

## Glossary of Standard Terms and Business Policies Handbook 2016-2017

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Please read this document in conjunction with all of your FACTOR Application material, contracts, and correspondence. This guide sets out FACTOR's definition of words, phrases, and terms that you should understand before applying to FACTOR.

This guide also sets out FACTOR's key Business Policies. These policies dictate how FACTOR approaches the receipt, assessment, approval, and completion of client files.

**Please note: FACTOR's Board of Directors reserves the right at all times to modify and amend this Handbook and the business policies contained within at any time without notice.**

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# BUSINESS POLICIES

Please note: FACTOR's Board of Directors reserves the right at all times to modify and amend this Handbook and the business policies contained within at any time without notice.

## 1.0 APPEALS

1.1 In considering an Application, or an issue arising from an Application, FACTOR staff will apply the Program Guidelines, the terms of the General Agreement, and other binding documentation, in conjunction with FACTOR's Business Policies. Applicants are expected to read and follow the Program Guidelines and to know and understand the General Agreement and all other terms of the loan or grant. We strongly encourage Applicants to ask questions before submitting their Applications or follow-up documentation rather than assume an outcome. As a rule, late or incomplete Applications in which a step in the process, or a Mandatory Document or field entry has been omitted will be deemed ineligible.

1.2 There is no automatic right of appeal. However, in very limited circumstances, the Board of Directors may hear an appeal.

1.3 Requests to appeal will be considered first by the FACTOR staff member dealing with the file. If the appeal relates to a program rule (such as eligibility of the Applicant, or failure to supply a Mandatory Document) or a term of the loan or grant agreement (such as a capped expense, or the meeting of a deadline), then it will not be allowed to go forward.

1.4 However, if the appeal raises a policy issue or is based on some misstatement of fact or misinterpretation of a rule by FACTOR staff, then the Applicant may request an appeal. The merit of such request will be considered by the FACTOR President and Chair of the Board of Directors. If the request is found to have merit, it will be referred to the Board for appeal. If not, it will be refused and the refusal will be final.

1.5 If an appeal is considered by the Board of Directors, the Board's decision will be final.

1.6 A client who feels that a policy or program rule is inappropriate or unworkable and should be reviewed is invited to make those views known to FACTOR staff in writing. Staff may in turn invite the Board to consider a policy or rule change. However, in the event of a policy change, the Board will not reconsider previous decisions. New or amended rules will not be applied retroactively.

## 2.0 APPLICANT AGREEMENT – TERMS OF APPLICATION

2.1 By submitting an Application, Applicants agree to be bound by the Online System [Terms of Use](#) and [Privacy Policy](#), the General Agreement, FACTOR's Program Guidelines and these Business Policies which together constitute the Terms of Application. Prospective Applicants are advised to review these rules and documents in advance of submitting their Applications.

2.2 The Applicant warrants that:

- a) The Application (including its associated Artist Profile(s) and Applicant Profile) has been prepared in good faith, with due regard for FACTOR's rules and business policies; and those of FACTOR's contributors including the Department of Canadian Heritage and Canada's Private Radio Broadcasters;
- b) It has complied with all terms and conditions stipulated in the agreement(s) for any and all previous programs in the music industry supported by the Government of Canada in which the Applicant has received assistance;
- c) It has full right and title to exploit any copyrights or other intellectual property as contemplated in the Application, and to enter into an Agreement with FACTOR;

- d) The information contained in the Applicant Profile and/or Artist Profile and the Application is true and complete;
- e) The budget projections contained in the Application are based in fact and have been prepared according to best commercial practice, with due diligence and moderation. FACTOR shall have right to withdraw all or part of the recommended funding if the actual budget reported on Completion is substantially different from the projected budget or cannot be substantiated to FACTOR's sole satisfaction.

2.3 The Applicant and its representatives, legal surrogates, parent companies, affiliates, subsidiaries and divisions assume the entire risk of loss and/or damage arising out of the Application for funding, the approval or disapproval of the Application and the payment or non-payment of such funding.

2.4 The Applicant indemnifies FACTOR (and its directors, officers and employees) against any direct, indirect, consequential or incidental loss or damage arising out of the Application, its approval or non-approval, or the payment or non-payment of funding.

2.5 The Applicant may not institute any claim or proceeding against FACTOR (or its directors, officers or employees) by reason of any approval or disapproval of FACTOR in connection with an Application for funding or in connection with any payment or allocation of funding.

2.6 If the Application is successful in receiving funding from FACTOR, Applicant may be required to complete and submit, within 12 months following the Completion of the project, a Recipient's Questionnaire Form provided by the Department of Canadian Heritage and may be obliged to complete the Statistics Canada annual survey on the sound recording industry.

2.7 If the Applicant is not the Artist but has a contractual relationship with the Artist, the Applicant warrants that it has fulfilled, and will continue to fulfill, its contractual obligations to the Artist and the contractual obligations imposed by the successful receipt of FACTOR funding on behalf of the Artist, regardless whether the relationship with the Artist should change or cease.

2.8 An Application will be deemed ineligible if it engages or benefits, directly or indirectly, any party that is not in good standing with FACTOR, including but not limited to Artists and current or former Applicants and Recipients.

### 3.0 APPLICATION PROCESS

3.1 Prior to being able to make an Application, all prospective Applicants must first:

- a) [Register as a user in the Online System](#)
- b) [Create and submit for review an Applicant Profile](#)
- c) [Receive an Applicant Rating](#). The Applicant Rating designates which Programs the Applicant is eligible to apply to.

3.1.1 If the intended application is to a Program supporting Artists, then the Artist that is subject of the Application must also have an approved [Artist Profile in the Online System](#). The Artist's Profile must be approved by the Artist, but may be created and submitted by the Artist, the Applicant, or another user. There should only be one Artist Profile in the Online System for each unique Artist; for the purpose of making an Application that Artist Profile may be used by the Applicant provided that permission to do so has been granted by the administrator of the Artist Profile.

3.1.2 FACTOR staff will review Applicant and Artist Profiles and will assign each Profile a Rating. An application cannot be created in the Online System until the corresponding Applicant Rating or (if applicable) Artist Rating has been assigned by FACTOR. This review process may take five days or more. Once the Rating(s) have been assigned, the Applicant may proceed to creating and submitting an Application.

3.1.3 Where an Application Deadline has been designated by FACTOR, Applications (including all Mandatory Documents and uploads) must be submitted online no later than **11:59 p.m. Pacific Time** on the Deadline Date.

- 3.2 Applicants are strongly advised to speak to a FACTOR representative well in advance of the Deadline Date in order to insure that the Applicant, project, and costs are eligible, and to foresee other issues that might arise.
- 3.3 Program Guidelines (including all rules and requirements) are subject to change and are frequently updated. Please check the FACTOR website prior to making an Application to ensure you follow the current guidelines.
- 3.4 All Applications are subject to the availability of funds as determined by FACTOR.
- 3.5 Applications completed online must be submitted with all information and documents required in the online Application at the time of submission. Incomplete Applications will be rejected.
- 3.6 If, during the online Application process, the Applicant encounters some technical difficulty related to the operation of FACTOR's Online System (OS), it is the responsibility of the Applicant to inform FACTOR by email or telephone, prior to the Deadline Date, if such technical problems impede the submission of an Application. FACTOR will not allow an Application to be re-submitted where a complaint is made about the technical operation of the OS after the Deadline Date.
- 3.7 Hard copy Applications are not accepted, unless the Applicant has received permission in advance from FACTOR. If permission is given, FACTOR will supply a hard copy Application Form. Hard copy Applications including all Mandatory Documents must be received at FACTOR's office (not just post marked) by 5:00 p.m. Eastern Time on deadline day. If allowed, all hard copy Applications MUST be completed in ink, on current, original, FACTOR-supplied, Application forms. Hardcopy Applications and accompanying documentation must be legible. Hardcopy Application materials will not be returned.
- 3.8 FACTOR does not accept Applications of any kind by fax or email except by permission.
- 3.9 The Program Guidelines and the information submitted in the Applicant Profile and/or Artist Profile as well as the contents of the Application and all related documentation are part of the General Agreement if the project is approved.
- 3.10 Once the Application has been submitted, FACTOR staff review the documentation to ensure eligibility of the Applicant, the project and the costs. FACTOR staff may, at their discretion, contact the Applicant to ask for additional materials or other clarification.
- 3.11 FACTOR reserves the right to refuse any Application, for any reason, or to propose or impose modifications to the budget submitted.
- 3.12 FACTOR reserves the right to make inquiries with third parties to verify any statements and/or costs submitted.
- 3.13 If the Application is for a Juried program, FACTOR staff will forward all eligible Applications to a Jury for review. After its assessment, the Jury makes a recommendation, which is then forwarded to the FACTOR Board of Directors for final review and approval, or rejection, of the Application. See [Business Policies: Assessment Process - Juried Program](#).
- 3.14 For non-Juried programs, the eligible Applications are sent to the FACTOR Board of Directors for review and approval or rejection.
- 3.15 The FACTOR Board of Directors has final approval in respect of all Applications, and may modify the amount of funding requested as it sees fit.
- 3.16 The Board of Directors, while finding an Application and all of its costs to be eligible to be funded, may reduce, alter, pro-rate or refuse a contribution as it sees fit.
- 3.17 Once the Board of Directors has approved or rejected an Application, FACTOR staff will notify the Applicant. FACTOR's key terms and conditions of funding will be set out in an Annex to the General Agreement. This agreement must be executed by both parties before the Application will be processed further.

3.18 Following full execution by both parties of the General Agreement, FACTOR may at its discretion offer to advance all or part of the approved amount of funding as an advance payment of the final Disbursement Amount. See [Business Policies: FACTOR Advance](#).

3.19 Individual Applicants are required to provide a Social Insurance Number at the time of Application. Company Applicants must provide a Business Number. All Recipients are solely responsible for any income tax implications that may arise as a result of their receipt of FACTOR funding.

## 4.0 ARTIST ADVANCE

4.1 Only Cash Advances paid out-of-pocket to the Artist will be recognized as an Eligible Cost. FACTOR will not recognize nor reimburse an Artist Advance paid In-Kind, in the form of merchandise or any other non-cash goods or services.

4.2 FACTOR funding must be applied by the Applicant as a credit toward project costs. No portion of FACTOR funding that is offered as a grant, nor any portion of loan funding that has been forgiven or retired by FACTOR as against the Recipient, may be retained by the Recipient while any project costs remain recoupable against an Artist's royalty account.

## 5.0 ASSESSMENT PROCESS – JURIED PROGRAM

5.1 Once the Applicant has received the appropriate Applicant and Artist Rating and has submitted an Application, FACTOR staff will review the Application and determine if it meets the Program's eligibility requirements. All eligible Applications are then reviewed by an Assessment Jury of jurors who have been previously certified by FACTOR.

5.2 Jurors are representatives from the music and broadcasting industries who have special knowledge of the genre selected by the Applicant. Jury members are required to disclose any conflict of interest when assessing a project.

5.3 The Jury will assess each Application based on the quality of music, lyrics, vocals, musicianship and originality, as well as bio, photos and other supplementary information provided with each Application. Criteria and weighting of criteria vary from Program to Program.

5.4 The Jury is not given budget information, nor will it have access to any financial or personal information of the Applicant.

5.5 If the Jury recommends the Application for funding, it is then forwarded to the Board of Directors for financial assessment. The Board may award the full amount requested in the Application, but reserves the right to award a lesser amount based on its assessment of the Applicant's proposed expenses, or based on the total amount of funding available, or for any other reason.

## 6.0 ASSESSMENT PROCESS – NON-JURIED PROGRAM

6.1 Once the Applicant has received the appropriate Applicant and Artist Rating and has submitted an Application, FACTOR staff will review the Application and determine if it meets the Program's requirements. All eligible Applications are then reviewed by the Board of Directors.

6.2 The Board may award the full amount requested in the Application, but reserves the right to award a lesser amount based on its assessment of the Applicant's proposed expenses, or based on the total amount of funding available, or for any other reason.

## 7.0 AUDIT BY THIRD PARTY

7.1 Recipients who receive \$100,000 or more per project are required to submit an independent audited cost report on Completion. “Independent” means that the audit must be prepared by an external auditor who does not normally prepare the Recipient’s books and financial statements. For the purpose of this Audit policy only, a “project” means:

- a) Under Collective Initiatives, any one event or project including all related activities funded under any CI component. So, if the project is a music conference and includes a digital application and a series of branded workshops, and the combined funding provided meets or exceeds \$100,000, the audit policy will apply.
- b) Any sound recording Project where FACTOR’s contribution to the combined costs of license or production plus marketing and all other components meets or exceeds \$100,000.

7.2 The audited cost report must conform to Generally Accepted Accounting Principles (GAAP) and must include (among standard audit notes):

- a) An income statement, including details on all sources of project financing
- b) Details and explanation of any in-kind or contra-based reported income
- c) An expense statement, including details on any related party transactions, salary valuations, and any in-kind and non-arm’s-length expenditures.

7.3 The audited cost report must be submitted upon Completion. The Recipient need not submit, but is required to retain, records of all expenditures and all Proofs of Payment, which FACTOR may demand to verify from time to time.

7.4 FACTOR reserves the right to withhold payment of all or any portion of the Disbursement Amount if, in the sole opinion of FACTOR, the audit fails to conform to FACTOR’s standards.

7.5 The cost of the audit may be deemed an Eligible Cost, capped at \$10,000, which FACTOR may reimburse at the level of FACTOR funding for the Program, up to \$5000.

7.6 FACTOR may, at its sole discretion, accept the Recipient’s independent audited annual financial statements in lieu of a specific audited cost report, provided that the Recipient must also provide a report of all FACTOR-funded costs as reviewed and verified by the auditor.

## 8.0 CANADIAN CITIZENSHIP AND COMPANY CRITERIA

8.1 Only Canadian citizens, permanent residents of Canada, and Canadian companies and corporations are eligible for FACTOR funding. For FACTOR’s purposes:

- a) an Artist comprised of more than one member is deemed Canadian if at least half of the members are Canadian or permanent residents of Canada;
- b) A registered sole proprietorship is deemed Canadian if the sole owner is a Canadian citizen or a permanent resident of Canada;
- c) A registered partnership is Canadian if at least half of the partners are Canadian citizens or permanent residents of Canada;
- d) An incorporated company is Canadian if Canadian citizens or permanent residents of Canada beneficially own or control (i) in the case of a corporation with share capital, at least 50% plus 1 of all the issued and outstanding voting shares; or (ii) in the case of a corporation without share capital, at least 50% plus 1 of the total value of the assets;

- e) A non-profit association is Canadian if at least half of the members of its Board of Directors are Canadian.

8.2 Applicants are required to submit the following documentation, and all Applicants are required to submit updated documentation whenever there is a change in status:

- a) Proof of Canadian citizenship(s) or permanent resident status for Artist and any other personnel being claimed in project eligibility;
- b) If the Applicant is:
  - i. A Canadian citizen: proof of Canadian citizenship is required (a photocopy of your valid Canadian passport, Canadian birth certificate, Canadian citizenship card or citizenship certificate; members of First Nations may provide their Secure Certificate of Indian Status (SCIS) card);
  - ii. A permanent resident of Canada: proof of permanent resident status (a copy of your PR Card or);
  - iii. A registered sole proprietorship: proof of Canadian business registration and proof of the owner's Canadian citizenship or permanent residency is required;
  - iv. A registered partnership: proof of Canadian business registration and proof of partners' Canadian citizenship or permanent residency is required;
  - v. An incorporated company: proof of Canadian incorporation papers, organizational chart of the company, share capital structure, previous year's financial statements, and proof of Canadian citizenship for shareholders and directors (requiring copy of valid Canadian passport, Canadian birth certificate or Canadian citizenship card) OR a signed declaration of the Board of Directors stating that at least half of its members are Canadian citizens or permanent residents of Canada;
  - vi. A non-profit association: proof of Canadian citizenship of at least half of the members of the Board of Directors; OR a signed declaration of the Board of Directors stating that at least half of its members are Canadian citizens or permanent residents of Canada.

8.3 Please see [Business Policies: Company Documentation](#) for additional details regarding documentation for companies including sole proprietorships, partnerships, corporations and associations.

8.4 Non-resident Canadian Artists and Canadian citizens may apply, provided that applicant companies must be registered in Canada.

## 9.0 COMMERCIAL RELEASE

9.1 It is a condition of funding in all full-length sound recording programs that the funded sound recording must be commercially released according to the terms of the General Agreement, subject to any extensions explicitly approved by FACTOR. "Commercial Release, Commercially Released" means the sound recording has been legally offered to the public for sale, download, stream, or other method of public consumption, via a music retailer or digital music service, provided that the nature of such offer is commercial, meaning that its purpose is to generate revenue of which the Artist whose performance is embodied on the sound recording is entitled to be paid a share. Physical formats of the sound recording packaging must feature a UPC barcode; each track must have been assigned an International Standard Recording Code (ISRC) number.

9.2 The date on which the sound recording is first offered in the manner described above, shall be deemed the Commercial Release Date. In respect of an Album, the Album shall be considered "Commercially Released" when all the tracks on the Album have been commercially released.

9.3 The following are examples of what FACTOR deems a Commercial Release.

- a) The sound recording is being released by a record label, and is being sold by a distributor through physical and digital music retailers.

- b) The sound recording is being released by a record label, but will only be available in vinyl and in digital formats. The vinyl is being sold Off-Stage, and the digital version is being sold through iTunes and other digital retailers. In this case, the Commercial Release Date will be the date the digital version is first made available for sale through the digital retailer.
- c) The sound recording is being distributed through a content aggregator and is being sold worldwide through many digital retailers.
- d) The sound recording is being released by the Artist independently, but is being sold through (for example) iTunes, CD Baby, Bandcamp and local record stores.
- e) The sound recording is being released by a record label, or by the Artist independently, and is being sold through retailers serviced directly by the label and/or the Artist, but only as approved by FACTOR on a case-by-case basis.
- f) The sound recording is being manufactured in vinyl format, has a UPC barcode and is being offered for sale Off-Stage; but only where the Artist has a SoundScan Venue Settlement Account and is reporting off-stage sales to SoundScan.
- g) The sound recording is being offered for sale online at a “pay what you want” price provided that some actual sales have been made, at a price higher than zero.

9.4 The following are examples of what FACTOR does NOT deem a Commercial Release:

- a) The Artist or record label is pre-selling copies of the eventual sound recording. In this case, the Commercial Release will take place when the sound recording is made available to all members of the public, not just those who pre-bought the album.
- b) The sound recording is only being offered for free on the Artist’s website or any other website.
- c) The sound recording is being given away for “free with purchase” of another item. However, if the sound recording is included in a ticket price AND the Artist is reporting off-stage sales through SoundScan, then FACTOR may recognize the commercial release.
- d) The Artist is manufacturing CDs but is only selling them Off-Stage, but does not have a SoundScan Venue Settlement account and there is no digital retail activity.
- e) The sound recording is streaming exclusively on a music blog for a week before it goes on sale in stores. In that case, the week during which it is streaming only, does not count as the commercial release.
- f) The sound recording is streaming on a public video exhibition site such as YouTube.

## 10.0 COMPANY DOCUMENTATION

10.1 If the Applicant is a Registered Business (including a registered sole proprietorship or a partnership) or a Corporation, the following information is to accompany the Applicant Profile submitted to FACTOR. This information is required on a one time only basis, unless changes are made that materially affect the constitution of the company (see below).

