

REGULATION

on the Icelandic Film Fund

[Amended by Regulation No 1066/2004; Regulation No 1118/2007; Regulation No 133/2009; and Regulation No 1147/2016.]

SECTION I

General provisions

Article 1

Role

[The Icelandic Film Fund is to be operated under the auspices of the Icelandic Film Centre. The role of the Icelandic Film Fund is to strengthen Icelandic filmmaking by providing financial support. An Icelandic film is a film which is either conceived and financed by Icelandic producers or co-produced by Icelandic and foreign partners. Moreover, projects supported by the Icelandic Film Fund must be in the Icelandic language or have otherwise an Icelandic cultural perspective, and should improve the conditions under which Icelandic films are produced.

The nationality requirement stipulated above does not apply to legal or natural persons covered by the provisions of the Agreement on the European Economic Area, as laid down in Act No 2/1993 on the European Economic Area.]⁽¹⁾

Article 2

Award rules

[The financial support provided by the Icelandic Film Fund is to be divided between the following branches of filmmaking:

- a. Full-length feature films for theatrical release;
- b. Short films;
- c. Documentaries;
- d. Television fiction.

Information on the grants awarded by the Icelandic Film Fund and on the required application documentation is to be published on the website of the Icelandic Film Centre. The Centre must provide each applicant with an acknowledgment of receipt of the application and with information on the application procedure. The Centre is to publish on its website information about all allocations of financial support as they take place.

The director of the Icelandic Film Centre has the responsibility to ensure that all award criteria are met. After having received an artistic evaluation by film consultants pursuant to Article 3, the director makes the final decision on the award of a grant from the Film Fund.

The application procedure for grants from the Film Fund can result in:

- a. the rejection of the grant application;
- b. the placing of the application on a priority list for the award of grants;
- c. the award of a grant or the issuing of a letter of intent.

Grants may not be awarded to a film project after principal shooting begins, with the exception of post-production grants awarded pursuant to Article 9.]⁽²⁾

⁽¹⁾ Amendment through Regulation No 1147/2016.

⁽²⁾ Amendment through Regulation No 1066/2004.

Article 3

Film consultants

[The artistic evaluation of grant applications received by the Icelandic Film Centre should be entrusted to film consultants, hired on a temporary basis by the director of the Centre. Film consultants must have knowledge of and experience in the film industry and may not have an interest in the outcome of the grant award procedure or carry out work connected with the Icelandic film industry outside the Icelandic Film Centre.

[The film consultants are to perform an artistic evaluation of applications, having regard also to their financial and operational aspects, except in the case of full-length feature films for theatrical release, as further provided in Article 8, first paragraph, point 3, and where the application concerns a promotion grant. Supported projects must:

- a. be in the Icelandic language or have otherwise an Icelandic cultural or societal perspective;
- b. contribute to the development of domestic film production by increased know-how and experience in the making of the categories of films described in Article 2, first paragraph, and strengthen the financial underpinnings of the industry;
- c. meet requirements relating to quality, artistic value and innovation;
- d. appeal to a broad audience.

The evaluation of applications must also take into account the degree to which a grant would create more equal opportunities for women and men in the film industry.]⁽³⁾

The film consultants are to oversee the progress of the film project to ensure compliance with the provisions of the grant contract drawn up pursuant to Article 4. The consultants may request further documentation, and may schedule meetings with applicants/grantees as necessary.]⁽⁴⁾

Article 4

Grant contracts

Before a grant is disbursed, the Icelandic Film Centre and the grantee must conclude a written grant contract specifying disbursement arrangements as well as the terms of the grant or of the letter of intent. The contract must include provisions on the financing of the project, the financing timeline, project progress, grant disbursement terms, the submission of promotion material, and the right of the Icelandic Film Centre to use the supported work.

SECTION II

Types of grant, application documentation, and budget

Article 5

General

The Icelandic Film Fund may award script grants, development grants, production grants (including letters of intent for production grants), post-production grants, and promotion grants. Grants may be awarded for full-length feature films for theatrical release, documentaries and short films, as well as for television fiction, except as expressly stated otherwise in this Regulation.

⁽³⁾ Amendment through Regulation No 1147/2016.

⁽⁴⁾ Amendment through Regulation No 1066/2004.

Article 6

Script grants

Script grants may be awarded to manuscript writers; to directors working on their own manuscripts; to producers; and to teams composed of the abovementioned persons. Where a grant is awarded to a team, the screenwriter will receive 80 per cent and the producer 20 per cent of the grant amount. A script grant may also be awarded for the purchase of the copyright to a work upon which a script is to be based, in which case the grant must invariably be paid to the producer. A script grant for a documentary may be used to cover field and background research. The award of a script grant does not imply a promise of further support.

