

# Eurimages

## Support for co-production

Feature-length fiction, animation and documentary films

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For information about EURIMAGES, please consult our website:  
[www.coe.int/Eurimages](http://www.coe.int/Eurimages)

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# Summary

Support for the co-production of feature-length fiction, animation and documentary films

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# Introduction

Active since 1989, Eurimages was established as a cultural support fund of the Council of Europe.

## Objective

Eurimages promotes independent filmmaking by providing financial support to feature-length fiction, animation and documentary films. In doing so, it encourages co-operation between professionals established in different countries.

## Budget

Eurimages has a total annual budget of €26 million. This financial envelope derives essentially from the contributions of the member states as well as returns on the loans granted.

## Board of Management

The Board of Management, under the authority of its President, adopts the budget of the Fund and defines its policy and strategy. It meets at least once a year and is composed of representatives of the Fund's member states.

## Executive Committee

The Executive Committee provides continuity of management between Board meetings and adopts the recommendations of the Co-production Working Groups. It meets at least three times a year and is composed of representatives of one-third of the Fund's member states, named by rotation and with regard for geographical and gender balance.

## Co-production Working Groups

Projects are assessed and recommended for support by Co-production Working Groups composed of independent experts, selected through a call for expressions of interest.

## Secretariat

The Secretariat of Eurimages is responsible for implementing the decisions taken by the Board of Management. It maintains contacts with film industry professionals and has the task of assessing applications for funding as well as ensuring the follow-up of support agreements. The Secretariat is based in Strasbourg under the authority of an Executive Director.

## Support schemes

Eurimages has three support schemes: feature film co-production, the promotion of co-production, and exhibition. Eurimages promotes independent filmmaking through co-operation agreements with various festivals and film markets and has also adopted strategies to promote gender equality and diversity as well as sustainability in the film industry. The regulations in this brochure refer to the co-production support scheme. For the other support schemes, please refer to the relevant regulations.

## Decision-making process

There are three calls for projects per year. The Secretariat applies the eligibility criteria contained in Article 2 of these regulations and reports to the Executive Committee. Projects declared eligible by the Secretariat are then assessed by Co-production Working Groups. In making recommendations on the support to be granted, the Co-production Working Groups apply the selection criteria decided upon by the Board of Management and the Executive Committee and set out in Article 3 of these regulations.

## **Funding**

Eurimages' support takes the form of soft loans and subsidies (co-production support) or subsidies (promotion of co-production and exhibition). Soft loans are repaid from revenues generated by the projects supported.

## **Information**

Deadlines for the calls for projects, application information and contact details can be found on: [www.coe.int/eurimages](http://www.coe.int/eurimages). For advice on preparing an application, producers should contact the Eurimages Secretariat. Producers are also invited to contact their respective National Representatives on the Board of Management of Eurimages to inform them of their intention to submit an application for support.

# Regulations

concerning co-production support for feature-length fiction, animation and documentary films

## 1 Call for projects

### 1.1. Applications

1.1.1. Applications for financial support shall be submitted to the Executive Director of Eurimages by one of the co-producers, with the consent of all the co-producers.

1.1.2. Applications shall be submitted online in English or French in accordance with the instructions set out on the online application platform, together with all of the items detailed both on the online platform and in the checklist published on the Eurimages website ([www.coe.int/Eurimages](http://www.coe.int/Eurimages)), and must include relevant evidence of financing. Incomplete applications and projects submitted by producers fulfilling one or several of the exclusion criteria listed under Article 1.5.1. shall be excluded. Projects which do not conform to the eligibility criteria at the time when they are submitted for funding shall be declared ineligible by the Secretariat.

1.1.3. The Executive Director may carry out any verification he or she considers appropriate as to the compliance of the project with Eurimages Regulations.

### 1.2. Deadlines

1.2.1. Application deadlines, fixed annually by the Board of Management, will be published on the Eurimages website:

1.2.2. Applications must be submitted via the on-line application platform by **12 p.m. midday** (French local time) without exception, on the day of the application deadline.

### 1.3. Currency and applicable exchange rates

1.3.1. The accounts of Eurimages are kept in euros, and the amount of financial support is expressed in euros.

1.3.2. In determining the equivalent in euros of the total production costs, of the contribution of each co-production partner and of the amount of financial support applied for, the only applicable exchange rate for foreign currencies into euros is that regularly set by the Treasury, Payments and Accounting Division of the Council of Europe and published on the Eurimages website: [www.coe.int/Eurimages](http://www.coe.int/Eurimages).

