



**CMF-DISTRIBUTOR  
PILOT PREDEVELOPMENT  
MATCHING  
PROGRAM  
GUIDELINES  
2019-2020**

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# 1. GENERAL INFORMATION

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## Interpretation, Application, Disclaimer, and other Important Information

These Guidelines are for the information and convenience of Applicants (as defined in section 3.1) to the Canada Media Fund (CMF). They provide an overview of the objectives of the CMF, the manner in which the CMF is administered, and information on typical administrative practices of the CMF. Compliance with these Guidelines is a prerequisite to eligibility for any CMF funding.

The CMF has full discretion in the administration of its programs and in the application of these Guidelines to ensure funding is provided to those projects that contribute to the fulfillment of its mandate. In all questions of interpretation of these Guidelines, the CMF interpretation shall prevail.

All Applicants and broadcasters (where relevant) must abide by the Accounting and Reporting Requirements (ARR) of the CMF and follow applicable business policies as created and amended from time to time. Business policies, including the ARR, may be found in [Appendix B](#) of these Guidelines and are also available from the CMF website at [www.cmf-fmc.ca](http://www.cmf-fmc.ca). Information included in Appendices A and B is an integral part of these Guidelines.

Projects that receive CMF funding in a given year are subject to the Guidelines and CMF policies in effect for that fiscal year. To be clear, changes to CMF Guidelines and/or policies made in a subsequent fiscal year will not apply retroactively, unless specifically stated. The CMF fiscal year is April 1 to March 31.

*Please note: These Guidelines may be changed or modified as required, without notice. Please consult the CMF website at [www.cmf-fmc.ca](http://www.cmf-fmc.ca) for the latest Guideline news and documentation.*

## Provision of Documentation

It is the responsibility of the Applicant to ensure that the CMF receives all relevant documentation, and to update such documentation and information after a material change. The CMF may request other documentation and information to conduct an assessment and evaluation of the project and, once assessed, to complete CMF file reviews. For the purposes of project assessment and evaluation, the CMF reserves the right to rely solely on the written and audiovisual materials initially submitted by the Applicant.

## Failure to Comply

If an Applicant fails to comply with these Guidelines, as determined by the CMF, then the CMF may refuse the application, revoke the eligibility status of the Applicant's project and may demand repayment of any sums paid to the Applicant.

## **Misrepresentation**

If, at any time, an Applicant, as required by the Guidelines or as requested by the CMF, provides false information or omits material information in connection with an application, the Applicant may suffer serious consequences. These may include, among other outcomes:

- Loss of eligibility for funding of the current project;
- Loss of eligibility for funding of future productions;
- Repayment of any funds already advanced, with interest;
- Criminal prosecution, in the case of fraud.

These measures may be imposed not only on the Applicant but also on related, associated and affiliated companies and individuals (as determined by the CMF at its sole discretion). Any Applicant receiving approval for funding will be required to sign a legally enforceable agreement, which includes further provisions concerning misrepresentations, defaults, and related matters.

## 2. HOW THE CMF-DISTRIBUTOR PILOT PREDEVELOPMENT MATCHING PROGRAM WORKS

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### 2.1 INTRODUCTION

The CMF-Distributor Pilot Predevelopment Matching Program (the “**Program**”) is an initiative spearheaded by the Canadian Association of Content Exporters (“**CACE**”) in collaboration with the Canada Media Fund which strives to help support Canadian television projects intended for international export by encouraging early collaboration between qualified distribution companies, writers and producers. The total amount of funding available in the Program is \$1.5M (divided on a 2/3 English and 1/3 French basis).

Eligible Projects under this Program must be in a CMF-supported genre (Drama, Documentary, Children’s and Youth and Variety and Performing Arts, further defined in [Appendix A](#)) and will be administered on a first-come/first-served basis until resources for the Program are depleted or until the applicable application deadline, whichever comes first. In the event that a large number of projects are submitted on the same date, creating oversubscription, the CMF may distribute funding to those projects deemed eligible on a proportional (pro-rated) basis, designate how many submitted projects (per Applicant) will receive funding, or elect to distribute funding in some other equitable manner, to be determined in the CMF’s sole discretion. Eligible Projects may receive funds subject to per-project Maximum Contribution amounts (see section 2.3) and other specified limitations.

Projects requesting funding must have secured an eligible Predevelopment Fee from an eligible Canadian Distributor (defined in 2.1.1 below). For clarity, access to funding in this Program can be triggered by *any* Canadian Distributor that meets the definition below (i.e., not exclusively CACE members).

Each Applicant may submit a maximum of 3 projects to this Program.

A maximum of 50% of the funds available in the Program will be allocated to Applicants with an Eligible Predevelopment Fee from an affiliated Canadian Distributor. A Canadian Distributor shall be eligible for a maximum of two affiliated projects for this Program.

Funding at this stage will support predevelopment activities with a specific emphasis on early-stage creative materials.

Broadcaster-affiliated and in-house programming are ineligible for this Program.

