



**EXPERIMENTAL STREAM-  
INNOVATION PROGRAM  
GUIDELINES  
2018-2019**

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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 herein](#)). 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 interpretation by the CMF 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 as specific appendices to Programs in the Experimental Stream), 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 the CMF policies that are in effect for that fiscal year. For greater clarity, changes to CMF Guidelines and/or policies made in a subsequent fiscal year will not be applied 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) to receive the latest Guideline news and documentation.*

## **Provision of Documentation**

It is the responsibility of the Applicant to ensure 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 others 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 INNOVATION PROGRAM WORKS

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### 2.1 INTRODUCTION

The CMF's Experimental Stream now has 3 core Programs:

1. The Commercial Projects Pilot Program (“**C3P**”), designed to support the production of Canadian digital media content and software applications which have an increased focus on potential commercial success
2. The Web Series Pilot Program, designed to support Canadian original, linear series in their second (or subsequent) season, created initially for the web and in designated CMF genres; and
3. The Innovation Program, designed to support Canadian interactive digital media content and software applications that are innovative and leading-edge. **These Guidelines apply to the Innovation Program.**

Projects in the Innovation Program may apply for Prototyping (formerly Development), Production, or Marketing & Promotion support. For clarity, only projects which have received Production-stage CMF-support will be eligible to apply for Marketing & Promotion support.

The Innovation Program shall fund projects through a selective process in which Eligible Projects (see [section 3.2](#)) are assessed according to an evaluation grid (see [section 2.4](#)).

A request for Prototyping support should be for the early stages of building a product in order to demonstrate its intended functionalities and design. Specifically, this phase is for experimenting, testing and validating different concepts and hypotheses to arrive at a first functional prototype. For clarity, the product will require a full Production phase in order to be published or sold and will not be finished at the end of the Prototyping phase.

A project requesting funding for production should generally be one out of conceptual and prototyping phases and able to demonstrate a clear path to market and/or monetization. Production support is provided for the creation of a final, market-ready version of an Eligible Project, including localisation of the project and early marketing/commercialisation activities.

Marketing & Promotion support is provided for marketing and promotion of an Eligible Project, such as the creation of national and international marketing campaigns, design costs, creation and market testing of advertising, use of the internet for promotion or transactions, promotion and publicity for launches or in international trade publications; localisation of the project; and marketing specific initiatives.

### 2.2 NATURE OF FUNDING CONTRIBUTION

Successful applicants receive funding in the following form:

- In prototyping: repayable advance
- In production: recoupable investment
- In marketing: recoupable advance

Details on the repayment/recoupment of CMF funding support can be found in Appendix A to these Guidelines ([Recoupment Policy: Experimental Stream – Innovation Program](#))

## 2.3 AMOUNT OF FUNDING CONTRIBUTION

### 2.3.1 CMF Contribution

#### Maximum Contribution

A single Innovation Program Eligible Project may receive Prototyping, Production, and/or Marketing & Promotion support, either alone or in combination with each other, but in no case will the CMF contribute more than \$1.2 million towards a single project.

#### Prototyping

Successful applicants receive funding in an amount appropriate to the needs of the project and subject to a Maximum Contribution of the lesser of 75% of the project's Eligible Costs or \$250,000.

#### Production

Successful applicants receive funding in an amount appropriate to the needs of the project and subject to a Maximum Contribution of the lesser of 75% of the project's Eligible Costs or \$1 million. Any CMF Prototyping funding that is converted into Production funding, as described at [section 3.2.1](#) of the Innovation Program's Recoupment Policy found in Appendix A to these Guidelines, will be included towards the \$1.2 million cap described above.

For international coproductions, the Maximum Contribution will be calculated on the lesser of the Eligible Costs of the Canadian portion of the project's global budget and the Eligible Costs of the Canadian portion of the global final costs. Digital media coproductions are eligible if they comply with the [Framework for international digital media coproduction](#).

