

Securitization charts new path in collecting music licensing fees

Asset Securitization Report— Glen Fest

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Over 20 years ago, a groundbreaking bond deal involving David Bowie's recording catalog revolutionized the licensing of intellectual property assets. Now a collective representing musical artists is taking that securitization model a step further.

SESAC, formerly known as the Society of European Stage Authors and Composers, is set to unveil new asset-backed notes allowing investors to buy into the performance royalty revenue streams of songs by artists like Adele, Bob Dylan and 35,000 other musical acts. Similar to whole-business securitization deals between corporations and franchisees, SESAC's model allows it to finance its operations and pay artists with the proceeds it raises from investors.

The investors are then paid off with the licensing revenue from end users, such as sports stadiums and streaming services, that play the artists' music.

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