



**DANISH FILM INSTITUTE**

**TERMS FOR SUPPORT TO  
FEATURE FILMS**  
VALID FROM 1 OCTOBER 2012

**GOTHERSGADE 55  
1123 COPENHAGEN K  
PHONE 3374 3400  
FAX 3374 3697  
WWW.DFI.DK**

# CONTENT

<b>1. PURPOSE</b>	page 3
<b>2. SCREENPLAY SUBSIDIES</b>	page 3
<b>3. DEVELOPMENT SUBSIDIES</b>	page 4
<b>4. PRODUCTION SUBSIDIES</b>	page 5
4.4 Applying for production subsidies for films with a Danish majority production company	page 5
4.5 Letter of Commitment (LOC) and Letter of Interest (LOI)	page 6
4.6 Budget and financing plan	page 6
4.7 Supplemental production subsidies	page 7
4.8 Regional subsidies	page 7
4.9 Minority productions (co-productions with a foreign majority production company)	page 7
4.10 Payment instalments	page 8
4.11 Deposit of materials	page 8
4.12 Financial reporting and production accounts	page 9
4.13 Revenue statements	page 10
4.14 Distribution rights	page 11
4.15 Repayment	page 11
<b>5. GENERAL TERMS AND CONDITIONS</b>	page 12
5.2 Subsidy application, subsidy commitment, reporting, etc.	page 13
5.3 Security	page 13
5.4 Accounting	page 13
5.5 Repayment and negligence	page 13
5.6 Credits	page 14
5.7 The DFI's rights	page 14

# 1 PURPOSE

- 1.1** The Danish Film Institute (DFI) can subsidise screenplay preparation, the development and production of Danish feature films, and the participation of Danish film producers in international feature-film co-productions. Subsidies are awarded by the DFI's management.
- 1.2** The purpose of DFI subsidies is to secure the continual production and dissemination of different types of films, so that the overall range of films, in terms of artistic quality, diversity, volume, and audience appeal, sustains and develops Danish cinema and film culture, domestically and internationally.
- 1.3** Film subsidies can be awarded under the Commissioner Scheme, the Market Scheme, or the Minor Co-Production Scheme, cf. the applicable Film Act and Film Agreement at the time.

# 2 SCREENPLAY SUBSIDIES

- 2.1** Under the Commissioner Scheme, the DFI can award subsidies for screenplay preparation, including early concept development, breakdown, storyline, treatment, screenplay research, screenplay writing, dramaturgical assistance, and acquisition of screenplay rights. Under the Market Scheme, the screenplay subsidy is awarded as part of the development subsidy, cf. Item 3.
- 2.2** The purpose of screenplay subsidies is to ensure the highest possible quality of the screenplay and to form a basis for DFI evaluation of a possible subsequent application for development or production subsidies for the film project.
- 2.3** Screenplay subsidies can be awarded to a writer, a writer-director, a producer, or a team of the aforementioned. If the subsidy recipient is a production company, a contract with a writer must be presented to the DFI. The subsidy recipient must subsequently submit documentation for the use of the funds to the DFI for approval.
- 2.4** Screenplay subsidies for acquiring the rights to a literary property, or an option on such rights, are normally awarded to a production company. The subsidy may constitute no more than 50% of the cost of acquiring such rights.
- 2.5** If application is made for a subsidy to treat a copyright-protected work, the application will not be approved until the applicant has satisfactorily documented that the applicant possesses the necessary rights to the work.

Subsidy applications must include:

- Breakdown/Pitch
- Treatment or Screenplay or Project description
- CVs of key project participants

Upon approval, the following additional documents must be provided to the DFI:

- Rights agreements

Applications must furthermore include the projected submission date as well as information on possible previously affiliated writers and other rights holders. Furthermore, the applicant must state whether the project has received or applied for other funding for screenplay development.

- 2.6** Screenplay subsidies are normally paid in two instalments: the first instalment after the DFI has received the subsidy recipient's written acceptance of the subsidy approval, and the second instalment after the subsidised project has been approved by the DFI, referring to the recommendation on which the subsidy approval was based.

- 2.7** If the commitment letter is not signed and returned to the DFI within one month, the commitment is void.
- 2.8** The DFI's commitment to a screenplay subsidy does not imply a commitment to subsequent development or production subsidies.
- 2.9** If the film project is later awarded a production subsidy by the DFI, the screenplay subsidy is considered to be part of the total repayable subsidy. If the film project is not awarded a production subsidy, the screenplay subsidy is non-repayable, cf. Item 5.5.