#### Marketing and promotion

Successful applicants receive funding in an amount appropriate to the needs of the project and subject to a Maximum Contribution of 75% of the project's Eligible Costs or \$400,000, whichever is less. Only projects which have received Production-stage CMF-support will be eligible to apply for Marketing & Promotion support.

### 2.3.2 Eligible Costs

Eligible Costs are costs set out in the budget for the project or the final cost report, as applicable (including both related-party and non-related-party costs), plus costs the CMF considers necessary, and minus costs that the CMF considers excessive, inflated or unreasonable.

Eligible Costs must be costs directly related to the project, including but not limited to:

- Research and preparation of content
- Salaries and benefits/wages/contracts for project teams (global project management, preparation, digitization, development of interpretive materials, editing and proofreading)
- Technology infrastructure (hardware and software)
- Expenses to put content online, including copyright clearance, documentation, design and development of the prototype, translation costs
- Travel and accommodations
- Project audit fees
- Other technical and administrative expenses
- Marketing and promotion

Core business operations or capital expenditures of the applicants, such as rent, purchase of real estate, and maintenance costs, are not Eligible Costs.

All related-party and capital expenditures must be established in accordance with generally accepted accounting principles and CMF Accounting and Reporting Requirements, and disclosed to the CMF. Production must be protected by all industry-standard insurance policies. The CMF requires that it be named as a party to production insurance policies.

Assessment of a project’s Eligible Costs shall be done at the CMF’s sole discretion.

## 2.4 EVALUATION GRIDS

The CMF chooses successful projects in the Innovation Program according to the following evaluation grids.

Assessment Criteria	Weight	
	PROTOTYPING	PRODUCTION
<p><b>Team</b> (17% for Prototyping/12% for Production)</p> <p>Studio</p> <ul style="list-style-type: none"> <li>▪ Experience and achievements of the studio.</li> <li>▪ Critical and commercial success of previous projects, funded or not by the CMF.</li> <li>▪ 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.).</li> </ul> <p>Personnel</p> <ul style="list-style-type: none"> <li>▪ Experience and achievements of project producers and management staff.</li> <li>▪ Experience and achievements of creative and technical staff.</li> <li>▪ Experience and achievements of the marketing, promotion and sales staff (Production only).</li> </ul> <p>Team Work</p> <ul style="list-style-type: none"> <li>▪ Degree to which staff expertise is complementary</li> <li>▪ Cohesion and capacity to work as a team</li> </ul> <p><b>Parité</b> (3%)</p> <p>Personnel</p> <ul style="list-style-type: none"> <li>▪ 40% of the cumulative Eligible Positions on the Team are held by women.</li> </ul> <p>For clarity, “Eligible Positions” shall be defined as Producer, Executive Producer, Director (including Technical Director, Creative Director, Art Director, and Interactive Director), Senior Programmer, Designer, and Project Leader.</p>	<b>20%</b>	<b>15%</b>
<p><b>Innovation, Creativity and Advancement</b></p> <ul style="list-style-type: none"> <li>▪ Originality, quality and relevance of content and form.</li> <li>▪ Quality and sophistication of design elements and programming.</li> <li>▪ Quality and distinctiveness of user experience and interactivity.</li> <li>▪ Development and/or integration of innovative technologies.</li> <li>▪ Product potential to renew and transform the genre.</li> <li>▪ Potential for legacy to the industry.</li> </ul>	<b>65%</b>	<b>45%</b>
<p><b>Financial Viability</b></p> <ul style="list-style-type: none"> <li>▪ Budget relevance and financial structure risk.</li> <li>▪ Applicant’s financial stability in relation to the size of the project.</li> <li>▪ Risk level assumed by the CMF and the applicant.</li> <li>▪ Relevance of preliminary revenue model.</li> <li>▪ Profitability analysis (for Production only).</li> <li>▪ Return on investment and justification of projections (for Production only).</li> </ul>	<b>10%</b>	<b>25%</b>

