



**SUMMARY OF
CHANGES
2015-2016**

TABLE OF CONTENTS

1.	EXPERIMENTAL STREAM.....	2
	Changes applicable to the Experimental Guidelines.....	2
	Changes applicable to the Experimental Recoupment Policy.....	2
	Changes applicable to the Accelerator Partnership Pilot Program (A3P).....	3
2.	CONVERGENT STREAM.....	4
	Changes applicable to all Convergent Production Programs.....	4
	Changes made to all Convergent Selective Programs.....	4
	Changes made to the Aboriginal and Francophone Minority Programs.....	4
	Changes made to the Aboriginal Program.....	5
	Changes made to English POV Program.....	5
	Changes made to the Francophone-Minority Program.....	5
	Changes made to the Anglophone Minority Incentive.....	6
	Changes made to the Convergent Digital Media Incentive.....	6
	Changes made to the Development Program.....	6
	Changes made to the International Codevelopment Incentive.....	6
	Changes made to the Northern Production Incentive.....	6
	Changes made to Appendix A.....	7
	Changes made to Appendix B.....	7
3.	CONVERGENT STREAM – 2016-2017.....	9
	Changes made to Appendix B.....	9

*****NOTE*****

Please be advised that the following changes have been made to this **REVISED** Summary of Changes:

- 1) Under the sub-heading of “*Changes to the Treatment of Other Rights*” on page 4, the following changes have been deleted from this document and in the applicable Program Guidelines:
 - *Previously, Video-On-Demand (“VOD”) was not specifically listed as an example of an Other Right.*
 - *Now, VOD is included as an example of an Other Right only when the Canadian VOD Right (as defined in the Guidelines) does not form part of an Applicant’s Eligible License Fee pursuant to section 3.2.TV.5.1.*
 - *Previously, where the CMF provided an equity investment to the Television Component of a Project, a Canadian broadcaster or Canadian VOD service had the option of paying fair market value for a specific list of Other Rights.*
 - *Now, where the CMF provides an equity investment to the Television Component, all Other Rights must be exploited in accordance with the CMF’s Standard Recoupment Policy. The CMF may consider a 50/50 gross revenue share arrangement for a specific list of Other Rights.*
- 2) The following additional section, which will take effect in **2016-2017**, has been added to the final page of this document:

Chapter 6, Standard Recoupment Policy (“SRP”) – Convergent Stream

- Currently, the SRP has two recoupment models that are differentiated based on whether an Eligible Distributor is attached to a project (Model B) or not (Model A).
- ***Beginning in 2016-2017***, in an effort to simplify the recoupment approach and to increase the CMF’s potential return on investment, the CMF will abandon the current two-model recoupment approach and adopt the current Model B as the uniform recoupment model, whether or not there is an Eligible Distributor attached to a project. As such, the federal tax credit will be recoupable after the other investors (including the CMF and the producer [both investment and provincial tax credits, as applicable]) have recouped their initial investment, but before investors participate in profits.

1. EXPERIMENTAL STREAM

Changes applicable to the Experimental Guidelines

Decrease in the Maximum Contribution for Development

- Previously, the Maximum Contribution to a project at the Development stage was the lesser of 75% of the Project's Eligible Costs or \$400K
- Now the Maximum Contribution is the lesser of 75% of the Project's Eligible Costs or \$300K.
 - See section 2.3.1

Increase in the Maximum Contribution for Production

- Previously, the Maximum Contribution to a project at the Production stage was the lesser of 75% of the Project's Eligible Costs or \$1M.
- Now the Maximum Contribution is the lesser of 75% of the Project's Eligible Costs or \$1.2 M.
 - See section 2.3.1

Increase in Overall Cap

- Previously, the combined Maximum Contribution available to a Project at the Development, Production and Marketing stages was \$1 M.
- Now, the combined Maximum Contribution available to a Project at the Development, Production and Marketing stages is \$1.2 M.

Evaluation Grid changes

- Previously, the Business Plan section included the following criteria: "Viability of the Project", "Distinctiveness of the Business Model" and "Financial stability of the Applicant in relation to the size of the Project".
- Now, the Business Plan section also includes the following criterion: "Historical success working with the CMF (adherence to proposed timelines and budget, deliverables comply with initial submitted proposal, historical sales performance of previous CMF-funded projects [if applicable], etc.)".

