



Program Changes for 2011-2012 - As of April 1, 2011

Following a review and recommendations put forth by the Program Review Committee of the Board of Directors in consultation with FACTOR management, we've made the following changes to FACTOR's business policies, rules and guidelines, effective April 1, 2011.

Please note: this memo is prepared for your convenience only. Applications must follow the Program Guidelines in effect at the time of application.

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BUSINESS POLICY/MULTI-PROGRAM GUIDELINE CHANGES

Digital Albums

- FACTOR will now recognize 6 individual paid track downloads as 1 album, which is in line with our recognition of 6 songs entailing a single physical album.

Administration Fee

- Where applicable, the Administration Fee will be calculated as 15% of Eligible Costs up to a pre-determined cap for each program. This cap will be noted for each program throughout this memo.

Calculation of FACTOR Contribution

- FACTOR defines the total of Eligible Costs plus Administration Fee as the Total Eligible Budget. FACTOR's contribution will be calculated as 50% or 75% (depending on the program) of the Total Eligible Budget.

Application Section on "Project Goals and Expected Results"

- We have condensed the five former questions regarding your goals and expected results for the project into one question. Please be detailed in your answer.

Songwriters Association of Canada membership

- The SAC annual membership fee is no longer an eligible expense under the Demo and Songwriter Workshop Programs.

Recoupment Dividend Funds

- This incentive has been cancelled. Dividends earned as result of loan repayment made prior to March 31, 2011 will be honoured but must be exercised during the 2011/2012 fiscal year.

SOUND RECORDING PROGRAMS (EAS, DBS, FL, IR, NT)

Emerging Artists Sound Recording (EAS)

- Emerging Artist recording loan cap has been reduced from \$50,000 to \$30,000. The marketing cap for EAS recipients is \$35,000.
- Artists who have sold more than 40,000 units will not be eligible to receive funding from the program.
- Artists may receive the Emerging Artist grant no more than twice in their career.
- The sound recording must have FACTOR-Recognized Distribution in place at time of application.
- A marketing plan must be included with EAS application.
- Applicants must apply for the marketing portion of the Emerging Artists program no later than 6 months from the release date of the album.
- The criteria for the jury assessment process has been reweighted to include artist history, but not hard criteria such as sales, which will be evaluated internally.
- Administration Fee has been changed to 15% of Eligible Costs up to a maximum of \$5,000.



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SOUND RECORDING PROGRAMS (EAS, DBS, FL, IR, NT) - Continued

Direct Board Approval – Sound Recording (DBS)

- The Sound Recording loan cap has been decreased, but the marketing funding cap has been increased as follows:

	SOUND RECORDING	MARKETING & PROMOTION
DBA Level 1	\$45,000	\$50,000
DBA Level 2	\$30,000	\$35,000
DBA Level 3	\$25,000	\$30,000

- First-time DBA applicants may apply at any deadline during the year.
- Administration Fee has been changed to 15% of Eligible Costs up to a maximum of \$5,000.
- DBA companies must be submitting to Soundscan to be eligible.

FACTOR Loan (FL) and Independent Loan (IR)

- Applicants may submit cover songs for proposed projects ONLY where the album being recorded is a tribute album or a “cover song themed” album or an album of standards.
- Administration fee has been changed to 15% of Eligible Costs up to a maximum of \$3,000.

Demo Program (NT)

- The program has been renamed the “Demo or Commercially-Released Single Program” to be representative of what we currently allow recipients to do with this funding.
- Available funding amount has been lowered to \$1500 per application.
- An Artist or Songwriter may receive no more than 2 demo grants within the lifetime of the program.
- The “Option B” application stream for music publishers has been eliminated. All applicants will be required to submit a rough track of their single for review by the jury.

MARKETING AND PROMOTION PROGRAMS (MPD, MPF, MPI, EAM, MPN)

Marketing and Promotion for FACTOR Supported Sound Recordings (MPD, MPF, MPI, EAM)

- The cap on FACTOR funding for International expenditures has been increased to 50%.
- In-house expenditures are capped at 25%.
- Maximum funding available to the Direct Board Approval Marketing and Promotion Grant has been increased (see chart above in Direct Board Approval – Sound Recording).
- Applicants must apply for the marketing portion of their respective programs no later than 6 months from the release date of the album.
- Soundscan fees are an eligible cost.