<p><b>Strategic Positioning and Marketing</b></p> <p>Market Study</p> <ul style="list-style-type: none"> <li>▪ Audience analysis</li> <li>▪ Market analysis</li> <li>▪ Positioning and competitive advantages</li> </ul> <p>Marketing Strategy (for Production only)</p> <ul style="list-style-type: none"> <li>▪ Quality of the project's marketing and promotional strategy and plan</li> <li>▪ Diversity and relevance of distribution modes</li> <li>▪ Relevance of promotional activities</li> <li>▪ Level of interest demonstrated by market channel partners and/or quality of self-distribution plan</li> </ul>	<b>5%</b>	<b>15%</b>
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<b>Assessment Criteria – MARKETING AND PROMOTION</b>	<b>Weight</b>	
<p><b>Team</b></p> <ul style="list-style-type: none"> <li>▪ Experience and achievements of the marketing, promotion and sales staff</li> <li>▪ Cohesion of the marketing team and degree to which the expertise of the team members is complementary; and capacity to work with creative, technical and management staff</li> <li>▪ 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.)</li> </ul>	<b>20%</b>	
<p><b>Project Viability</b></p> <ul style="list-style-type: none"> <li>▪ Degree to which the deliverables financed in Production are still relevant and innovative</li> <li>▪ Level of risk assumed by the CMF and the Applicant</li> <li>▪ Adequacy of budget and marketing/ promotion plan</li> <li>▪ Level of risk of financial structure</li> <li>▪ Relevance of revenue model and justification of projections</li> </ul>	<b>30%</b>	
<p><b>Strategic Positioning and Marketing</b></p> <p>Market Study</p> <ul style="list-style-type: none"> <li>▪ Audience analysis</li> <li>▪ Market analysis</li> <li>▪ Positioning and competitive advantages</li> </ul> <p>Marketing Strategy</p> <ul style="list-style-type: none"> <li>▪ Quality of the project's marketing and promotional strategy and plan</li> <li>▪ Diversity and relevance of distribution modes</li> <li>▪ Relevance of promotional activities</li> <li>▪ Level of interest demonstrated by market channel partners and/or quality of self-distribution plan</li> </ul>	<b>50%</b>	



## 3. ELIGIBILITY FOR FUNDING

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### 3.1 ELIGIBLE APPLICANTS

An eligible Applicant to the CMF is either:

- 1) A company that
  - a) Is for-profit: i.e. a taxable Canadian corporation, within the meaning of the Income Tax Act (Canada);  
*Note: Not-for-profit corporations are not eligible Applicants to the CMF, however coproductions or partnerships between for-profit and not-for-profit corporations may be allowed where the not-for-profit corporation holds a minority interest in the project; in such a case the CMF will only contribute to the Eligible Costs related to the for-profit corporation.*
  - b) Is Canadian-controlled as determined for the purposes of sections 26 to 28 of the Investment Canada Act;  
and
  - c) Has its head office based in Canada.

or

- 2) A Canadian broadcaster, public or private, that is licensed to operate as such by the Canadian Radio-television and Telecommunications Commission (CRTC).

An eligible Applicant must own and control all the rights necessary to produce and exploit the project that is the subject of the application at every stage of the project's life-cycle, including Prototyping; entities that provide services but do not own the applicable rights are not eligible to be applicants to the CMF.

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

### 3.2 ELIGIBLE PROJECTS

The Experimental Stream's Innovation Program seeks to support Canadian interactive digital media content and application software that is innovative and leading edge.

#### 3.2.1 Canadian Elements

An Eligible Project must meet the following criteria:

- a) Its underlying rights are owned, and significantly and meaningfully developed, by Canadians.
- b) It is produced in Canada, with at least 75% of its Eligible Costs being Canadian costs for Prototyping and Production; and at least 50% of its Eligible Costs being Canadian costs for Marketing.
- c) It is, and remains throughout its production, under Canadian ownership and Canadian executive, creative, and financial control.

Digital media coproductions are eligible if they comply with the [Framework for international digital media coproduction](#).