Clarification of Ineligible Projects

- Previously, curriculum-based products were noted as an example of ineligible projects.
- Now, this example has been further clarified to include "e-learning applications, software and technologies".
 - See section 3.2.2.1

Interactivity definition

- The definition of "Interactivity" (see section 3.2.2.3) has been amended as follows:
 - "Eligible projects must be interactive. Interactivity is defined as a **meaningful** participatory experience between the user and a product/technology (**including but not limited to immersive technologies that engage and stimulate the user's senses to create perceptually-real sensations**), or the user and other users as enabled by the product/technology. Projects that use the internet or mobile platforms to distribute linear content without significant interactive feature(s) are not eligible."
 - See section 3.2.2.3

Changes applicable to the Experimental Recoupment Policy

Experimental Recoupment – Option to Convert Development Advance

- Previously, once a Project that received CMF support at the Development stage (but not at the Production stage) went into Production, the Producer was obligated to repay the entire Development Advance no later than the first day of the start of production of the Project.

- Now, Producers will have the option to either repay the Development Advance (i.e., the status quo) or, after a formal request and CMF approval, allow the Development Advance to be converted into a recoupable investment in the production.
 - See section 2.2.1

Experimental Recoupment – Elimination of Dual Recoupment Models

- Previously, the CMF applied different recoupment models based on whether a project was classified as a “Finished Product” or “Live Exploitation Product”.
- Now, the CMF will no longer classify projects into two streams and all projects will follow the recoupment and profit participation rules in accordance with one model.
 - See section 3.2

Changes applicable to the Accelerator Partnership Pilot Program (A3P)

Revised list of approved business accelerators

- The list of business accelerators approved to provide acceleration services through this Program has been revised. Eligibility of other business accelerators will be evaluated on a case-by-case basis.
 - See paragraph 4

2. CONVERGENT STREAM

Changes applicable to all Convergent Production Programs

Clarification on non-eligible Marketing Expenses

- Previously, the Guidelines noted the following as examples of non-eligible marketing costs: “Costs already financed by another financier”, “Wrap party”, “Crew gifts” and “Basic website”.
- Now, the Guidelines have added “Gifts to the public (e.g., t-shirts, mugs)” to this list.
 - See section 2.3.2.TV.2

Clarification on “Prizes”

- Section 2.3.2.TV.3 has been added which states that prizes (even those that could be deemed educational in nature) shall be considered ineligible costs.
 - See section 2.3.2.TV.3

Clarification to Genres of Programming

- Previously, the list of genres and programming formats that are ineligible for CMF funding included the broad category of “galas and award shows”.
- Now, the ineligibility of galas and award shows has been narrowed to “non-cultural galas and award shows”. For clarity, cultural galas and award shows that meet the CMF’s Variety and Performing Arts definition shall now be considered as eligible programming.
 - See section 3.2.TV.2

Changes to the Treatment of Other Rights

- Previously, Other Rights had to be separately identified and valued from the Canadian Broadcast Right/Canadian VOD Right (as applicable) and from each other.
- Now, Other Rights must only be separately identified and valued from the Canadian Broadcaster Right/Canadian VOD Right (as applicable).
- Previously, each Other Right was separately defined in the Guidelines.
- Now, any Other Right - including those not specifically listed in the Guidelines - shall be ascribed the meaning as commonly understood and in accordance with the standards of the television, digital media and communications industries.

Changes made to all Convergent Selective Programs

Evaluation Grid Clarifications

- Previously, the “Notes” portion of the Evaluation Grid was broadly-worded and, at times, did not clarify concepts or evaluation criteria listed under the “Points Details” portion of the Evaluation Grid.
- Now, the “Notes” section has been revised to provide clarification and specificity on the “Points Details” for the Market Interest, Production Team and Creative Elements categories.

Changes made to the Aboriginal and Francophone Minority Programs

EIP and LFP division calculated on the overall budget

- Section 2.2 has been clarified whereby the licence fee top-up/equity investment division (of each respective Program) will be applied to a Project’s overall budget in situations where a Project accesses funds between

multiple CMF Programs (and/or is coproduced with a producer with a head office in and that operates from the Province of Quebec for a Project in the Francophone Minority Program).

