illustrate real talent payment scenarios you may run into while working with the 2022 Commercials Contract. Should you have any additional questions or need clarification, please reach out to KStevens@jointpolicycommittee.org or Tracy.Hyman@sagaftra.org.

Ex. #	MPU length in example	Summary/Narration of Example
1	4 wks	This example shows when the next holding fee cycle commences, and payment is due after initiating 4 weeks of use after the initial holding fee paid.
2	4 wks, 13 wks	This example shows when the next holding fee cycle commences as well as the recalculation of MPU when 4 weeks of cable use is paid prior to 13 weeks following the final production date.
3	13 wks	This example shows when the next holding fee cycle commences, and payment is due as well as the recalculation of MPU when 13 weeks of cable use is paid prior to 13 weeks following the final production date.
4	13 wks	This example shows when the next holding fee cycle commences, and payment is due when 13 weeks of cable is paid following the first holding fee payment.
5	1 year	This example shows when the next holding fee cycle commences, and payment is due after paying 1 year of streaming .
6	1 year	This example shows when holding fees are due after paying 1 year of streaming followed by 1 year of traditional digital .
7	1 year, 13 wks	This example shows when the next holding fee cycle commences and is due when 1 year of local cable is paid prior to the 13 weeks following the final production day.
8	4 wks, 4 wks	This example shows when holding fees are due after paying 4 weeks of traditional digital followed by 4 weeks of local cable in the same cycle.

How to read the examples:

Example #1

Number of the example that corresponds to the previous table

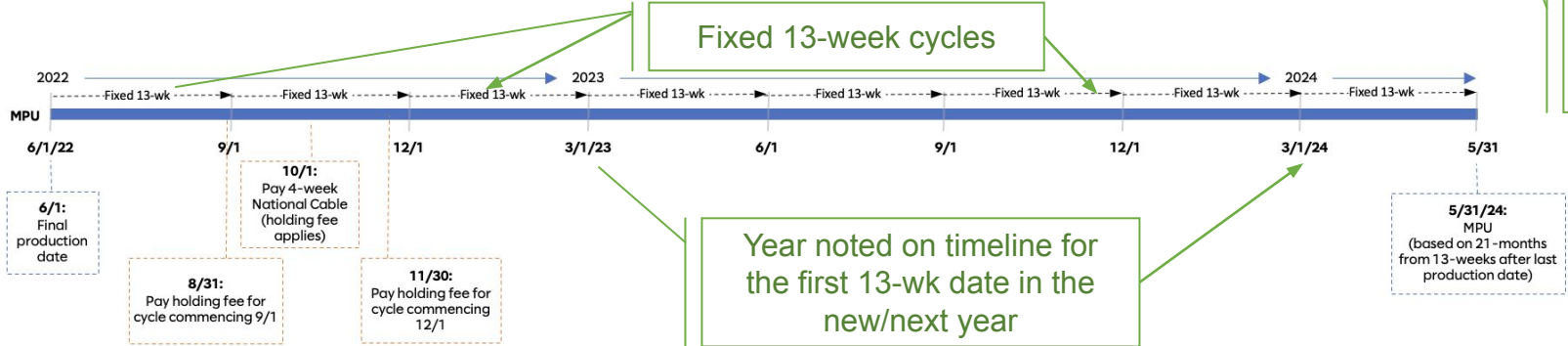
NEXT HOLDING FEE CYCLE COMMENCES & PAYMENT IS DUE AFTER INITIATING 4-WEEKS OF USE AFTER INITIAL HOLDING FEE PAID

KEY

- Production/automatic activities
- Payment activities
- Holding fees applied/covered