#### 2.1.1 Definitions Applicable to the Development Program: Canadian Distributor, In-house Programming, Affiliated Programming.

A “Canadian Distributor” is a distribution company<sup>1</sup> that:

- a. Is a for-profit (i.e., a taxable Canadian corporation, within the meaning of Canada’s *Income Tax Act*) distribution company;
- b. Is Canadian-controlled as determined in sections 26 to 28 of the *Investment Canada Act*;
- c. Has its head office in Canada;

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<sup>1</sup>For clarity, a distribution company is a distinct company whose activities and resources are overwhelmingly devoted to the distribution and sale of film and television properties and not merely a component of a company set up for some other primary purpose (e.g., broadcasting). Therefore, for the purposes of this Program, Canadian Broadcasters are not eligible as Canadian Distributors.

- d. Which, on its own behalf or through its affiliates, has internationally distributed at least 50 English-language titles or at least 20 French-language titles in a CMF-supported genre<sup>2</sup>;
- e. Demonstrates that it attends at least four (4) international markets annually;
- f. Must have employees that are employed specifically and exclusively in the company's sales department.

### *Broadcaster-Affiliated Programming*

A broadcaster-affiliated production company is an Applicant, as defined in section 3.1(1), that is affiliated with a Canadian Broadcaster (the CMF uses the definition of "Affiliate" set out in the Canada *Business Corporations Act*). Affiliated Programming covers projects produced by a broadcaster-affiliated production company and licensed by its affiliated broadcaster(s).

### *In-house Programming*

In-house Programming comprises projects produced and owned by a Canadian Broadcaster.

## **2.2 NATURE OF FUNDING CONTRIBUTION**

Successful Applicants receive funding through the Program in the form of a repayable advance. 100% of the Eligible Project's advance awarded through the Program must be repaid on or before the earliest applicable event of repayment as described here:

i) The first day of official preparation for principal photography of the Eligible Project (regardless of the platform for which it is produced);

or

ii) The transfer, sale, assignment, or other disposition of the script.

## **2.3 AMOUNT OF FUNDING CONTRIBUTION**

The CMF's Maximum Contribution for each Eligible Project funded through the Program shall be a dollar-for-dollar match of the Eligible Predevelopment Fee (as defined in section 3.2.4 below) provided by the Canadian Distributor to the Applicant (as set out in the predevelopment agreement<sup>3</sup> between the two parties).

**For clarity, if an Eligible Project has received funding through the CMF's Early-Stage Development Program, the amounts awarded by the CMF through the Early-Stage Development Program will count towards the CMF's Maximum Contribution awarded through this Program.**

For example, if an Eligible Project receives a Predevelopment Fee of \$75K from a Canadian Distributor and has already received \$20K from the Early Stage Development Program, the maximum amounts awarded to the Project by the CMF through this Program would be \$55K.

<sup>2</sup>For clarity, distributors must meet the respective threshold in the same language as the project they are seeking to trigger a project in this Program and the number of titles in each threshold cannot be combined.

<sup>3</sup> The predevelopment agreement is the current, legally binding agreement between the Applicant and Canadian Distributor that triggers CMF funding through this Program and includes the Eligible Predevelopment Fee set out in section 3.2.4.

### 2.3.1 Combining Funds

Projects submitted to the Program may be projects that have previously received funding from the CMF's Early-Stage Development Program.

As noted above, if an Eligible Project has received funding through the CMF's Early-Stage Development Program, however, the amounts awarded by the CMF through the Early-Stage Development Program will count towards the maximum amounts awarded by the CMF through this Program.

## 2.4 ELIGIBLE COSTS

Eligible Costs for Projects are costs set out in the Program budget of the Eligible Project (including both related-party and non-related-party costs) – plus costs the CMF considers necessary and minus costs the CMF considers excessive, inflated or unreasonable.

For clarity, the following costs may be considered Eligible Costs:

- Creative materials including outline, treatment, bible, pilot script and one additional script
- Creation of pitch material including short non-broadcast demos
- Option fees for underlying rights
- Research
- Story editor
- Scriptwriting consultant
- 'Showrunner'/lead writer fees
- Limited travel costs (up to 10% of funds awarded through the Program)
- Arms-length legal costs
- Producer fees and corporate overhead (subject to a maximum cap of 10% of Eligible Costs)<sup>4</sup>
- Accounting fees (if review engagement is required as per the [Accounting and Reporting Requirements](#))

Additional CMF business policies relating to Eligible Costs are in [Appendix B](#).

### 2.4.1 Related-Party Transactions

All related-party fees, related-party allowances and any other related-party transactions must be:

- Disclosed to the CMF
- In accordance with the current CMF [Accounting and Reporting Requirements](#).

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<sup>4</sup>Applicants with affiliated distributors will not be allowed to claim PFCO as Eligible Costs under this Program.