10.2 Applicants who are Registered Businesses must:

- a) Provide the operating name and CRA Business Number, and indicate any and all trade names and “doing business as” names;
- b) Provide the names and addresses of each of the Owners/Partners of the Registered Business;



- c) Upon request by FACTOR, submit a copy of either a valid Canadian passport, Canadian Birth Certificate, or Canadian Citizenship Card for each registered Owner/Partner;
- d) In the case of a Partnership, submit a letter signed by all partners approving applications to FACTOR for funding assistance and designating an authorized contact and signing party for Applications.

10.3 Applicants who are Corporations must:

- a) Submit Articles of Incorporation;
- b) Submit Letters Patent or Certificate of Incorporation;
- c) Submit Organizational Chart including names of Officers and Executive Employees; i.e. President, Vice-President, Secretary, Treasurer and General Manager;
- d) Provide the names and addresses of the Directors and Shareholders of the Company;
- e) Upon request by FACTOR, provide an affidavit that the sufficient number of shareholders are Canadian (being 50% plus 1 of all issued shares). FACTOR may request a signed declaration of the Board that the majority of the Board of Directors are Canadian;
- f) Provide information on the Share-Capital of the Company detailing the Number of Outstanding Shares, Class of Shares, and indicate the breakdown of the Ownership of the Shares (Name, Class of Shares and Number of Shares);
- g) Submit a copy of the applicable By-Laws, Resolutions and Agreements entered into between the Shareholders who might individually, or in combination, affect the control and ownership of the Company;
- h) Provide either a Resolution of the Board of Directors (if necessary within the Company by-laws), or a Letter from the President or Principal owner of the Company indicating approval of applications to FACTOR for funding assistance and designating an authorized contact and signing party for applications.

10.4 Applicants who are non-profit associations must:

- a) Submit Articles of Incorporation;
- b) Submit Letters Patent or Certificate of Incorporation;
- c) Submit Organizational Chart including names of Officers and Executive Employees; i.e. President, Vice-President, Secretary, Treasurer and General Manager;
- d) Provide the names and addresses of the Directors of the Association (Name and full Address of all Directors);
- e) Provide either a Resolution from the Board of Directors (if necessary within the Association's by-laws), or a Letter from the Chairman of the Board of Directors indicating approval of applications to FACTOR for funding assistance and designating an authorized contact and signing party for applications; and
- f) Upon request, provide the citizenship documentation as set out for Corporations (above); or submit a signed declaration of the Board that the majority of the Board of Directors are Canadian.

10.5 For all Eligible Music Companies and companies applying to FACTOR Collective Initiatives program including non-profit associations, financial statements for the past three years must be attached to the Applicant Profile and updated on an annual basis within 6 months of the company's fiscal year-end. In some cases, FACTOR will require independent audited financial statements. Please see [Business Policies: Audit](#).

10.6 If there are any changes in respect of the owners/partners of a Registered Business, or Directors/ Shareholders, Share-Capital, or by-laws that may affect the company's ownership, or signing authority of a Corporation, Applicant must update the applicable information within 6 months of such change taking effect, or at the Annual Review.

10.7 This information will remain on file, accessible only to specifically authorized FACTOR staff and our third-party independent auditing firm for the purpose of review and verification only. It will be held strictly confidential in accordance with the Privacy Act and will not be made available to any Jury member nor to the FACTOR Board of Directors.

## 11.0 COMPLETION REPORTS AND DELIVERY OF COMPLETION MATERIALS

11.1 Every Recipient is required to complete the project and submit the documentation in the format required and within the timeframe set out in the General Agreement. This will include, at a minimum, an activity report and a final cost report, and may include supporting financial documentation including invoices, receipts and Proofs of Payment as required by FACTOR.

11.1.1 FACTOR will review the completion documentation and may select one or more claimed expenses for a Spot Audit; or all of the claimed expenses for a Full Audit. It is a condition of funding that Recipients submit all documentation requested by FACTOR by the deadlines required. Failure to meet these deadlines may result in a penalty up to and including loss of all funding. Please see [Business Policies: Deadlines and Extensions](#) for details.

11.2 FACTOR may, at its sole discretion, allow an extension to the Completion deadline and may allow modifications to the list of proofs and documentation required. Please see [Business Policies: Deadlines and Extensions](#) for details.

11.3 Upon Completion, every Recipient of funding for the production or acquisition of a Sound Recording (including Demos) must deliver to FACTOR via the Completion Component:

- a) A copy of all the lyrics;
- b) A digital copy of each track in MP3 format;
- c) (Demos excluded) A digital copy of the artwork in pdf or jpg format clearly showing the required logos.

11.3.1 Product Submission Deadline: No later than 30 days after the Commercial Release of the funded sound recording, every Recipient must deliver to FACTOR via email:

- a) As a Zip file or by providing a link to a preferred file sharing site (e.g. Dropbox, etc.): a digital copy in MP3 format of the final, as-released version of the funded sound recording, including the final, required metadata [thumbnail artwork, FACTOR logo and acknowledgement text, Canada wordmark (if applicable), Government of Canada acknowledgement (if applicable), track artist, track title, track time/duration, track number]; and a digital copy of the final, as-released album artwork clearly showing the required logos and acknowledgment;
- b) If manufacturing physical copies for sale, a finished, retail-ready copy in any physical format may be required.

11.4 Every Recipient of video funding for the production of one or more music videos must, upon completion, provide FACTOR with a web link/URL to view the finished video including end credits, and upon FACTOR's request, a copy of the video(s) in .mov format or such other digital format as FACTOR may designate.

## 12.0 LOGO AND ACKNOWLEDGMENT

12.1 As a material condition of funding, every Recipient must publicly acknowledge the financial support of FACTOR and (as applicable) the Government of Canada and/or Canada's private radio broadcasters. The specific requirements of logo and acknowledgment placement for each funded project are set out in the General Agreement for the project, and in the [Logo & Acknowledgment Guide](#).

12.2 Failure to provide the appropriate acknowledgements and logos, as assessed solely by FACTOR, may result in a reduction of funding of up to 15% of the Disbursement Amount; or may be deemed an Event of Default.

## 13.0 DEFAULT

13.1 The [General Agreement](#) sets out the contractual definition of Default, including Events and Effects of Default.

13.2 A Recipient who is found in Default may not access any further funding, and is deemed ineligible to apply for any further funding, until the FACTOR Board of Directors has, in its sole judgment, declared the Default to have been remedied. Such remedies may include the full repayment to FACTOR of the Disbursement Amount.

13.3 If a Recipient found in Default has more than one active Application, all Applications of that Recipient will also be considered in Default and may be put on hold until such time as all Defaults by the Recipient have been declared by the FACTOR Board of Directors to have been remedied.

13.4 An Artist who has been found in default as a Recipient is ineligible as the subject of an application by any Applicant, regardless of that Applicant's good standing, except by permission of FACTOR or until FACTOR has declared the Artist's Default to have been remedied.

## 14.0 DIRECT BOARD APPROVAL AND COMPREHENSIVE MUSIC COMPANY PROGRAM

14.1 Direct Board Approval Sound Recording Program ("DBA Program") was cancelled on March 31, 2013. However, Active projects funded under the DBA Program will continue to be eligible for marketing support through the Marketing and Promotion for FACTOR-Funded Sound Recordings Program, provided that the Album continues to qualify and the Applicant Company remains in good standing. Applicants with Active projects funded under the former DBA Program must continue to uphold all the terms and conditions of the agreements under which their projects were funded, along with all applicable Business Policies, until such time as the title is no longer Active.

14.2 Canadian music companies (including former DBA companies) may be eligible for inclusion in the Comprehensive Music Company Program, commencing on April 1, 2013, provided they meet the basic criteria as an Eligible Music Company set out at Section 22, as well as the criteria for Eligible Record Labels set out at Section 22.1, as well as the specific criteria set out at paragraph 14.5 below:

14.3 To be eligible to apply to the Comprehensive Music Company Program, an Eligible Record Label must meet all of the following criteria:

- a) It employs at least two full-time staff members. Both may be principals of the company;
- b) It has been in business continually for at least five years;
- c) It has released a minimum of five Qualifying Releases by at least two different Canadian Artists over the five years preceding the latest Profile Submission Deadline. The record company must own or control the exclusive Canadian exploitation rights and/or copyright in its Qualifying Releases for at least five years from date of execution of the license/recording agreement by which the copyrights were acquired. (See Disposition of Masters herein). Note: Qualifying Releases do NOT have to have been funded by FACTOR; and

- d) It must have received a Company Rating of 4 or 5. To do so, it must meet the minimum threshold of Gross Revenues from Master Exploitation established by the FACTOR Board of Directors. In 2013-2014; and 2014-2015 this threshold was set at an average of \$100,000 from the most recent three years of revenue generated from the exploitation of the sound recording masters (and net of grants, loans, and other non-earned revenue).

14.4 Funding under the DBA Program prior to April 1, 2013 is a Loan.

14.5 One-quarter of the Disbursement Amount for a Project in the Comprehensive Music Company Program is a loan.

14.6 After the Loan Repayment Period, provided the Applicant is in good standing, the unpaid balance of the Loan converts to a grant. Failure to report and to repay on sales and/or gross revenues during the Loan Repayment Period may result in a Default and loss of good standing. Please see [Business Policies: Loan Repayment](#) for details.

## 15.0 DISPOSITION OF MASTERS

15.1 When a full length sound recording receives FACTOR funding in the form of a Loan, certain limitations are placed on the ways and means by which these titles may be acquired and/or exploited by other parties.

15.2 Whenever FACTOR's Guidelines, or Agreements or other documentation contain the phrase "owned or controlled" in respect of a sound recording, FACTOR's intention is that only one party is eligible to apply for FACTOR funding for any one project or sound recording in any one program at any one time. That party is the eligible entity that has exclusive control of the exploitation rights in the sound recording at the time of application, regardless of whether that control was gained by way of ownership in first instance, by limited or unlimited sale or acquisition, by license, by assignment or by any other means of transfer. Notwithstanding the foregoing, FACTOR may allow an Artist to apply for Live Performance, regardless of who controls the Canadian copyright in the sound recording, but subject to the Guidelines for that Program.

Example: A Canadian record label licenses a recording from an independent Artist. The license provides for the label to have exclusive exploitation rights in Canada for ten years, while the Artist retains ownership of the sound recording copyright. In that event, only the record label is eligible to apply to FACTOR for funding related to that sound recording, because it is the party that exclusively controls the right to sell and exploit the sound recording in the marketplace.

15.3 For the purposes of this section:

- a) "Eligible Canadian Record Label" means:
- i. An Eligible Record Label defined at section 22.2 herein; provided that such record label must not be an Associated Company of, nor a Related Party to the Recipient.
  - ii. A "MEC Company" recognized under Canadian Heritage's Music Entrepreneur Component - Aid to Canadian Sound Recording Firms component of the Canada Music Fund; or
- b) "Sold," "Sale" means a conveyance, in exchange for a purchase price, of all rights in and to the copyright of the sound recording.
- c) "Assigned," "Assignment" means a transfer of interest in, or ownership of, the sound recording.
- d) "License," "Licensed" means a conveyance of rights wherein one party who controls certain exploitation and other rights in a sound recording grants limited rights to another party in exchange for a fee and other consideration.
- e) "Transfer," "Transferred" means any conveyance of some or all of the interest, including ownership or title, in a sound recording copyright, and/or the benefits derived from the exploitation of those rights. When exclusive control of the sound recording copyright changes hands in any transaction, FACTOR deems the sound recording to have transferred.

f) “Former DBA Company” means a company that held DBA Status at any time prior to April 1, 2013.

15.4 The restrictions contained in this policy apply ONLY to Active FACTOR-Funded Sound Recordings, meaning a full-length sound recording where the first application for sound recording funding has been approved and is being undertaken by the original loan recipient, and ONLY to the exclusive Canadian exploitation rights (including copyright) in those sound recordings. For clarification: The Canadian exploitation rights (including copyright) in FACTOR-Funded sound recordings whose loans have been fully repaid to FACTOR by their original loan recipients and/or have passed the Loan Repayment Period, and sound recordings funded by a non-repayable grant under the Demo and Commercially Released Single program, and the non-Canadian rights in any FACTOR-funded sound recording, may be licensed or sold without further notification to or restriction by FACTOR.

15.5 FACTOR-Funded Sound Recordings may be Sold, Licensed, Assigned or otherwise Transferred (singly and collectively, “Transferred,” “Transfer(s)”) to a third party. However, for all Active FACTOR-Funded Sound Recording Loans:

- a) The original loan recipient MUST notify FACTOR of the upcoming Transfer BEFORE it takes place; and
- b) FACTOR must approve all Transfers.

TAKE NOTE that **the failure to notify FACTOR of a pending Transfer of an Active FACTOR-Funded Sound Recording may be considered an Event of Default** under the original agreement by which it was funded.

15.6 Active FACTOR-Funded Sound Recordings **funded prior to April 1, 2013**: If the Transfer is to an Eligible Canadian Record Label and is approved by FACTOR, then:

- a) If the Recipient was the Artist, then FACTOR will forgive any outstanding balance of the loan related to the original sound recording loan agreement, and such loan will be considered closed with the Recipient owing no further loan reporting and repayment obligations to FACTOR;
- b) If the Transfer is to an Eligible Record Label that is eligible for the Comprehensive Music Company Program, the label may choose at its option to create a new Project in the CMC Program, or may apply to Marketing and Promotion for FACTOR-Funded Sound Recordings at the level corresponding to the sound recording program under which the title was originally funded.
- c) If the sound recording was funded under the Emerging Artist Program and the transfer is to a MEC Company, the MEC Company may apply to Marketing and Promotion for FACTOR-funded Sound Recordings for marketing support.

Section 15.6 will not apply in the case of a Former DBA Company that Transfers an Active FACTOR-Funded Sound recording to any other company (including a MEC Company). In that event, the outstanding balance of the loan must be repaid to FACTOR in full at the time of the Transfer, per section 15.8 below.

15.7 For Active FACTOR-Funded Sound Recordings **funded prior to April 1, 2013**: If, prior to Transfer to an Eligible Canadian Record Label, the Recipient has applied for any funding under the Marketing and Promotion for FACTOR-Funded Sound Recordings Program, then such application must be withdrawn, or, if funds have been advanced by FACTOR, closed or completed by the Recipient subject to FACTOR’s approval and the terms of funding. In that event:

- a) The original Recipient will no longer be eligible to apply for any additional marketing and promotion funding for the sound recording; and
- b) If the sound recording is acquired or licensed by an Eligible Canadian Record Label, the Eligible Canadian Record Label will be eligible to apply for Marketing and Promotion for FACTOR-Funded Sound Recordings to the level that corresponds with the limits set out for the original sound recording loan, less any funding under Marketing and Promotion for FACTOR-Funded Sound Recordings advanced to the original loan recipient prior to the Transfer.

15.8 An Active FACTOR- Funded Sound Recording funded prior to April 1, 2013 under the DBA Sound Recording Program may be Transferred by the former DBA Company; however, FACTOR must be notified and must approve the Transfer, AND the unpaid balance of the sound recording loan must be paid in full.

15.9 For Active FACTOR-funded Sound Recordings **funded prior to April 1, 2013**: When the Canadian rights in an Active FACTOR-Funded Sound Recording are Transferred to a non-Canadian entity (including, without limitation, so-called “major labels”), the notice and approval obligations set out at paragraph 15.5 herein will apply, AND:

- a) The original Recipient must immediately repay the sound recording loan in full; and
- b) If the original loan recipient has applied for funding under Marketing and Promotion for FACTOR-Funded Sound Recordings, then:
  - i. If the application has not yet been approved, it will be deemed ineligible for FACTOR funding; or
  - ii. If the application has been approved and funds have been advanced, the Recipient will be required to close or complete the file with no further funds being advanced; and
  - iii. If the original sound recording loan Recipient is found to be in Default of the obligation to notify FACTOR of the Transfer, then FACTOR may require all of the marketing funds advanced to be paid back.

15.10 Notwithstanding anything contained in these Business Policies, the FACTOR Board of Directors has final authority in any of these matters and will exercise such at its discretion.

15.11 When a sound recording or proposed sound recording is subject to an Option Clause, FACTOR will deem such sound recording to be under license or control of the Option-holder, unless and until FACTOR receives written notice that the Option-holder declines to exercise the Option, or that the agreement containing the Option Clause has been terminated.

15.12 **Active FACTOR-funded Sound Recordings funded after April 1, 2013**: If the exclusive Canadian exploitation rights in a sound recording funded under any full-length sound recording program is sold, licensed, assigned or otherwise transferred (collectively “Transferred”) to a non-Canadian label (including “major labels”):

- a) The loan portion of the funding disbursed to the Recipient must be immediately repaid to FACTOR. In addition, based on the particular circumstances of the Transfer, the Board may require that all funding disbursed to the Recipient be repaid;
- b) The file will be immediately put on hold; no further funds will be advanced to the Recipient subject to the repayment of the loan;
- c) Subject to repayment to FACTOR’s satisfaction, the file will be closed with no penalty to the Recipient. However, if the Recipient fails to repay the funding as prescribed, the Recipient may be found to be in default.

15.13 **Active FACTOR-funded Sound Recordings funded after April 1, 2013** under the Juried Sound Recording Program (JSR Program) where the Recipient was the Artist or a Record Label Rated Approved, 2, 3:

- a) If the title is Transferred to a Record Label Rated Approved, 2 or 3:
  - i. If the Recipient was the Artist, the Loan portion accrued by Recipient will convert to a grant.
  - ii. If the Recipient was a Record Label, the Loan portion accrued by the Recipient must be immediately repaid to FACTOR.

- iii. The Transferee Record Label may become the applicant in new JSR Project. Note that 25% of all funding disbursed to the new JSR project will be considered a loan to the Transferee Record Label.
  - iv. If the Transferee Record Label is an Eligible Record Label Rated 2 or 3, it may apply for a license fee not to exceed an amount that is the difference between the amount paid out to the original JSR Sound Recording Component recipient and the JSR Program limit for that recipient (being either \$10,000 or \$15,000).
  - v. The project will be eligible for all components of the JSR subject to the limits applicable to the original application less all funding disbursed to the Recipient, less any repaid loan.
- b) If the title is Transferred to a Record Label rated 4 or 5:
- i. If the Recipient was the Artist, the Loan portion accrued by Recipient will convert to a grant.
  - ii. If the Recipient was a Record Label, then at FACTOR's option, the Loan portion accrued by the Recipient may be immediately repaid to FACTOR; or the Transferee Record Label may assume responsibility for the Loan portion in a new Application.
  - iii. The Transferee Record Label may become the applicant in a new Comprehensive Music Company Project. In that event, the Transferee Record Label may apply under the Comprehensive Music Company sound recording component for a license fee not to exceed an amount that is the difference between the amount disbursed in the original JSR Program Sound Recording Component and \$30,000; and the sound recording will be eligible for all components of the Comprehensive Music Company Program subject to the Transferee Record Label's project limit and Annual Funding Cap, less any funding disbursed to the Recipient.
- c) If the title is Transferred to a MEC-supported company:
- i. If the Recipient was the Artist, the Loan portion accrued by Recipient will convert to a grant.
  - ii. If the Recipient was a Record Label, the Loan portion accrued by the Recipient must be immediately repaid to FACTOR.
  - iii. The MEC Company is still obligated to provide the required acknowledgment and logos. See [Acknowledgment and Logo](#).