Description of the example with the specific difference in blue

Key showing what type of information is in the boxes on the timeline, by color

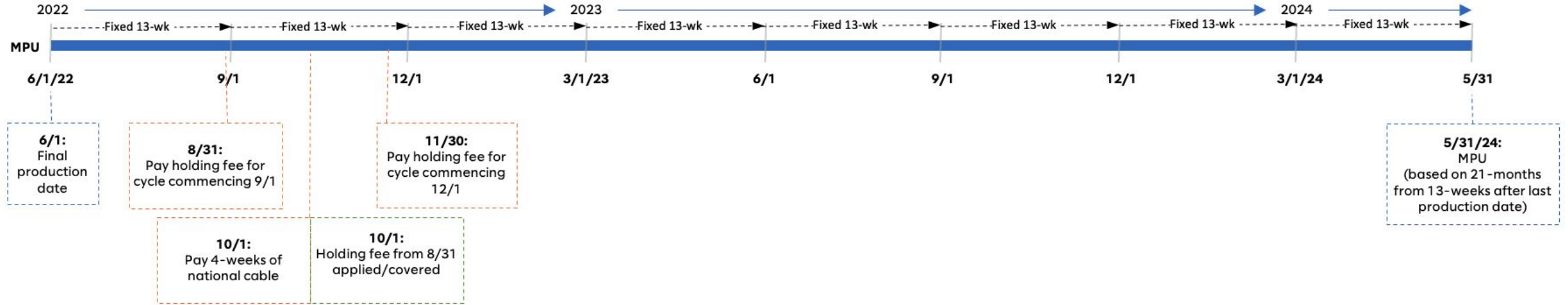
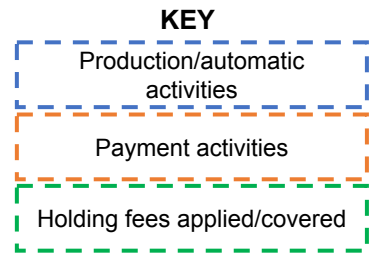


Date	Activity
06/01/22	Final production date
08/31/22	Pay holding fee for cycle commencing 9/1/22 (next 13-wk fixed cycle)
10/01/22	Pay 4-weeks of national cable (<i>holding fee applies</i>)
11/30/22	Pay holding fee for cycle commencing 12/1/22
05/31/24	MPU (based on 21-months from 13-weeks after last production date)

Additional information for the example on timeline, by date

Example #1

NEXT HOLDING FEE CYCLE COMMENCES AND PAYMENT IS DUE AFTER INITIATING 4-WEEKS OF USE AFTER INITIAL HOLDING FEE PAID



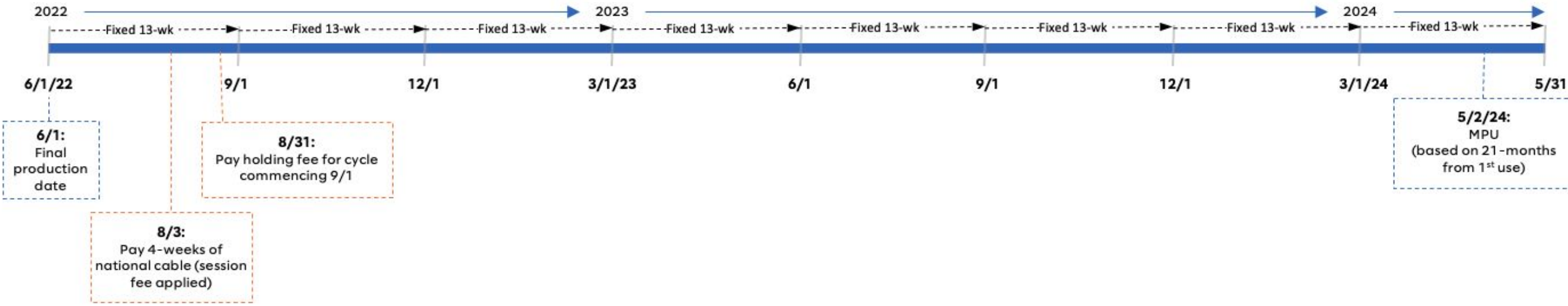
Date	Activity
06/01/22	Final production date
08/31/22	Pay holding fee for cycle commencing 9/1/22 (next 13-wk fixed cycle)
10/01/22	Pay 4-weeks of national cable (holding fee applies to use payment)
11/30/22	Pay holding fee for cycle commencing 12/1/22
05/31/24	MPU (based on 21-months from 13-weeks after last production date)

Example #2:

NEXT HOLDING FEE CYCLE COMMENCES AS WELL AS THE RECALCULATION OF MPU WHEN 4-WEEKS OF CABLE USE IS PAID PRIOR TO 13-WEEKS FOLLOWING THE FINAL PRODUCTION DATE