## 3 DEVELOPMENT SUBSIDIES

- 3.1** Under the Commissioner Scheme or the Market Scheme, the DFI can subsidise the development of a film project. Subsidies can be awarded under the Commissioner Scheme, if development is judged to be significantly important to strengthen the project artistically, financially, or production-wise, or in terms of the film's target groups or audience potential. Subsidies can be awarded under the Market Scheme, if development is judged to be significantly important to strengthen the project dramaturgically, financially, or production-wise, or in terms of the film's target groups or audience potential.
- 3.2** The purpose of development subsidies is to ensure the best possible development of the project and to form a basis for the DFI's evaluation of a possible subsequent application for a production subsidy, though see Item 3.10. Subsidies can be awarded for all forms of development costs. Under the Market Scheme, subsidies can furthermore be awarded for screenplay development.
- 3.3** Before a decision to award development subsidies is made, the DFI performs a production and financial assessment of the project.
- 3.4** Applications for development subsidies must include:
- Breakdown/Pitch
  - Treatment or Screenplay or Project description
  - Project status
  - The director's intentions
  - Description and goals of the development
  - Development schedule
  - Development budget (incl. sub-items)
  - If applicable, budget for regional added costs
  - Plan and goals for the finished project
  - Development financing plan
  - Rights agreements
  - CVs of key project participants
- Applications under the Market Scheme must furthermore include:
- Master data
  - Cover and basis in marketing plan
- 3.5** Projects that receive development subsidies must have an attached director and production company.
- 3.6** The DFI does not normally approve a budget that contains a margin of uncertainty.
- Administration costs of no more than 7% of the budgeted development costs may be included in the development budget, unless the development subsidy is exclusively awarded for

screenplay development.

- 3.7** Production subsidies are normally paid in two instalments: the first instalment after the DFI has received the production company's written acceptance of the subsidy commitment and the second instalment after the DFI has approved the final accounts and the development outcome.
- 3.8** The production company is responsible for managing project development and must present accounts for DFI approval no later than one month after the anticipated completion date of project development, cf. Item 5.4. Any savings against the approved budget must immediately be repaid to the DFI in a proportion equal to the DFI subsidy's share of the development budget.
- 3.9** The production company must on an ongoing basis keep the DFI informed about the progress of project development, including any changes to the schedule.
- 3.10** A commitment to a development subsidy does not imply a commitment to a subsequent production subsidy.
- 3.11** Production subsidies are not normally awarded until audited accounts of the development project have been presented, cf. Item 5.4.
- 3.12** If a film project is later awarded a DFI production subsidy, the development subsidy is considered to be part of the total repayable subsidy. If a film project is not later awarded a production subsidy, the development subsidy is non-repayable, though cf. Item 5.5.

## 4 PRODUCTION SUBSIDIES

- 4.1** Under the Film Commissioner Scheme, the Market Scheme, and the Co-Production Scheme, the DFI can award subsidies to the production of Danish feature films.
- 4.2** Before a decision to award a production subsidy is made, the DFI performs a production and financial assessment of the project as well as an assessment of the film's target groups and distribution potential.
- 4.3** Under the Market Scheme, films that are in production at the date of application can apply for subsidies no sooner than based upon viewing of a first rough cut of the film.

Projects applying for subsidies under the Market Scheme may apply for production subsidies no more than two times, unless the DFI judges that the project has been changed in essential ways.

### **4.4 Applying for production subsidies for films with a Danish majority production company**

#### **4.4.1** Applications for production subsidies must include:

- Breakdown/Pitch
- Screenplay
- The director's intentions
- Production concept
- Production schedule
- Production budget (incl. sub-items)
- If applicable, budget for regional added costs
- Production financing plan (organised by country)
- Crew list
- Cast list
- Rights agreements
- CVs of key project participants
- Marketing plan
- Distribution deal

Applications under the Market Scheme must furthermore include:

- Master data
- Written confirmation of financing, 60% of budget
- Visual materials
- The producer's intentions

Upon commitment, the following additional documents must be provided to the DFI:

- All other agreements made regarding the film (e.g., collect and completion bond agreements)
- Cash flow plan
- Co-production agreements
- Copies of contracts concerning the film's financing
- Repayment plan
- Deposit 1, [www.dfi.dk/spillefilm-afleveringsliste](http://www.dfi.dk/spillefilm-afleveringsliste) (in Danish)

**4.4.2** The DFI may request additional information and statements as required for application processing.

#### **4.5 Letter of Commitment (LOC) and Letter of Interest (LOI)**

**4.5.1** If the documents required under Item 4.4.1 are incomplete, the DFI, upon the granting of a subsidy by management, may reserve a production subsidy for a period in a so-called Letter of Commitment (LOC). A subsidy commitment cannot be drawn up until all the requirements in the LOC have been fully met.

**4.5.2** If the requirements stated in the LOC have not been met within the period set down in the LOC, the reserved production subsidy is void.

