

# [FR] Legislation on Financing the Digitisation of Cinema Theatres

**IRIS 2010-10:1/29**

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In February 2010, the French competition authority (Autorité de la Concurrence) did not validate the pooling fund proposed by the national cinematographic centre (Centre National de la Cinématographie - CNC) for financing the digital equipping of cinema theatres (see IRIS 2010-3: 1/23), but proposed the setting up of a new tax to achieve this. The CNC then appealed to the legislator (see IRIS 2010-4: 1/25), announcing that a draft text would soon be submitted to the concertation procedure; this would include the principle of a contribution from distributors as the prime source of financing for the switch to digital.

The aim is to ensure both the transparency of relations between distributors and operators (directly or through a third party) and the neutrality and equity of the conditions for financing the switch to digital for films to have access to cinemas and for cinemas to have access to films.

Things have moved fast, as the Act on the digital equipping of cinema theatres was adopted and gazetted on 1 October 2010. The text provides for a compulsory contribution on the part of film distributors to the cost of equipping cinemas. This is because it is the operators that have to bear the cost of investing in the equipment whereas it is the distributors that receive most of the benefits resulting from digitisation. The payment will fall due when the work comes out and during the first two weeks of showing. The contribution will only be required for the initial installation (it will cease to be due no later than ten years thereafter) and not for its renewal. The amount will be negotiated by the parties concerned. A system for pooling funding among a number of cinema operators and owners is also set up, intended to work in favour of small cinemas and those run by associations. The Act requires a professional concertation committee to ensure the implementation and operation of the financing mechanism. The cinema mediator will be competent to settle any disputes concerning the contribution. It goes without saying that the Act maintains the operators' freedom of programming and the distributors' control over their schedules for circulating films.

***Loi n° 2010-1149 du 30 septembre 2010 relative à l'équipement numérique des établissements de spectacles cinématographiques, JORF***

***du 1er octobre 2010***

<http://www.legifrance.gouv.fr/affichTexte.do?cidTexte=JORFTEXT000022871025&amp;dateTexte=&amp;categorieLien=id>

*Act No. 2010-1149 of 30 September 2010 on the fitting of cinema theatres with digital equipment, published in the Journal Officiel on 1 October 2010*