Note that MEC companies are ineligible to apply for any further funding in the JSR Program.

15.14 For titles funded under the Comprehensive Artist Program, where the Recipient was the Artist:

- a) If the title is Transferred to any eligible Canadian Record Label (MEC included):
- i. The Loan portion accrued by Recipient will convert to a grant.
  - ii. The Transferee Record Label may become the applicant in a new Comprehensive Artist Project.
  - iii. The Transferee Record Label may apply under the Comprehensive Artist sound recording component for a FACTOR contribution to the license fee, such contribution not to exceed an amount that is the difference between the original Comprehensive Artist Sound Recording Component contribution amount and \$30,000.
  - iv. The Project will be eligible for all components of the Comprehensive Artist Program subject to the program limit less any amounts disbursed to the Recipient.

15.15 For titles funded under the Comprehensive Music Company Program: In all cases the Recipient must repay **all funding** disbursed. In that event the sound recording will be deemed to be non-FACTOR-funded, and

- a) If the title is Transferred to a Record Label rated 4 or 5, the Transferee Record Label may become the applicant in a Comprehensive Music Company application, subject to the company's project limit and Annual Funding Cap;
- b) If the title is Transferred to a Record Label rated Approved, 2, 3 or a MEC-supported Company, the Transferee Record Label may apply for funding in the Programs for which it is normally eligible.

15.16 When any Active FACTOR-funded Sound Recording is Transferred, the original Recipient will be required to complete any open Components as soon as practical, in consultation with FACTOR.

15.17 All the terms of this section 15 are subject to the Annual Funding Cap, the Program Guidelines rules and maximums, the standing and status and all other applicable conditions of the Transferee Record Label's eligibility to receive FACTOR funding.

## 16.0 DISPUTE BETWEEN RECIPIENT AND THIRD PARTIES

16.1 FACTOR deems all Applications and agreements between itself and Applicants and Recipients to be confidential. FACTOR will not intervene in a dispute between a funding Recipient and any third party except in the following circumstances:

- a) The third party is a supplier claiming that the Recipient was reimbursed by FACTOR for an expense related to the supplier's provision of goods and services that the supplier claims were never provided, or if provided, remain unpaid;
- b) The third party is an Artist claiming that the Recipient record label has charged back or recouped from the Artist's royalty non-repayable funding in contravention of the Artist Advances provisions at section 4.0 of these Business Policies; or has falsely represented the Artist's acknowledgment and agreement to the Recipient applying for funding in the name of or on behalf of the Artist; or
- c) Such other limited circumstance as the Board may identify from time to time.

16.2 If the dispute involves the payment or non-payment of monies claimed back to FACTOR by the Recipient, FACTOR may first exercise its audit rights. If upon audit a claim of financial wrongdoing is substantiated to FACTOR's satisfaction, FACTOR may at its sole option declare an Event of Default by the Recipient, or take such measures as it deems fit.

16.3 FACTOR may also direct the parties in dispute toward mediation or other form of conflict resolution not engaging FACTOR, excepting that at the direction of the Board the Recipient's applications may be held in abeyance until the Board of Directors is satisfied that the dispute has been resolved.

16.4 The provisions of this policy are to be interpreted without affect or prejudice to any term of legal agreement between FACTOR and the Recipient.

## 17.0 DONATED SERVICES

17.1 FACTOR will recognize budget items designated as Donated Services only in limited circumstances and as set out in the Program Guidelines and/or eligible costs detail for that Program.

- a) When the Artist is the applicant in a Tour or Showcase component, and only for the artist or members of the Artist group, to a maximum of \$150 per show;
- b) In the Artist Development Program, only for the artist or members of the artist group, to a maximum of \$500 per application.

17.2 (Intentionally deleted)



## 18.0 ELIGIBLE ARTISTS – GENERAL TERMS

- 18.1 Only Canadian Artists are eligible to apply and/or be subject of an application. Please see [Business Policies: Canadian Citizenship and Company Criteria](#).
- 18.2 An Artist who has been found in Default is ineligible until such time as the FACTOR Board of Directors declares such Artist no longer in Default.
- 18.3 Non-resident Canadian Artists are eligible.
- 18.4 When a total of \$300,000 in gross disbursements less Loan Repayments has been disbursed by FACTOR in support of an Artist's projects, whether the Recipient of any Disbursement Amount was the Artist or someone working with the Artist, then such Artist or any Applicant working with the Artist, provided they satisfy all other criteria, may continue to apply for funding; however, all applications will be subject to mandatory Board review to assess the ongoing eligibility and merit of the project and the Application.
- 18.5 In order to make efficient use of FACTOR funds and to ensure that support is available for new entrants, the Board will ultimately determine on a case by case basis for each Artist what amount (which in no case will exceed \$500,000) may be disbursed to or on behalf of an Artist throughout the Artist's or FACTOR's lifetime, that amount being gross disbursements less Loan Repayments made in respect of the Artist's projects, whether the Recipient of any Disbursement Amount was the Artist or someone working with the Artist.

## 19.0 ELIGIBLE COSTS – GENERAL TERMS

- 19.1 This section applies to all FACTOR Programs unless otherwise noted. Eligible Costs specific to each Program or Component have been moved to the Program Guidelines and Component Guidelines. Please see those documents for rules specific to each Program.
- 19.2 Only those costs identified by the Applicant in the Application and approved by FACTOR will be deemed Eligible Costs.
- 19.3 Eligible Costs are those paid to Canadians and Canadian owned and controlled companies, for goods and services delivered in Canada. Notwithstanding the foregoing, FACTOR will recognize eligible costs related to non-Canadian Artist Members.
- 19.3.1 Goods and services purchased from individual Canadians living outside of Canada will be deemed Eligible Costs. Goods and services purchased from Canadian-owned businesses physically located outside of Canada will be deemed Eligible Costs provided that the business continues to have significant commercial activity or maintains a head office in Canada.
- 19.4 As a general rule, Eligible Costs must be bona fide third-party costs paid out-of-pocket by the Applicant. Applicants are advised to discuss the eligibility of any and all non-cash costs with FACTOR in advance.
- 19.5 Where FACTOR allows Eligible Costs to be expended In-House, those costs must be charged, in FACTOR's sole opinion, at verifiable fair market value with no mark-up. For in-house services, the party providing the services must be in the business of, or professionally employed to provide such services. Likewise, allowable costs paid to Related Parties must also be charged at verifiable fair market value with no mark-up. Please see the Program Guidelines and Component Guidelines for details.
- 19.6 Generally, and unless otherwise explicitly allowed by FACTOR, you may not apply for costs that you have already incurred.
- 19.7 Generally, and unless otherwise explicitly allowed by FACTOR, Eligible Costs will begin to be deemed eligible after the Application has been received at FACTOR. For clarity: as soon as your application has been received by FACTOR, you may begin incurring Eligible Costs. Costs incurred and paid prior to the submission of an Application are generally deemed ineligible. FACTOR may allow certain earlier costs on a case-by-case basis.

19.8 Costs must be verifiable with invoices, receipts and Proof of Payment. Unless otherwise noted or explicitly allowed by FACTOR, Proof of Payment must be submitted upon Completion, as a condition of funding.

19.8.1 Except for specific costs as noted in the Program Guidelines or these Business Policies, costs will only be deemed Eligible if they are incurred and paid prior to the date of submission of the Completion Report, or prior to the final Completion Deadline, whichever is earlier. Costs that are incurred after the expiration of a Completion Deadline and any FACTOR-approved extensions to the Completion Deadline will not be allowed, except by express permission of FACTOR.

19.9 **Cash payments**— Costs paid in cash may be accepted for purchases under \$500. Purchases of \$100-\$500 must be accompanied by a detailed store or cash register receipt showing the items purchased, along with the name, address, vendor number and/or tax number of the supplier. Incidental purchases under \$100 (e.g. gas, small goods) may be accompanied by a cash register receipt. In addition:

- a) For personnel costs (including contractors and service suppliers), payment by cheque, email transfer, credit card, interbank transfer, wire transfer or money order is preferable. If traveling in a Tour, Showcase, or Business Travel component, suppliers such as Hired Musicians or Eligible Crew may be paid in cash, but payments will only be considered eligible when accompanied by a signed [Receipt for Services form](#).
- b) Per diems paid in cash must be supported by a signed [Receipt for Services form](#).
- c) Larger purchases over \$500 including but not limited to studio and equipment rentals, travel fares, hotel rooms and vehicle rentals will not be eligible if paid in cash. Such purchases must be supported by a third-party verifiable means such as canceled cheque, credit card or debit card receipt or statement, bank statement, money order or postal order receipt, wire transfer or e-transfer receipt.

19.10 **Travel costs** — Travel costs in all Programs must follow the spirit and intent of the Treasury Board Guidelines, namely that these costs do not exceed the rates specified in the [Government of Canada Travel Directive](#). In addition to the limits proposed by the Treasury Board guidelines, travel costs in all Programs are subject to the following:

- a) Hotel accommodations costs, where eligible, to a maximum of \$300 per night;
- b) Flight costs, where eligible, will be recognized by FACTOR for economy-rate tickets only (business and first class tickets are not eligible);
- c) No dollar value will be attributable to air miles, frequent flyer points or similar programs. However, FACTOR may recognize a cash fee charged by the points provider;
- d) Applicants are urged to ensure that each person traveling is covered by trip cancellation, health/ medical and accident insurance appropriate to the length and location of the visit to the country in which any funded travel occurs. In the event that a trip or any portion thereof is canceled such that all or any portion of approved Eligible Costs is forfeit, the Applicant is required to recover the maximum amount available under its travel insurance. FACTOR will cover 50% of any remaining non-refundable costs;
- e) In the event of a discrepancy between a maximum reimbursable cost published by FACTOR and the same cost published by the Treasury Board Guidelines, the lesser cost shall be applied.

19.11 Ineligible costs in all Programs include, but are not limited to:

- a) Equipment purchases and purchases of capital assets;
- b) Taxes that are subject to rebate to the Recipient (such as VAT, HST);
- c) Musicians' union dues, penalties, fines, pension contributions and any other union-mandated payments;

- d) CD, vinyl or other music media manufacturing and duplication costs, except where allowed within the allowance for promotional, not-for sale costs.

19.12 FACTOR reserves the right at all times to allow, disallow, or modify costs. It is advisable to discuss any significant changes to your budget before Completion. If you are uncertain about the eligibility of a cost, please contact FACTOR before incurring that cost. In order for a project and costs to remain eligible, Applicants must notify FACTOR immediately of any significant change to the original Application or budget submitted. A significant change would be one that impacts more than 25% of the budget.

19.13 In some Programs, FACTOR allows an Administration Fee to be added to the Total Eligible Costs, calculated as a set percentage of those costs. The current schedule of Administration Fees is set out in Schedule A of the Business Policies, and also in the Component Guidelines. The Administration Fee is intended to contribute to overhead costs such as occupancy, staffing, and other day-to-day costs of running a business, which costs cannot be claimed elsewhere in the budget. The Administration Fee is not required to be documented on Completion.

19.14 The Administration Fee is not required by FACTOR to be paid to a grant writer, administrator, or any other supplier. The amount and method of payment due to a grant writer or any other supplier is a matter of contract between the Recipient and such supplier.

19.15 **Musicians' fees** — Where applicable, fees paid to musicians will be recognized as follows:

- a) For sound recording work, musicians' fees will be capped at a rate of \$400 per studio session, to a maximum of one session per track. The day rate includes overtime pay for the session, if any.
- b) "Leader fees" paid to third-parties will be eligible at up to double the day rate, but only if the session is contracted pursuant to a musician's union contract, and that contract is submitted to FACTOR. Royalty players (i.e. the artist and its members) may not claim a leader fee to FACTOR.
- c) For live performances, musicians' fees will be capped at a show rate of \$300 per show. The show rate includes all paid performances in one calendar day.
- d) Excepting touring musicians, FACTOR will not recognize musicians' fees paid in cash. Musicians' fees must be paid by cheque, email transfer, or wire transfer. For reimbursement by FACTOR, the musician's fee must be supported by an invoice from the musician to the applicant, along with proof of payment showing the invoice was paid.
- e) Per diems paid to musicians will be recognized in addition to the above rates, to a maximum of \$50 per person per day. Claims to FACTOR for reimbursement of per diems paid in cash must be accompanied by a Receipt for Services.
- f) Additional union-mandated payments such as dues, fines, pension contributions, etc. are not eligible for FACTOR reimbursement.
- g) Excepting the Artist Development Program, FACTOR does not recognize Donated Services in the Sound Recording component. However, when the Artist is the applicant, FACTOR will recognize donated services for live performances in a Tour or Showcase component, to a maximum of \$150 per Artist member, per show. Applicants may not claim Donated Services in respect of Hired Musicians or Hired Crew.

## 20.0 SOCIAL MEDIA STATISTICS

20.1 The cost to purchase “likes,” “views,” “followers” or other social media statistics is an ineligible cost in all Programs.

20.2 FACTOR periodically audits the social media statistics provided in Artists’ Profiles. If FACTOR audits an Artist Profile for any reason, the Artist Administrator may be required to give access to page statistics so that FACTOR can discern whether the numbers have been purchased. If in FACTOR’s sole opinion the Artist Profile contains artificial numbers achieved by the purchase of “likes,” “views,” and “followers,” a penalty will be applied as follows:

- a) If this is the first time the Artist Profile has been noted as containing artificial numbers, the numbers of that particular social media account will be counted as zero. This may affect the Artist Rating and the result will be back-dated to April 1. If the Artist’s eligibility changes as a result, any projects of which the Artist is subject, will be withdrawn, regardless of Applicant, effective as of April 1. The penalty will be in effect until the year-end review of that fiscal year.
- b) On a second offense, all scores in all social media will be set to zero for one year. This may affect the Artist Rating and the result will be back-dated to April 1. If the Artist’s eligibility changes as a result, any projects of which the Artist is subject will be withdrawn, regardless of Applicant, effective as of April 1. The penalty will be in effect until the year-end review of that fiscal year.

## 21.0 DEADLINES AND EXTENSIONS

21.1 Once a Project has been funded, it is a condition of funding that Recipients meet all deadlines for each Milestone set by FACTOR for the project. Milestones include (but are not limited to) completing a Component, Commercially Releasing a sound recording, submitting one or more expense documents, submitting a Loan Repayment Report (see [Glossary: Milestone](#)). A limited number and duration of extensions may be available depending on the nature of the Milestone and the project or Program.

21.2 Extensions are never assumed or automatic. It is the Recipient’s responsibility to request an extension (if available) prior to the deadline passing. To do so, the Recipient should send an email to the Project Coordinator at FACTOR, giving the reason for the request and proposing a new date which must be within the limits set out below. FACTOR may grant an extension subject to the rules laid out herein.

- a) In some cases, extensions may be available. When a deadline passes without the Recipient asking for an extension (if available), the Recipient will be sent a Notice advising them that they may fulfill the requirement of the Milestone or request an extension provided that they do so within a **Grace Period of seven calendar days**. If the Recipient does not respond within that Grace Period, then all available extensions will be deemed to have expired.
- b) When all available extensions have expired (whether deemed or actually) and the Recipient has still not met the requirements of the Milestone, then the Recipient may be put On Hold; followed by Pre-Default status; and may eventually be found to be in Default.
- c) “On Hold” means that all Active projects of the Recipient will be suspended for a specified period per Program. The recipient cannot receive any approved funding nor apply for any new funding until the hold has been cleared.
- d) “Pre-default” means that the Recipient continues On Hold and may face a financial penalty as set out below. This is the final step before FACTOR withdraws the offer and/or finds the Recipient in Default, in which case all funding must be repaid. When a Recipient is in Pre-default:
  - i. In the case of late completion documentation, no further funds will be disbursed by FACTOR toward that Component even once the Recipient submits the documentation;
  - ii. If no advance was offered on the Component, then the Component Offer will be withdrawn;

- iii. If an advance was offered and the completion report when filed shows a balance owing to FACTOR, the balance owing will be immediately repayable to FACTOR;
  - iv. If the Recipient files the completion report during the Pre-default period, then subject to repayment of any funds owing to FACTOR, the Recipient will be reinstated to good standing and allowed to continue with the Project;
  - v. The Recipient will not be allowed to re-apply for the same project costs in a new component.
- e) If a specific time period passes (per Program, see below) and the matter remains unresolved, then the Recipient will be held in Default.
- f) “Default” means that the Recipient is in breach of contract. At FACTOR’s sole option, a finding of default means that all funds disbursed toward the whole project must be repaid as set out in the General Agreement; the cross-default provisions of the General Agreement apply, meaning that the Recipient and any affiliated companies, partners and shareholders may also be held in default on all other projects, and are prevented from receiving any additional approved funding or applying for any new funding, which status will continue until FACTOR clears the default.

### 21.3 Completion Deadlines

#### a) Business Development Program

- i. The Completion deadline is the last business day in May of the next year following the date of Approval.
- ii. The Recipient may request, and the Project Coordinator may grant an extension of up to 60 days from the original Completion Deadline.
- iii. If the original deadline passes without a request for extension, the Recipient will be given a Notice of Grace Period to request an extension. If the Grace Period passes, the Recipient will be put On Hold for 30 days. After 30 days, the Recipient will be in Pre-Default.
- iv. If the matter is still unresolved, the Recipient will be in Default six months from the date on which the Notice of Grace Period was issued.

#### b) Business Travel Program

- i. The Completion deadline is 60 days from the date of Approval, or the travel end date, whichever is later.
- ii. The Recipient may request, and the Project Coordinator may grant one or more extensions to this deadline, provided that such extension(s) may not in total exceed 60 days past the original Completion deadline.
- iii. If the deadline passes without a request for extension, the Recipient will be given a Notice of Grace Period to request an extension. If the Grace Period passes, the Recipient will be put On Hold for 30 days. After 30 days, the Recipient will be in Pre-Default.
- iv. If the matter is still unresolved, the Recipient will be in Default six months from the date on which the Notice of Grace Period was issued.

#### c) Collective Initiatives Program

- i. The Completion Deadline is four months from the end date of approved Project or Event.

- ii. The Recipient may request, and the Project Coordinator may grant one or more extensions to this deadline, provided that such extension(s) may not in total exceed 60 days past the original Completion deadline.
  - iii. If the deadline passes without a request for extension, the Recipient will be given a Notice of Grace Period to request an extension. If the Grace Period passes, the Recipient will be put On Hold for 30 days. After 30 days, the Recipient will be in Pre-Default.
  - iv. If the matter is still unresolved, the Recipient will be in Default six months from the date on which the Notice of Grace Period was issued.
- d) Demo Program
- i. The Completion Deadline for the sound recording Component is six months from the date of Approval or the recording start date, whichever is later. Note that recording must commence (and FACTOR may require proof that recording has commenced) within six months of Approval.
  - ii. The Recipient may request, and the Project Coordinator may grant one or more extensions, provided that such extension(s) may not in total exceed 90 days past the original Completion deadline.
  - iii. If the deadline passes without a request for extension, the Recipient will be given a Notice of Grace Period to request an extension. If the Grace Period passes, the Recipient will be put On Hold for 30 days. After 30 days, the Recipient will be in Pre-Default.
  - iv. If the matter is still unresolved, the Recipient will be in Default six months from the date on which the Notice of Grace Period was issued.
- e) Marketing Component and Radio Marketing Component – All Programs excluding Marketing and Promotion for Non-FACTOR-Funded Sound Recordings
- i. The Completion Deadline for the first Component is the later of six months from the Commercial Release Date, or the date of Approval. For additional Components, the Completion Deadline is six months from the date of Approval or the project start date, whichever is later.
  - ii. If the Component hasn't been started within that six month period, then no extensions will be available. In that event the offer will be withdrawn and any advanced funds must be returned to FACTOR. However, the Recipient may re-apply.
  - iii. If the Component is underway, the Recipient may request, and the Project Coordinator may grant, one or more extensions, provided that such extension(s) may not in total exceed six months past the original Completion deadline.
  - iv. If the deadline passes without a request for extension, the Recipient will be given a Notice of Grace Period to request an extension. If the Grace Period passes, the Recipient will be put On Hold for 30 days. After 30 days, the Recipient will be in Pre-Default.
  - v. If the matter is still unresolved, the Recipient will be in Default six months from the date on which the Notice of Grace Period was issued.
- f) Marketing Component and Radio Marketing Component - Marketing and Promotion for Non-FACTOR-Funded Sound Recordings only
- i. The Completion Deadline for the all Components is six months from the date of Approval.

