

**CHANGES TO THE FEATURE FILM PRODUCTION PROGRAM
FOR FRENCH AND ENGLISH-LANGUAGE PROJECTS
AND TO THE THEATRICAL DOCUMENTARY PROGRAM**

Telefilm Canada is currently reviewing the guidelines for the *Production Program for French and English-Language Productions* and for the *Theatrical Documentary Program* (the Programs). The full changes to these Programs will be announced during the summer of 2017.

In the meantime, Telefilm wishes to inform its clients of certain changes that will apply to all new projects submitted under these Programs and to projects that have received a positive decision letter prior to July 4, 2017 but for which a financing agreement has not yet been signed.

Please note that these changes are **not retroactive** for contracts previously signed with Telefilm for these Programs.

- 1) Change to the form of Telefilm's financial participation for projects having a total budget of less than \$2.5 million

For projects having a **total budget of less than \$2.5 million**, applicants can choose to receive Telefilm's financial participation either in the form of a **non-recoupable contribution** or in the form of an **equity investment** recoupable from revenues received during a period ending **24 months** after the first commercial exploitation of the project (meaning the first release in theatres or on a digital platform, excluding a release during a national or international festival). If Telefilm's financial participation is in the form of an equity investment, Telefilm will acquire a proportionate share of the copyright in the production.

The applicant's choice of method of financing may affect the amount of federal or provincial tax credits that the applicant is eligible to receive in connection with the project. Consequently, applicants must determine, in consultation with their professional tax advisors, which form of financing is optimal for their project.

- 2) Recoupment for projects having a total budget of less than \$2.5 million

For projects receiving Telefilm's financial participation in the form of a recoupable equity investment and having a total budget of less than \$2.5 million, Telefilm's recoupment structure will be simplified. The applicant will remit to Telefilm **10% of all production revenue** received at any time during a period ending 24 months following the first commercial exploitation of the project.

- 3) Report to be submitted annually

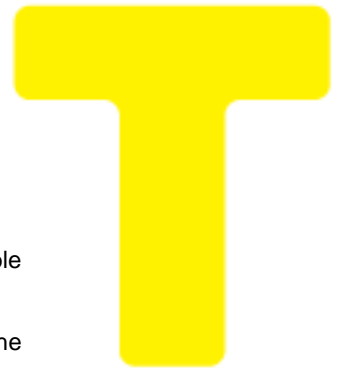
Please note that a report detailing the results of the exploitation of any project financed by Telefilm under these Programs (regardless of the form of Telefilm's financing) must be submitted annually for a period of 7 years.

- 4) Encoding and availability in both official languages

Going forward, all new projects funded by Telefilm through these Programs and that have not received a positive decision letter prior to July 4, 2017 must be made available on digital platforms as quickly as possible after the end of their theatrical exploitation. As a general rule, projects must be made available on such platforms no later than two years after the end of their theatrical exploitation or, if a theatrical release is not required, in the year following their completion.

In addition, all projects must be made available in both official languages, through subtitling (unless a dubbed version has already been included in the project's budget).





All such work must be carried out in Canada by Canadian artists and technicians (subject to applicable treaties in the case of international coproductions).

From now on, these encoding and subtitling costs must be included in the production budget of the project.

For projects that have received a positive decision letter from Telefilm prior to July 4, 2017, marketing applications may be submitted to Telefilm to cover a portion of these costs.

Subject to the changes listed above, all rules set out in these Programs' guidelines remain in effect.