Marketing and Promotion for Non-FACTOR Supported Sound Recordings (MPN)

- Cap for International expenditures increased to 50%.
- Soundscan fees are an eligible cost.
- Admin fee is changed to 15% of Eligible Costs up to a maximum of \$5,000.



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SHOWCASE PROGRAM (Formerly DOMESTIC AND INTERNATIONAL SHOWCASES) (DSC, SC)

Note: The Showcase Program encompasses both domestic and international showcases under one application.

- Available funding has been changed to an \$8000 maximum per year per Artist. The funding can be used to go to as many eligible showcases as they choose. Applicants will still be held to our current program requirements, including eligible cost caps, proof of showcase attendance, etc. They will be eligible to apply to any deadline through the year, provided they have not exhausted their yearly available funding.
- FACTOR will now recognize showcase fees as an eligible expense ("pay-to-play").
- For invitees to showcase we will now request e-mail or phone number.
- It is mandatory to provide a list of musicians (online & hard copy) at the time of application.
- Showcases to support upcoming releases will be considered, provided that:
 - o All artists applying under this new provision must submit applicable information or materials for the upcoming release. This can include masters, artwork, track-listings, barcodes, contracts and agreements, etc. (contracts would include distribution, and label agreements).
 - o All artists applying under this new provision must submit a projected timeline and plan for release; explain what stage of preparation they are at now. Explain how the release will happen, regardless of showcase success.
 - o The album must have a scheduled release date within 90 days of the showcase date.
- Admin fee is changed to 15% of Eligible Costs to a maximum of \$300 per application.

TOUR SUPPORT PROGRAM (Formerly DOMESTIC AND INTERNATIONAL TOURS)(DTR, TR)

Note: The Tour Support Program encompasses both domestic and international tour dates under one application.

- The maximum funding available to each artist will remain at \$50,000 per year. Artists may use the funding for as many eligible tours as they choose. Applicants will still be held to our current program requirements, including eligible cost caps, proof of showcase attendance, etc. They will be eligible for to apply to any deadline through the year, provided they have not exhausted their yearly available funding.
- All eligible dates can be applied for in one application. There is no limit on the number of international dates one can apply for under a domestic tour, nor vice-versa.
- FACTOR will provide a maximum advance of \$7,500 or 50% of the offer, whichever is less.
- Where a tour includes a conference showcase date, FACTOR will recognize conference registration fees.
- Soundscan fees are an eligible cost.
- Applicants must submit proof of release with every application, even if they have applied to another program this fiscal and submitted proof with that application.
- Applicants must include a description of the notable successes and current opportunity in the territories being toured.



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TOUR SUPPORT PROGRAM (Formerly DOMESTIC AND INTERNATIONAL TOURS)(DTR, TR)

- Tours in support of upcoming releases will be considered, provided that:
 - o All artists applying under this new provision must submit applicable information or materials for the upcoming release. This can include masters, artwork, track-listings, barcodes, contracts and agreements, etc. (contracts would include distribution, and label agreements).
 - o The Artist's previous release must meet the genre-specific sales requirements: 2500 for Pop/Rock/AC/ALT/Roots; 2000 for Urban/Country /Hard Music; 1500 for World/Classical/ Dance/Reggae/Aboriginal/ Jazz/Children's.
 - o Qualifying sales can come from a combination of units sold from one release within the 24 months prior to application date, and sales from pre-release singles from the upcoming album.
 - o Must confirm sales of the minimum required units for the album the tour is in support of through any combination of retail sales, offstage sales and monetized downloads. Proof of those sales is mandatory (Soundscan, etc.).
- Admin fee is changed to 15% of total eligible expenses up to a maximum of \$2,000.

VIDEO PROGRAM (VI)

- Budget section has been updated.
- Applicant must apply for either the \$5000 Viral Video Grant or the \$20,000 Standard Video Grant.
- Sales plateaus have been set at 1,000 units for the Viral Video Grant and 5,000 for the Standard Video Grant.
- Admin fee is 15% of Eligible Costs up to a maximum of \$1,500.