**4.5.3** In special cases the LOC can be extended following a written application.

**4.5.4** The DFI can write a Letter of Interest (LOI), without a subsidy amount, to show its interest in a project. However, a LOI is no guarantee that the project will be subsidised.

#### **4.6 Budget and financing plan**

**4.6.1** Production subsidies are awarded on the basis of a DFI-approved budget. The budget must list all costs at market prices, in DKK and/or EUR.

**4.6.2** For applications under the Market Scheme, 60% of the financing must be confirmed at the date of application in the form of written and signed agreements. Previously awarded subsidies from the DFI are not included in the 60% of confirmed financing.

**4.6.3** The budget must include the following items:

The DFI-approved development accounts in a separate budget item.

A budget margin of uncertainty of at least 5% and no more than 10% of the budgeted production costs, excluding the costs of project development, administration, a completion bond, intermediate financing, and a collecting agent.

For certain budget items, the following applies:

Administration expenses may constitute no more than 7% of the budget, excluding the costs of project development, a completion bond, and the margin of uncertainty.

The amount of the producer's fee must be approved by the DFI, taking into consideration the nature and scope of the individual production.

Regarding the premium of a possible completion bond or other security, refer to Item 5.3.

**4.6.4** All financing agreements and co-production agreements for the film, including the production company's own investment in the film, must be presented to the DFI. The co-production agreements must specify the division of the film's financing and rights among co-producers, investors, and the

Danish production company.

- 4.6.5** A production subsidy commitment for the film cannot be drawn up until the production company has documented that the budget, including a margin of uncertainty, is fully financed.

The DFI will withhold part of the production subsidy amount to partially cover the production budget's margin of uncertainty.

The withheld amount constitutes the DFI-subsidised share of the margin of uncertainty calculated based on the DFI subsidy rate, cf. Item 4.12.7.

#### **4.7 Supplemental production subsidies**

In rare cases, the DFI can award supplemental subsidies to ongoing productions. Subsidies can normally be granted only when the entire budget uncertainty has been expended.

Application cannot be made for supplemental subsidies to cover administrative expenses. Savings on supplemental subsidies are repayable according to the same conditions that apply to an unspent margin of uncertainty.

#### **4.8 Regional subsidies**

- 4.8.1** The DFI can subsidise added costs arising from production taking place outside Greater Copenhagen, including subsistence allowances, accommodation, meals, transport, etc.

Regional subsidies can only be awarded to films that have been awarded a development or production subsidy.

Application for the subsidy can be made together with the application for a production subsidy or upon realisation of the LOC.

- 4.8.2** Applications for regional subsidies must include a specified budget for added costs arising from production taking place outside Greater Copenhagen.

#### **4.9 Minority productions (co-productions with a foreign majority production company)**

- 4.9.1** Under the Co-Production Scheme, the DFI can subsidise film projects in which a Danish production company is not the majority co-production partner by up to 60% of the Danish share of the production costs. The Danish share of the production costs, including fees and salary expenses for Danish creative and/or technical participation, must be approved by the DFI.

- 4.9.2** In order for minority productions with a foreign majority production company to receive subsidies, the application must be made by a Danish production company, there must be Danish creative or technical involvement in the production, a distribution agreement must have been made for Danish theatrical distribution or for broadcast on Danish television, and the majority financing must be confirmed.

- 4.9.3** Application can only be made once per project, unless the DFI judges that the project has been significantly changed.

#### **4.9.4 Applications for production subsidies for minority productions must include:**

- Application form
- Breakdown/Pitch
- Screenplay
- The director's intentions
- Production schedule
- Production budget (incl. sub-items)
- Specified budget for the Danish share of the production costs (Danish spend)
- Production financing plan (organised by country)
- Co-production agreement

- Crew list
- Cast list
- CVs of project participants
- Distribution agreement
- Pre-sale to a Danish TV station

Upon commitment, the following additional documents must be provided to the DFI:

- All other signed agreements concerning the film (e.g., collect and completion bond agreements)
- Repayment plan
- Rights agreements

**4.9.5** The DFI can request additional information and statements as required for application processing.

#### **4.10 Payment instalments**

**4.10.1** Production subsidies are normally paid to the production company in four instalments, as specified in the commitment. The DFI determines the amount of individual instalments on the basis of the approved cash-flow plan. Payment of the first instalment is based on the cost report provided by the production company, cf. Item 4.12.2. In case of significant changes to the schedule, production plan, cash-flow plan, etc., the DFI reserves the right to change the dates and amounts of the instalments.

**4.10.2** Production subsidies are paid only upon the DFI's receipt of the production company's written acceptance of the subsidy commitment.