### 1.4. Re-submissions

1.4.1. A project can only be withdrawn and re-submitted once.

1.4.2. A project previously rejected cannot be re-submitted.

1.4.3. It should be noted that a project withdrawn will not automatically be enrolled for the next meeting. Any request for re-submission must be made via the online application platform by the delegate producer within the application deadlines mentioned under Article 1.2.

1.4.4. A project is considered as rejected, and thus cannot be resubmitted, if its producers decide to withdraw it after the declaration of eligibility made by the Secretariat.

## 1.5. Exclusion from co-production support

**1.5.1.** Producers shall be excluded from applying for co-production support if they, or, where applicable, their owners or persons having powers of representation or decision making:

- 1.5.1.1. have been convicted by final judgment for any of the following offences: participation in a criminal organisation, corruption, fraud, money laundering, child labour, human trafficking;
- 1.5.1.2. are in a situation of bankruptcy, liquidation, termination of activity, insolvency or arrangement with creditors or any like situation arising from a procedure of the same kind, or subject to a procedure of the same kind;
- 1.5.1.3. have been convicted by final judgment for serious professional misconduct or any other offence relating to professional integrity;
- 1.5.1.4. do not comply with their obligations relating to the payment of social security contributions, taxes and duties under the legislation of their country of incorporation;
- 1.5.1.5. are in a situation of a conflict of interests or a potential conflict of interests in relation to the co-production support programme or any of the producers' contractors to be used for the realisation of the project;
- 1.5.1.6. have engaged in misconduct in connection with an earlier application for support that led Eurimages to justifiably terminate the support agreement or to exclude the company from the support agreement.

**1.5.2.** When submitting their request for support, all producers involved in the application for support shall deliver a declaration on their honour and on behalf of their owners and persons having powers of representation or decision-making, stating that they are not in any of the situations listed under Article 1.5.1.

**1.5.3.** Eurimages reserves the right to ask successful applicants to supply the following supporting documents:

- a. For the items in Articles 1.5.1.1., 1.5.1.2. and 1.5.1.3., an extract from the record of convictions or failing that an equivalent document issued by the competent judicial or administrative authority of the country of incorporation, indicating that these requirements are met;
- b. for the items in 1.5.1.4., a certificate issued by the competent authority of the country of incorporation.

**1.5.4.** Each producer involved in the application shall inform Eurimages without delay of any change in their circumstances with regard to the exclusion criteria under 1.5.1.

## 2 Eligibility criteria

### 2.1. General provisions

**2.1.1.** The Executive Director will decide on the eligibility of projects based on the eligibility criteria listed hereafter.

**2.1.2.** Projects for feature-length fiction, animation and documentary films of a minimum length of 70 minutes, intended for cinema release, are eligible.

**2.1.3.** Projects submitted must be co-productions between at least two independent producers, established in different member states of the Fund, of which at least one is a member state of the Council of Europe.

**2.1.4.** Projects submitted must comply with the legislation of the countries concerned and the bilateral or multilateral treaties in force between the co-producing countries. For the purposes of these regulations, the awarding of national public support will be considered, where appropriate, equivalent to national accreditation (co-production status certificate) issued by the competent national authorities.

**2.1.5.** Projects submitted must conform to the cultural objectives of the Fund.

**2.1.6.** Projects must include a digital master for cinema release and compatible with norms generally applied in the member states.

## 2.2. Eligible producers

**2.2.1.** Financial support may only be awarded to eligible producers. Eligible producers are legal persons<sup>1</sup> governed by the legislation of one of the Fund's member states, whose principal activity consists in producing cinematographic works, and whose origins are independent of public or private audiovisual media service providers.

**2.2.2.** A company is considered eligible if it is majority owned and continues to be majority owned, either directly or indirectly, by nationals of the member states.<sup>2</sup> Legal entities which are not able to show the composition of their shareholding are not eligible.

**2.2.3.** A production company is considered independent, therefore eligible for funding, when less than 25% of its share capital is held by a single audiovisual media service provider or less than 50% where several audiovisual media service providers are involved.<sup>3</sup> Producers ineligible for funding, because they cannot be considered independent, may nonetheless participate in the financing of the project if they are not direct beneficiaries of Eurimages' support.

**2.2.4.** Eligible producers who have previously received support from Eurimages must have met all their contractual obligations to the Fund, in particular, where support has been received in the form of an advance on receipts, the submission of revenue statements for any project(s) previously supported by Eurimages and the payment of any outstanding amounts due.