KEY

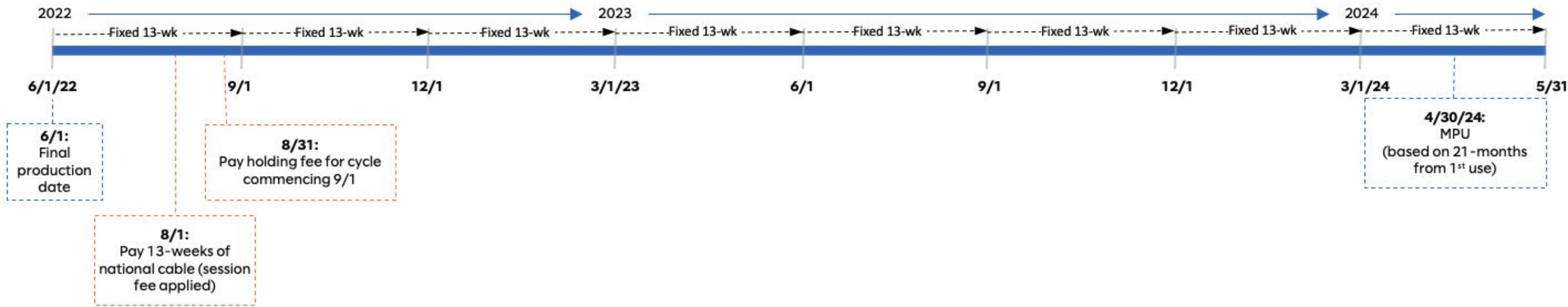
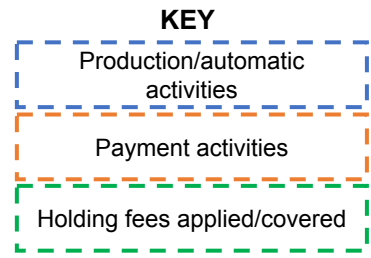
- Production/automatic activities
- Payment activities
- Holding fees applied/covered



Date	Activity
06/01/22	Final production date
08/03/22	Pay 4-weeks of national cable (session fee applied)
08/31/22	Pay holding fee for cycle commencing 9/1/22
05/02/24	MPU (based on 21-months from 1 st use)

Example #3:

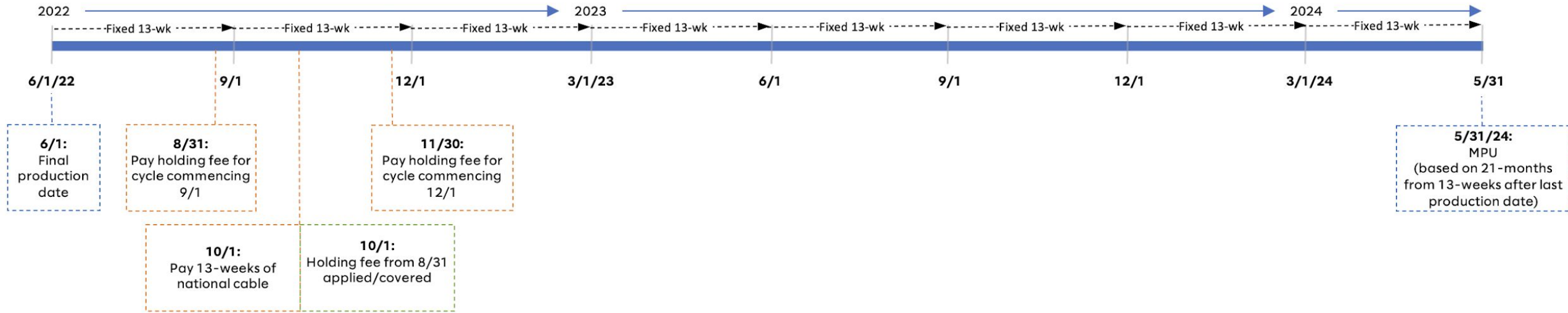
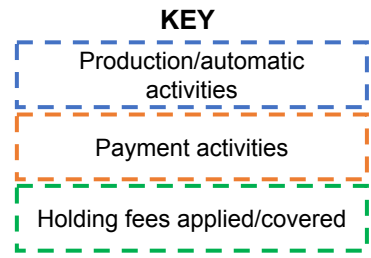
WHEN THE NEXT HOLDING FEE CYCLE COMMENCES, AND PAYMENT IS DUE AS WELL AS THE RECALCULATION OF MPU WHEN 13-WEEKS OF CABLE USE IS PAID PRIOR TO 13-WEEKS FOLLOWING THE FINAL PRODUCTION DATE