- ii. The Recipient may request, and the Project Coordinator may grant one or more extensions, provided that such extension(s) may not in total exceed 60 days past the original Completion deadline.
  - iii. If the deadline passes without a request for extension, the Recipient will be given a Notice of Grace Period to request an extension. If the Grace Period passes, the Recipient will be put On Hold for 30 days. After 30 days, the Recipient will be in Pre-Default.
  - iv. If the matter is still unresolved, the Recipient will be in Default six months from the date on which the Notice of Grace Period was issued.
- g) Showcase Component - All Programs
- i. The Completion Deadline is 60 days from the date of Approval or end of the Showcase, whichever is later.
  - ii. The Recipient may request, and the Project Coordinator may grant one or more extensions, provided that such extension(s) may not in total exceed 60 days past the original Completion deadline.
  - iii. If the deadline passes without a request for extension, the Recipient will be given a Notice of Grace Period to request an extension. If the Grace Period passes, the Recipient will be put On Hold for 30 days. After 30 days, the Recipient will be in Pre-Default.
  - iv. If the matter is still unresolved, the Recipient will be in Default six months from the date on which the Notice of Grace Period was issued.
- h) Songwriter's Workshop Program
- i. The Completion Deadline is 60 days from the date of Approval or start of the Workshop, whichever is later.
  - ii. The Recipient may request, and the Project Coordinator may grant one or more extensions, provided that such extension(s) may not in total exceed 60 days past the original Completion deadline.
  - iii. If the deadline passes without a request for extension, the Recipient will be given a Notice of Grace Period to request an extension. If the Grace Period passes, the Recipient will be put On Hold for 30 days. After 30 days, the Recipient will be in Pre-Default.
  - iv. If the matter is still unresolved, the Recipient will be in Default six months from the date on which the Notice of Grace Period was issued.
- i) Sound Recording Component - Juried Sound Recording Program
- i. The Completion Deadline is six months from the date of Approval or the recording start date, whichever is later. Note that recording must commence (and FACTOR may require proof that recording has commenced) within six months of Approval.
  - ii. If the Component hasn't been started within that six month period, then no extensions will be available. In that event the offer will be withdrawn and any advanced funds must be returned to FACTOR. However, the Recipient may re-apply.
  - iii. If the Component is underway, the Recipient may request, and the Project Coordinator may grant one or more extensions, provided that such extension(s) may not in total exceed six months past the original Completion deadline.

- iv. Thereafter, the Manager of Client Services may grant one final extension of up to an additional six months past the preceding deadline. The total duration of all extensions may not exceed 365 days past the original Completion deadline.
  - v. If the deadline passes without a request for extension, the Recipient will be given a Notice of Grace Period to request an extension. If the Grace Period passes, the Recipient will be put On Hold for 30 days. After 30 days, the Recipient will be in Pre-Default.
  - vi. If the matter is still unresolved, the Recipient will be in Default six months from the date on which the Notice of Grace Period was issued.
- j) Sound Recording Component - Comprehensive Artist Program and Comprehensive Music Company Program
- i. The Completion Deadline is six months from the date of Approval or the recording start date, whichever is later. Note that recording must commence (and FACTOR may require proof that recording has commenced) within six months of Approval.
  - ii. If the Component hasn't been started within that six month period, then no extensions will be available. In that event the offer will be withdrawn and any advanced funds must be returned to FACTOR. However, the Recipient may re-apply.
  - iii. If the Component is underway, the Recipient may request, and the Project Coordinator may grant one or more extensions, provided that such extension(s) may not in total exceed six months past the original Completion deadline.
  - iv. Thereafter, the Manager of Client Services may grant one final extension of up to an additional six months past the preceding deadline. The total duration of all extensions may not exceed 360 days past the original Completion deadline.
  - v. If the deadline passes without a request for extension, the Recipient will be given a Notice of Grace Period to request an extension. If the Grace Period passes, the Recipient will be put On Hold for 30 days. After 30 days, the Recipient will be in Pre-Default.
  - vi. If the matter is still unresolved, the Recipient will be in Default six months from the date on which the Notice of Grace Period was issued.
- k) Tour Support Component - All Programs
- i. The Completion Deadline is 60 days from the date of Approval or end of the Tour, whichever is later.
  - ii. The Recipient may request, and the Project Coordinator may grant one or more extensions, provided that such extension(s) may not in total exceed 60 days past the original Completion deadline.
  - iii. If the deadline passes without a request for extension, the Recipient will be given a Notice of Grace Period to request an extension. If the Grace Period passes, the Recipient will be put On Hold for 30 days. After 30 days, the Recipient will be in Pre-Default.
- l) Video Component - All Programs
- i. The Completion Deadline is six months from the date of Approval or the first day of principle photography, whichever is later. For Videos supporting a FACTOR-funded Sound Recording, the completion deadline may be extended if the Commercial Release of the corresponding sound recording has been extended with FACTOR's approval.



- ii. If the Component hasn't been started within that six month period, then no extensions will be available. In that event the offer will be withdrawn and any advanced funds must be returned to FACTOR. However, the Recipient may re-apply.
- iii. If the Component is underway, the Recipient may request, and the Project Coordinator may grant one or more extensions, provided that such extension(s) may not in total exceed six months past the original Completion deadline.
- iv. If the deadline passes without a request for extension, the Recipient will be given a Notice of Grace Period to request an extension. If the Grace Period passes, the Recipient will be put On Hold for 30 days. After 30 days, the Recipient will be in Pre-Default.
- v. If the matter is still unresolved, the Recipient will be in Default six months from the date on which the Notice of Grace Period was issued.

m) Artist Development Component

- i. The Completion Deadline is twelve months from the date of Approval. No extensions may be requested.
- ii. If the deadline passes, the Recipient will be given a Notice of Grace Period to submit the Completion Report. If the Grace Period passes, the Recipient will be put On Hold.
- iii. If after 30 days the matter is still unresolved, the Recipient will be in Default six months from the date on which the Notice of Grace Period was issued.

21.4 Completion Deficiency – Missing or Insufficient Materials

Note: As of April 1, 2016, full expense documentation must be submitted with the online Completion Report.

- a) When mandatory information or expense documentation is incomplete, unclear, or missing from the Completion Report, the Recipient will be given a Notice of Grace Period to submit the requested materials. No extensions will be available.
- b) If the Grace Period passes, or the uploaded materials remain incomplete or unclear upon review, the Recipient will be put On Hold for 30 days. After 30 days, the Recipient will be in Pre-Default.
- c) If the matter is still unresolved, the Recipient will be in Default six months from the date on which the Notice of Grace Period was issued.

21.5 Commercial Release Deadline – All full-length Sound Recording Programs

- a) The sound recording must be commercially released no later than six months after FACTOR has issued final payment for Completion of the Sound Recording Component. The Recipient must confirm via email to FACTOR that the Commercial Release has occurred no later than 14 days after the Commercial Release has taken place.
  - i. If the Recipient fails to provide such Confirmation of Commercial Release within that time, the Recipient will be given a Notice of Grace Period (seven calendar days) to provide the Confirmation of Commercial Release, or to request an Extension;
  - ii. If the Grace Period expires without a response from the Recipient, the Recipient will be put On Hold for a period of 60 days, after which time the Recipient may be held in Default. In that event the Offer will be withdrawn and all funds disbursed toward the Project (all Components) must be repaid to FACTOR.

- b) First Extension Period
  - i. The Recipient may request and the Project Coordinator may grant a First Extension Period of up to six months. The Commercial Release Date must take place within the First Extension Period of six months; if this has not been previously confirmed, the Recipient must submit confirmation within 60 days of making the First Extension Period request.
  - ii. If the Recipient fails to provide Confirmation of a Commercial Release Date within that 60-day period, the Offer will be withdrawn and all funds disbursed toward the Project (all Components) must be repaid to FACTOR.
- c) Second Extension Period: If the Recipient confirms a Commercial Release Date during the First Extension Period which is then pushed back, the Recipient may request and the Manager of Client Services may grant a Second Extension of up to six months.
- d) Third Extension Period: If the Recipient confirms a Commercial Release Date during the Second Extension Period which is then pushed back, the Recipient may request and the Board of Directors may grant a Third Extension of up to six months.
- e) Thereafter, no more extensions will be granted except that the Board may grant a Special Extension for limited, compelling reasons such as: delay due to critical illness of the Artist. In any event, a change in the artist's or label's release priorities is not an acceptable reason for the Board to grant a Special Extension.
- f) If no additional extension is available or granted, the Offer will be withdrawn and all funds disbursed toward the Project (all Components) must be repaid to FACTOR.

#### 21.6 Loan Repayment Reports – All Full-Length Sound Recording Programs

- a) There are two reporting periods per year. Your Loan Repayment Reports for all Units Sales and/or Gross Revenue earned by the sound recording master are due to be submitted to FACTOR, along with any monies owed, within 90 days of the period's end, by 5 PM ET on the due date:
  - i. January 1 – June 30; Loan Repayment Reports due on or before September 30
  - ii. July 1 – December 31; Loan Repayment Reports due on or before March 31
- b) The Recipient may request, and the Project Coordinator may grant, one extension of up to 30 days past the Loan Repayment Due Date. No additional extensions will be available.
- c) If the Loan Repayment Due Date passes without a request for extension, the Recipient will be given a Notice of Grace Period (seven business days) to request an extension. If the Grace Period passes, the Recipient will be put On Hold.
- d) If the Recipient is granted but fails to submit the Loan Repayment Report before the end of the 30-day extension period, the Recipient will be put On Hold.
- e) If the next Loan Repayment Report deadline passes without receipt of the report, the Recipient will be held in Default.

#### 21.7 Product Submission Deadline - Comprehensive Artist Program, Comprehensive Music Company Program, and Juried Sound Recording Program

- a) Per section 11.3.1 herein, no later than 30 days after the Commercial Release of the funded sound recording, every Recipient must deliver to FACTOR a final digital version and (if manufacturing and as requested by FACTOR) a final physical copy.

- b) If the Product Submission Deadline passes without delivery of the required materials, the Recipient will be given a Notice of Grace Period to submit the required material. If the Grace Period passes, the Recipient will be On Hold for 30 days. After 30 days, the Recipient will be in Pre-Default. After six months, the Recipient may be held in Default.
- c) If the required material is delivered on time but, upon review by FACTOR, contains deficiencies that can be corrected, the Recipient may be given 30 days to re-submit corrected materials. If that deadline passes without delivery of the corrected materials, the Recipient will be given a Notice of Grace Period to submit the corrected materials. If the Grace Period passes, the Recipient will be On Hold for 30 days. After 30 days, the Recipient will be in Pre-Default. After six months, the Recipient may be held in Default.

## 22.0 ELIGIBLE MUSIC COMPANIES

Note: This section does not apply to companies applying for funding under the Collective Initiatives Program, and the Sponsorship Program.

22.1 To receive a Company Rating of 2 or higher, an Eligible Music Company must:

- a) Be a Canadian-owned business per the Business Policies: Canadian Citizenship and Company Criteria;
- b) Have been operating continuously for at least 2 years prior to Application;
- c) Be in good standing with FACTOR;
- d) Be engaged in the primary activities of a Record Label, Music Distributor, Music Publisher, and/or Artist Manager, or some combination of the foregoing;
- e) For the purpose of eligibility for Programs requiring a Company Rating of 2 or higher, including Business Travel, Business Development and the Comprehensive Music Company Program, be incorporated, excepting Artist Managers. Artist Managers must be registered Canadian businesses with CRA business numbers (including registered sole proprietors or partnerships);
- f) Annually update all Qualifying Criteria information on or before the Annual Review deadline;
- g) Per section 10.5, submit financial statements for the past three years and update those on an annual basis within 6 months of the company's fiscal year-end. Companies that have only been in operation for two consecutive years must provide the past two years' financial statements. Financial statements must have been prepared in accordance with generally accepted accounting principles and must include a balance sheet and an income statement/statement of profit and loss.

22.2 In addition to section 22.1, Eligible Record Labels must:

- a) Have a Canadian distribution agreement in place with a FACTOR- recognized Distributor, unless the Board has expressly waived this requirement in advance;
- b) Control the exclusive Canadian exploitation rights for at least four Qualifying Releases that it has created or licensed, including at least two Qualifying Releases from different Canadian Artists within the following reference periods: (a) to qualify at the Annual Review, the two Qualifying Releases must have been released within the 14 months preceding April 1; or (b) to qualify at the Semi-Annual Review, the two Qualifying Releases must have been released within the 14 months preceding either April 1 or October 1 of the current fiscal year. Note that Record Labels may only qualify for a company Rating of 4 or higher at the Annual Review.

22.3 In addition to section 22.1, Eligible Artist Managers must:

- a) Have a current roster and/or catalogue of at least 51% Canadian Artists;
- b) Have management agreements in writing to both negotiate and execute international licensing contracts, sub-publishing, distribution and/or digital distribution deals for at least two Canadian Artists, including one with a Qualifying Release that was Commercially Released within the following reference periods: (a) to qualify at the Annual Review, the Qualifying Release must have been released within the 14 months preceding April 1; or (b) to qualify at the Semi-Annual Review, the Qualifying Release must have been released within the 14 months preceding either April 1 or October 1 of the current fiscal year;
- c) Be someone other than the Artists represented;
- d) Submit management agreements for each Artist or written evidence of the management agreements for each Canadian Artist represented by the Artist Manager.

22.4 In addition to section 22.1, Eligible Music Distributors must have a catalogue of at least 25 Qualifying Releases, including at least five Qualifying Releases within the within the following reference periods: (a) to qualify at the Annual Review, the five Qualifying Releases must have been released within the 14 months preceding April 1; or (b) to qualify at the Semi-Annual Review, the five Qualifying Releases must have been released within the 14 months preceding either April 1 or October 1 of the current fiscal year. A catalogue of distributed albums along with CD or label copies of the most recent five Qualifying Releases must be submitted with the Application.

22.5 In addition to section 22.1, Eligible Music Publishers must have commercially published (meaning Commercially Released, or communicated to the public via radio play, synch placement, etc.) 25 Qualifying Titles in Canada, including eight commercially published Qualifying Titles from at least 2 different Canadian Artists within the following reference periods: (a) to qualify at the Annual Review, the eight Qualifying Titles must have been released within the 14 months preceding April 1; or (b) to qualify at the Semi-Annual Review, the eight Qualifying Releases must have been released within the 14 months preceding either April 1 or October 1 of the current fiscal year.

22.6.1 For eligibility for Programs requiring a Company Rating of 3, 4, or 5 (including the Business Development Program and the Comprehensive Music Company Program), Artist Managers, Record Labels, Music Publishers and Music Distributors must have demonstrable minimum annual gross revenues of \$100,000 in their most recent fiscal year and must derive at least \$75,000 in annual revenues from music-related activities in the categories of artist management, record label/master exploitation, music publishing, and music distribution. For additional revenue requirements related to the Comprehensive Music Company Program, see [section 14.3](#).

22.6.2 Notwithstanding the preceding paragraph, Artist Managers must meet the revenue threshold described in paragraph 22.6.1 for the first year in which they qualify for a Company Rating of 3. Thereafter for the second and subsequent qualifying years, Artist Managers may qualify with annual gross revenues of \$100,000 averaged over the two preceding fiscal years, including a two-year average of at least \$75,000 in annual revenues from music-related activities in the categories of artist management, record label/master exploitation, music publishing, and music distribution. In all cases, Artist Managers must qualify for a Company Rating of 3 based on gross revenues from managers' commissions and other retained revenue, NOT the artists' gross revenues.

22.7 Except where expressly noted, MEC Companies are not Eligible Music Companies; they may not receive funding from FACTOR programs whose funding derives from the New Musical Works component of the Canada Music Fund. When an Eligible Music Company is awarded MEC status by the Department of Canadian Heritage, the following rules apply with respect to FACTOR funding:

- a) MEC status takes effect on April 1. Once advised that their MEC application has been approved, the applicant may not make any applications for FACTOR funding for activities taking place after April 1 when the MEC status takes effect.

- b) FACTOR will recognize eligible expenses incurred and paid with respect to activities undertaken in the fiscal year preceding April 1, but will not recognize any expenses for activities undertaken after April 1, even if those expenses are pre-paid prior to April 1.
- c) The applicant company must complete any open components as soon as practical.

22.8 A company that loses its MEC status may seek funding from FACTOR, provided that it must update its applicant profile and will be awarded a Company Rating based on the updated information. For clarity: a company coming back into FACTOR eligibility after having been in the MEC program will not automatically be awarded its former Company Rating.

22.9 For additional information concerning eligibility for the Comprehensive Music Company Program, please see [Business Policies: Direct Board Approval and Comprehensive Music Company Program](#).

## 23.0 EXPORT-READY CERTIFICATION

23.1 An Export-Ready Artist must have the following qualifications:

- a) At least one Qualifying Release in Canada in the past 24 months or an upcoming release;
- b) At least one Qualifying Release that is distributed internationally;
- c) Completed at least one Canadian tour in the past 24 months, or has an upcoming international Tour or international showcase bookings;
- d) An established team including a least two of the following: artist manager, record label, booking agent, publicist;
- e) Public and industry recognition (via radio play, video play, web hits and streams, music press, blogs, awards, etc.).

23.2 When applying for funding to promote an Export-Ready Artist, the Applicant may be required to submit documentation evidencing the qualifications set out above.

## 24.0 FACTOR ADVANCE

24.1 When an Application has been approved and the Recipient has executed the required agreements to FACTOR's satisfaction, FACTOR may, at its sole discretion and subject to the Annual Funding Cap, issue a payment to the Recipient representing a portion of the Disbursement Amount.

24.2 Upon Completion of the project, the FACTOR Advance will be deducted from the final Disbursement Amount, and the balance, if any, will be issued to the Recipient as final payment.

24.3 If, as assessed by FACTOR, the Total Eligible Budget upon Completion is less than the amount applied for or approved at the Application stage, such that the deduction of the FACTOR Advance results in a negative balance (an "Overpayment"), then the Recipient must repay such Overpayment to FACTOR and in accordance with the timeline imposed by FACTOR upon Completion. Failure to repay an Overpayment may be deemed an Event of Default.