## 2.3. Co-production structure

**2.3.1.** In the case of a multilateral co-production, the participation of the majority co-producer must not exceed 70% of the total co-production budget and the participation of each minority co-producer must not be lower than 10%. In the case of a bilateral co-production, the participation of the majority co-producer must not exceed 80% of the total co-production budget and the participation of the minority co-producer must not be lower than 20%. For a bilateral co-production not falling under the revised Convention, a majority co-production participation of up to 90% of the total co-production budget is eligible provided that:

- the co-production budget is superior to €5 million;
- the co-production structure is in conformity with a bilateral treaty.

**2.3.2.** In the case of projects falling under the Council of Europe Convention on Cinematographic Co-production (revised), the co-production contributions set out in that Convention shall be applied.

**2.3.3.** The structure of the co-production shall be attested by a duly signed co-production agreement. For the purposes of the project selection procedure, a deal memo may exceptionally be accepted provided it contains detailed provisions on the following essential aspects of the co-production:

- clear indication of the participation of each co-producer in the financing of the project;
- joint ownership of all the rights;
- sharing of the revenues between the co-producers (exclusive and/or shared territories);
- definition of the total budget, spending requirements and the event of overbudget;
- reference to the applicable treaties.

## 2.4. Participation of producers and financiers established in non-member states of the Fund

**2.4.1.** Co-producers from non-member states of the Fund may participate in the project provided that:

- their combined financial participation does not exceed 30% of the total co-production budget;
- their combined ownership of rights does not exceed 30%.

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<sup>1</sup> Natural persons are not eligible, except for self-employed persons (sole traders) whose company does not have a legal personality distinct from that of the natural person.

<sup>2</sup> Ownership is verified up to the third level above the applying company.

<sup>3</sup> Independence is verified up to the third level above the applying company.



**2.4.2.** The Executive Director may carry out any verification he or she considers appropriate in order to ensure that control of the project remains in the hands of the co-producers from the member states of the Eurimages Fund.

## **2.5. Technical and artistic co-operation and financial co-productions**

**2.5.1.** Projects must display artistic and/or technical co-operation between at least two co-producers established in different member states of the Fund, of which at least one is a member state of the Council of Europe. This co-operation will be assessed on the basis of the nationality and/or residence of the heads of departments (director, scriptwriter, composer, director of photography, sound engineer, editor, art director, costumes) and of the main roles (first, second and third roles), as well as on the studio or shooting location, and the location of the post-production and laboratory facilities and service providers.

**2.5.2.** However, a co-production with an exclusively financial contribution from one or more co-producers is also eligible on condition that it has access to national accreditation in the co-producing countries.

## **2.6. Qualifying project**

**2.6.1** The points described in the below provisions shall be awarded in accordance with the elements originating in member states of the Council of Europe or member states of the Fund.

**2.6.2.** Fiction projects must achieve at least 16 out of 21 points, according to the points system set out below:

Director	4
Scriptwriter	3
Composer	1
First role	3
Second role	2
Third role	1
Head of Department - cinematography	1
Head of Department – sound	1
Head of Department – picture editing	1
Head of Department – production or costume design	1
Studio or shooting location	1
Visual effects (VFX) or computer-generated imagery (CGI) location	1
Post-production location	1
<b>TOTAL</b>	<b>21</b>

First, second and third roles are determined by the number of days worked.

**2.6.3.** Animation projects must achieve at least 15 out of 23 points, according to the points system set out below:

Conception	1
Script	2
Character design	2
Music composition	1
Directing	2
Storyboard	2
Chief Decorator	1
Computer backgrounds	1
Layout (2D) or layout and camera blocks (3D)	2
75% of expenses for animation in member states	3
75% of the cleaning, inter-betweening and colouring in member states or	

75% of the colouring, lighting, rigging, modelling and texturing in member states	3
Compositing <i>or</i> camera	1
Editing	1
Sound	1
<b>TOTAL</b>	<b>23</b>

Member states refers to member states of the Council of Europe or member states of the Fund.

**2.6.4.** Documentary projects must achieve at least 50% of the total applicable points, according to the points system set out below:

Director	4
Scriptwriter	1
Camera	2
Editor	2
Researcher	1
Composer	1
Sound	1
Shooting location	1
Post-production location	2
Visual effects (VFX) <i>or</i> computer-generated imagery (CGI)	1
<b>TOTAL</b>	<b>16</b>

**2.6.5.** A project that does not achieve the minimum points described in the provisions above may still be considered eligible on condition that it has access to national accreditation in accordance with the legislation in force in the co-producing countries concerned. Compliance with this requirement shall be attested by written confirmation of provisional accreditation (provisional co-production status certificate) granted by the competent national authorities.