BUSINESS DEVELOPMENT (Formerly LABEL, MANAGER & DISTRIBUTOR DEVELOPMENT) (LM)

- Music publishers may now apply for this program.
- Applicants must derive at least 75% of their income from music industry-related activities.
- Current roster or catalogue must be at least 51% Canadian.
- Applicants must include previous years' financial statements.
- Applicants must be able to show a minimum of \$100,000 gross revenue from activities in the music industry; can be from combined industry sources (e.g. record sales, management fees, publishing).
- Applicants must be incorporated or registered for at least 2 years; companies that are registered for 2 years or more must incorporate before they apply for the program.
- Labels must have at least 4 releases, from at least 2 separate artists, released within the last 14 months.
- Managers must represent at least 2 separate artists, with at least 1 release in the last 14 months.
- Distributors must have a catalogue of at least 25 titles, and must have released at least 5 separate titles within the last 14 months.
- "Manager" category only: we will allow for recognition of Digital Distribution Agreements accompanied by proof of sales of a minimum amount to qualify.
- Applicants must include a detailed expense breakdown in the form of an auxiliary spreadsheet.
- In-house expenditures of 50% of total expenses.



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BUSINESS DEVELOPMENT (Formerly LABEL, MANAGER & DISTRIBUTOR DEVELOPMENT) (LM)

- New Eligible Costs:
 - o Acquisition of non-Canadian databases;
 - o Software acquisitions related to royalty reporting, Multi-Artist marketing initiatives and social networking;
 - o Design and building of Label-branded Multi-artist listening posts;
 - o GS1 barcode registration.
- New Ineligible Costs:
 - o Course, workshop and tuition fees;
 - o Non-music industry related or general consulting fees;
 - o Strategic planning fees;
 - o Company parties or receptions.
- No admin fee.

BUSINESS TRAVEL (Formerly DOMESTIC AND INTERNATIONAL BUSINESS DEVELOPMENT) (DID)

- Companies accessing the program for the first time will be limited to one person per trip for the first 2 trips (not “for the first 2 applications” as it formerly read).
- Distributors are also be held to a limit of only one employee for their first 2 funded trips.
- “Manager” applicant category:
 - o We will allow for recognition of Digital Distribution Agreements accompanied by proof of sales of a minimum amount to qualify.
- Eligible publishers must have commercially published (released to radio/retail) 25 titles in Canada, including 8 titles from at least 2 separate artists in the 14 months prior to the date of application.
- No admin fee.

SONGWRITER’S WORKSHOP (SW)

- Registration fees may be incurred before the time of application.
- No admin fee.

COLLECTIVE INITIATIVES (BD, CML, CIM, CDM)

Conference and Awards Shows Component (BD):

- Educational initiatives are eligible
- Must provide proof of growth over previous 2 years.
- Admin fee changed to 15% of Eligible Costs. Please note that if you are claiming administrative expenses elsewhere in your budget, you cannot claim this admin fee in addition to those expenses.

COLLECTIVE INITIATIVES (BD, CML, CIM, CDM)

Official Language Minority Component (CML):

- Events qualifying under the Official Language Component must include multiple Canadian artists, residing in the Province of Quebec, who perform primarily in English.
- Must provide proof of all Artists/Bands eligibility.
- Qualifying events must be “collective” in nature and comprise multiple copyright owners.
- Admin fee changed 15% of Eligible Costs. Please note that if you are claiming administrative expenses elsewhere in your budget, you cannot claim this admin fee in addition to those expenses.
- Funding contribution increased to 75% of Total Eligible Budget.

Showcases for the Development of Export Ready Artists Component (CIM):

- Qualifying events must be “collective” in nature and comprise multiple copyright owners.
- Admin fee changed 15% of Eligible Costs. Please note that if you are claiming administrative expenses elsewhere in your budget, you cannot claim this admin fee in addition to those expenses.

Digital Marketing Component (CDM):

- Qualifying initiatives must be “collective” in nature and comprise multiple copyright owners.
- Projects must increase the profile, visibility, marketing opportunities, and availability & sales opportunities of Canadian content and Canadian artists domestically and internationally.
- Projects must include a Summary of the Initiative (to a maximum 2 pages), in addition to any longer proposals included with the application. This 2 page Summary of the Initiative is a required document.
- Admin fee changed 15% of Eligible Costs. Please note that if you are claiming administrative expenses elsewhere in your budget, you cannot claim this admin fee in addition to those expenses.
- Funding contribution increased to 75% of Total Eligible Budget.