24.4 For projects funded under the Comprehensive Artist Program and the Comprehensive Music Company Program, FACTOR issues advance payments with consideration to the timing of each Component of a Project. FACTOR may issue an advance payment of 50% of the approved funding request for one or more active Components, to a limit not exceeding \$20,000 in advance payments outstanding per Phase I of the Project, across all Components, at one time. A final payment will be issued for the balance of the approved funding request after a Completion Report has been submitted and review by FACTOR for each completed Component. If a Project has further active Components, FACTOR may issue further advances after initial Components have been completed.

## 25.0 FACTOR-RECOGNIZED DISTRIBUTION AND ACCREDITED INTERNATIONAL DISTRIBUTION

25.1 For the current list of FACTOR-Recognized Distributors and Accredited International Distributors, please [click here](#).

25.2 For sales in Canada - A FACTOR-Recognized Distributor is a Music Distribution company that maintains a catalogue of sound recording titles, which it sells to retail music vendors on a distribution fee- for-service basis. Having FACTOR-Recognized Distribution for Canada is a mandatory qualification imposed on Applicants to gain eligibility for some FACTOR programs; however, the Board may waive this qualification on a case-by-case basis.

25.3 To be certified as a FACTOR-Recognized Distributor for Canada, a Music Distributor must meet all of the following qualifications to FACTOR's satisfaction:

- a) Must have a catalogue of at least 25 Commercially Released Albums (or single track equivalents at 6 tracks per Album) from multiple artists and labels, at least 51% of which are releases by Canadian Artists;
- b) Must have Commercially Released at least 5 different Qualifying Releases within the 14 months prior to applying for Recognized Status.

25.4 For sales in the rest of the world - An Accredited International Distributor is a record label or distribution company accredited by FACTOR to provide accurate Proof of Sales. Every Accredited International Distributor must have a catalogue of at least 25 active Album titles (or single track equivalents at 6 tracks per Album) from multiple artists and/or labels, and must have released at least 5 different Album titles (or single track equivalents at 6 tracks per Album) in the past year; and must be able to provide sales reports in a format acceptable to FACTOR.

25.5 To certify one's international label or distributor as an Accredited International Distributor, the Applicant must contact FACTOR at least two weeks in advance of any relevant deadline, and provide the name, website address and contact information for the label/distributor, along with a copy of the sales report. FACTOR may also request proof of the distributor's eligibility as set out above at 25.4 along with a copy of the distribution agreement.

25.6 When seeking to submit Proof of Sales from a company other than a FACTOR-Recognized Distributor, the Applicant should confirm at least two weeks in advance of a relevant deadline that the distributor has been approved by FACTOR as an Accredited International Distributor, or that it meets FACTOR's qualifications for approval. It is the Applicant's responsibility to make sure this is done in a timely manner. If FACTOR staff do not have time to process the request, the Proof of Sales may be rejected.

25.7 Please note that all major label distribution companies are approved as FACTOR-Recognized Distribution AND Accredited International Distributors; however, their sales reports must be submitted in an approved format.

## 26.0 GENRES OF MUSIC

26.1 FACTOR requires all Applicants to identify the genre of music that most closely describes the sound recording in question. The genres are:

Category	Genre
A	Pop, Rock, Adult Contemporary, Alternative, Christian Rock, Hard Rock
B	Country, Roots, Folk, Blues, Traditional, Dance, Electronica, Soul/R&B, Urban, Hip-Hop
C	Aboriginal, World, Classical, Jazz, Children's, Specialized, Experimental, Reggae, Heavy Metal, Punk

## 27.0 LICENSE VERSUS DISTRIBUTION

27.1 Non-Canadian individuals and non-Canadian companies are not eligible to apply directly to FACTOR. Generally speaking, FACTOR funds projects wherein the sound recording titles are controlled by Canadians and Canadian companies, and will not approve funding to Artists or sound recording titles that are licensed or owned by non-Canadian companies, including so-called major labels. However, FACTOR allows Canadian-owned sound recordings to be distributed by non-Canadian companies. For FACTOR's purposes, the primary indicator in discerning whether an agreement is a LICENSE or a DISTRIBUTION deal lies in the assumption of risk.

27.2 In a license agreement, the label takes significant risks in assuming the costs of, among other things, recoupable advances, manufacturing costs, mechanical license payments publicity, marketing and promotion, and the risk of assuming the costs of returned physical product. The label also takes significant non-financial risks in undertaking such activities as clearances, registering copyrights, and setting up distribution and sublicenses. Those risks are offset or rewarded by the label's right to collect the revenues received from the distributor, to collect and share in revenue not just from unit sales, but from all gross revenues generated by the masters including sync fees and neighbouring rights royalties. The label recoups its costs in first position, retains a significant royalty share (at least 50% of "net revenues" and often up to 80% or more), and pays out the licensor's/Artist's royalty share in last position. License deals will typically feature semi-annual reporting periods. License deals are most often structured in terms of album options with a commitment to multiple albums. This is another way that labels offset their risk of investment, by having a longer term commitment for return of profit and the albums are cross collateralized.

27.3 In a distribution agreement, the distributor generally assumes fewer responsibilities and lower risk. Its job is mainly to warehouse the stock and then "get the record into stores." A distributor will charge a distribution fee rather than a royalty share. Generally, the label and the distributor must agree on the types of expenses that the distributor may incur (and thus recover) on the label's behalf. Fees are typically in the range of 20-30% of distributor's gross revenues and the Artist or master owner retains the balance. The distribution of revenues will often take place quarterly, with the distributor holding back a reserve of usually 25% or more against returns. It may not liquidate the reserve for several accounting periods. The Artist assumes the risk of paying for manufacturing, often "up front" and to have any returns of physical product deducted from sales figures even when that means repaying revenues previously received. Distribution deals are most often measured in a fixed time period; for example, 5 years. Recently, it is not uncommon to see the distributor company taking on typical label costs like manufacturing, marketing and publicity. However, it is important to look at how those costs are paid back, in the context of the whole deal. If the agreement limits the distributor to expensing to a set dollar figure or a limited percentage of revenues, or is explicitly described as a fee for service, this is more in line with a distribution deal than a license deal. If the same company is unfettered in its expenditures on those same items, and may recover those costs out of all revenues prior to calculating the Artist royalty, this is more in line with a license deal.

27.4 Where the distinction between a license agreement and a distribution agreement is not clear, FACTOR looks closely at the following indicia in each deal and asking "Who pays and how is the expense recovered?", or "Who is at risk?":

- Exclusivity
- Term - Years or Albums?
- Range of rights granted
- Recording costs and Artist advances
- Manufacturing costs
- Publicity
- Marketing and promotion
- Retail campaigns (e.g. POP costs, retail co-op advertising)
- Reserves
- Accounting periods
- Fee for services?
- Royalty shares (the larger the record company share, the more "license" it is)

27.5 In all cases, FACTOR may, at its sole discretion, declare the nature of an agreement to be a license agreement or a distribution agreement, and that declaration will be binding on the Applicant.

## 28.0 LOAN REPAYMENT

### 28.1 LOAN REPAYMENT – SOUND RECORDINGS FUNDED PRIOR TO APRIL 1, 2013

28.1.1 The Loan Repayment Period for sound recordings funded prior April 1, 2013 begins on the date of Commercial Release and ends on the date that is 24 months after the date of Commercial Release. Recipients of all Sound Recording loans funded prior to April 1, 2013 are required to report their unit sales of all Active Titles twice annually, in the form of a Loan Repayment Reporting Form provided by FACTOR.

28.1.2 Upon submission of the Loan Repayment Reporting Form, the Recipient must remit to FACTOR an amount equal to: (a) \$0.50 per Unit sold; plus (b) \$0.05 per Single sold; from all sales made worldwide whether those sales were made by the Recipient directly or through a licensee.

28.1.3 “Sold” means sold at retail, including sales made by physical retail stores, digital music retailers, and Off-Stage (if verifiable). See [Business Policies: Proof of Sales](#).

28.1.4 FACTOR previously allowed a reserve for returns of 35%, which reserve was required to be liquidated after 24 months; however, as of January 1, 2012, reserves will no longer be allowed.

28.1.5 The Loan Repayment must be made regardless of the Recipient’s recoupment position with any third-party such as a record label or music distributor.

### 28.2 LOAN REPAYMENT – SOUND RECORDINGS FUNDED AFTER APRIL 1, 2013

28.2.1 The Loan Repayment Period for sound recordings funded after April 1, 2013 begins on the date of First Commercial Release and extends to the later of (a) the 24 months following the date of First Commercial Release; or (b) six months beyond the date upon which the last dollar of funding for the Project is paid out by FACTOR.

28.2.2 There are two reporting periods per year. A Loan Repayment Report is due to be submitted to FACTOR, along with any monies owed, within 90 days of the period’s end:

- a) January 1 – June 30; Loan Repayment Reports due on or before September 30
- b) July 1 – December 31; Loan Repayment Reports due on or before March 31

28.2.3 The Loan Repayment Rate for sound recording loans funded after April 1, 2013 is 5% of Gross Revenues. Gross Revenues means all revenue actually received by the Applicant from the worldwide master exploitation of the FACTOR-funded sound recording in all media, after deduction of distributor’s fees but without any further deductions. For clarity: Revenues from publishing are not included in Gross Revenues for the purpose of Loan Repayment.

28.2.4 The Loan Repayment must be made regardless of the Recipient’s recoupment position with any third-party such as a record label or music distributor.

28.3 Upon full repayment of the Loan through Loan Repayments, or upon expiration of the Loan Repayment Period, then provided the Recipient is otherwise in good standing, any remaining balance of the Loan will convert to a grant, which the Recipient is not required to repay to FACTOR.

28.4 FACTOR clients are advised to consult their accountants and/or the Canada Revenue Agency with respect to the different income tax implications of loans versus grants.

28.5 FACTOR will review all reported sales and/or gross revenues against available documentation, including SoundScan reporting. If inconsistencies are found between, for example, the number of sales reported by SoundScan, and the corresponding amount of loan repayment sent to FACTOR, the reporting company will be asked to rectify the report immediately and its status will be placed on “hold” until the report has been accepted by FACTOR.



## 29.0 MAPL CERTIFICATION

29.1 MAPL is a point system for calculating the Canadian content of a single track or album. MAPL stands for Music, Artist, Production, Lyrics. To qualify for FACTOR funding, Qualifying Albums and Qualifying Titles must meet the following two criteria:

- a) ARTIST. 100% of the track(s) must be performed by a Canadian Artist. An Artist (group) is Canadian if at least half of the group members are Canadian; and
- b) MUSIC and/or LYRICS. Each of the tracks will be assessed. The total quantity of Music and Lyrics on the album must add up so that at least half of the album is composed by a Canadian.
  - i. For an instrumental track: if a single track has no Lyrics, then at least 50% of its Music should be composed by a Canadian.
  - ii. For an instrumental album: the total quantity of Music must add up so that at least half the album is composed by a Canadian.
  - iii. For an album that has tracks both with and without lyrics: at least 50% of the album's total Music and Lyrics must be written by a Canadian.

29.2 In the case of tracks that are co-written by a Canadian, the Canadian co-writer must have written at least 50% of the track for it to count toward the Music or Lyrics point.

29.3 A new arrangement of music in the public domain can be claimed as Canadian provided that the composer of the new arrangement is Canadian. Lyrics in the public domain may be claimed as Canadian if the original composer was Canadian.

29.4 Tribute or "cover" albums may be excluded on a case-by-case basis from the Music and Lyrics requirement; however, they must be produced in Canada in a Canadian studio. Please contact FACTOR in advance to ensure eligibility.

29.5 Provided that it meets the two MAPL criteria above (Artist, and Music and/or Lyrics), an album that has been or will be produced outside of Canada may qualify, subject to FACTOR approval.

## 30.0 OFFENSIVE MATERIAL

30.1 FACTOR may refuse funding to projects featuring lyrics and/or artwork that contain illegal or offensive material.

30.2 All General Agreements include a clause related to offensive material, which provides that no portion of FACTOR's funding shall be used toward, and none of the Project Costs may include, the creation of intellectual property and/or material that is or contains:

- a) Hate propaganda; obscene or child pornography; or any other illegal material as defined in the Criminal Code; nor
- b) Pornography or other material having significant sexual content unless it can be demonstrated that there is an overriding educational or other similar purpose; nor
- c) Excessive or gratuitous violence, nor
- d) Material that is denigrating to an identifiable group, or any other similarly offensive material.

30.3 A breach of the General Agreement clause related to offensive material is an Event of Default. At its option, FACTOR may find the Recipient in Default, which may lead to the Recipient being required to repay the grant or loan in full.

## 31.0 OTHER SOURCES OF FUNDING

31.1 For all funded projects excluding Collective Initiatives, Applicants must disclose all other Public Funding that is being applied toward the Eligible Costs submitted to FACTOR. For Collective Initiatives, Applicants must disclose all other sources of funding, including Public Funding for the project. See [Glossary: Public Funding](#).

31.2 FACTOR's contribution plus all other Public Funding may not exceed 100% of the Total Eligible Budget.

31.3 Where Public Funding disclosed on Completion exceeds 100% of Total Eligible Budget, FACTOR's contribution may be reduced.

31.4 FACTOR treats funding derived from Canadian Content Development (CCD) contributions by private radio broadcasters (including, for example, the Radio Starmaker Fund) in the same manner as Public Funding. FACTOR's contribution plus all other CCD funding may not exceed 100% of the Total Eligible Budget.

31.5 FACTOR considers revenue derived from "crowdfunding" (e.g. Kickstarter, Patreon etc.) to be private, not Public Funding.

## 32.0 PROOF OF SALES, PROOF OF QUALIFYING RELEASE

32.1 Where a Qualifying Sales Threshold is required to attain eligibility, or when sales information is being submitted for the purpose of calculating an Artist Rating or Company Rating, FACTOR requires Proof of Sales for sales exceeding 1,500 units to be submitted upon Application.

32.2 All sales reported to FACTOR must be sales made and not returned; i.e., sales made to retail customers. FACTOR retains the right to audit any Proof of Sales submitted. Falsifying and/or rendering inaccurate Proof of Sales may render the Application ineligible, or may be deemed at FACTOR's option an Event of Default.

32.3 Proof of Sale documents must clearly indicate:

- a) the name of the Artist;
- b) the title and format of the sound recording(s);
- c) (where applicable) the record label;
- d) the catalogue number or UPC number and/or ISRC code for each track;
- e) the territory and reporting period covered by the report;
- f) the total number of single track and unit sales made and not subject to reserve or holdback.

32.4 FACTOR will accept the following as Proof of Sales:

- a) SoundScan Title Reports
- b) BuzzAngle title reports
- c) Reports from digital retailers (e.g. iTunes, Junior, Tunecore)
- d) A Sales/Royalty Report or a letter declaring net sales, signed by a FACTOR Recognized Distributor
- e) Sales/Royalty Report or a letter declaring net sales, signed by an Accredited International Distributor
- f) Off-stage sales provided that Applicants must use FACTOR's [Offstage Sales Claim Worksheet](#) and include their manufacturing receipts in accordance with 32.8 below.

32.5 The following are not considered valid Proof of Sales:

- a) Self-reported off-stage sales (including label invoices, copies of SoundScan Venue Settlement Forms, etc.)
- b) Manufacturing invoices except as noted below in 32.8
- c) Units shipped to retailers

32.6 For FACTOR's purposes a unit is equivalent to:

- a) One physical full-length Album (CD or Vinyl)
- b) One digital full-length Album (downloaded)
- c) Six physical CD singles or EPs, or six vinyl singles or EPs
- d) Six individual digital tracks (downloaded)

32.7 For Proof of Qualifying Release and Qualifying Release information, FACTOR will accept a document setting out the details of the Qualifying Releases or Qualifying Titles, including Artist Name, Album title, Release Date, Record Label for Canada and any other territories, Distributor, Track listing with run times, Producer credit, music credit, lyrics credit, UPC number or (for digital releases) the ISRC number for each track; and identifying any French-language tracks.

32.8 **\*NEW\*** FACTOR no longer recognizes SoundScan reports to verify Offstage Sales. Instead, FACTOR will accept the [Offstage Sales Claim Worksheet](#) with product manufacturing receipts as proof of off-stage sales. Such manufacturing receipts must clearly set out the name of the artist, title, format and number of units manufactured, and must be verifiable by FACTOR. FACTOR will recognize 100% of the manufactured number of units, less any physical retail sales claims made for the same period.

- a) By submitting the documentation, the Applicant is deemed to have sworn to its accuracy and truthfulness. Be advised that if FACTOR finds any information submitted to be false, FACTOR may impose a penalty including the withdrawal of a related application, loss of good standing, or a finding of Default.

### 33.0 RELATED PARTY TRANSACTIONS (RPTs)

33.1 The value of any estimated RPT included within the project budget must be separately disclosed to FACTOR on Application, and the actual final cost at the time of Completion, along with a description of the basis of measurement for how the cost was valued.

33.2 Definition of “related party” per section 3840 of the CICA Handbook:

- a) Related parties exist when one party has the ability to exercise, directly or indirectly, control, joint control or significant influence over the other. Two or more parties are related when they are subject to common control, joint or common significant influence. Related parties also include management and immediate family members.
- b) A related party transaction is a transfer of economic resources or obligations between related parties, or the provision of services by one party to a related party, regardless of whether any consideration is exchanged. The parties to the transaction are related prior to the transaction. When the relationship arises as a result of the transaction, the transaction is not one between related parties.
- c) Control of an enterprise is the continuing power to determine its strategic operating, investing and financing policies without the cooperation of others.
- d) Significant influence over an enterprise is the ability to affect the strategic operating, investing and financing policies of the enterprise.

### 34.0 SALES TAX REIMBURSEMENT

34.1 Taxes that are recoverable by the Recipient may not be claimed as an Eligible Cost. Examples of taxes that are recoverable include: GST/HST, PST, VAT.

34.2 When an Applicant includes recoverable taxes in a budget, they will either be removed by FACTOR as ineligible, or assigned to the Applicant share of project funding.

### 35.0 (DELETED – SEE PROGRAM GUIDELINES)

### 36.0 LANGUAGE REQUIREMENTS

36.1 Sound recordings that contain more than 50% French-language lyrics are ineligible for FACTOR support. (French-language projects may be eligible for support from [Musicaction](#).)

36.2 Sound recordings with lyrics that are at least 50% in English; or in any other language excluding more than 50% French; or instrumental music, may be eligible for FACTOR support.

36.3 Where the Applicant and the project are eligible for either FACTOR or Musicaction, the Applicant may choose where to apply. However, no project may receive funding from both FACTOR and Musicaction.

### 37.0 RADIO CHARTS

37.1 FACTOR recognizes commercial radio charts published by Billboard, Mediabase, BDS and others on a case-by-case basis. Please contact FACTOR to confirm whether a particular radio chart will be recognized.

37.2 FACTOR recognizes the national Canadian campus/community radio chart published by Iearshot (NCCRA); the national U.S. campus chart published by CMJ; and may recognize non-Canadian campus/community charts others on a case-by-case basis. Please contact FACTOR to confirm whether a particular radio chart will be recognized.

37.3 FACTOR does not recognize CBC charts for the purpose of calculating ratings from the Artist or Applicant Profile data.

## 38.0 PROFILE SUBMISSION AND RATING

38.1 To be considered for eligibility to apply to all FACTOR programs as of April 1, 2013, prospective Applicants must have an Applicant Profile in the Online System.

38.2 Every Artist that is the subject of an Application after April 1, 2013 must have an Artist Profile in the Online System.