Date	Activity
06/01/22	Final production date
08/01/22	Pay 13-weeks of national cable (session fee applied)
08/31/22	Pay holding fee for cycle commencing 9/1/22
04/30/24	MPU (based on 21-months from 1 st use)

Example #4:

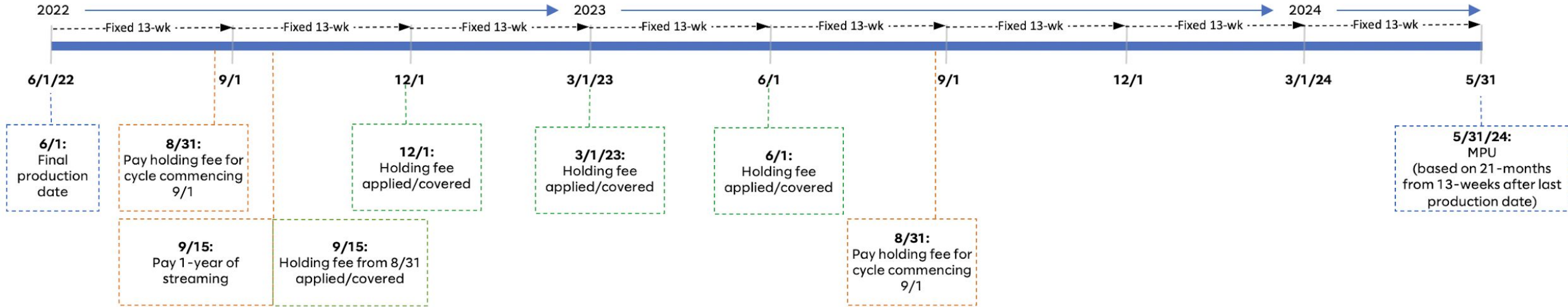
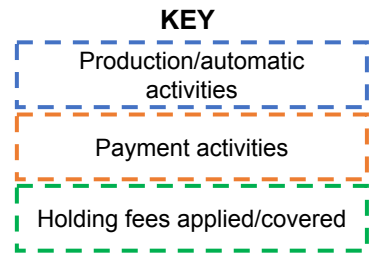
WHEN THE NEXT HOLDING FEE CYCLE COMMENCES AND PAYMENT IS DUE WHEN 13-WEEKS OF CABLE IS PAID FOLLOWING THE FIRST HOLDING FEE PAYMENT



Date	Activity
06/01/22	Final production date
08/31/22	Pay holding fee for cycle commencing 9/1/22
10/01/22	Pay 13-weeks of national cable (holding fee from 8/31 applied)
11/30/22	Pay holding fee for cycle commencing 12/1/22
05/31/24	MPU (based on 21-months from 13-weeks after last production date)

Example #5:

