

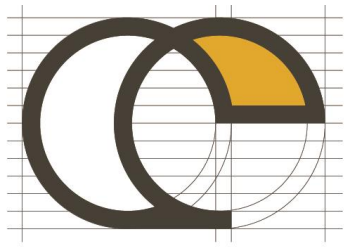
## TECHNICAL STANDARD FOR THE ISSUANCE OF AUDIO-VISUAL INVESTMENT CERTIFICATES (CIA)

### CHAPTER I GENERAL

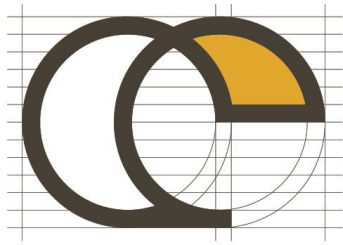
**Art. 1 Purpose.** - The purpose of this instrument is to establish the principles, requirements and conditions for the application, evaluation, approval, assignment, and issuance of Audio-visual Investment Certificates (CIA) to national and/or international cinematographic, audio-visual, and multimedia projects as provided for in the Organic Law for Digital and Audio-visual Transformation and its Regulations, in addition to the provisions of the Operating Regulations of the Sectoral Committee of the Cinematographic Industry (COSICA).

**Art. 2 Definitions.** - For the purposes of the application of this Technical Standard, the following definitions are established:

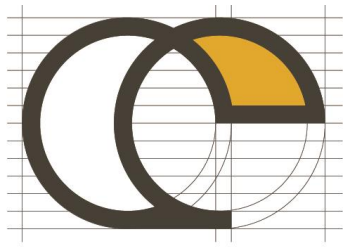
- 1. Technical endorsement:** Technical document issued by the COSICA that certifies that the proposal complies with the conditions and requirements stipulated in this Technical Standard to access an Audio-visual Investment Certificate (CIA).
- 2. Catalogue of services:** for the purposes of this regulation, the Catalogue of Services is incorporated in ANNEX 1, which is an integral part of this instrument.
- 3. Audio-visual Investment Certificate (CIA):** A security issued by the Internal Revenue Service (SRI) in favour of national and foreign production companies for 37% of the costs and expenses incurred in Ecuador, and that are financed with resources that come from foreign direct investment, in accordance with the methodologies of the Central Bank of Ecuador and in line with international standards, in audio-visual and logistical services necessary for the realization of the phases of an audio-visual production, if they are supported by valid sales receipts in accordance with current regulations.
- 4. Co-production contract:** it is the contract in which two or more production companies agree to collaborate and share goods, rights and/or services to complete the audio-visual production, of whatever type or genre, agree on the ownership of the rights of the audio-visual production and recording resulting from their collaboration, proceed to its exploitation, and share the profits or losses of the same under certain conditions.
- 5. Co-producer:** Is the producer of a film and/or audio-visual production who produces it within a co-production contract with one or more producers from other countries.
- 6. Bipartite co-production:** These are those cinematographic or audio-visual productions in which producers from two countries concur.
- 7. Multi-party co-production:** These are those cinematographic or audio-visual productions in which producers from three or more countries compete.
- 8. Short Film:** It is the cinematographic production that has a duration of up to thirty (30) minutes on screen.



- 9. Sectoral Committee of the Cinematographic and Audio-visual Industry (COSICA):** Collegiate body made up of the highest authorities or their delegates from the Ministry of Production, Foreign Trade, Investment and Fisheries; Ministry of Culture and Heritage; Presidency of the Republic; a representative of the producers and a representative of the directors of the film and audio-visual sector of Ecuador. The COSICA will have a delegate from the Internal Revenue Service (SRI), who will participate with voice, but without vote.
- 10. Business Days:** Business days that do not include weekends or national holidays. Whenever a period is established throughout this instrument, it will be understood that they are working days.
- 11. Tax document(s) duly authorized by the SRI:** This is any document authorized by the Internal Revenue Service (SRI) that proves the transfer of goods, the provision of services or supports the performance of other taxable transactions.
- 12. Minimum expenditure in the country:** It is the minimum amount invested in or from Ecuadorian territory by the applicant production company with international investment, in audio-visual services and logistical services linked to the cinematographic and audio-visual activity. The minimum amounts established for each type of production are established in article 8 of these regulations. Such expenses may be considered for the purpose of obtaining a CIA certificate.
- 13. Institute of Cinema and Audio-visual Creation (ICCA):** Public entity in charge of the development of cinema and audio-visual creation in Ecuador, with its own legal personality and national competence, attached to the governing body of Culture and Heritage, with financial and administrative management capacity.
- 14. Feature Film:** It is the cinematographic production that has a minimum duration of sixty (60) minutes on screen.
- 15. Medium-length film:** This is a film production with a duration of more than thirty (30) minutes without being a feature film.
- 16. Sectorial and Territorial Consultative Table of the Audio-visual Sector:** Instance of citizen participation made up of representatives of the guilds of the Ecuadorian audio-visual sector duly accredited by the Institute of Cinema and Audio-visual Creation, or whoever takes its place, which will serve as a link between the COSICA and the audio-visual sector of the country.
- 17. New multimedia formats:** Audio-visual productions that are produced using new or emerging technological tools.
- 18. Cinematographic work:** It is the artistic creation expressed through a series of associated images, with or without built-in sound, whose main objective is to be disseminated either in commercial cinemas, independent exhibition halls, OTT platforms, festivals, or exhibitions, regardless of the medium used (film, video, digital video).