Changes made to the Aboriginal Program

Increase in the Maximum Contribution for the Television Component

- Previously, the Maximum Contribution for the Television Component was the lesser of 60% of the TV Component's Eligible Costs or \$400 K.
- Now, the Maximum Contribution for the Television Component shall be the lesser of 60% of the TV Component's Eligible Costs or \$750K (for Drama & Animation) or \$550 K (for Documentary, Variety and Performing Arts and Children's & Youth).

Changes made to English POV Program

Increase in the Maximum Contribution for the Television Component

- Previously, the Maximum Contribution for the Television Component was the lesser of 49% of the TV Component's Eligible Costs or \$300K.
- Now, the Maximum Contribution for the Television Component shall be the lesser of 49% of the TV Component's Eligible Costs or \$400 K.

Changes made to the Francophone-Minority Program

Change in the Maximum Contribution for the Television Component

- Previously, the Maximum Contribution for the Television Component was the lesser of 60% of the TV Component's Eligible Costs or the following amounts:
 - Drama : \$1.5 M
 - Children's & Youth: \$550 K
 - Documentary (One-off): \$150 K; Documentary (Series): \$400K
 - Variety and Performing Arts: \$500K
- Now, the Maximum Contribution for the Television Component shall be the lesser of 49% of the TV Component's Eligible Costs or \$1.5 M (Drama) or \$550 K (all other Genres).
 - See section 2.3.1

Change in the Maximum License Fee Top-Up

- Previously, the licence fee top-up to the Television Component was a maximum of 30% of the Component's Eligible Costs.
- Now, the licence fee top-up to the Television Component is a maximum of 25% of the Component's Eligible Costs.
 - See Section 2.2

Evaluation Grid Changes – In addition to the general changes made to all Selective Programs

- Previously, out of the 15 points designated to the Digital Media Component category on the Evaluation Grid, "Originality and Creativity", "Degree of Richness and Substantiality" and "Market Interest" all received 5 points each.
- Now, "Market Interest" for the digital media component has been reduced to 3 points and the remaining 2 points will be awarded for DM Components for which work and expenses are performed outside of the province of Quebec.
 - See section 2.4

Changes made to the Anglophone Minority Incentive

Increase in the Maximum Contribution for the Television Component

- Previously, the Incentive took the form of a licence fee top-up of 15% of a TV Component's Eligible Costs up to a per-project maximum of \$750 K.
- Now, the Incentive is still a licence fee top-up of 15% of a TV Component's Eligible Costs, but up to a per-project maximum of \$800 K.
 - See paragraph 2

Changes made to the Convergent Digital Media Incentive

Cap imposed on the value of Projects that can be triggered – French market

- Previously, there was no limit on the number of projects that could be triggered by broadcasters in the French market.
- Now, even though there is no limit on the *number* of projects that can be triggered, the *cumulative value* of projects that can be triggered by broadcasters in the French market is capped at 40% of the French allocation reserved for each applicable Opening Date.
 - See section page 3

Changes made to the Development Program

Cap imposed on the number of English-language predevelopment Projects that can be triggered

- Previously, there was no maximum amount of projects that could be triggered by individual broadcasters or broadcaster corporate groups.
- Now, broadcasters are limited to a maximum of 25 projects they can trigger.
 - See section 2.C.1

Changes made to the International Codevelopment Incentive

Expansion of the SP Cine sub-program to include projects associated with development activity in the Experimental Stream

- Previously, projects that could be associated with development activity in Experimental Stream were ineligible for funding through the SP Cine sub-program.
- Now, eligible projects under the SP Cine sub-program are ones that could be associated with either the Development Program in the Convergent Stream or development activity in the Experimental Stream.

Changes made to the Northern Production Incentive

Increase in Maximum Contribution for the Television Component

- Previously, the Maximum Contribution for the Television Component was the lesser of 20% of the TV Component's Eligible Costs or \$200K.
- Now, the Maximum Contribution for the Television Component shall be the lesser of 30% of the TV Component's Eligible Costs or \$200K.
 - See paragraph 2

Expansion of the Incentive to include a Digital Media Component

- Previously, the Incentive only provided funding to an Eligible Project's Television Component.