WHEN THE NEXT HOLDING FEE CYCLE COMMENCES AND PAYMENT IS DUE AFTER PAYING 1-YEAR OF STREAMING



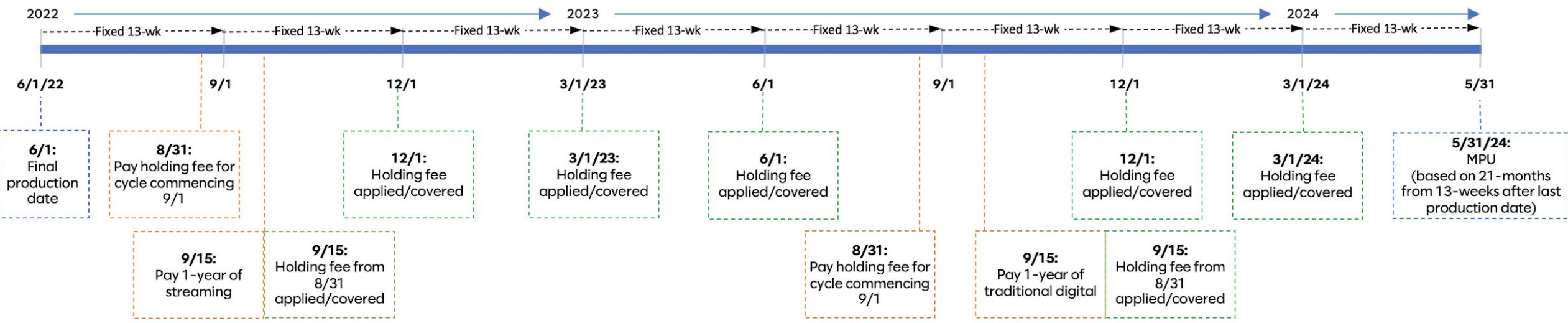
Date	Activity
06/01/22	Final production date
08/31/22	Pay holding fee for cycle commencing 9/1/22
09/15/22	Pay 1-year of streaming (holding fee from 8/31 applied)
12/01/22	Holding fee applied/covered
03/01/23	Holding fee applied/covered
06/01/23	Holding fee applied/covered
08/31/23	Pay holding fee for cycle commencing 9/1/23
05/31/24	MPU (based on 21-months from 13-weeks after last production date)

Example #6:

WHEN HOLDING FEES ARE DUE AFTER PAYING 1-YEAR OF STREAMING FOLLOWED BY 1-YEAR OF TRADITIONAL DIGITAL

KEY

- Production/automatic activities
- Payment activities
- Holding fees applied/covered

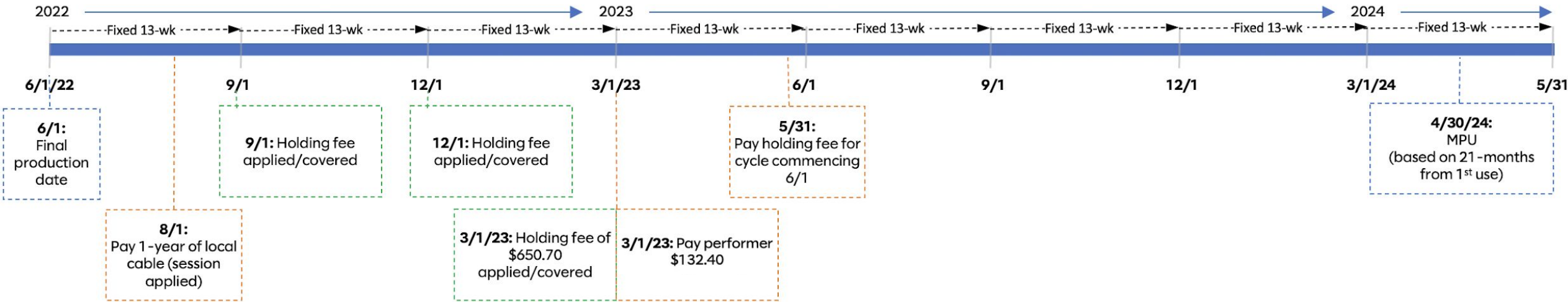
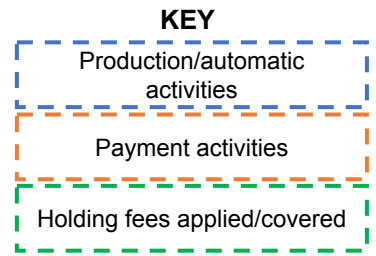


Date	Activity
06/01/22	Final production date
08/31/22	Pay holding fee for cycle commencing 9/1/22
09/15/22	Pay 1-year of streaming (holding fee from 8/31 applied)
12/01/22	Holding fee applied/covered
03/01/23	Holding fee applied/covered
06/01/23	Holding fee applied/covered
08/31/23	Pay holding fee for cycle commencing 9/1/23
09/15/23	Pay 1-year of traditional digital (holding fee from 8/31 applied; no other holding fees due for remainder of MPU)
12/01/23	Holding fee applied/covered
03/01/24	Holding fee applied/covered
05/31/24	MPU (based on 21-months from 13-weeks after last production date)

Note: Since the employment occurred under the "Linear and Linear + Digital" side of the contract, exclusivity is automatic throughout the MPU and holding fees can be applied to all use, including Traditional Digital.