**4.10.3** The third to last instalment, constituting at least DKK 150,000, is paid upon the DFI's receipt and approval of the film's PR and archive materials for use in the DFI's PR, publishing, and festival efforts, cf. Item 4.11.2, at least one month prior to the film's world premiere, [www.dfi.dk/spillefilm-afleveringsliste](http://www.dfi.dk/spillefilm-afleveringsliste) (in Danish).

**4.10.4** The second to last instalment, constituting DKK 150,000, is paid once the archive materials have been deposited with, and approved by, the DFI Film Archive, [www.dfi.dk/spillefilm-afleveringsliste](http://www.dfi.dk/spillefilm-afleveringsliste), (in Danish) and cf. Item 4.11.1.

**4.10.5** The final instalment is the withheld DFI share of the budget's margin of uncertainty and is paid in full or in part upon the DFI's approval of the film's production accounts, cf. Items 4.12 and 5.4.

**4.10.6** For minority productions, production subsidies are normally paid in three instalments, as specified in the commitment.

The first instalment is paid upon the DFI's receipt of the production company's written acceptance of the subsidy commitment and is based on a cost report from the production company, cf. Item 4.12.2.

The second instalment is paid upon the DFI's receipt and approval of the film's PR and archive material for use in the DFI's PR, publishing, and festival efforts, and by the DFI Film Archive, [www.dfi.dk/minor-spillefilm-afleveringsliste](http://www.dfi.dk/minor-spillefilm-afleveringsliste), (in Danish) cf. Item 4.11.1.

The final instalment, which includes the possible DFI share of the margin of uncertainty, is paid in whole or in part upon the DFI's approval of the film's production accounts, cf. Items 4.12 and 5.4.

#### **4.11 Deposit of materials**

**4.11.1** The production must present an ISAN number and archive materials relating to the film to the DFI Film Archive, cf. the applicable Legal Deposit Act at the date of deposit, [www.dfi.dk/spillefilm-afleveringsliste](http://www.dfi.dk/spillefilm-afleveringsliste), [www.dfi.dk/minor-spillefilm-afleveringsliste](http://www.dfi.dk/minor-spillefilm-afleveringsliste) (in Danish).

**4.11.2** The production company must deposit materials relating to the film, for use in the DFI's PR, publishing, and festival efforts, in compliance with the applicable deposit list at the date of deposit, [www.dfi.dk/spillefilm-afleveringsliste](http://www.dfi.dk/spillefilm-afleveringsliste), [www.dfi.dk/minor-spillefilm-afleveringsliste](http://www.dfi.dk/minor-spillefilm-afleveringsliste) (in Danish).



**4.11.3** The DFI must approve the technical quality of the deposited materials.

**4.11.4** Deposit in compliance with 4.11.1 and 4.11.2 must be made free of charge and may be included in the production budget.

#### **4.12 Financial reporting and production accounts**

**4.12.1** During all phases, the production company must on an ongoing basis keep the DFI informed about the production's progress. The DFI is entitled to monitor the production on an ongoing basis, including the viewing of cuts through to the final cut of the film.

**4.12.2** The production company must submit cost reports upon commitment and upon completion of principal photography. The cost reports must include the same items as the approved budget, plus expenditures to date and the estimated final outcome of the budget's main items, with relevant comments.

**4.12.3** The DFI's receipt and/or approval of a cost report does not imply an approval of possible variances from the production budget. If the final outcome is expected to exceed the approved budget, including the margin of uncertainty, the production company must prepare an audited budget, as well as new financing and repayment plans, and present them to the DFI for approval.

**4.12.4** The production company must present the film's production accounts to the DFI for approval within three months of the film's world premiere, cf. the applicable DFI auditing instructions at the time.

**4.12.5** The production accounts must include a specification of the film's production costs and of any revenue limiting the production costs (e.g., but not limited to, sales of props). The production accounts must furthermore include a balance sheet as well as a final financing and repayment overview.

**4.12.6** Savings on the production accounts, including the total unspent margin of uncertainty, are transferred to the film as revenue in the revenue statement. Correspondingly, the withheld share of the unspent margin of uncertainty is transferred as an expense in the revenue statement.

For minority productions, any possible savings on the Danish share of the production costs against the DFI-approved production budget must be listed as revenue.

For minority productions, the film's unspent margin of uncertainty can be listed as revenue only if the Danish production company has claim to savings on the film's budget.

**4.12.7** The DFI's subsidy rate is calculated based on the most recently approved production budget.

Possible DFI screenplay and development subsidies for the film project are included as part of the film's total subsidy, regardless of whether the recipient of the script and/or development subsidies is another than the recipient of the production subsidy.

For minority productions, the DFI's subsidy rate is calculated based on the Danish production company's share (= Danish spend) of the film's total production budget.