## 2.7. Start of principal photography

**2.7.1.** Applications are eligible only if no more than 50% of the total shooting/animation has taken place before the first day of the meeting at which the application is examined or if principal photography / principal animation is scheduled to commence no later than 12 months after that date.

**2.7.2.** In the case of documentaries, applications are eligible only if no more than 80% of the total shooting has taken place before the first day of the meeting at which the application is examined or if principal photography is scheduled to commence no later than 12 months after that date.

## 2.8. Copyright regulations and joint ownership of the negative

**2.8.1.** Projects submitted must comply with the copyright regulations in force in the co-producing countries, *inter alia* with regard to decisions concerning the final cut.

**2.8.2** The negative must be jointly owned by all co-producers.

## 2.9. Financial requirements

**2.9.1.** Projects must have the benefit, in each of the co-producing countries, of either public support, or a television pre-sale, or a minimum guarantee for the territory or any other financing arrangement verifiable by and acceptable to the Executive Director (except for equity investments, deferrals, in-kind contributions and pro rata shares of minimum guarantees for Rest-of-the-World rights).

Public support for development and post-production are also acceptable if the support is intended to cover costs specifically foreseen in the production budget.

**2.9.2.** At least 50% of the financing in each of the co-producing countries must be confirmed at the time of application by formal undertakings or agreements in principle such as contracts, deal memos, letters of intent with amounts, confirmations of public support and bank statements. However, a bank statement cannot be the sole confirmation that the financing threshold has been met. Deferrals (including producers' fee and overheads) and in-kind contributions shall be accepted as confirmed sources of financing only up to a maximum of 15% of the total co-production budget.

**2.9.3** The Executive Director may request any further evidence he or she may consider necessary in order to assess the financial capacity of the co-producers or financiers.

**2.9.4.** The production budget shall clearly include the costs necessary for the completion of a digital master for cinema release and compatible with norms generally applied in the member states.

## 3 Selection of projects

### 3.1. Analysis by the Secretariat

The Executive Director will provide the Co-Production Working Groups with a systematic and detailed analysis of each project.

### 3.2. Selection criteria

The Co-Production Working Groups will recommend projects for support. In doing so, they will carry out a comparative analysis of the applications submitted, upon the basis of the following selection criteria:

- quality and originality of the script;
- vision and style of the director;
- contribution of the team involved and level of artistic and technical co-operation;
- consistency and level of confirmed financing;
- circulation potential (festivals, distribution, audience);
- existence of measures put in place to reduce the environmental impact of the co-production project;
- adherence to the values and aims of the Council of Europe.

## 4 Nature of financial support and amounts

### 4.1. Financial support

Financial support is provided in the form of a non-refundable subsidy or a conditionally repayable interest-free loan (advance on receipts).

If the total amount of financial support granted is inferior or equal to 150 000 euros, it shall take the form of a non-refundable subsidy.

If the total amount of financial support granted is superior to 150 000 euros, it shall take the form of an advance on receipts.

### 4.2. Amount of financial support

**4.2.1.** Financial support shall in no event exceed €500 000. In the case of fiction and animation projects, financial support shall not exceed 17% of the total production cost of the film, except for projects with one or more female directors attached, where financial support shall not exceed 25% of the total production cost of the film. In the case of documentaries, financial support shall not exceed 25% of the total production cost of the film.

**4.2.2.** The budget, the financing plan and the amount of financial support requested from Eurimages will be assessed and verified by the Executive Director.

### 4.3. Allocation of financial support

**4.3.1.** The financial support shall be allocated to each co-producer according to the proportion of his or her financial participation in the co-production.

**4.3.2.** Eurimages financial support may be allocated disproportionately, except in the case of financial co-productions. In the case of bilateral co-productions, the disproportionate allocation shall benefit the minority co-producer. In the case of multilateral co-productions, such disproportionate allocation to one of the co-producers shall not be lower than 10% or, in the case of co-productions falling under the Council of Europe Convention on Cinematographic Co-production (revised), lower than 5%. In all cases the allocation of financial support to a minority co-producer shall not exceed 50% of the total support allocated by Eurimages to the co-production concerned nor shall Eurimages contribution exceed 50% of the total financing share of any of the co-producers. In no case may the allocation of financial support to a majority co-producer whose co-production share is superior to 50% be more than the total co-production share of that co-producer.