38.3 Applicant Profiles and Artist Profiles are subject to verification and Rating by FACTOR staff. No Application will be considered until the Artist Profile or Applicant Profile has been verified and given a Rating. The verification process may take at least five business days or longer; therefore, Applicants are advised to ensure that the Artist Profile(s) and Applicant Profile have been created, submitted, verified and given a Rating well in advance of any Application Deadline or Rolling Deadline.

38.4 FACTOR may at its option set a Deadline for submission of an Artist Profile or Applicant Profile and will communicate this Deadline in the Program Guidelines. In that event, late submissions will not be accepted and subsequently the party will not be able to apply.

38.5 Artist Profiles

**PLEASE NOTE THAT EFFECTIVE APRIL 1, 2015 FACTOR HAS REDUCED THE NUMBER OF PROFILE SUBMISSION DEADLINES TO TWO PER YEAR. ALL NEW ARTIST PROFILES WILL BE GIVEN A GENERAL RATING WHICH WILL NOT BE INCREASED UNTIL THE NEXT PROFILE REVIEW IS CONCLUDED.**

- a) FACTOR has established a Rating System by which it analyzes and measures the pool of data provided by each Artist Profile. Assessment and Rating of an Artist Profile takes place following the first review of the Profile as requested by the Artist (or their representatives) and may be adjusted following each subsequent Profile Submission Deadline.
- b) There are three Artist Ratings: General, Artist 2, Artist 3.
- c) New Profiles may be submitted at any time, and will receive a General rating which will be valid until the next Profile Submission Deadline. Profile Submission Deadlines are scheduled on a semi-annual basis:
  - i. Annual Review, last business day of February
  - ii. Semi-annual review, last business day of August
- d) Effective April 1, 2015, Artist Profiles may move up or down after semi-annual (August) and annual (February) reviews.
- e) It is not mandatory that Artist Profiles be updated for any given Profile Submission Deadline; however, new data added to the Profile after the deadline will not be considered retroactively and the Artist may lose any benefit of any new data entered until the next Profile Submission deadline.
- f) Information submitted in the Artist Profile, once verified, will be considered valid for the remainder of the FACTOR fiscal year unless updated and verified. If the Artist Profile is not updated during the year and the information is no longer valid in the Annual Review, the Artist Rating may be adversely affected.
- g) The Artist Rating in effect prior to the Annual Review will be held valid until the start of the next fiscal year on April 1. The Artist Rating in effect prior to the semi-annual review will be held valid until October 1.

### 38.6 Applicant Profiles and Company Ratings

- a) FACTOR has established a Rating System by which it analyzes and measures the pool of data provided by each Applicant Profile. The Rating given to each applicant will in turn allow access and eligibility to the programs that FACTOR has designated. Company Ratings (as defined below) are reviewed and re-rated twice annually following the Profile Submissions Deadlines set out herein.
- b) Artists and Songwriters wishing to apply as the Applicant must create an Applicant Profile, which will be verified and assigned an approved rating (formerly 1). This simply indicates that the Applicant Profile has been approved. Please see section 38.4: Artist Profiles for more information on Artist Ratings.
- c) Music Companies may achieve a range of Company Ratings based on the information entered into their Applicant Profiles. Assessment and Rating of a music company's Applicant Profile takes place following the first requested review of the Profile and, excluding Record Labels Rated 4 or 5, may be adjusted following each subsequent Profile Submission Deadline, but may only be moved down after the Annual Review (Q1 February).
- d) The Approved Applicant rating that is given to an Artist Applicant or a company applying only to Collective Initiatives is not subject to reassessment at the Profile Submissions Deadlines.
- e) These are the possible Company Ratings:

<b>Record Label</b>	<b>Artist Manager</b>	<b>Music Publisher</b>	<b>Music Distributor</b>
Approved			
Record Label 2	Artist Manager 2	Music Publisher 2	Music Distributor 2
Record Label 3	Artist Manager 3	Music Publisher 3	Music Distributor 3
Record Label 4			
Record Label 5			

Note: Music Companies that do not meet the qualifications to receive one of the above ratings may be ineligible to apply for any FACTOR programs (except Collective Initiatives).

- f) Profile Submission Deadlines for Music Companies are scheduled on a semi-annual basis as follows:
  - i. Annual Review, last business day of February
  - ii. Semi-annual review, last business day of August
- g) According to the results of reassessment:
  - i. Record Labels, Artist Managers, Music Publishers and Music Distributors Rated 1 or 2 may move up through the Ratings during the year, but may only be moved down after the Annual Review;
  - ii. Record Labels Rated 3 may only be moved up or down after the Annual Review;
  - iii. Artist Managers, Music Publishers and Music Distributors Rated 3 may only be moved down after the Annual Review;
  - iv. Record Labels Rated 4, 5 may only be moved down after the Annual Review
  - v. Please note that the Annual Review deadline is mandatory for music companies wishing to qualify as a Record Label Rated 4 or 5 and to be eligible for the Comprehensive Music Company Program.

- vi. After its first year qualifying, a Record Label Rating of 4 or 5 may be valid for two years. However, to stay at that rating, it is mandatory to meet the qualifying criteria set out at paragraphs 14.3 (a, b, c), 22.2 and 22.6 herein, and to submit the updated information prior to the deadline for the Annual Review. A Record Label Rated 4 or 5 that fails to meet the threshold for revenue from master exploitation set out at section 14.3 (d) will be given one year's grace to remain at the first year's rating, provided it meets all other qualifying criteria for that rating. If at the following Annual Review of all qualifying criteria including revenue, the company's rating is 3 or lower, that rating will apply. For clarity: no company may have two consecutive years' grace.
- h) It is not mandatory that Applicant Profiles be updated for any given Profile Submission Deadline; however, new data added to the Profile after the deadline will not be considered retroactively and the Applicant may lose any benefit of any new data entered until the next Profile Submission deadline.
- i) Information submitted in the Applicant Profile, once verified, will be considered valid for the remainder of the FACTOR fiscal year unless updated and verified. If the Applicant Profile is not updated during the year and the information is no longer valid on Annual Review, the Applicant Rating may be adversely affected.

38.7 Collective Initiatives: Applicants to the Collective Initiatives Program must complete an Applicant Profile but will receive an Approved Applicant Rating. This Rating is a default rating and is not subject to review following the Profile Submission deadlines. New Applicants must submit a Letter of Intent before they will be eligible to create and submit an Application to this program.

38.8 A Division or Associated Company of an Eligible Music Company may qualify with a separate Applicant Profile based on its activities as a Record Label, Artist Manager, Music Publisher or Music Distributor. However, the applications from all divisions, departments, and Associated Companies of the Eligible Music Company will be limited to the Program and annual maximums of one sole Applicant. For the purpose of these Business Policies, two companies shall be deemed Associated Companies if, at any time in the year:

- a) one of the companies controlled, directly or indirectly, the other;
- b) both of the companies were controlled, directly or indirectly, by the same person or group of persons.

## 39.0 GRANT-WRITER STANDARDS

39.1 Grant-writers are expected to act in good faith in their dealings with FACTOR, to keep up-to-date with FACTOR's rules, policies, and guidelines, to communicate those to their clients; and to advise their clients to do the same.

39.2 Every applicant has the right to full disclosure by FACTOR of the applicant's files. Even if appointed the primary contact or administrator, a grant-writer may not block or attempt to block an applicant's access to information.

39.3 Both the grant-writer and the applicant are expected to understand the content and scope of the application and all of the terms of funding. The applicant is deemed to have read and approved the application as submitted, and remains at all times ultimately responsible for the execution of the funded project, disbursement of funds, and any and all reports and loan repayments.

39.4 The applicant is responsible for the work of the grant-writer. FACTOR will not overlook or forgive errors made by a grant-writer even if the error has a negative impact on the applicant's funding or standing with FACTOR.

39.5 A grant-writer may not be the named applicant or payee on the application. FACTOR will only remit funds directly to a grant-writer if directed to do so by the applicant subsequent to (a) a Letter of Direction, duly authorized by the applicant or (b) a management agreement or other agreement that, in FACTOR's opinion, clearly authorizes the grant-writer to receive, retain, disburse and administer the FACTOR funds.

39.6 Privity of contract is always between FACTOR and the applicant. In the event of any monetary or other dispute between the applicant and the grant-writer in respect of a FACTOR-funded project, FACTOR will remove the grant-writer as a contact and will proceed with the applicant as the only contact.

39.7 FACTOR does not require all or any portion of the allowed Administration Fee to be paid to a grant-writer. The amount and payment schedule of the grant-writer's fee is a matter of negotiation between the parties.

39.8 FACTOR does not endorse or recommend grant-writers. Applicants are urged to review references provided by other clients before proceeding to hire a grant-writer.



# Glossary

<b>ACTIVE</b>	(a) Presently engaged in an eligible business activity; or (b) A FACTOR-funded sound recording where some portion or all of the loan funding has been paid to the Recipient and the funding is still subject to loan repayment.
<b>ACTIVE CATALOGUE</b>	The total of Active Titles.
<b>ACTIVE LOAN</b>	A sound recording loan that for any reason remains subject to full or partial repayment to FACTOR.
<b>ACTIVE TITLE</b>	A single Title or Album that has been Commercially Released but not longer than 24 months prior to the Application Date.
<b>ADMINISTRATION FEE</b>	An amount, usually calculated as a percentage of Total Eligible Costs, representing a contribution toward the Applicant's overhead costs (such as occupancy and staffing costs). The maximum amount and method of calculating the allowable Administration Fee may change from time to time, or may be eliminated altogether, at FACTOR's discretion. Administration fees are not required by FACTOR to be paid to a grant writer or any other supplier. How much a grant-writer is paid is a matter of contract between the applicant and the grant-writer.
<b>ADVANCE</b>	a) A partial payment of the Disbursement Amount. See <a href="#">Business Policies: FACTOR Advance</a> ; b) An amount paid to the Artist by a music company, in exchange for the right to exploit the Artist's work. See <a href="#">ARTIST ADVANCE</a> .
<b>ALBUM</b>	A collection of sound recordings packaged together. For FACTOR's purpose an Album includes at least six songs or compositions, or runs at least twenty minutes in duration. Provided that all tracks are Commercially Released within 12 months of each other, six different single tracks, or several tracks running in excess of twenty minutes, may constitute an Album. For FACTOR's purposes a collection of remixes of the same track will not constitute an Album.
<b>ANNEX</b>	A legal agreement between FACTOR and a Recipient, containing the details of, and specific terms related to, an individual grant or loan; the Annex is an appendix to, and is considered part of, the General Agreement entered into by every Recipient.
<b>ANNUAL FUNDING CAP</b>	No applicant may receive more than \$200,000 per FACTOR fiscal year in funding derived from any program funded in whole or in part by the New Musical Works component of the Canada Music Fund (the "New Musical Works portion"); nor more than \$200,000 per FACTOR fiscal year in funding derived from any program funded in whole by private broadcaster contributions (the "Radio Contributions portion"). The Annual Funding Cap is based on all applicable FACTOR offers, adjusted by amounts actually paid out, in the fiscal year. If a funded project spans two fiscal years, any offer unpaid at the end of year one will roll into year two and will count against that year's cap.
<b>APPLICANT</b>	The individual person or business entity making the Application for funding. The Applicant is the entity who will enter into a binding agreement with FACTOR and is responsible for receiving, disbursing, and Completion of the funds advanced. Upon approval of funding, the Applicant becomes the Recipient, and is the party who may be in Default if there should be a finding of Default in the performance of the General Agreement.

<b>APPLICANT ADMINISTRATOR</b>	The sole User of the Online System authorized to manage an Applicant Profile. The Applicant Administrator has full read/write access to the Applicant Profile and all Projects involving the Applicant. The Applicant Administrator exclusively controls which other users have read or read/write access to the Applicant Profile and Projects involving the Applicant.
<b>APPLICANT AGREEMENT</b>	A legal agreement between FACTOR and an Applicant into which the Applicant enters at the time of submitting an Application for funding, which sets out the terms of Application. See <a href="#">Business Policies: Applicant Agreement</a> .
<b>APPLICANT PROFILE</b>	All of the personal, professional and financial information entered into the Online System by the Applicant or its authorized delegate, which is relied upon by FACTOR in assessing applications by the Applicant.
<b>APPLICANT RATING</b>	The Rating assigned by FACTOR to an applicant that allows access to select programs in the Online System. Eligible Music Companies will be rated 2, 3, 4 or 5. See <a href="#">COMPANY RATING</a> . All other applicants, including artists applying on their own behalf and companies applying only to the Collective Initiatives program, receive an Approved Applicant rating.
<b>APPLICATION</b>	All of the documents, including FACTOR's guidelines and forms along with the Applicant's field entries and submissions and the contents of related Artist Profiles or Applicant Profiles, that are submitted at the time of Application, or are required by FACTOR to be submitted in the assessment process, or are required to be submitted in the completion process, which together constitute all the information relevant to the request for funding.
<b>APPLICATION DATE</b>	The date upon which the Application is received by FACTOR.
<b>APPLICATION DEADLINE</b>	The latest date and time, as published or otherwise set by FACTOR, upon which FACTOR will accept the submission of an Application.
<b>APPLICATION PROCESS</b>	The standard procedure by which FACTOR receives and reviews an Application. Please see <a href="#">Business Policies: Application Process</a> .
<b>APPROVAL/APPROVED</b>	A result of the assessment process by which FACTOR accepts the Application for funding, including any modifications to the proposed activities, amounts, and schedules made by FACTOR. FACTOR's eventual assessment of the application upon Completion will be based upon the contents of the approved file. An Application that has been approved may not be changed or altered by the Applicant except by permission of FACTOR.
<b>ARTIST</b>	One or more persons performing as a musical group or band. For FACTOR eligibility: (i) a solo Artist must be a Canadian citizen or permanent resident of Canada; (ii) If the Artist is a group, at least half of the group members must be Canadian citizens or permanent residents of Canada; (iii) the Artist must be engaged in the development of their own music career and is expected to have significant control over their creative product and brand identity; (iv) For clarity, a musician or group of musicians performing music created on a work-for-hire basis (where the copyrights are owned as work product by the contractor), for the primary purpose of marketing or promoting a product or service, will not be considered an Artist for the purpose of FACTOR eligibility; (v) in the case of a new group comprised of formerly solo Artists, FACTOR will deem the collaboration to be a new and distinct Artist if the group is marketed as such.

<b>ARTIST ADMINISTRATOR</b>	The sole User of the Online System authorized to manage an Artist Profile. The Artist Administrator has full read/write access to the Artist Profile and the ability to read (but not write or edit) all Projects involving the Artist. The Artist Administrator control which users have read or read/write access to the Artist Profile. The Artist Administrator does not have the ability to share Projects or view Applicant Profiles.
<b>ARTIST ADVANCE</b>	An amount of money offered in exchange for certain rights in a sound recording or in the songs or compositions underlying the sound recording, which is usually recoupable against the Artist’s share of royalties and other revenues. FACTOR does not recognize Artist Advances made in-kind. Please see <a href="#">Business Policies: Artist Advance</a> .
<b>ARTIST MANAGEMENT COMPANY</b>	A sole proprietorship, partnership or incorporated company of one or more Artist Managers.
<b>ARTIST MANAGER</b>	A person who, subsequent to a binding agreement with an Artist, musician, songwriter etc., represents that Artist, musician or songwriter in creative and commercial matters affecting their rights and career options. Please see <a href="#">Business Policies: Eligible Music Companies</a> .
<b>ARTIST MEMBER</b>	A full-time credited member of the Artist; not a hired, occasional or “side” performer as that term is generally understood in the music industry.
<b>ARTIST PROFILE</b>	All of the personal, professional and financial information entered into the Online System by the Artist or its authorized delegate, which is relied upon by FACTOR in assessing applications involving the Artist.
<b>ARTIST RATING</b>	A designation by FACTOR, based on its review of all available Artist Profiles. The Artist Rating is the mechanism by which an Artist is accorded eligibility for FACTOR Programs. See <a href="#">Business Policies: Artist Profiles</a>
<b>ASSESSMENT</b>	The process, varying from program to program, by which Applications are reviewed by FACTOR staff, the jury, and the Board of Directors. See <a href="#">Business Policies: Assessment Process</a> .
<b>ASSESSMENT TRACK</b>	A sound recording, often a rough demo, which is required to be submitted with the Application for assessment by a jury.
<b>ASSOCIATION</b>	A group of people or companies organized for a joint purpose. Associations wishing to apply to FACTOR must in all cases be registered associations.
<b>AUDIT</b>	Either (a) the review by FACTOR staff of some or all of the supporting documentation accompanying a Completion Report (see <a href="#">SPOT AUDIT</a> ; <a href="#">FULL AUDIT</a> ) or (b) the official inspection of an Applicant’s or Supplier’s accounts by an independent party (see <a href="#">Business Policies: Audit by Third Party</a> ).
<b>AWARDS SHOW</b>	An event during which awards are given to Artists and/or music companies and/or music industry professionals.
<b>BARCODE</b>	A machine-readable representation of standard data.
<b>BUSINESS PLAN</b>	A document that outlines an Artist or music company’s short- and long-term goals, including strategies for their achievement and a projection of the related costs.

<b>CANADA MUSIC FUND</b>	Also, CMF. A fund created by the federal government of Canada as the primary tool to implement the Canadian Sound Recording Policy. FACTOR administers two components of the CMF: the New Musical Works Component, and the Collective Initiatives Component.
<b>CANADIAN</b>	Please see <a href="#">Business Policies: Canadian Citizenship and Company Criteria</a> .
<b>CARNET</b>	International customs documents that are required to facilitate shipping of equipment and merchandise across international borders.
<b>CASH</b>	In relation to bookkeeping, an actual, verifiable out-of-pocket expense.
<b>CASH PAYMENT</b>	In relation to Proof of Payment, a cash payment is made in currency and is generally disallowed by FACTOR. See <a href="#">PROOF OF PAYMENT</a> .
<b>CATTYWAMPUS</b>	In disarray; askew. Also, diagonal to or indirectly situated near.
<b>CHAIN OF TITLE</b>	A series of legal agreements that evidences a party's claim to the right to exploit a copyrighted work.
<b>CMRRA</b>	Also, Canadian Musical Reproduction Rights Agency. CMRRA is the Canadian PRO representing composers, songwriters, and publishers for mechanical and other rights licenses. <a href="http://www.cmrra.ca">www.cmrra.ca</a>
<b>COLLECTIVE</b>	Owned by, or controlled by, or being of demonstrable benefit to multiple copyright holders.
<b>COMMERCIAL RELEASE</b>	Also, Commercially Released. The event of the sound recording being legally offered to the public for sale, download, stream, or other method of public consumption, via a music retailer or digital music service, provided that the nature of such offer is commercial, meaning that its purpose is to generate revenue of which the Artist whose performance is embodied on the sound recording is entitled to be paid a share. Physical formats of the sound recording packaging must feature a UPC barcode and catalogue number; for all formats including CD and digital, each track must have been assigned an International Standard Recording Code (ISRC) number. Please see <a href="#">Business Policies: Commercial Release</a> .
<b>COMPANY DOCUMENTATION</b>	All of the documentation that verifies the ownership and constitution of an Applicant's business, and may include business name registration and Business Number, partnerships agreement(s), and incorporation documents as applicable; along with annual financial statements. This documentation is required to be submitted at the time of first Application and/or the latest Profile Submission Deadline, and must be updated from time to time if and when changes are made to the constitution of the company. Please see <a href="#">Business Policies: Company Documentation</a> .
<b>COMPANY RATING</b>	The Applicant Rating assigned by FACTOR to a music company.
<b>COMPILATION</b>	A thematically organized collection of songs or compositions from one or more Artists, which may or may not have been previously released.
<b>COMPLETION</b>	The process of closing a FACTOR Component and/or Project related to an Application, during which the Recipient files a Completion Report and, as requested by FACTOR, additional documentation to be reviewed by FACTOR staff before the final costs are approved by FACTOR and the file paid out and closed.