**4.12.8** The production accounts must include a specification of the film's production costs.

The production accounts must include the same items as the approved budget and the budget figures must be stated for comparison.

The accounts must include a statement of variances from the main items of the approved budget, if the variance is more than 10%, though this does not apply to variances under DKK 5,000.

The production accounts must furthermore include a separate specification of amounts included in the film's financing, including grants from funds, public grants, pre-sales, etc.

If the total approved budget is exceeded, the final accounts must in any case include a statement of the overrun.

A budget overrun that is approved by the DFI is transferred as an expense for the film and is reimbursed to the production company out of the film's revenue as a first priority, in accordance with the film's repayment plan.

The DFI does not approve budget overruns for administrative expenses, fees for directors and producers, or internal wages above the costs set down in the applicable approved budget, cf. Items 4.6.1 and 4.12.3. Refer also to the accounting requirements in Item 5.4.

- 4.12.9** All salaries and fees relating to the production, as well as all due taxes to public coffers, must be paid before the accounts are presented. Upon request, the production company must be able to document that such payment has been made.
- 4.12.10** For minority productions, the production accounts are revised as far as the Danish share of the production costs is concerned and are submitted together with the film's total production accounts, which must contain an overview of the film's final financing organised by country.

#### **4.13 Revenue statements**

- 4.13.1** The film's revenues are accounted partly for reasons of repayment of subsidies to the DFI and partly for statistical purposes. The revenue statement is based on the film's revenues in all countries and from all media.
- 4.13.2** Distribution and promotion subsidies from the DFI must be included in the revenue statement along with other public funding for distribution and promotion.
- 4.13.3** The DFI must approve all costs relating to promotion, sales, and distribution of the film.

#### **4.13.4 Revenues are accounted as follows:**

Revenue from Danish and Scandinavian theatrical distribution is calculated as the invoiced film distribution proceeds less the documented costs of distribution fees and the costs of prints and promotion (COP).

Revenue from rental and sales of videograms (DVD, Blu-ray, etc.) in Denmark and in Scandinavia is calculated as the invoiced proceeds less the documented costs of distribution and promotion (COT).

Revenue from VOD (Video on Demand) is calculated as the invoiced proceeds less the documented costs of distribution and promotion (COP).

Revenue from TV broadcast in Denmark is calculated as the sales price less the documented sales costs.

Revenue from foreign distribution (ROW) and from sales to, and distribution in, any other media than the above, domestically and abroad, are calculated as the sales price less the documented, directly incurred sales and distribution costs. All other net revenues – e.g., sales of secondary rights relating to the film, including merchandising, remakes, sequels, sales of soundtracks and props from the film, as well as the production company's share of revenues from OS or I/S Danske Filmproducenter's settlement of points – are included in the film's revenue statement but are offset before repayment is made, cf. 4.15.1.

Secondary remunerations received in accordance with Sections 13, 17, 35, and 39 of the Danish Consolidated Act on Copyright and similar regulations that might later amend or supplement these are not included in the film's revenues.

Revenues included in the film's financing, according to the approved production accounts, including minimum guarantees, pre-sales, etc., must be listed in the film's revenue statement but are offset before repayment is made, cf. 4.15.1.

- 4.13.5** The production company or collecting agent shall submit a statement of the film's gross and net revenues (Revenue Statements) on DFI-approved forms.

The DFI must receive revenue statements within 45 days of the end of each statement period. The

first statement period runs for six months from the date of the film's world premiere, starting from the end of the quarter in which the film premiered. Thenceforth, revenues are accounted annually.

- 4.13.6** Revenue statements must be audited by a registered or state-certified accountant. The DFI can make exceptions to this requirement, if the production company has transferred responsibility for accounting and distribution of the film's revenues to a DFI-approved collecting agent and if said collecting agent has assumed responsibility for submitting revenue statements, etc., to the DFI in accordance with the present terms and conditions.

#### **4.14 Distribution rights**

- 4.14.1** The production company is obligated to make such distribution agreements for the film as ensure the film the widest possible distribution in all media.
- 4.14.2** At least one week must pass between the Danish theatrical releases of films that have overlapping target groups. Any deviation from this rule must be approved in writing by the DFI.
- 4.14.3** In agreements regarding Danish theatrical distribution, the distribution fee may constitute no more than 20% (COP). In agreements for Scandinavian theatrical distribution, the distribution fee may constitute no more than 20% (COP).
- 4.14.4** In agreements regarding the transfer of rights to Danish and Scandinavian sales and distribution on videogram (DVD, Blu-ray, etc.), the distribution fee may constitute no more than 40% of invoiced revenues after deduction of distribution and promotion costs (COT).
- 4.14.5** In agreements regarding VOD, the distribution fee may constitute no more than 20% of the invoiced revenue after deduction of documented distribution and promotion costs (COP).
- 4.14.6** In agreements regarding Danish TV broadcast, the sales costs consist of the documented costs, though no more than 30% of the sales price. The cost of presales included in the financing or of presales made before the film's theatrical release in Denmark cannot be deducted.
- 4.14.7** In agreements regarding sales of rights to foreign distribution and sales and distribution in all other media, domestically and abroad, the Danish production company can deduct documented, directly incurred costs of sales and distribution. Furthermore, documented remunerations to sales agents can be deducted, though no more than 30% after deduction of sales and distribution costs (COP). However, in case of sales to marginal markets, the DFI may approve special circumstances.
- 4.14.8** Outright sales, etc., must be approved by the DFI.
- 4.14.9** The DFI may request full insight into distribution and sales agreements of any kind made by the production company or subsequent trade links.