### 3. ELIGIBILITY FOR FUNDING

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#### 3.1 ELIGIBLE APPLICANTS

An eligible Applicant to the CMF is a company that:

- a) Is a for-profit (i.e., a taxable Canadian corporation, within the meaning of Canada's *Income Tax Act*) production company;
- b) Is Canadian-controlled as determined in sections 26 to 28 of the *Investment Canada Act*;
- c) Has its head office in Canada; and
- d) Has produced at least fifteen (15) hours of content (in the same genre in which they are applying) that has been sold on the international market.

*Note: For the purposes of these Guidelines, the term Applicant includes all coapplicants, parent companies, related, associated and/or affiliated companies or individuals (as determined by the CMF at its sole discretion), as applicable.*

#### 3.2 ELIGIBLE PROJECTS

An Eligible Project in this Program is defined as a new Television Project that meets all relevant criteria and subsections applicable under these Guidelines. The CMF recognizes that Projects at the predevelopment stage are necessarily nascent, evolving works that may not strictly comply at application with the Essential Requirements necessary for funding which are found in all Production-related CMF Programs. Applicants are encouraged to review these Essential Requirements (and any requirement necessary for eligibility in Programs that are applicable for the later stages of a Project's lifecycle). As such, Eligible Projects under this Program must be reasonably intended to comply with all future applicable CMF Program requirements and the CMF shall solely determine whether a Project is realistically expected to comply with the requirements under all relevant and applicable CMF Programs.

An Eligible Project must be developed as a Canadian production or intended as an audiovisual treaty coproduction. A Canadian scriptwriter must be involved in all stages of predevelopment. For projects meant for Canadian audiovisual treaty coproductions, the active contribution of a Canadian scriptwriter is required.

The Applicant must have acquired all rights and options to the Project, exclusive for at least 24 months, which are necessary for the adaptation of the original work or concept, the scriptwriting, the production and worldwide distribution (with appropriate case-by-case exceptions for a purchased format).

Further, each Applicant may submit a maximum of 3 projects to this Program.

Eligibility for funding in this Program does not guarantee an Applicant's or Project's eligibility for further CMF through other CMF Programs.



### 3.2.1 Genres of Programming

The CMF supports the following genres: Drama, Documentary, Children's and Youth programming, and Variety and Performing Arts. The CMF defines each in [Appendix A](#) of these Guidelines.

The following is a non-exhaustive list of genres and programming formats that are not eligible to apply to the CMF: sponsored productions, sports, news, game shows, current affairs, public affairs, lifestyle productions, "how-to" productions, reality television, instructional television, infomercials, music videos, formal or curriculum-based educational programs, foreign format buys without significant Canadian adaptation and creative contribution, magazine productions, talk shows, "talkshows culturels", non-cultural award shows and galas<sup>5</sup>, reporting and current events, religious programs, fundraising productions, benefits, tributes, promotional productions, pep rallies, travelogues and interstitials.

*Note: Some flexibility exists for children's and youth programming. See [Appendix A](#) for more information.*

### 3.2.2 Canadian Ownership and Control

The Project must meet these criteria:

- a) It is under Canadian ownership and Canadian executive and creative control.
- b) It is under the financial control of Canadian citizens or permanent residents.
- c) It is, and has been, controlled creatively and financially by a Canadian production company during all phases of predevelopment.
- d) Generally, no more than 49% of the predevelopment financing is provided by a single non-Canadian entity, person or related entity. Interim lending of more than 49%, however, may be provided by a non-Canadian arm's-length entity in the business of lending money and taking security.
- e) The Applicant retains and exercises all effective controls or approvals consistent with those of a producer. This includes control and final approval of creative decisions and financing, distribution and exploitation, and preparation and final approval of the budget, subject to reasonable and standard approval rights customarily required by arm's-length financial participants, including Canadian broadcasters and distributors.
- f) The Applicant owns all rights (including copyright) and options necessary for the development, production and its distribution in Canada and abroad (with appropriate case-by-case exceptions for a purchased format) and retains an ongoing financial interest in the project.

*Note: The interpretation of these criteria shall allow Canadian audiovisual treaty coproductions to access the CMF.*

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<sup>5</sup>Cultural award shows and galas that meet the CMF's Variety and Performing Arts definition shall be considered eligible programming.

### **3.2.3 Miscellaneous Requirements**

- a) The Project must conform to the Canadian Association of Broadcasters' (CAB) Code of Ethics and to all programming standards endorsed by the Canadian Radio-television and Telecommunications Commission (CRTC), including the CAB Violence Code and the CAB Equitable Portrayal Code.
- b) The CMF expects Applicants and Canadian Distributors to negotiate the predevelopment agreement required for funding in this Program in good faith, with mutual respect and collaboration and in accordance with the spirit and intent of this Program.

### **3.2.4 Eligible Predevelopment Fee Requirements and Conditions**

In order to access the dollar-for-dollar matched contribution offered through the Program, each application for financing in this Program must include a Predevelopment Fee of no less than \$20K and no more than \$75K from a Canadian Distributor (defined in section 2.1.1 above).

Each Canadian Distributor may contribute a maximum of \$250K (in each language market) in Predevelopment Fees through this Program.