### 3.2.2 Types of Content/Applications

An Eligible Project must be digital media content and/or application software that is innovative, interactive, and is connected to the Canadian cultural sector.

#### 3.2.2.1 Digital Media Content/Applications

The Experimental Stream's Innovation Program will fund a variety of innovative, interactive content/applications, including but not limited to:

- Web 2.0 or higher applications
- Mobile applications
- Software applications with a connection to the Canadian cultural sector
- Videogames, whether for PC, console, handheld console, mobile, or other platforms
- Projects that contain both linear, audiovisual content and significant interactivity

The CMF does not wish to unduly limit the types of content or applications that it funds, and applicants with innovative project proposals are encouraged to apply. The following, however, are types of projects that are ineligible for the Experimental Program:

- Film and Television-Convergent projects (i.e., projects that are associated with a film or television production\*). However, digital media projects with a television or film component may be considered eligible if the television or the film component is not the main component of the project, but is part of an overall integrated multiplatform experience. In addition, the digital media project must be presented/distributed on digital platform(s) at least 3 months before the broadcast/exploitation of the television or the film component. The CMF will evaluate the eligibility of such projects on a case-by-case basis.
- Products with a specific corporate, industrial or mainly promotional focus
- Curriculum-based products (including but not limited to e-learning applications, software and technologies)
- Projects which essentially serve the Applicant's current activities, including obtaining contracts or orders from other businesses
- Partial or split projects (and project portions) that cannot be independently exploited
- Project porting or project adaptation from one platform to another
- Catalogues or compilations of repurposed material, presented without benefit of new, value-added original content
- System software
- Pure research and development, such as projects or activities that would be eligible for the Federal Scientific Research and Experimental Development Tax Incentive Program
- Casino type games

*\*Note: Projects using character(s) or brand(s) that are associated, or have been associated, with a film or TV production are not ineligible merely because of the character/brand's association.*

### 3.2.2.2 Innovation

Eligible Projects must be innovative. Innovation may be expressed in terms of innovative content or innovative technology. The CMF does not define or delimit what is innovative – applicants are encouraged to pursue their own vision of innovation and state how their project is innovative.

The CMF uses the following classification for degrees of innovation, in descending order:

1. *Revolution*: Never been done before, completely new, breakthrough, creates market turbulence.
2. *Differentiation*: Paradigm shift for an existing product or service. Brings something existing to another level.
3. *Improvement*: Adding significant components, or features, that bring new benefits to an existing product or service.
4. *Iteration*: Refining features, adding content to an existing product or service.

“Revolutionary” projects have the greatest likelihood of receiving CMF financing in the Experimental Stream, while “Iterations” have the lowest likelihood.

### 3.2.2.3 Interactivity

Eligible Projects in the Innovation Program 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.

In determining whether a project is “interactive,” the CMF will look at the project as a whole. As such, an Eligible Project may contain both interactive and linear components, as long as the overall user experience involves a significant degree of interactivity.

### 3.2.3 Market Channel Partner

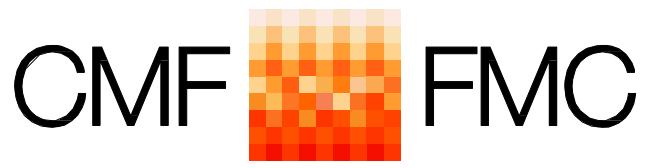
For Production and Marketing & Promotion support, Eligible Projects must have a letter of intent from a market-channel partner committing to take the project to market and to actively promote the project. A letter of interest need not include a cash financing commitment to the project.

A market-channel partner must be a 3rd party – it cannot be the Applicant or a related party to the Applicant.

The CMF may waive the market-channel partner requirement where there are clear and acceptable alternative arrangements for taking the project to market, or where the Applicant can demonstrate that it has the ability to effectively self-distribute the project.