Nevertheless, the repayment of the amount awarded in the case of an advance on receipts will be in proportion to each producer's percentage in the co-production.

### 4.4. Validity of the support decision

The validity of any decision to support the co-production of a cinematographic work will expire if no agreement between Eurimages and the co-producers has been entered into within a period of twelve months from the date of the Executive Committee meeting at which the recommendation was adopted and if principal photography has not commenced within the same period. For duly justified reasons, the Executive Director may extend such a period by a maximum of six months.

## 5 Support agreement and payments

### 5.1. Conclusion of the support agreement

**5.1.1.** An agreement between the co-producers involved and the Executive Director, acting on behalf of Eurimages, shall stipulate the terms on which the support is awarded.

**5.1.2.** In the case of support in the form of a **non-refundable subsidy**, the support agreement shall be drawn up on receipt of the following documents:

- definitive co-production contract(s) plus any addenda thereto;
- revised financing plan including the actual amount of the support allocated by the Executive Committee;
- confirmation of the attribution of provisional national accreditation;
- contracts or firm undertakings confirming the financing of the project;
- chain of title documents;
- any other document proving that the conditions precedent set by the Executive Committee have been met.

**5.1.3.** In the case of support in the form of an **advance on receipts**, the support agreement shall be drawn up on receipt of the following documents:

- definitive co-production contract(s) plus any addenda thereto;
- recoupment schedule;
- revised financing plan including the actual amount of the support allocated by the Executive Committee;
- confirmation of the attribution of provisional national accreditation;

- contracts or firm undertakings confirming the financing of the project;
- chain of title documents;
- any other document proving that the conditions precedent set by the Executive Committee have been met.

**5.1.4.** The Executive Director may, at his or her own discretion, in the case of an advance on receipts, terminate the support agreement 10 years after the first commercial exploitation of the film.

## 5.2. Payment of financial support

Payment will be made in two instalments:

**5.2.1.** The first instalment of 70% of the total amount awarded is payable following:

- the signature of the support agreement as defined in Article 5.1 above;
- the first day of principal photography;
- if appropriate, after signature of the collection account management agreement.

**5.2.2.** The second instalment of 30% of the total amount awarded is payable:

a) in the case of support in the form of a non-refundable subsidy, following:

- approval of the credit list by the Executive Director;
- confirmation of cinema release in the co-producing countries or, if appropriate (documentaries only), selection in at least one significant film festival;
- receipt and approval of the final financing plan;
- receipt and approval by Eurimages of a statement of total final costs and financing for each co-producer, and a statement of the overall final cost and financing of the film, presented using standard forms provided by Eurimages and certified by a chartered accountant, an auditor or a statutory auditor independent from the production companies involved;
- receipt of the publicity material for each co-producing country and copies of the film with English and, if possible, French subtitles, or with a soundtrack in English. The copies of the film shall comprise a link valid for a minimum period of 30 days and **one downloadable link for archiving purposes only**;
- confirmation of the attribution of definitive national accreditation;
- receipt of any other document necessary for the closure of the file.

b) in the case of support in the form of advance on receipts, following:

- confirmation by the laboratory of completion of the digital master intended for cinema release and compatible with norms generally applied in the member states;
- approval of the credit list by the Executive Director;
- confirmation of cinema release in the co-producing countries or, if appropriate (documentaries only), selection in at least one significant film festival;
- receipt and approval of the final financing plan
- receipt and approval of the distribution, presale and world sales agreements;
- receipt and approval by Eurimages of a statement of total final costs and financing for each co-producer, and a statement of the overall final cost and financing of the film, presented using standard forms provided by Eurimages and certified by a chartered accountant, an auditor or a statutory auditor independent from the production companies involved. For the purposes of Article 7.1, the final statements shall contain precise references to the distribution guarantees, presales and advances concluded via binding agreements before the completion of the digital master and to the payment thereof.
- receipt of the publicity material for each co-producing country and copies of the film with English and, if possible, French subtitles, or with a soundtrack in English. The copies of the film shall comprise a link valid for a minimum period of 30 days and **one downloadable link for archiving purposes only**;
- confirmation of the attribution of definitive national accreditation;
- receipt of revenue statements as set out in Article 7.4.1 **and payment of the amounts due to Eurimages**;
- receipt of any other document necessary for the closure of the file.