Article 7

Development grants

Development grants may be awarded for the development of a script or for the further financing of a film project provided that further development of the project is expected to lead to substantial artistic, financial or technical improvements, or make the project more viable in other ways. Development grants may only be awarded to production companies with experienced key personnel in the field of filmmaking. The award of a development grant does not imply a promise of further support.

Article 8

Production grants

Production grants are divided into the following categories:

1. A letter of intent for a production grant may be issued once a complete manuscript has been submitted, accompanied by a budget and a financing plan. A letter of intent is transformed into a production grant on submission of written contracts or other documents confirming that financing by parties other than the Icelandic Film Fund has been completed. If financing by parties other than the Icelandic Film Fund has not been secured by the expiration of the indicated deadline, no extension of that deadline having been agreed to, the letter of intent will automatically be considered as cancelled.
2. Production grants may be awarded once a complete manuscript has been submitted, accompanied by a budget and a financing plan. Production grants are awarded subject to the prior submission of written agreements or other documents confirming that financing by parties other than the Icelandic Film Fund has been completed.
3. The director of the Icelandic Film Centre may award production grants for full-length feature films for theatrical release without obtaining the opinion of film consultants, if either the film's director or its producer has completed at least one full-length feature film and the project is fully financed except for the amount corresponding to the contribution from the Film Fund. Production grants are awarded subject to the prior submission of written agreements or other documents confirming that financing by parties other than the Icelandic Film Fund has been completed. Production grants awarded pursuant to this provision may not exceed an amount corresponding to 40 per cent of the total production cost, and must be limited to ISK 40 million. Moreover, the total production cost of the feature film must be at least ISK 50 million. The award of production grants under this point normally takes priority over other Film Fund grants.

Letters of intent and production grants may only be awarded to independent producers with experience in, and/or extensive knowledge of, filmmaking. An independent producer is a company which has filmmaking as its principal activity.

Grants for television fiction are awarded subject to the programme being intended for television and transmission rights having been secured by a broadcaster with a wide distribution. The broadcaster may neither have a controlling interest in the production nor in an independent production company applying for a grant for a television fiction programme, whether in terms of ownership or shareholding or with regard to its commercial position. A television broadcaster is deemed to have a controlling interest in a production company if its ownership exceeds 25 per cent (or if two or more broadcasters own at least 50 per cent) or if more than 90 per cent of the production company's turnover for a three-year period stems from its cooperation with a single television broadcaster. Transmission rights shall revert to the producer within seven years of the signing of a contract in the case of a pre-sale contract, and within ten years in the case of a co-production contract.

In the case of a co-production involving more than one independent producer, the co-producers must appoint one of the partners as the chief producer and authorise it to sign a contract with the Icelandic Film Centre on their behalf.

Article 9

Post-production grants

Under special circumstances, grants may be awarded for the post-production of full-length feature films for theatrical release, provided that they have not received a production grant from the Icelandic Film Fund and that filming and editing has been completed. [Post-production grants may not exceed 40 per cent of the total cost of a film, and must be limited to ISK 15 million.]⁽⁵⁾

Article 10

Promotion grants

Grants may be awarded for film promotion and marketing. Grants may only be awarded when production is finished and following the submission of a promotion plan and a budget.

Article 11

Application documentation and budget

Applications for script grants, development grants, production grants (including letters of intent for production grants), post-production grants, and promotion grants must be submitted in writing on forms provided by the Icelandic Film Centre. Applications are to be accompanied, as appropriate in each case and as specified on the Icelandic Film Centre's application forms, by:

1. The applicant's general outline of the film project;
2. A complete script and/or synopsis;
3. Schedules for pre-production, shooting and post-production, and planned release date;
4. A production plan or expected project timeline;
5. A list of key personnel and cast;
6. A budget, in the format specified by the Icelandic Film Centre;
7. Written contracts or other documents confirming financing;

⁽⁵⁾ Amendment through Regulation No 1118/2007.

8. A detailed financing plan, as well as exhaustive information on other support applied for and/or received for the film project;
9. A cash-flow plan;
10. Information on all co-production contracts, concluded or planned;
11. A revenue distribution plan;
12. A letter of intent for theatrical distribution in Iceland;
13. A letter of intent for television transmission;
14. A marketing and promotion plan;
15. Copies of contracts with all right-holders and authors of the film;
16. Information about the education and work experience of the principal proponents and key employees of the project;
17. Information on the production company;
18. Information on all other contracts concluded in relation to the production and financing of the film.