### 3.2.4 Miscellaneous Requirements

- a) An Eligible Project cannot contain elements of excessive violence, sexual violence, or sexual exploitation or elements which are obscene, indecent or child pornography within the meaning of the Criminal Code (as amended from time to time), or libelous or in any other way unlawful.
- b) A project cannot be submitted simultaneously in the C3P and the Innovation programs for the Fall 2018 deadlines.
- c) The project must be made available in Canada when it is marketed.



**APPENDIX A**  
**RECOUPMENT POLICY:**  
**EXPERIMENTAL STREAM –**  
**INNOVATION PROGRAM**  
**2018-2019**

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# 1. INTRODUCTION

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This policy applies to all projects funded through the CMF's Innovation Program in the Experimental Stream. This policy describes:

- The nature of the CMF's contribution in the Experimental Stream's Innovation Program
- The CMF's expectations for repayment of its contribution and, where applicable, its level of participation in profits
- Details related to recoupment and reporting of revenues.

The CMF expects to fund a variety of different projects through the Experimental Stream's Innovation Program, many of which may face different marketplace realities relating to recoupment. As such, the CMF has chosen a case-by-case approach to recoupment in this stream, subject to the principles described in this policy. Details of project recoupment not covered in this policy will be negotiated between successful applicants and the CMF.

The CMF may fund Prototyping, Production or Marketing and Promotion activities. The CMF has determined that different approaches to recoupment are necessary for each type of activity. As such, this policy is divided into sections dealing with each activity in turn.

## 2. PROTOTYPING (formerly Development)

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### 2.1 NATURE OF FUNDING CONTRIBUTION: REPAYABLE ADVANCES

Successful applicants for Prototyping funding will receive funding in the form of a repayable advance. This advance will be repayable to the CMF according to the conditions described, in part, below.

### 2.2 LEVEL OF RECOUPMENT

#### 2.2.1 Production of the Project

If the project which received CMF Prototyping<sup>1</sup> support goes into production and the CMF:

- *Does provide production funding* to the project, the prototyping costs will become part of the project's production costs, the CMF prototyping advance will form part of the production financing, and as such the prototyping advance will be converted into a recoupable investment in the production and treated as per [section 3](#) below.
- *Does not provide production funding* to the project, the Applicant may have the option to either:
  - repay the entire prototyping advance no later than the first day of the start of production of the project that will be commercialized; or
  - after a formal request by the Applicant and subsequent evaluation and confirmation by the CMF, allow the prototyping advance to be converted into a recoupable investment in the production and treated as per [section 3](#) below.

#### 2.2.2 Sale, Transfer, or Other Disposition of the Project

Should project materials or intellectual property which received CMF Prototyping support be sold, transferred or otherwise disposed of to an entity unrelated to the applicant(s), the entire CMF contribution must be repaid immediately upon the sale, transfer, or disposition.

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<sup>1</sup>Or "Development" support prior to 2018-2019.

### 3. PRODUCTION

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#### 3.1 NATURE OF FUNDING CONTRIBUTION: RECOUPABLE INVESTMENTS

Successful applicants for production funding will receive funding in the form of a recoupable investment.

#### 3.2 LEVEL OF RECOUPMENT AND PROFIT PARTICIPATION

After the deduction of applicable costs and fees (discussed in greater detail in [subsection 3.3](#) below), the CMF will recoup its investment from revenue generated by exploitation of the project:

- a) In a manner no less favourable than pro rata and pari passu with other financial participants who provide recoupable financing to the project, to a maximum of 50%.
- b) Until the full amount of the CMF's investment is recouped or seven (7) years from the submission to the CMF of the project's first exploitation report, whichever comes first.

For greater clarity, "pro rata and pari passu" includes the concept that the recoupment of the CMF will be proportional to its share of project financing compared to other sources of recoupable financing, subject to the 50% maximum.