<b>COMPLETION CERTIFICATE</b>	Also, COMPLETION REPORT. A document or e-document submitted by the Recipient that sets out the final financial results of the FACTOR-funded Application. FACTOR requires submission and approval of the Completion Certificate prior to releasing any final payments and/or closing the file.
<b>COMPONENT</b>	A grouping of activities and related costs that along with another or other Components comprise a Program.
<b>COMPREHENSIVE MUSIC COMPANY</b>	Also, COMPREHENSIVE COMPANY. An Eligible Record Label that has been certified by FACTOR as eligible to apply for the Comprehensive Music Company Program.
<b>CONTENT AGGREGATOR</b>	An organization that legally gathers music in digital format, which it then licenses or sells through to digital music retailers and music services.
<b>COPYRIGHT</b>	<p>Per the Copyright Act of Canada: “Copyright is the sole right to produce or reproduce a work or any substantial part thereof in any material form, to perform the work or any substantial part thereof in public, or, if the work is unpublished, to publish the work or any substantial part thereof.”</p> <p>In every sound recording, there is a copyright in the master recording, and separate copyrights in the underlying music composition and lyrics.</p> <p>For FACTOR’s purposes, only the party that controls the copyright in the sound recording master may apply for funding under a sound recording or marketing program. See Own or Control, below.</p>
<b>CORPORATION</b>	A business that has prepared and filed incorporation documents either federally or provincially, and has received a Certificate of Incorporation.
<b>COVER</b>	A sound recording of an Artist’s performance of a song or composition written by another Artist or songwriter of note. Covers are generally ineligible for FACTOR support, but may be allowed on a case-by-case basis. Please see <a href="#">Business Policies: MAPL Certification</a> .
<b>CURRENT RELEASE</b>	The Artist’s most recent Commercially Released full length sound recording. To qualify for the Live Performance Program, a Current Release was released no longer than 24 months prior to the Component submission date. To qualify for the Video Program, the Current Release was released not longer than 12 months prior to Component submission date.
<b>DBA</b>	See <a href="#">DIRECT BOARD APPROVAL</a> .
<b>DEAL MEMO</b>	A short-form contract for goods or services. In respect of Eligible Crew, a deal memo should set out, at a minimum, the names of the parties to the contract, the date of execution, the start and end dates, a description of services being provided, and the amount and nature of payment being exchanged.
<b>DEFAULT</b>	As designated solely by FACTOR, a finding of material breach of agreement. Among other penalties, an Applicant or Recipient in Default is deemed not in good standing, and may not apply for nor receive any funding. See <a href="#">EFFECT OF DEFAULT</a> , <a href="#">EVENT OF DEFAULT</a> .
<b>DEMO</b>	A short-form sound recording, whose purpose is to give a sketch of a proposed longer-form sound recording. May also refer to the sound recording produced subsequent to the Demo Program.

<b>DEPARTMENT OF CANADIAN HERITAGE</b>	The federal ministry bearing responsibility for, among other things, culture policy and funding. FACTOR administers several components of the Canada Music Fund, created and funded by Canadian Heritage.
<b>DIGITAL DISTRIBUTOR</b>	An individual or company whose business includes gathering music in digital format from multiple Artists and Record Labels for the purpose of legally selling individual music files, and legally licensing digital music files for use by digital music services.
<b>DIGITAL MUSIC SERVICE</b>	A legal business whereby music in digital format is offered to the public for sale as permanent downloads or other form of consumption such as streaming, mobile ringtones, etc.
<b>DIGITAL-ONLY RELEASE</b>	A sound recording that has been or will be Commercially Released only in digital format.
<b>DIGITAL RETAILER</b>	A legal business whereby music in digital formats is sold to the public, whether by the album or by the track, such as iTunes, Zunior, etc.
<b>DIGITAL SALES</b>	The results and proceeds of sales made by a digital retailer and/or digital music service.
<b>DIRECT BOARD APPROVAL</b>	Approval by the FACTOR Board of Directors without going through a juried assessment process. See <a href="#">Business Policies: Direct Board Approval</a> .
<b>DISBURSEMENT AMOUNT</b>	The funds allotted to the Recipient to complete a Project as approved by FACTOR.
<b>DISTRIBUTION AGREEMENT</b>	An agreement entered into between an Artist or record label, and a music distributor, whereby the distributor undertakes responsibility for wholesaling a sound recording to a music retailer in exchange for a distribution fee. A distribution agreement may also provide for the distributor to assume the cost of manufacturing, warehousing, and other goods and services, the costs of which it is entitled to deduct from sales revenues. In a distribution agreement, the Artist or record label retains significant control and corresponding risk with respect to decisions related to marketing, spending, deployment of the Artist's services and so on. See <a href="#">Business Policies: FACTOR-Recognized Distribution</a> .
<b>DISTRIBUTOR</b>	A music company that is primarily in the business of the distribution of music.
<b>DONATED SERVICE(S)</b>	The performance of services for consideration but with no exchange of cash payment. Please see <a href="#">Business Policies: Donated Services</a> .
<b>DOWNLOAD</b>	A song, track or album in digital format that has been made legally available to the public for transfer from a remote server to a consumer's local device.
<b>DUPLICATION</b>	The act of copying a sound recording multiple times for the purpose of distribution.
<b>DVD</b>	Digital video disc. For FACTOR's purposes, a music DVD is an audio-visual production featuring one or more Artists, and packaged for public performance and/or sale in physical and/or digital formats.
<b>EDUCATIONAL INITIATIVE</b>	As certified by FACTOR, a project or event whose objective is skills training and education for music industry professionals, including Artists and songwriters.
<b>EFFECT OF DEFAULT</b>	The consequence or consequences that may arise as a result of a finding of Default, as set out in the General Agreement.

<b>ELIGIBLE BUDGET</b>	The total of Eligible Costs in an Application, as determined by FACTOR.
<b>ELIGIBLE COST</b>	Each and every cost that is eligible to be reimbursed by FACTOR, as determined by FACTOR. See <a href="#">Business Policies: Eligible Costs</a> .
<b>ELIGIBLE CREW</b>	A person hired by the Artist for a Tour or Showcase to provide only the services of Tour Manager, Driver, Road/Equipment Technician, Lighting Technician, Sound Mixer, Merchandise Seller, or a combination of the foregoing, in exchange for wages. Eligible Crew must travel with the Artist for all or a substantial portion of the Tour. To establish an Eligible Crew member, the Applicant must submit a signed Deal Memo upon Application, and Proof of Payment upon Completion. An Eligible Crew member cannot also be claimed as a member of the Artist or as a Hired Musician.
<b>ELIGIBLE MUSIC COMPANY</b>	A Record Label, Music Distributor, Music Publisher, and/or Artist Management company that meets certain criteria required to be eligible to apply to certain programs. See <a href="#">Business Policies: Eligible Music Companies</a> .
<b>ELIGIBLE TRAVELER</b>	A person who is a) a member of the Artist; or b) a Hired Musician or Eligible Crew member whose paid services have been engaged by the Artist for the duration of a Tour or Showcase; AND c) who has been approved by FACTOR as an Eligible Cost.
<b>E.P. or EP</b>	A sound recording comprised of more than one but fewer than six songs or tracks and that runs less than twenty minutes.
<b>EVENT OF DEFAULT</b>	The occurrence of an event, as set out in the General Agreement, that triggers FACTOR's right to find the Applicant in Default of the agreement.
<b>EXCLUSIVE RECORDING ARTIST AGREEMENT</b>	A type of record label agreement whereby an Artist agrees to provide exclusive recording services to a record label, usually in exchange for the payment of advances and royalties, and other consideration including the release of the Artist's recorded material. In an Exclusive Recording Artist Agreement the record label typically gains the original and residual ownership of the copyright in any product of the Artist's services, as opposed to a license agreement where the record label's control of the copyright is for a defined term.
<b>EXPORT-READY</b>	An Artist or Music Company that has had demonstrable commercial success in the Canadian market, and/or shows demonstrable potential for success in an international market. Please see <a href="#">Business Policies: Export-Ready Certification</a> .
<b>FACTOR-FUNDED SOUND RECORDING</b>	Also, FFSR. Any sound recording that was produced with the support of FACTOR.
<b>FFSR</b>	See <a href="#">FACTOR-FUNDED SOUND RECORDING</a> .
<b>FISCAL YEAR</b>	For FACTOR, the period beginning April 1 of one calendar year and ending March 31 of the subsequent year.
<b>FULL AUDIT</b>	A review by FACTOR of all of the expenses and supporting documentation submitted upon Completion.
<b>FULL-LENGTH</b>	An Album, having at least six different songs or tracks, or running in excess of twenty minutes in duration. Provided that all tracks are Commercially Released within 12 months of each other, six different single tracks, or several tracks running in excess of twenty minutes, may constitute a full-length Album for FACTOR purposes.

<b>GENERAL AGREEMENT</b>	A binding agreement between FACTOR and an Applicant, which sets out FACTOR's terms and conditions of funding. Each Applicant is required to execute a General Agreement at the time of Application. The specific terms of each individual grant or loan are set out in an Annex, as defined herein, which is attached to the Offer and forms part of the General Agreement once the Application has been approved.
<b>GENRE</b>	A broad category of music style. Please see <a href="#">Business Policies: Genres of Music</a> .
<b>GOOD STANDING</b>	The state of being in compliance with all FACTOR obligations, with no detriment to continued transaction with FACTOR, including being not On Hold, not in Pre-Default, and not in Default.
<b>GRACE PERIOD</b>	Unless otherwise specified, a Grace Period is seven calendar days (one calendar week).
<b>GRANT</b>	An award of money that the recipient is not required to repay (except in an event of Default).
<b>GROSS REVENUE</b>	A standard term in commercial contracts and arrangements, typically meaning all revenue without deduction of any kind. For the purpose of repayment of a FACTOR loan, Gross Revenue means all revenue actually received by the Applicant from the worldwide exploitation of the FACTOR-funded sound recording in all markets, after deduction of distributor's fees but without any further deductions. See <a href="#">Business Policies: Loan Repayment</a> .
<b>HIRED MUSICIAN</b>	A musician who is hired to provide his or her services on a contracted, project basis, in exchange for wages. If claimed as an Eligible Cost, the Hired Musician must be Canadian, and the Applicant must submit an agreement or Deal Memo for the Hired Musician's services and provide Proof of Payment on Completion. A full-time member of the Artist, or an Eligible Crew member, cannot also be claimed as a Hired Musician.
<b>HOME SHOW</b>	A paid, ticketed public performance that takes place in a private residence rather than a commercial venue.
<b>INDEPENDENT CONTRACTOR</b>	A person or company that is not salaried nor usually employed by the Applicant, but provides services on a negotiated fee-for-service basis.
<b>INDIVIDUAL/ SOLE PROPRIETOR</b>	An individual person doing business or an unincorporated business entirely owned by one person.
<b>INELIGIBLE</b>	An activity or cost that FACTOR will not approve nor reimburse.
<b>IN-HOUSE</b>	Goods or services that are provided by, or an activity that is undertaken by, the Applicant itself (including its employees, exclusive contractors, or band members in the case of an Artist Applicant) rather than outsourcing to a third party. See <a href="#">Business Policies: Audit</a> .
<b>IN-KIND</b>	An item identified by FACTOR in a budget as being provided for non-cash consideration. In-kind costs are not eligible for FACTOR reimbursement. See <a href="#">Business Policies: Audit</a> .
<b>INTERNATIONAL STANDARD RECORDING CODE</b>	Also, ISRC. An international standard code for identifying unique sound recordings, which can be embedded in a digital music file. In Canada, ISRC codes are assigned by (among others) CONNECT music licensing. <a href="http://www.connectmusic.ca">www.connectmusic.ca</a>



<b>JURIED PROGRAM(S)</b>	Singly and collectively, the Demo Program and the Juried Sound Recording Program.
<b>JURY</b>	A group of individuals selected by FACTOR to assess an Application. Jury members are not FACTOR employees and must declare any actual or perceived conflict of interest to FACTOR before engaging in the Assessment Process.
<b>LETTER OF INTENT</b>	A short letter that is required to be submitted to FACTOR prior to the applicant being given permission to apply under the Collective Initiatives Program. The letter should include an overview of the business history of the applicant and any key partners, the nature of the project, its intended audience, market and goals.
<b>LICENSE</b>	Also, LICENSE AGREEMENT. An agreement by which a party (the licensor) who controls certain exploitation and other rights in a sound recording and/or its underlying composition, grants limited rights to another party (the licensee, usually a record label) in exchange for a license fee and other consideration. The rights granted are generally exclusive to the licensee, and the term of the license is limited. For all FACTOR funded albums, the minimum acceptable license term extends until expiration of the Loan Repayment Period, or termination of the General agreement. FACTOR distinguishes between a “license” and “distribution”; see <a href="#">Business Policies: License versus Distribution</a> .
<b>LICENSE FEE</b>	An amount of money paid to the licensor by the licensee in consideration for the rights granted. The license fee may take the form of a non-recoupable, non-repayable lump sum, and may be offered as an advance against royalties and other revenues.
<b>LOAN</b>	An award of money that is required to be repaid to FACTOR upon a schedule and other terms as defined by FACTOR. See <a href="#">LOAN REPAYMENT PERIOD</a> .
<b>LOAN-OUT COMPANY</b>	A corporation formed by an Artist for the purpose of doing business for their personal services under that corporation’s protection. FACTOR does not consider a loan-out company to be a Music Company for the purposes of program eligibility.
<b>LOAN REPAYMENT PERIOD</b>	The period during which Loan Recipients are required to report unit sales, beginning on the Release Date and ending on either 24 months following the Release Date, or 6 months after the last loan funding advanced to the Recipient by FACTOR, whichever is later.
<b>LOAN REPAYMENT REPORTING FORM</b>	A form provided by FACTOR to Loan Recipients, to be filled out and submitted twice per year along with the corresponding payment. See <a href="#">Business Policies: Loan Repayment</a> .
<b>LYRIC VIDEO</b>	A video in which the lyrics to the song are the primary visual feature.
<b>MANUFACTURING</b>	The creation of duplicate copies of a sound recording master, along with artwork and packaging in physical format.
<b>MAPL</b>	An acronym standing for Music, Artist, Production, Lyrics. Sometimes referred to as “Canadian Content” or “CanCon.” FACTOR’s MAPL requirements differ slightly from those of Canadian radio standards. Please see <a href="#">Business Policies: MAPL Certification</a> .
<b>MARKETING PLAN</b>	A document that sets out a plan for the commercialization of a sound recording or other funded project, including a schedule and projection of related costs.

<b>MASTER</b>	The final mix of all the recorded tracks of a sound recording as stored on a device, from which copies for promotional and consumer use are made.
<b>MASTER ACQUISITION</b>	An agreement by which one party acquires all the rights in a sound recording master, typically for the life of the copyright.
<b>MASTER SIDE</b>	The synchronization rights that attach to the sound recording master. See <a href="#">SYNC LICENSE</a> .
<b>MEC COMPANY</b>	A music company that receives funding from the Music Entrepreneur Component of the Canada Music Fund.
<b>METADATA</b>	A layer of digital information about a sound recording such as artist name, album title, record label, release date, copyright owners, and so on. With a CD the metadata is not normally displayed by the player, but can be accessed by specialized music playback and/or editing applications. In an MP3 the metadata is contained in the ID3 tag.
<b>MERCHANDISE</b>	Artist-branded items that are sold Off-Stage at a live performance by the Artist, including copies of a sound recording.
<b>MFN</b>	See <a href="#">MOST FAVOURED NATIONS</a> .
<b>MILESTONE</b>	An event in the production or delivery of a funded Project, usually accompanied by a deadline, requiring a submission or action by the Recipient, such as Completion, Commercial Release, Loan Repayment and so on.
<b>MOST FAVOURED NATIONS</b>	A clause or term of agreement stating that a party receiving a benefit in a transaction will do so on an equal basis with all other parties concluding similar agreements. For example, sync license agreements will often contain a most favoured nations clause providing that the master-side fees must always be equal to those of the publishing side, and vice-versa.
<b>MP3</b>	A digital audio encoding format and the only digital music file format that can be uploaded to FACTOR's Online System.
<b>MUSIC COMPANY</b>	FACTOR defines a Music Company as one whose primary business activities are that of a Record Label, Artist Manager, Music Distributor or Music Publisher. To be eligible for certain programs, a Music Company must also meet the definition of an Eligible Music Company.
<b>MUSIC DISTRIBUTOR</b>	An entity whose business is primarily the wholesale distribution of music to physical and/or digital music retailers.
<b>MUSIC ENTREPRENEUR</b>	A music industry professional who is not an Artist.
<b>MUSIC INDUSTRY ASSOCIATION (MIA)</b>	An organization of music industry professionals that acts as a central network and educational/professional resource for musicians and industry members of a specific province or territory. See <a href="#">Industry Links</a> .
<b>MUSIC PUBLISHER</b>	An entity whose business is primarily the marketing, licensing and administration of copyrights in songs and compositions, and ensuring that songwriters and composers receive payment for the performance, reproduction and other commercial uses of the compositions. Please see <a href="#">Business Policies: Eligible Music Companies</a> .

<b>NET DEAL</b>	An informal term describing an agreement in which the two parties share the net revenue left over from gross revenue after the deduction of fees, costs and other agreed-upon deductions.
<b>NET REVENUE</b>	Also, NET PROCEEDS. A standard term in commercial arrangements and contracts, usually meaning gross revenue after deduction of fees, costs or other agreed-upon deductions.
<b>NO-CASE</b>	An unofficial showcase that takes place during the dates of a conference or festival, but is not recognized and/or promoted by that conference or festival.
<b>OFFER</b>	(a) The amount of funding that FACTOR is prepared to contribute to a project following the Approval of an Application, along with terms of acceptance and related documents. The amount of the Offer and the Disbursement Amount may differ on Completion, depending on the final analysis of the project and the amount of Eligible Costs declared by the Recipient; (b) the notification sent to successful Applicants informing them that their Application has been approved, and containing the Offer.
<b>OFFICIAL LANGUAGE MINORITY COMMUNITY (OLMC)</b>	A designation and related programs of the federal government of Canada in support of French and English language communities. For FACTOR's purposes, OLMC refers to Anglophone Artists residing in the province of Quebec. Francophone Artists residing outside of Quebec are designated OLMC and supported by <a href="#">MusicAction</a> .
<b>OFF-STAGE SALES</b>	Sales of sound recordings to the public at a live performance by the Artist, usually undertaken by the Artist rather than the record label, but including sales through music festivals where the sales are made through a temporary retail store on the festival site.
<b>ONLINE SYSTEM</b>	FACTOR's website and project/application portal.
<b>OPTION, OPTION CLAUSE</b>	A contract clause typical in recording, licensing and publishing contracts that gives a music company such as a record company, licensee or publisher the right to acquire additional and/or future works on a first-look or reserved basis. The terms of such acquisition are usually set out in the Option Clause, along with terms for how and when the Option may be "exercised," or given effect, by the music company that is the Option-holder.
<b>OUT-OF-POCKET</b>	An expense that requires a money payment, rather than an in-kind, deferred or non-cash payment.
<b>OWN OR CONTROL</b>	Refers to control of the exclusive exploitation rights flowing from copyright in a sound recording. Only one party is eligible to apply for FACTOR funding for a specific project in any one sound recording program at any one time; and that party is the eligible entity, or is the authorized representative of the eligible entity, that has exclusive control of the exploitation rights in the sound recording at the time of Application, regardless of whether that control was gained by way of ownership in first instance, by limited or unlimited sale or acquisition, by license, by assignment or by any other means of transfer. As a general rule, eligibility to apply for marketing support always follows the party that controls the sound recording.
<b>PARTNERSHIP</b>	An association or relationship between two or more individuals, corporations, trusts or partnerships that join together to carry on a business.