- Now, the Incentive will also support Digital Media Components and will take the form of a non-repayable cash contribution with a Maximum Contribution of the lesser of 75% of the Digital Media Component's Eligible Costs or \$50 K. Further, the DM Component's work and expenses must occur in Nunavut, the Yukon or the Northwest Territories.
 - See page 2 & 3

Changes made to Appendix A

Change to the list of ineligible genres for CMF participation

- Previously, the list of genres and programming formats that are ineligible for CMF funding included the broad category of "galas and award shows".
- Now, the ineligibility of galas and award shows has been narrowed to "non-cultural galas and award shows". For clarity, cultural galas and award shows that meet the CMF's Variety and Performing Arts definition shall now be considered as eligible programming.

Changes made to Appendix B

Chapter 3, Producer's Fees & Corporate Overhead ("PFCO") Policy: increase in Convergent Stream, Television Component cap

- Previously, the maximum dollar amount that could be allocated and spent for PFCO on a Television Component in the Convergent Stream was \$1.4 M per project.
- Now, the maximum dollar amount that can be allocated and spent for PFCO on a Television Component in the Convergent Stream is \$2 M per project.

Chapter 6, Standard Recoupment Policy ("SRP") – Convergent Stream

- Previously, in cases where it was an equity investor and had fully recouped its initial investment, the CMF would forego 50% of its profit participation for the benefit of the Producer.
- Now, only in cases where it is the sole equity investor, once fully recouped, the CMF will forego 25% of its profit participation for the benefit of the Producer. For clarity, the CMF shall consider any form of direct or indirect Producer-related financial participation, including but not limited to tax credits, as a Producer equity investment. As such, if a Producer has an opportunity to share in profits on a given project, the CMF will keep its full share of profit participation.
- Previously, there were two models applied to non-theatrical rights Distribution Fees : for Distributors who acquired additional rights in addition of the non-theatrical rights, their Fee was capped at 50% of gross revenues, whereby Distributors who *only* acquired non-theatrical rights were paid a 70% royalty.
- Now, the CMF will adopt a singular royalty model for non-theatrical rights: distributors will have to pay a 30% royalty to producers, regardless whether or not non-theatrical rights are the only rights acquired.
- Previously, exceptions to the 10% of gross receipts cap on Distribution Expenses only included standard guild and union royalties/residuals and net versioning expense.
- Now, the exceptions to the 10% cap have been expanded to include E&O insurance policy extensions, copyright & trademark registrations and royalties paid to third-party underlying rights holders.
- Previously, Producers were responsible for collecting and distributing retransmission and music royalties for the benefit of investors, including the CMF.
- Now, this provision has been deleted and the CMF will cease to recoup from these retransmission and music royalties.

- Previously, the restriction on cross-collateralization of revenues and expenses was not permitted between North America and other territories.
- Now, the restriction on cross-collateralization of revenues and expenses applies to Canada and other territories.
- Previously, there were no time restrictions on the allowable period for (a) the CMF to audit a Distributor's accounts and (b) a Producer to contest revenue reports.
- Now, the allowable period for (a) the CMF to audit a Distributor's accounts or (b) a Producer to contest revenue reports shall be capped at 10 years (7 years from the submission of the first exploitation report, plus an additional 3 years).

Introduction of the Corus-CMF "Page to Pitch" Program

- As a result of Corus Entertainment's acquisition of Historia, Séries+ and TELETOON and in accordance with the CRTC's Tangible Benefits Policy, the CMF and Corus Entertainment are pleased to announce the *Page to Pitch Program*. This program is devoted to funding creative and business activities during the development of television projects in a CMF-supported genre. The 2015-2016 Page to Pitch Program budget is set at \$1,163,750 and will fund eligible costs related to script development or the acquisition of pre-sale financing. Projects will be evaluated and chosen through a selective process and successful applicants may receive amounts of up to \$25,000.

3. CONVERGENT STREAM – 2016-2017

Changes made to Appendix B

Chapter 6, Standard Recoupment Policy (“SRP”) – Convergent Stream

- Currently, the SRP has two recoupment models that are differentiated based on whether an Eligible Distributor is attached to a project (Model B) or not (Model A).
- ***Beginning in 2016-2017***, in an effort to simplify the recoupment approach and to increase the CMF’s potential return on investment, the CMF will abandon the current two-model recoupment approach and adopt the current Model B as the uniform recoupment model, whether or not there is an Eligible Distributor attached to a project. As such, the federal tax credit will be recoupable after the other investors (including the CMF and the producer [both investment and provincial tax credits, as applicable]) have recouped their initial investment, but before investors participate in profits.