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MMF

The Managers Forum Ltd

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MMF COPYRIGHT & CONTRACTS SUB-COMMITTEE

LETTER OF ENGAGEMENT

Dear Manager,

Many managers ask us when is the best time to conclude a management agreement with their client. The simple answer is “as soon as practicable”. Until a binding legal agreement has been reached, the artist is free to appoint another manager at more or less any time.

It is widely believed that an artist **must** receive advice from a specialist music industry lawyer on the terms of any agreement they sign. Otherwise, it is said, the agreement will not be enforceable. Whilst this is a useful rule of thumb, it does not follow that every agreement is unenforceable, merely because the artist did not receive independent legal advice.

Accordingly, the Copyright & Contracts Sub-Committee of the MMF has drawn up a short-form “letter of engagement” which is designed to provide a legally binding agreement between a manager and his or her artist client. The brief was to create an agreement which is simple enough to be understood by any artist, without the need for specialist legal advice. The agreement has therefore been kept as simple as possible. However, as the letter makes clear, it is a fully binding management agreement, which should be enforceable in Court.

We would encourage managers to enter into a long-form management agreement, with independent legal advice for both parties, as soon as this becomes practicable, whether or not the period provided for in the letter of engagement has expired. Certainly, we would advise that this should normally be done on or before signature of any significant recording or publishing agreement. Even if this is not done, the letter of engagement will remain binding until terminated by mutual agreement, or until the period provided for in the agreement expires.

We would advise that the period of the agreement should not exceed 18 months, or perhaps, 2 years. Otherwise, there is a risk that the court might regard the agreement as unreasonable where an artist has received no legal

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advice. Where an artist has received legal advice, an initial term of 3-5 years might be acceptable.

We would also advise that the management commission provided for in the agreement should not exceed 20-25%.

Of course, we cannot guarantee that the Court will find that this agreement is valid and binding in every case, and it is not intended as a **substitute** for detailed specialist legal advice on your particular circumstances. However, we believe that the letter agreement is fair and reasonable, and should be enforced by the Court. It is certainly far better than having no agreement at all.

Yours sincerely,

JAMES SELLAR
General Manager

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EXAMPLE OF A LETTER OF ENGAGEMENT

Management Address

To: New Artist

Date.....

Dear Artist,

Further to our meetings and discussions to date please take this letter as confirmation that I/we will act as your exclusive manager(s) throughout the world for a trial period of (.....) months from the above date.

During this trial period you agree to pay us commission of (.....)% on any income received by you in the entertainment industry, except for any income specifically intended as recording costs, video production costs or as tour support. You further agree to re-imburse reasonable expenses incurred by us on your behalf as per the attached expenses schedule.

At the end of the trial period either you or us may elect to terminate the management relationship or move forward with negotiations for a long form Artist Management agreement. In either case payment to me/us of commission and expenses must be paid to me/us within 60 days of receipt of the invoice, which we will submit.

If you sign this letter you are entering into a legally binding agreement.

If the above is a correct reflection of the agreement we have reached please confirm this by your signature(s) below.

Yours sincerely,

The Manager

Confirmation of agreement by Artist

Name
Address

Signature.....