#### **4.15 Repayment**

- 4.15.1** Revenues included in the film's financing, according to the approved production accounts, including minimum guarantees, pre-sales, etc., are offset in the film's revenues before repayment of a production subsidy is made.

Revenues included under a minimum guarantee are included in the revenue statement from the point in time when the revenues regarding the minimum guarantee exceed the minimum guarantee.

- 4.15.2** Repayment of DFI-awarded production subsidies DFI commences once the private investment has been made back and yielded a 75% return.
- 4.15.3** "Private investment" is understood to mean investments in the film made by the production company, co-production partners, or other investors with a view to a return. If the production company, co-production partner, or investor is a TV station, or is majority-controlled by a TV station, the investment cannot be included in the private investment. Majority control is the case when more than 25% of the production company is owned by a single TV station (50%, if several TV stations are co-owners), or when more than 90% of the production company's revenue over a three-year period originates from production agreements with a single TV station. Considering the small size of the

Danish TV market, the DFI may, upon application, make exceptions from the specified revenue limit.

Possible minimum guarantees, pre-sales, and contributions from funds or other film institutes cannot be included in the private investment. The amount of the private investment is calculated on the basis of the approved production accounts and the related final financing overview.

- 4.15.4** The DFI must approve the repayment conditions of regional film funds and other sources of financing that require repayment. The DFI normally accepts repayment of grants from funds in accordance with the funds' statutes. Likewise, the DFI normally respects customary royalty agreements. Repayments to funds, including the Nordic Film and TV Fund and Eurimages, as well as settlements of royalties, are included in the revenue statement as incurred costs.
- 4.15.5** Repayment of subsidies to the DFI, in compliance with the approved repayment plan, must commence upon submission of the revenue statement stating that repayment is required.
- 4.15.6** The repayable amount constitutes the repayment rate x revenue, cf. the revenue statement, after the private investment has been made back and yielded a 75% return, and until the DFI subsidy is fully repaid, incl. repayable DFI promotion subsidies. The repayment rate is equal to the subsidy rate at the date of commitment, unless otherwise approved in writing.
- For minority productions, the repayment rate equals the DFI's percentage of the Danish financing.
- 4.15.7** The repayment obligation ceases once the DFI's subsidy has been repaid, and no later than five years after the film's world premiere. The DFI may, upon receipt of the first revenue statement, waive the requirement for repayment and further revenue statements.

## 5 GENERAL TERMS AND CONDITIONS

- 5.1** The following general terms and conditions apply to all forms of DFI subsidies awarded under the present terms and conditions. Subsidies are here understood to mean any form of capital infusion to the project that does not express an investment or remuneration.
- 5.2 Subsidy application, subsidy commitment, reporting, etc.**
- 5.2.1** Subsidies can be awarded to Danish production companies, on the condition that the producer, or leading employees of the production company, can document experience in film production and have film production as their main occupation. The director and the producer/production company may not be the same person, unless the DFI specifically judges this not to be an issue due to the special nature of the project.
- 5.2.2** Simultaneous application may not be made for screenplay, development, or production subsidies under more than one DFI subsidy scheme.
- Application for production subsidies for a project may not be made if the project's director is simultaneously the director of another, not yet finished feature film project that has been awarded a DFI production subsidy.
- 5.2.3** Both during and after production of the film, the DFI is entitled to full insight into all payments. The DFI may require payments relating to the film to be made via a DFI-approved collection agent. If the production company itself decides to use a collection agent, the agent must be approved by the DFI.
- 5.2.4** As a requirement for receiving subsidies, full disclosure of all conditions regarding the rights to the individual project must be made and the subsidy recipient must hold unrestricted rights to, or be able to acquire, all rights to the project as are necessary for the subsidy recipient and the DFI to exploit the film under the present terms and conditions.
- 5.2.5** The applicant must, at the date of application, have entered into agreements with rights holders and the cast as entail that the applicant holds, or can acquire, all necessary rights to adapt and distribute

the finished work.