Example #7:

WHEN THE NEXT HOLDING FEE CYCLE COMMENCES AND IS DUE WHEN 1-YEAR OF LOCAL CABLE IS PAID PRIOR TO THE 13-WEEKS FOLLOWING THE FINAL PRODUCTION DAY



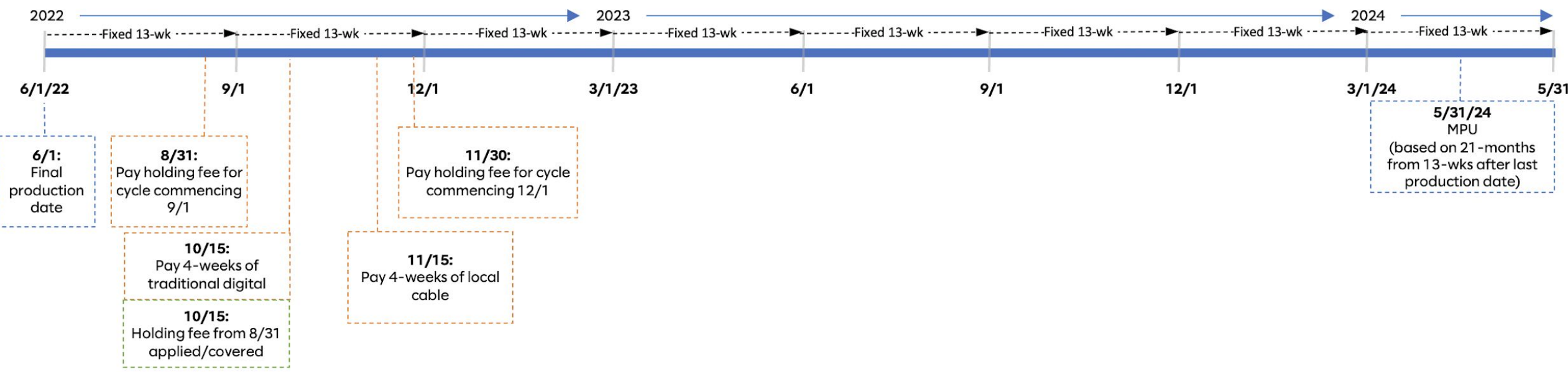
Date	Activity	Payment for	Amount	Running total
06/01/22	Final production date	--	--	--
08/01/22	Pay 1-year of local cable (session applied)	1-year of local cable	\$3,000.00	\$3,000.00
	Pay 1-year of local cable (session applied)	Session applied	- \$783.10	\$2,216.90
09/01/22	Holding fee applied/covered	Holding fee applied/covered	- \$783.10	\$1,433.80
12/01/22	Holding fee applied/covered	Holding fee applied/covered	- \$783.10	\$650.70
03/01/23	Holding fee applied (up to x amt)	Holding fee applied	- \$783.10	Need to pay additional \$132.40 (to performer)
05/31/23	Pay holding fee for cycle commencing 6/1/23	--	\$783.10	\$783.10
04/30/24	MPU (based on 21-months from 1 st use)	--	--	--

Example #8:

WHEN HOLDING FEES ARE DUE AFTER PAYING 4-WEEKS OF TRADITIONAL DIGITAL FOLLOWED BY 4-WEEKS OF LOCAL CABLE IN THE SAME CYCLE

KEY

- Production/automatic activities
- Payment activities
- Holding fees applied/covered



Date	Activity	Payment for	Amount
06/01/22	Final production date		--
08/31/22	Pay holding fee for cycle commencing 9/1/22	Holding fee	\$783.10
10/15/22	Pay 4-weeks of traditional digital less the holding fee	Use payment	$[\$783.10 - \$700.00] = \$83.10$
11/15/22	Pay 4-weeks of local cable (minus the amount from 10/15/22, the difference between the holding fee and the use payment)	Local cable	$[\$300 - \$83.10] = \$216.90$
11/30/22	Pay holding fee for cycle commencing 12/1		\$783.10
05/31/24	MPU (based on 21-months from 13-weeks after last production date)		--

Must pay the full holding fee again (\$783.10) for each 13-wk cycle until the MPU is reached (if use cycle is not initiated).