All contracts relating to the financing and co-production of the film, including the producers' own investment, must be approved by the Icelandic Film Centre. Co-production agreements must contain information on the breakdown of financing between the co-producers, and on the rights of the Icelandic producers. In the event of changes being made to such agreements after a grant contract has been signed, the producer must inform the Icelandic Film Centre thereof and submit the changes for approval.

All cost items in the budget must be entered at market prices. The budget must cover administrative costs; however, such costs must not exceed 7.5 per cent of the total budget, less a 10 per cent contingency allowance and the producer's fee. The producer's fee must be in keeping with the nature and scope of the project, and is subject to the approval of the Icelandic Film Centre.

SECTION III

Grant disbursements, financial statements, etc.

Article 12

Grant disbursements

[Production grants for full-length feature films for theatrical release will be disbursed as follows:

1. 5 per cent on signature of the grant contract;
2. 92 per cent on the first day of principal shooting; and
3. 3 per cent on submission by the producer of a financial statement and the accompanying material listed in Article 14, second paragraph.

[Grantees must have a registered branch or representative in Iceland in order to be able to receive grant payments.]⁽⁶⁾

Production grants for other film categories will be disbursed in instalments as the work progresses, as detailed in the grant contract.]⁽⁷⁾

Article 13

Financial statements and settlement

A financial statement relating to the grants awarded must be submitted within six months of the date on which the project is considered to be completed according to the terms of the

⁽⁶⁾ Amendment through Regulation No 1147/2016.

⁽⁷⁾ Amendment through Regulation No 133/2009.

grant contract. The Icelandic Film Centre may require the grantee to submit a financial statement certified by a chartered accountant.

The financial statement must contain the same items as the original budget and include the budget amounts for purposes of comparison. The statement must also contain a separate list of the sources of financing, including grants, investments, and advance sales of distribution rights, as applicable in each case.

If substantial changes have been made to the script, the financing plan or the budget after the grant application was submitted, the grantee must immediately notify the Icelandic Film Centre thereof. In such cases the director of the Centre makes the final decision on whether to require the repayment of the grant, in part or in full, or whether any grant amount still unpaid should be reduced.

A project is considered completed when the grantee has in all respects fulfilled the obligations stipulated in the grant contract signed with the Film Centre. Should the grantee fail to complete the project for which a grant was awarded within the agreed time limit, any grant awarded must be repaid, after deduction of any verifiable and justified expenses incurred due to the project, as determined by the director of the Centre.

Where the grantee, or a company with which the grantee has been associated, has previously been awarded a grant from the Film Fund, all financial obligations must be settled in full before a new award can be made. If the project is still in production, the grantee must submit an interim financial statement and report on the status of the project before further grants can be awarded.

The grantee must submit a final financial statement to the Icelandic Film Centre no later than six months after the release date. The Centre may require the submission of a financial statement certified by a chartered accountant.

Article 14

Rights of the Icelandic Film Centre, etc.

In connection with cultural events, the Icelandic Film Centre may hold screenings for audiences both in Iceland and abroad of films that have received grants. The Centre must inform the producer of any such screenings.

The producers of supported film projects must provide the Icelandic Film Centre with still photographs, posters, quotes, sample copies, trailers and music from their films for promotion in Iceland and abroad. The Centre may also use the abovementioned material in its promotional publications. The Centre is entitled to have copies of supported films made for its own use.

Producers must inform the Icelandic Film Centre of any restrictions on the use of films that have received grants, or on any connected promotional material. The Centre may promote such works by means of information and press releases, unless otherwise agreed upon.

The Icelandic Film Centre logo must be included in the opening and closing credits of a film that has received a grant. Moreover, mention should be made of the support of the Centre in all marketing material for the film.

[Projects supported by the Icelandic Film Fund must be presented as Icelandic at international film festivals and in foreign markets. Co-produced projects, as well as projects produced or financed by parties in other EEA members states, must mention the Icelandic nationality of the project along with other nationalities.]⁽⁸⁾

⁽⁸⁾ Amendment through Regulation No 1147/2016.

Article 15

Coming into force

The present Regulation, which is issued pursuant to Article 7, second paragraph, of the Filmmaking Act, No 137/2001, shall come into force forthwith. At the same time, Regulation No 460/1993, on Allocations from the Icelandic Film Fund, as amended, shall be repealed.

Transitional provisions

Notwithstanding the provisions of Article 15, the award of grants from the Icelandic Film Fund, resulting from letters of intent issued in 2002 and due to be paid out in 2003, shall be governed by the provisions of Regulation No 460/1993.

Disclaimer: This is an English translation. The original Icelandic text, as published in the Law Gazette (Stjórnartíðindi) is the authoritative text. Should there be discrepancy between this translation and the authoritative text, the latter prevails.