- 5.2.6** At any time, the DFI can require the applicant to provide the documentation necessary for application processing, including documentation that the applicant holds, or can acquire, the rights indicated in Items 5.2.4 and 5.2.5.
- 5.2.7** Regarding a specific project, the DFI can change or supplement and/or change these terms and conditions in order to ensure and/or meet the intentions of the subsidy schemes and/or the project's feasibility. The subsidy recipient is obligated to the present terms and conditions, and any deviation therefrom must be approved in writing by the DFI. The DFI is obligated to respond to requests from the subsidy recipient in this regard within a reasonable period of time.
- 5.2.8** If changes to the schedule, budget, or production plan are made, the production company must immediately submit the changed schedule or plan to the DFI for approval.
- 5.2.9** The DFI can reject a subsidy application, if the DFI has an unsecured outstanding account against the applicant, or against a subsidy recipient controlled by the applicant, or against a subsidy recipient controlling the applicant. The DFI can furthermore reject a subsidy application, if the applicant, or a subsidy recipient controlled by the applicant, or a subsidy recipient controlling the applicant, is in significant violation of the subsidy terms and conditions in the case of another project.
- 5.2.10** Realised screenplays (Final Draft) will be stored in the DFI Library for public view or lending. By request of the screenwriter, and if significant cause is demonstrated, the DFI can decide not to make the script publicly available.
- 5.2.11** The subsidy recipient is obligated to register the finished film with ISAN. The subsidy recipient must provide the DFI with written information about the film's assigned ISAN number no later than upon submission of the legal deposit materials, in compliance with Item 4.11.1 of the present terms and conditions.
- 5.2.12** The film's producer and director must be available in connection with the DFI's launch and promotion of the film, as agreed with the DFI and in consideration of their other engagements, planned vacations, etc.

### **5.3 Security**

- 5.3.1** To ensure the film's completion in case of the production company's bankruptcy, as well as to ensure the DFI's conditional requirements for repayment of subsidies, the DFI can require the production company to provide satisfactory security. The production company must bear all costs of such a security.
- 5.3.2** The production company is obligated to complete the film. The DFI may require a completion bond to be taken out with a DFI-approved guarantor.

### **5.4 Accounting**

- 5.4.1** The production company must, for DFI-approval, submit accounts for projects that have received development or production subsidies. The accounts must contain the same items as the approved budget, and the budget figures must be stated for comparison. The accounts must be audited by a registered or state-certified accountant.
- 5.4.2** Auditing of the production accounts must, at a minimum, include a general audit of the accounts, as well as an audit of assets and liabilities, cf. the applicable DFI audit instructions at the time for subsidies of, respectively, less than DKK 100,000, less than DKK 500,000, and DKK 500,000 and above. The Office of the Auditor General of Denmark has access to review accounts and documents provided by the subsidy recipient, [www.dfi.dk/revisionsinstruks](http://www.dfi.dk/revisionsinstruks) (in Danish).

### **5.5 Repayment and negligence**

- 5.5.1** If the subsidy recipient abandons, or for other reasons prematurely terminates, a subsidised project,

and no violation of the subsidy terms and conditions on the part of the subsidy recipient is found, cf. Item 5.5.2, any unspent part of the subsidy must be repaid immediately. In such cases, the DFI may require auditor-certified accounts.

- 5.5.2** If the present terms and conditions are violated, or if it is determined that the film cannot legally be screened in Denmark, the DFI's subsidy commitment is void and any paid subsidies must be repaid.
- 5.5.3** The DFI can waive the repayment requirement, if, in the DFI's judgment, special circumstances apply, or if the repayment requirement will counteract the objectives of the DFI's activities under the Film Act.

## **5.6 Credits**

- 5.6.1** The film's opening credits must state that the film is produced with support from the "The Danish Film Institute", unless other agreement has been made between the production company and the DFI. The film's credit texts and all advertising materials must state that the film is produced with support from "The Danish Film Institute", name the Film Commissioner who recommended the film for subsidies, and display the DFI logo. Under the Market Scheme and the Co-Production Scheme, the credits must state that the film is supported under either scheme. The DFI must approve the design of credit texts, advertising materials, etc., mentioning the DFI.
- 5.6.2** The DFI must receive an offer of 40 tickets to the film's theatrical premiere in Denmark.