For example, for a project costing \$1 million:

- Where the CMF provides an investment of \$500,000 and another investor provides a recoupable investment of \$500,000, the CMF will receive \$0.50 of every dollar of revenue generated by the project (i.e. 50%).
- Where the CMF provides an investment of \$250,000 and another investor provides a recoupable investment of \$750,000, the CMF will receive \$0.25 of every dollar of revenue generated by the project (i.e. 25%).
- Where the CMF provides an investment of \$250,000, another investor provides a recoupable investment of \$250,000, and the project receives a \$500,000 non-recoupable contribution (such as a grant), the CMF will again receive \$0.50 of every dollar of revenue generated by the project (i.e. 50%).
- Since the CMF will cap its recoupment and profit participation at 50%, where the CMF provides an investment of \$750,000 and another investor provides a recoupable investment of \$250,000, the CMF will receive \$0.50 of every dollar of revenue generated by the project (i.e. 50%).

##### 3.2.1 Profit Participation

Once the CMF has recouped 100% of its investment, the CMF will participate in profits generated by exploitation of the project in the same manner in which it recouped its investment, except:

- The CMF will forego 25% of *its* profit participation share for the benefit of the applicant
- Where the CMF recoups 100% of its investment within the first 2 years of exploitation of the project, the CMF will forego an additional 25% of *its* profit participation share for the benefit of the applicant, for a total of 50% of the CMF's initial recoupment position in the project.

As with the recoupment of its investment in the project, the CMF will participate in profits for no longer than (7) seven years from the submission to the CMF of the project's first exploitation report.



### **3.2.2 Buy-out**

The CMF may consider proposals by the applicant(s) to be “bought out” of its right(s) of recoupment and/or profit participation on a case-by-case basis.

The CMF will not consider proposals to buy out the CMF’s investment where the buy-out is primarily intended to extinguish the CMF’s right to recoupment or profit participation from revenues generated by the project. As such, the CMF will expect to receive buy-out proposals in which the amount paid to the CMF for the buy-out would be materially higher than the amount of the CMF’s investment in the project. The CMF expects that buy-out proposals will typically come where a sale of the project, either alone or as an asset in the sale of the applicant company/companies, (or similar transaction) by the applicant(s) to a party unrelated to the applicant has been made.

Buy-out proposals must involve payment to the CMF in cash or in instruments easily convertible to cash.

Where a sale of the project (or similar transaction) results in an ongoing revenue stream to the applicant(s), the CMF will expect to also participate in those revenues in a proportion consistent with the level of recoupment and profit participation described above.

### **3.3 EXPLOITATION FEES AND EXPENSES, AND ENHANCEMENT COSTS**

Depending on the nature of the project:

- Applicants (or distribution entities) may incur expenses in the course of distributing and/or exploiting the project;
- Distribution entities may take fees/commissions in payment for their distribution services
- Applicants may incur costs for enhancements or upgrades to the project that are proposed after the start of the exploitation.

Before the CMF recoups its share of revenues, the Applicant is allowed to deduct commissions, fees and expenses related to the exploitation and, if applicable, the enhancements costs of the project up to a maximum of 75% of the gross exploitation revenues in the project’s first year of exploitation and up to a maximum of 50% of the gross exploitation revenues in all subsequent years. The CMF will determine appropriate deductions on a case- by- case basis. All deductions must be reasonable, actual and verifiable.

## 4. MARKETING AND PROMOTION

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### 4.1 NATURE OF FUNDING CONTRIBUTION: RECOUPABLE ADVANCES

Successful applicants for marketing and promotion funding will receive funding in the form of a recoupable advance. A recoupable advance must be repaid from revenue generated by exploitation of the project in a manner no less favourable than pro rata and pari passu with other financial participants who are providing recoupable financing to the project until the full amount of the CMF's advance is recouped.

The CMF will not participate in profits generated by exploitation of a project in relation to its recoupable advance for marketing and promotion support.

Where the CMF has also provided production funding for the project, the amount of the CMF's marketing and promotion funding will be added to the amount of CMF's production funding and both will be recouped together according to the proration provided for in the recoupment structure for the production funding.

See [section 3.2](#) for greater clarity on "pro rata and pari passu".