- 19. Audio-visual Production:** It is the artistic creation or non-artistic creation made through associated images, with or without sound, and whose essential purpose is to be disseminated on television channels, VOD platforms and the internet. They can be television series, web series, video games, music videos, advertising and/or projects that contemplate new forms of expression and interaction with the viewer. For the purposes of the Organic Law for Digital and Audio-visual Transformation (LOTDA) and this Technical Standard, it will be understood that "audio-visual production" and "film production" are synonymous.
- 20. National audio-visual or cinematographic production:** That which complies with the requirements of Ecuadorian nationality (artistic, technical, and economic) stipulated by Resolution No. IFCI-DE-2021-0015-R of April 29, 2021: "Instructions on the procedures for the granting of certifications to cinematographic or audio-visual projects or productions" or in the provisions that modify it.
- 21. Foreign audio-visual or cinematographic production:** Any production that, in whole or in part, is produced in Ecuadorian territory and that is financed by international resources.
- 22. OTT platforms:** An OTT (over the top) platform is a content service offered directly to viewers over the internet. OTT services bypass cable, broadcast, and satellite TV services and span several categories.
- 23. Post-production:** it is the manipulation of the audio-visual material that includes, but is not limited to, the image, sound, music, colour, and the final mix of all these elements, with the aim of concretizing the audio-visual production.
- 24. National audio-visual production company:** Audio-visual producers shall be understood as national natural or legal persons with tax residence in Ecuador whose main or secondary economic activity is linked to cinematographic, audio-visual, or multimedia production with a minimum of one year of verifiable activity.
- 25. Cinematographic or Audio-visual Project:** Those audio-visual productions that are in development or construction process or have not been completed. The stages considered for these regulations are pre-production, production and/or post-production.
- 26. Postulated project:** Project submitted for consideration by the COSICA corresponding to any of the audio-visual productions covered by these regulations, with the aim of being evaluated to access the Audio-visual Investment Certificates (CIA).
- 27. Advertising production:** It is the audio-visual production that has a purpose strictly aimed at the promotion of goods, products, brands, services, among others for commercial purposes.
- 28. Producer:** A person who has the initiative, coordination, and responsibility for audio-visual production. It is responsible for entering into contracts with the persons and entities involved in the production and is the owner of the economic rights to the production.
- 29. Total expenditure budget in the country:** It is the budget presented by the producer in which all the items and amounts that will be executed in the country are included, classified into audio-visual services and audio-visual logistics services, taxes, and other expenses. This budget is an integral part of the audio-visual project approved by the COSICA.



**30. Series:** It is the audio-visual production formed by a set of fiction, animation, or documentary episodes with or without a common generic title, with at least three episodes. Reality shows or non-scripted productions are included.

**31. Cinematographic, audio-visual, and multimedia services covered by the incentive:** Specialized activities directly related to the development, pre-production, production, and post-production of cinematographic or audio-visual productions, including artistic and technical services provided by Ecuadorian natural or legal persons domiciled or resident in the country.

**32. Cinematographic or audio-visual logistics services covered by the incentive:** Items of hospitality, food, transportation, and others contained in this standard, necessary within the cinematographic or audio-visual project.

Legal entities that provide logistics services must prove that they maintain their tax residence in Ecuador.

Ecuadorian natural persons providing the services must be tax residents in Ecuador, that is, prove a permanent residence address in Ecuador and be resident in the country, understood for the purposes of this rule as the continuous or discontinuous stay in the country for no less than 183 calendar days in the calendar year of the expense.