## **5.7 The DFI's rights**

- 5.7.1** When rights to projects that have received subsidies are transferred, the DFI must approve such transfer in writing. Transfers must take place at market prices. The DFI can oppose a transfer, if the transfer entails a risk that the DFI will be unable to exercise its rights according to the present terms and conditions or other agreements made with the production company.
- 5.7.2** Should the subsidy recipient's circumstances prevent the implied use within 24 months of the project's most recent subsidy commitment from the DFI, the DFI, in order to ensure the realisation of the subsidy's purpose, can require the subsidy recipient to transfer the necessary rights to the subsidised project to the DFI, with a view to exploiting the rights through a retransfer. The subsidy recipient is entitled to be reimbursed by the DFI for documented costs relating to the project, plus the possible added value of rights related to the project, to the extent that such amounts exceed the amount of subsidies received from the DFI or other contributors. Disputes regarding the appraisal of the rights relating to the project are settled by arbitration, in accordance with the rules of Voldgiftsinstitutet (The Danish Institute of Arbitration).
- 5.7.3** The subsidy recipient can prevent the rights to the subsidised project to transfer to the DFI, if the subsidies are repaid within 30 days of notification of the DFI's demand for transfer of the rights.
- 5.7.4** The DFI is entitled to screen the film at festivals, domestically and internationally. The DFI is furthermore entitled to screen the film domestically and internationally as part of its cinema-culture activities, including to paying audiences. The DFI may screen the film only at individual, special events, if the film is still playing in cinemas in the same geographical area. The DFI shall notify the production company of such screenings.
- 5.7.5** In case of screenings to paying audiences, the DFI is obligated to follow market prices, if the film is in commercial distribution. It is the production company's obligation to provide written information about the market price. If not, the DFI will price admission to the film.
- 5.7.6** The DFI is entitled to use trailers, teasers, film posters, film quotes, stills, and other image materials, dialogue sequences, and excerpts of title scores and of the film in promoting subsidised film productions domestically and internationally as well as in the exercise of the DFI's distribution right, cf. Item 5.7.8, and as part of the DFI's film-cultural efforts. Furthermore, the DFI is entitled to use the materials, with appropriate credits, in the DFI's publications, including in videogram formats (DVD, CD-ROM, Blu-ray, etc) and on the Internet, on all platforms, as well as in festival and press contexts. All images must be provided to the DFI with credits of still photographers and with indication of the

director, screenwriter, and producer.

- 5.7.7** The DFI is entitled to publish any information about the film in connection with the DFI's promotion and press efforts, unless other written agreement with the subsidy recipient has been made.
- 5.7.8** Taking into consideration the commercial exploitation of the subsidised film, and on the condition that the subsidy recipient is not using these rights, the DFI has the non-exclusive right to distribute the film in any way, in any form of presentation, and in any medium, presently known or future, to schools, institutions, associations, film clubs, libraries, and other non-commercial entities in Denmark, Greenland, and the Faroe Islands, and to the Danish minority in South Schleswig, once 36 months have passed after the film's world premiere. This includes screenings to paying audiences.

The DFI's acquisition of non-exclusive distribution rights, as stated above, implies no restrictions on the right of the subsidy recipient and the underlying rights holders to make claims for remuneration under Sections 13, 17, 30a, 35, 39, and 50, Section 2, of the Danish Consolidated Act on Copyright and similar foreign and international regulations or the like that might later supplement or change these terms.

The DFI's acquisition of rights under the present terms and conditions is non-exclusive. Hence, the DFI's acquisition of rights poses no restrictions on the subsidy recipient's and the underlying rights holders' exploitation of the same rights in accordance with any agreements they may have made in that regard.

- 5.7.9** The DFI has the unrestricted right to produce prints of the film and other materials, cf. Item 5.7.6, with a view to exercising the DFI's rights under the present terms and conditions. Production of festival prints must, however, be ordered through the production company.
- 5.7.10** There are no time constraints on the DFI's acquisition of rights under the present terms and conditions.

The DFI can transfer the rights acquired under the present terms and conditions to a third party for use in the DFI's exercise of these rights under the present terms and conditions.

- 5.7.11** The DFI's exercise of its rights under the present terms and conditions does not imply an obligation to pay remuneration to the production company or others, unless such has specifically been determined.
- 5.7.12** The subsidy recipient is obligated to enter into agreements with the relevant rights holders and cast members as ensure the DFI's free and unrestricted exercise of the DFI's rights to the finished production, as described in the present terms and conditions. The subsidy recipient must document to the DFI that the necessary rights have been obtained. The subsidy recipient shall indemnify the DFI against any claim from rights holders or third parties that may arise from the DFI's exercise of its rights under the present terms and conditions or under other possible agreements with the subsidy recipient.
- 5.7.13** The subsidy recipient is obligated to append the present terms and conditions to all contracts relating to the film regarding circumstances that are regulated by the present terms and conditions or that might otherwise be of importance to the DFI's rights under the present terms and conditions.

The present subsidy terms and conditions are set down by the DFI's management in accordance with the DFI's rules and regulations.