### 5.3. Production bank account(s)

Payment of the co-producers' share of the amount awarded shall, in the case of an advance on receipts, be made by Eurimages either to the respective bank accounts opened by each co-producer or to a single bank account opened by one of the co-producers on condition that written consent is received from each of the co-producers concerned. In the case of a subsidy, payment shall be made to a single bank account opened by one of the co-producers.

### 5.4. Completion guarantee and audit right

5.4.1. Should the co-producers conclude a completion guarantee, Eurimages must be a signatory to the contract and have the status of beneficiary.

5.4.2. The co-producers agree to allow Eurimages at any time to carry out or have carried out any audit of the accounts regarding the correct use of the support granted, and its repayment if applicable, and, in general terms, compliance with the provisions of these regulations as well as the support agreement and its annexes.

## 6 References to Eurimages' Support

**6.1.** Eurimages' support must be mentioned clearly and visibly in the main credits at the beginning of the film, as high as possible after the producers and in accordance with its financial contribution, as well as in major publicity material for the film.

**6.2.** The draft front and end credits must be submitted to Eurimages for prior approval. Failing this, Eurimages reserves the right to refuse payment of the outstanding balance of the support awarded.

## 7 Repayment of support granted in the form of an advance on receipts

### 7.1. Eurimages recoupment corridor

**7.1.1.** Financial support granted in the form of an advance on receipts is repayable, from the first euro, from each producer's net receipts at a rate equal to the percentage of the Eurimages share in the financing of the film, and after deduction of distribution guarantees and/or pre-sales necessary for the financing of the film upon which binding agreements have been concluded before completion of the digital master. Any other deductions or comparable financing arrangements are to be approved by the Executive Director.

Subject to prior written approval from the Executive Director, the share of distribution guarantees or international sales advances financed by "Soficas", financial institutions or risk investors such as gap and equity financiers (hereafter "refinancing") may be assimilated to minimum guarantees or international sales advances and recouped prior to Eurimages provided that:

- The refinancing takes the form of a distribution guarantee or international sales advance whose nature can be clearly and objectively verified in the contractual documents provided to Eurimages (allocation of receipts alone constitutes an insufficient proof). The distribution or international sales contract must mention the total amount of the guarantee including the refinancing. In the absence of a distribution or international sales agreement in standard industry form, the refinancing will not be accepted by Eurimages;
- The refinancing must be provided by independent companies or third-party organisations, without shareholding or legal links with the producers involved in the project;
- The refinancing agreements must be signed before the completion of the digital master;
- Once the distribution guarantee or international sales advance including the refinancing has been recouped by the distributor, an additional recoupment corridor will be allocated to Eurimages, above and beyond Eurimages' standard recoupment position as defined above. The additional corridor will be equivalent to the total of remaining

receipts until recoupment by Eurimages of an amount equal to the application of the standard Eurimages recoupment percentage to the refinancing. The overall corridor granted to Eurimages will therefore be equal to 100% of receipts after recoupment of the distribution guarantees and international sales advances. Exceptionally, and on a case-by-case basis, this corridor can be reduced to no lower than 50% of receipts only in order to allow public bodies to recoup their shares;

- Only the nominal value of the refinancing, excluding any premiums or interest, will be considered as recoupable prior to Eurimages.

**7.1.2.** Each co-producer shall be proportionally responsible for repayment of the share of the support allocated to him or her. Repayment is due up to 100% of the amount awarded. In the case of disproportionate allocation of Eurimages support (according to the conditions under Article 4.3.2. above), the repayment of the support awarded will be in proportion to the co-production percentages.

**7.1.3.** When there is a group of national co-producers, the Leading producer as identified in the support agreement shall be responsible for reporting obligations and repayment of the sums due by the whole group. The co-producers forming part of the same group shall send to the Leading producer of their group, the information and funds necessary in order to comply with the obligations of the group.

**7.1.4.** At any time during the examination of support applications and the follow-up of support agreements, Eurimages reserves the right to request a detailed recoupment schedule from the co-producers, in order to verify the correct application of these Regulations and those of the support agreement with regard to repayment of the support granted.

## **7.2. Producers' net receipts**

**7.2.1.** The following are considered as producers' net receipts: all receipts resulting from exploitation of all or part of the film and from any products derived from the film in the territories exclusively allocated to the producers, as well as in the territories other than those exclusively allocated to the producers, after deduction of "deductible costs" linked to the exploitation of the film (as defined in Article 7.3.1. below). These net receipts shall constitute the basis for the reimbursement of the support.