<b>PER DIEM</b>	Meaning “per day,” a per diem is an amount paid to a service provider in addition to wages or salary, that is meant to compensate that person for miscellaneous expenses (such as meals) incurred as a result of traveling for work or business.
<b>PERFORMANCE RIGHTS ORGANIZATION</b>	Also, PRO. An organization, usually non-profit, that acts as an intermediary between music rights holders and parties wishing to license those rights for public performance, reproduction or other commercial use. In Canada, PROs include <a href="#">SOCAN</a> , <a href="#">CMRRA</a> , <a href="#">SODRAC</a> and <a href="#">SPACQ</a> .
<b>PRE-PRODUCTION</b>	With respect to a sound recording, pre-production means the activities undertaken by the Artist and the Artist’s team in preparation for the making of the sound recording, including songwriting and rehearsal time. With respect to audio-visual productions including Videos and DVDS, pre-production refers to the activities undertaken in preparation for the filming or taping of the production.
<b>PREVIOUSLY UNRELEASED</b>	A sound recording that has never been Commercially Released.
<b>PRIVATE FUNDING</b>	Project funding provided by an entity whom FACTOR deems to be private, such as an individual, record label, publisher etc. Please see <a href="#">Business Policies: Other Sources of Funding</a> .
<b>PRODUCER</b>	The person or persons hired by the Artist or Record Label to produce the sound recording, including managing the production budget and/or making creative, financial and scheduling decisions.
<b>PRODUCTION PLAN</b>	A Production Plan provides an overview for the video production including the pre-production, shoot, and post schedules, key crew, casting, wardrobe, travel, locations, and any notable technical details.
<b>PROFESSIONAL SONGWRITER</b>	A Professional Songwriter is a Songwriter with a membership to a performing rights organization, and whose songs are primarily intended to be performed and/or recorded by someone other than the songwriter.
<b>PROFESSIONALLY MANUFACTURED</b>	A sound recording reproduced and packaged in physical format (such as CD or vinyl), including artwork, ISRC codes and a barcode, by a company that is in the business of such manufacturing.
<b>PROFILE SUBMISSION DEADLINE</b>	The latest date upon which Artist Profile and Applicant Profile data can be submitted to the online system for verification and calculation within the current pool of Profiles, for the purpose of assessing the Profile Rating. See <a href="#">Business Policies: Profile Submission and Rating</a> .
<b>PROGRAM GUIDELINES</b>	A document published by FACTOR that sets out the parameters of eligibility for Applicants, activities and costs, as established and amended by FACTOR’s Board of Directors from time to time. Unless otherwise noted, Applications are assessed by the Program Guidelines in force on the Application Deadline date or, in the case of a Rolling Deadline, the Application Date.
<b>PROJECT</b>	All of the eligible activities intended to be undertaken by the Applicant and that are proposed under one or more Components of a unique Application under any FACTOR Program.
<b>PROJECT ADMINISTRATOR</b>	The sole User in the Online System authorized to manage a particular Project. There is only ever one Project Administrator for each Project. The Project Administrator has full read/write access to the Project and controls which other users have read or read/write access to the Project.

<b>PROJECT COMPLETION</b>	The state of all Components of a Project being completed.
<b>PROJECT COORDINATOR</b>	The FACTOR staff member assigned to work with Applicants to facilitate the application, delivery and completion of Projects.
<b>PROOF OF CITIZENSHIP</b>	A photocopy or scan of a birth certificate, Permanent Resident card, Citizenship Card, Secure Certificate of Indian Status, or the photo and biometrics page of a current passport.
<b>PROOF OF OWNERSHIP</b>	Documentation that verifies the Applicant’s claim to ownership or control of the sound recording, songs, or other property that is the subject of a FACTOR Application. See also: <a href="#">CHAIN OF TITLE</a> . Examples include: license agreements, exclusive recording Artist agreements, acquisition agreements, production agreements, partnership agreements etc.
<b>PROOF OF PAYMENT</b>	Documentation that confirms the payment of an eligible cost, including canceled cheques, credit card and debit card receipts, money order and postal order receipts, wire transfer and online transfer receipts, credit card and debit card statements and, where allowable, cash register and signed personal receipts. Please see <a href="#">Business Policies: Completion Reports</a> .
<b>PROOF OF PERFORMANCE</b>	Documentation that verifies that a live performance date took place. For Tour Dates, FACTOR will accept a copy of the promoter’s settlement sheet, or the booking agency’s final statement. These must indicate the date, city and venue and indicate the final payment received. Tour itineraries, posters and print ads will not be accepted as Proof of Performance; however, FACTOR may accept ticket stubs or media reviews on a case-by-case basis. For Showcase dates, FACTOR will accept samples of flyers, posters, programs, print-ads, live photographs, ticket samples, videos (physical or online), web- links, live show reviews from external publications, and confirmations from publicists/ promoters/radio promoters.
<b>PROOF OF SALES</b>	Verifiable, third-party documentation that indicates the number of sound recording Units sold at retail; meaning sold and not returned, as claimed by the Applicant, including physical and digital retail sales, and off-the-stage sales where allowable. See <a href="#">Business Policies: Proof of Sales</a> . FACTOR must approve all providers of such documentation as FACTOR-Approved Distributors. See <a href="#">Business Policies: FACTOR-Recognized Distribution</a> .
<b>PUBLIC FUNDING</b>	Project funding derived from any Canadian entity that FACTOR deems to be public in nature, including any funding from a private radio broadcaster(s) that is approved by the CRTC as a contribution to and eligible Canadian Content Development (CCD) initiative (e.g. Radio Starmaker Fund, Peak Performance Fund); and any funding derived from a federal, provincial or municipal source. Revenue raised by crowdfunding (e.g. Kickstarter, Indiegogo) is NOT “public funding.” Please see <a href="#">Business Policies: Other Sources of Funding</a> .
<b>PUBLISHING SIDE</b>	The synchronization rights that attach to the underlying composition. See <a href="#">SYNC LICENSE</a> .
<b>QUALIFYING ALBUM</b>	A Full-length sound recording comprised of previously unreleased tracks that is performed by a Canadian Artist; (b) conforms to Business Policies: MAPL Certification; AND (c) contains no more than 50% French-language tracks. For clarity, an album of remixed, previously released tracks does not constitute a Qualifying Album.
<b>QUALIFYING RELEASE</b>	A Qualifying Album that has been Commercially Released.

<b>QUALIFYING SALES THRESHOLD</b>	The verifiable total number of units, as designated by FACTOR from time to time, that an Applicant must have sold in order to be considered eligible to apply for certain programs. See <a href="#">Business Policies: Proof of Sales</a> .
<b>QUALIFYING TITLE</b>	A single track sound recording that meets FACTOR’s MAPL qualifications. See <a href="#">Business Policies: MAPL Certification</a> .
<b>RADIO FUNDING</b>	Funding derived from a radio broadcaster’s contributions to Canadian Content Development (as mandated by the CRTC) such as the <a href="#">RADIO STARMAKER FUND</a> and the Peak Performance Initiative. For FACTOR’s purposes, Radio Funding is considered Public Funding
<b>RADIO STARMAKER FUND</b>	Also, RSF. A private fund that provides investment into marketing and tour support for Canadian Artists that have a proven track record. <a href="#">starmaker.ca</a>
<b>RATING</b>	A designation by FACTOR, based on its review of all available Applicant or Artist Profiles. The Rating is the mechanism by which an Applicant or Artist is accorded eligibility for FACTOR Programs.
<b>RATING SYSTEM</b>	The methodology by which all Artist Profile and Applicant Profile data are assessed by FACTOR, leading to the designation of Ratings.
<b>RECIPIENT</b>	An Applicant receiving FACTOR funding as the result of an approved Application.
<b>RECORD LABEL</b>	A Record Label is primarily in the business of licensing or acquiring the exploitation rights in sound recordings, and working with Artists to promote and commercialize sound recordings. Record Labels typically engage music distributors to place and manage orders of their products with retailers. Please see <a href="#">Business Policies: Eligible Music Companies</a> .
<b>RECOUPABLE</b>	Also, recoup. An amount of money, and/or the cost of goods or services, that is offered to an Artist in a recording, license, or publishing agreement; the recoupable amount is then paid back to the record label or publisher, usually at the rate of the Artist’s share of royalties. It is standard practice in the music industry that recoupable amounts are paid back to the offerer in first position, meaning that the Artist receives no royalties until recoupment.
<b>RECOUPMENT</b>	The point upon which all recoupable costs have been paid back or recouped.
<b>RELATED PARTY</b>	Please see <a href="#">Business Policies: Related Party Transactions</a> .
<b>RELEASE DATE</b>	The date upon which the sound recording is first made available for sale to the public through any music retailer.
<b>RE-RELEASE</b>	The commercial release of a sound recording that has already been Commercially Released once.
<b>RETAIL/RETAILER</b>	The sale of music to the public through a physical or digital shop. When used by FACTOR, “retail” does not extend to off-stage sales except in the case of an on-site music festival retailer.
<b>REVENUE</b>	The total amount of money earned by a person or company, through sales or the provision of goods or services.
<b>ROLLING DEADLINE</b>	A deadline that is not set on a specific calendar date. See individual Program Guidelines for further details.

<b>ROYALTY</b>	A negotiated share of the revenue derived from the exploitation of a music copyright.
<b>ROYALTY PERFORMER</b>	The Artist or an individual member of the Artist group who is entitled to receive royalties from sales of a sound recording.
<b>ROYALTY REPORT</b>	A report created for a specific royalty earner (such as the Artist) by a record label or distributor, that sets out gross revenues earned, less any expenses, as agreed in each instance by the parties to a label agreement or distribution agreement.
<b>SALES REPORT</b>	A report produced by a Music Distributor that sets out, among other things, the number of units sold. See <a href="#">Business Policies: Proof of Sales</a> .
<b>SCHOOL SHOW</b>	A paid engagement hosted by a school for the benefit of its students.
<b>SHOWCASE</b>	A performance for a target audience of music industry professionals more so than the general public; the goal of a Showcase is to attract interest of potential industry partners, such as booking agents, managers and record labels.
<b>SIDE</b>	See <a href="#">MASTER SIDE</a> , <a href="#">PUBLISHING SIDE</a> , <a href="#">SYNC LICENSE</a> .
<b>SIGNING AUTHORITY</b>	A person duly authorized by an Artist or Applicant to enter into binding agreements with FACTOR on the Artist or Applicant's behalf.
<b>SIGNING AUTHORIZATION</b>	A document signed by an Artist or Applicant that confers signing authority upon a designated person.
<b>SINGLE</b>	A song or composition offered as a stand-alone item for public performance and/or purchase.
<b>SLATE</b>	A programmed series of music video and/or filmed or taped audio-visual productions.
<b>SOCAN</b>	Acronym for Society of Composers Authors and Music Publishers of Canada. SOCAN is the PRO representing Canadian songwriters, lyricists, composers and publishers. <a href="http://www.socan.ca">www.socan.ca</a>
<b>SODRAC</b>	Acronym for Society for Reproduction Rights of Authors, Composers and Publishers in Canada. SODRAC represents mechanical and other reproduction rights. <a href="http://www.SODRAC.ca">www.SODRAC.ca</a>
<b>SONGWRITER</b>	An individual (or, in the case of a songwriting team, two or more individuals) who composes music and/or lyrics to original songs.
<b>SOUNDSCAN</b>	Also, Nielsen SoundScan. The official information and sales tracking system for music and music videos in North America. SoundScan reports are accepted by FACTOR as Proof of Sales.
<b>SPACQ</b>	Acronym for "La Société professionnelle des auteurs et des compositeurs du Québec," SPACQ is the PRO representing Quebec-based songwriters and composers. <a href="http://www.spacq.qc.ca">www.spacq.qc.ca</a>
<b>SPONSORSHIP PROGRAM</b>	See the <a href="#">Sponsorship Program</a> page on the FACTOR website.
<b>SPOT AUDIT</b>	A review by FACTOR of one or more of the expenses and related documentation submitted in a Completion report.

<b>STARMAKER-ELIGIBLE</b>	An Artist that is eligible for funding from the Radio Starmaker Fund, according to the rules of the Radio Starmaker Fund. See <a href="http://starmaker.ca">starmaker.ca</a>
<b>STRAMASH</b>	A kerfuffle or ruckus.
<b>STREAM</b>	Also DIGITAL STREAM, STREAMING. The legal performance of a sound recording in real time over digital networks, where the audio file stored on an off-site hard drive and is not downloaded by the listener for permanent storage.
<b>SUPPLIER</b>	An individual person or company that has provided goods or services to a FACTOR-funded project.
<b>SYNC LICENSE</b>	Also SYNCHRONIZATION LICENSE. A legal agreement that sets out the terms by which a party (such as a producer) is authorized to synchronize copyrighted music along with visual images. There are two sets of rights engaged in a synchronization license: the rights attached to the composition, and the rights attached to the sound recording master. See <a href="#">PUBLISHING SIDE</a> , <a href="#">MASTER SIDE</a> .
<b>TERM</b>	(a) A point of negotiation in an agreement, or a clause that sets out how that point or item shall be handled in an agreement; (b) The duration of an agreement.
<b>TERRITORY</b>	(a) The target area for a tour of marketing activity; (b) A standard contract term referring to the geographical or commercial limits to a grant of rights. For example, if the Territory in a license agreement is set at “The Universe,” it is unlimited and the licensor will have the right to exploit the rights granted throughout the world.
<b>TITLE</b>	(a) A single song or composition; (b) a single or full-length sound recording that is part of a catalogue; the legal right to exploit a copyright, or the documentation that evidences such right. The documentary history that establishes legal title is sometimes called “Chain of Title.”
<b>TOTAL ELIGIBLE BUDGET</b>	The total of all Eligible Costs plus the <a href="#">ADMINISTRATION FEE</a> (if any). The percentage of FACTOR’s contribution to the Total Eligible Budget is a maximum of 50% or 75% depending on the component or program.
<b>TOTAL SUBSIDY</b>	For the Tour Support or Showcase Component, the total amount calculated per date for which the Applicant may be eligible, which cannot exceed 75% of the Total Eligible Budget for the Component.
<b>TOUR</b>	For FACTOR’s purposes, a Tour is a continuous series of public engagements, taking place at different venues, for a contracted performance fee.
<b>TOUR DATE</b>	A calendar date on which the Artist is contracted to perform during a Tour. The Tour Date must be paid and contracted, and able to be verified with Proof of Performance. All performances taking place during one calendar day constitute one Tour Date.
<b>TRACK</b>	A sound recording of one individual song or composition.
<b>TRANSFER</b>	A change in ownership or control of a Title or other property.
<b>TRIBUTE</b>	A sound recording featuring one or more Artists performing the songs or compositions of another, well-known songwriter or artist.
<b>UNIT</b>	A unit of sale; for FACTOR’s purposes, in physical music sales this means one Album and in digital music sales it means either one Album or six individual track sales.



<b>UNRELEASED</b>	A sound recording that has not been Commercially Released. Please see <a href="#">Business Policies: Commercial Release</a> .
<b>UPCOMING RELEASE</b>	To qualify for the Live Performance Program, an Upcoming Release is a Qualifying Album intended for Commercial Release in the Territory of the Tour or Showcase within six months of the latest scheduled Tour or Showcase date. To qualify for the Video Program, an Upcoming Release is a Qualifying Album intended for Commercial Release in Canada within six months of the date of application.
<b>USER</b>	An individual person who has created a User Profile in FACTOR's Online System.
<b>USER PROFILE</b>	All of the personal information entered into the Online System, along with permissions and authorizations attached thereto, of an individual user of the system.
<b>VENUE SETTLEMENT PROGRAM</b>	A subscription program offered in Canada by Nielsen SoundScan which allows Artists to report off-stage merchandise sales.
<b>VIDEO</b>	A short moving visual image film that accompanies a sound recording, typically a single.
<b>VIDEO TREATMENT</b>	A document that defines the concept of the video and sets out the narrative, characters, plot and other important creative elements.
<b>VIRAL</b>	Intended primarily for distribution on the Internet.
<b>WOODSHEDDING</b>	A period of creative instrumental or musical exploration or practice alone or with a band.

# SCHEDULE A - Administration Fees 2016-2017

Where allowed, Administration Fees are calculated as 15% of the Total Eligible Costs, to the maximum indicated.

Program (Project)	Component	Max.
Artist Development Program	n/a	n/a
Business Development	n/a	n/a
Business Travel	n/a	n/a
Collective Initiatives	Digital Marketing	See note
Collective Initiatives	Industry Events	See note
Collective Initiatives	Showcase Production for Artists from Official Language Minority Communities	See note
Collective Initiatives	Showcase Production for Export Ready Artists	See note
Comprehensive Artist	Marketing	\$5,000
Comprehensive Artist	Showcase	\$300
Comprehensive Artist	Sound Recording	\$5,000
Comprehensive Artist	Tour Support	\$2,000
Comprehensive Artist	Video	\$1,500
Comprehensive Music Company	Marketing	\$5,000
Comprehensive Music Company	Showcase	\$300
Comprehensive Music Company	Sound Recording	\$5,000
Comprehensive Music Company	Tour Support	\$2,000
Comprehensive Music Company	Video	\$1,500
Demo	n/a	n/a
Juried Sound Recording	Marketing	\$3,000
Juried Sound Recording	Showcase	\$300
Juried Sound Recording	Sound Recording	\$3,000
Juried Sound Recording	Tour Support	\$2,000
Juried Sound Recording	Video	\$1,500
Live Performance	Showcase	\$300
Live Performance	Tour Support	\$2,000
Marketing & Promotion for FACTOR Funded Sound Recordings	Marketing	\$5,000/\$3,000
Marketing & Promotion for FACTOR Funded Sound Recordings	Showcase	\$300
Marketing & Promotion for FACTOR Funded Sound Recordings	Tour Support	\$2,000
Marketing & Promotion for FACTOR Funded Sound Recordings	Video	\$1,500
Marketing & Promotion for Non-FACTOR Funded Sound Recordings	Marketing	\$5,000
Marketing & Promotion for Non-FACTOR Funded Sound Recordings	Showcase	\$300
Marketing & Promotion for Non-FACTOR Funded Sound Recordings	Tour Support	\$2,000
Marketing & Promotion for Non-FACTOR Funded Sound Recordings	Video	\$1,500
Songwriter's Workshop	Songwriter's Workshop Support	n/a
Sponsorship	Sponsorship	n/a
Video	Video	\$1,500

NOTE: As of April 1, 2014, Administration Fees in the Collective Initiatives Program have been replaced with an Overhead allowance of 10% of direct, out-of-pocket-third-party costs. Please see the [Program Guidelines](#) for details.