**7.2.2.** Any pre-sales and distribution guarantees in excess of the financing necessary to cover the production cost approved by Eurimages as well as those concluded after completion of the digital master are considered as net receipts for the purpose of repayment to Eurimages.

**7.2.3.** Should the producers and/or distributors be beneficiaries of any form of public or private support (including but not limited to distribution support, sponsoring etc.) covering a part or the totality of the distribution costs, this must be clearly indicated in the revenue statements and the corresponding costs must be deducted.

## **7.3. Deductible amounts**

All deductions must be approved by the Executive Director.

**7.3.1.** "Deductible costs" are out-of-pocket, third-party verifiable, non-refundable expenses incurred and directly related to the exploitation of the film concerned. The only "deductible costs" accepted by Eurimages for the calculation of net receipts are:

- a. the distribution commission of up to 25% (per set of rights sold in one territory), except in domestic co-producing countries, and with the exception of the cases mentioned in Article 7.3.4.. Retrocessions of distribution or sales commissions to entities other than distribution or sales companies cannot be considered as recoupable prior to Eurimages;
- b. provided that the costs listed below are not already fully or partially included in the production budget approved by Eurimages:
  - technical costs related to the manufacture and the forwarding of release prints (on all media) of the film, as well as the manufacture of a foreign language version of the work;

- costs related to publicity for the launch (P&A) of the film (on all media) announced, incurred and paid by the distributors and/or sales agents, and approved by each producer upon receipt of all items of evidence of these costs.
- c. non-deductible taxes paid to public authorities for the exploitation of the film;
- d. customs duties and fees to professional organisations, costs related to submission of the film to classification, control and archive bodies, insofar as they are directly related to the film concerned.

Deductible costs falling outside the above definition (for example a sales agent's flat market fee) may exceptionally be accepted subject to the Executive Director's approval. Deferrals, equity investments, royalties, profit participations and authors' rights cannot be deducted from the revenues generated.

**7.3.2.** All such "deductible costs" should be duly specified in the financial statements provided by the distributors and/or sales agents and shall be subject to verification.

**7.3.3.** In the event that the distribution costs are directly borne by the producers and such costs are not already included in the financial statements provided by the distributors and/ or sales agents, Eurimages may accept the deduction of such costs as follows:

- a. should the producer decide to distribute the film himself, the corresponding costs shall be deducted in the same manner as indicated in Article 7.3.1., provided that these costs are certified by an independent chartered accountant who confirms that such costs are directly related to the film in question, were established using project-based accounting, and were not included in the production budget. The deduction of a distribution commission is acceptable provided that it is within the percentage limits generally accepted in the territory in question and for the relevant rights.
- b. should the producer appoint a distribution company which does not bear all the distribution costs, the share of the costs borne by the producer himself shall be deducted in the same manner as indicated in Article 7.3. provided that (i) the distribution company certifies in writing that it has not borne the distribution costs deducted by the producer, and (ii) the distribution costs deducted by the producer are certified by an independent chartered accountant who confirms that these are directly related to the film in question, were established using project-based accounting and were not included in the production budget.

**7.3.4.** A sales agent's fee superior to 25% can be accepted on condition that:

- the fee includes the technical and publicity costs listed in Articles 7.3.1. to 7.3.3. No other deduction from gross receipts will in this case be accepted by Eurimages;
- OR
- the fee is related to non-theatrical exploitation (cultural or educational institutions) or festival screenings
- AND
- the fee is not superior to 50% of gross receipts.

## **7.4. Revenue statements**

**7.4.1.** Starting from the first commercial exploitation of the project, the co-producers shall, without prior request, provide Eurimages with revenue statements concerning the exploitation of the film as soon as there are receipts or at least once every 12 months.

These statements shall be presented in a clear and detailed format, showing the exploitation results of the film for each type of media, clearly indicating the "deductible costs", and shall include a copy of the royalty statements from distributors and sales agents, as well as a copy of all sales and licence agreements.

**7.4.2.** Each co-producer is obliged to provide Eurimages with a copy of all contracts for the exploitation of the film or any part thereof.

**7.4.3.** Where no collection account management agreement has been signed, receipts arising from the Rest-of-the-World territories (that is, territories other than the exclusive territories of the co-producers) must be declared by the delegate producer who will be solely liable for repayments of Eurimages' support arising from these territories.



## 7.5. Collection account

For projects with a budget of €3 million or more which have received support in the form of advance on receipts, the setting up of a collection account by a collection agency shall be obligatory. For projects with a budget of less than €3 million which have received support in the form of an advance on receipts, Eurimages reserves the right to demand the setting up of a collection account by a collection agency. In all cases, Eurimages must be a signatory to the subsequent agreement.

## 8 Modification of the support granted and termination of the support agreement

### 8.1. Evolution of the co-production

**8.1.1.** Co-producers must request the prior approval of the Executive Director, and provide adequate documentation, concerning any modification to the artistic, technical, legal or financial aspects of the project as approved by the Executive Committee.

**8.1.2.** Any substantial modification of the artistic or financial structure of the project must be approved by the Executive Committee. A substantial modification is defined as a change of:

- the director after principal photography or animation has commenced;
- the identity of the delegate or majority producer;
- a co-production with artistic and technical cooperation into a financial co-production (in line with the applicable treaties).

Any other changes shall be approved by the Executive Director.

**8.1.3.** Without prejudice to the above provisions, a change of director before the start of principal photography or principal animation shall automatically entail the cancellation of the Eurimages financial support to the project. Producers are entitled to submit a new application for support at the following calls for projects.

### 8.2. Decrease in production costs

Should the revised production budget of the film at the date of signature of the support agreement between Eurimages and the co-producers be inferior by more than 10% to the production budget initially submitted to the Co-production Working Groups for assessment, the support granted by Eurimages will be reduced proportionally to the decrease exceeding 10%.

Similarly, should the final cost of production be inferior by more than 10% to the budget included in the support agreement signed between Eurimages and the co-producers, the support granted by Eurimages will be reduced proportionally to the decrease exceeding 10%.

Finally, should successive reductions in the production budget as described above be individually less than 10% but taken cumulatively reduce the budget by more than 10%, Eurimages support will, as outlined above, be reduced proportionally to the decrease exceeding 10%.

Should the application of the preceding reduce the support to an amount equal to or inferior to 150 000 euros, the support will continue to be awarded in the form of an advance on receipts.

### 8.3. Cancellation of financial support

**8.3.1.** Eurimages' financial support shall be cancelled or immediately repayable if:

- a. a producer fails to meet the terms of these Regulations or the obligations contained in the terms of the support agreement, or
- b. a producer has made false or misleading statements in the application or other relevant correspondence.

**8.3.2.** Eurimages may exceptionally and for duly justified reasons derogate from Article 8.3.1.

**8.3.3.** If, within one year from the first theatrical release in any of the co-producing countries, the last instalment of the support has not been disbursed, the Executive Director may cancel any outstanding amount.

8.3.4. Eurimages further reserves the right to cancel financial support, in full or in part, or to deem it immediately repayable in situations covered by Article 1.5.1.

### 8.4. Theatrical release

Eurimages financial support shall be cancelled if the film is not completed or theatrically exhibited in each of the co-producing countries within the time limit set in the support agreement. After consulting the competent authorities of the co-producing countries and taking into account the particular characteristics of the film in question, the Executive Director may derogate from the obligation to release the film theatrically in minority co-producing countries where evidence of another acceptable form of presentation to the public can be provided.

## 9 Dispute settlement and interpretation of the Regulations

**9.1.** There can be no appeal against a decision of the Executive Committee not to support a request for financial support.

**9.2.** Any dispute relating to the execution of any agreement concluded pursuant to these Regulations shall be submitted, failing a friendly settlement between the parties, for decision to an Arbitration Board composed of two arbitrators, each selected by one of the parties, and a presiding arbitrator, appointed by the other two arbitrators. If a presiding arbitrator is not appointed under the above conditions within a period of six months, the President of the *Tribunal de Grande Instance* of Strasbourg shall make the appointment.

**9.3.** However, the parties may submit the dispute for a decision to a single arbitrator chosen by them by common agreement or, failing such agreement, by the President of the *Tribunal de Grande Instance* of Strasbourg.

**9.4.** The Board referred to in paragraph 9.2. or, if appropriate, the arbitrator referred to in paragraph 9.3., shall determine the procedure to be followed.

**9.5.** Failing agreement between the parties on the law applicable, the Board, or if appropriate, the arbitrator, shall decide *ex aequo et bono* having regard to the principles of law, as well as observing customs used in the cinematographic and audio-visual field.

**9.6.** The arbitration decision shall be final and shall be binding on the parties.

**9.7.** The Board of Management reserves the right to interpret and amend these Regulations.