Ecuadorian individuals or legal entities that file income tax in Ecuador comply with these conditions.

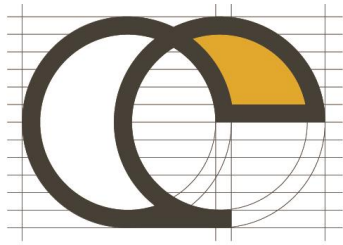
**33. Telenovela or Super series:** Audio-visual production made up of more than 20 fiction chapters each with a duration of between 30 and 52 minutes.

**34. Video game:** An interactive audio-visual medium that combines visual elements, such as graphics and animations, with auditory elements, such as music and sound effects, and is played on an electronic platform, such as a video game console, computer, or mobile device. Video games engage the player in a series of challenges or activities, providing a playful experience and often a narrative to follow. They can span different genres, such as action, adventure, puzzle, sports, among others.

**35. Music video / video clip:** Audio-visual production essentially aimed at representing a musical production or artist. It does not include concert recording, but it can incorporate footage of recorded concerts.

**Art. 3 Scope of application.** - The provisions contained in this Technical Standard are mandatory for:

- a. National and foreign individuals and legal entities that wish to apply for Audio-visual Investment Certificates (CIA).
- b. The members of the Board of Directors of the COSICA, the Technical Secretariat, its Management Unit, the Internal Revenue Service (SRI), and all public and private institutions involved in the reception and review of applications, approval of the endorsement, monitoring of the project and issuance of the Audio-visual Investment Certificate (CIA).



The processes shall respect the principles of:

- 1. Equality:** Projects will be evaluated with the same criteria, without order of priority or prevalence among them.
- 2. Responsibility:** The applicant is solely responsible for the information provided at all stages contemplated in this technical standard, as well as for the execution of the project and its subsequent closure for the issuance of the CIA. Failure to comply with the project generates the consequences provided for in these regulations and in the legal instruments that are signed.
- 3. Veracity:** It is presumed that all documentation and information that the applicant submits to the COSICA is truthful. With his/her application, the audio-visual producer accepts that the COSICA and the pertinent bodies designated in this standard, verify the information they consider; In the same way, it is obliged to submit any clarification or document that is required to verify aspects of the project at any time during the execution of the same.
- 4. Simplification:** Avoids regulatory excess and duplication of actions and functions as a mechanism for procedural efficiency of the Technical Standard.
- 5. Progressivity:** Determines that the coverage of the procedural actions of the Technical Standard is endorsable during automation, improvement or updating processes.
- 6. International Best Practices:** Projects that take advantage of the Audio-visual Investment Certificate (CIA) must respect international standards of good practices in film and audio-visual production.

## CHAPTER II

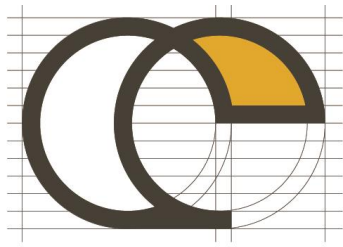
### TYPE OF PROJECTS AND APPLICANTS THAT CAN APPLY FOR THE AUDIO-VISUAL INVESTMENT CERTIFICATE

**Art. 4 Beneficiaries of the CIA.** – Audio-visual Investment Certificates (CIA) may be accessed by national or foreign audio-visual producers who comply with the requirements and procedures established for their issuance in the Audio-visual and Digital Transformation Law, its Regulations, and this technical standard.

The CIAs, issued by the IRS, constitute dematerialized credit notes for the payment of any tax administered by the Internal Revenue Service (SRI) that can be negotiated or transferred through the Ecuadorian stock market or directly to any natural person or national or foreign company.

**Art. 5 Who can apply.** –

**Art. 5.1.- National audio-visual productions.** - For a national production to apply for the CIA, it must have a co-production or financing agreement entered into between it and a foreign natural or legal person, where the percentage of financial participation of the foreign co-producer must be at least 20% of the total cost of the project.



Only the percentage of costs and expenses that are financed with resources that come from foreign direct investment may be considered for this tax incentive.

**Art. 5.2.- International audio-visual productions.** - For an international production to access and be a beneficiary of the Audio-visual Investment Certificate (CIA), the application must be made through:

1. A national audio-visual production company that is a co-producer of the project, or
2. A national audio-visual production company that has a contract for the provision of services signed with the foreign production company for the realization of an audio-visual production to be developed totally or partially in Ecuadorian territory.

**Art. 6. Types of production that can be applied.** - The types of production considered for the incentive are:

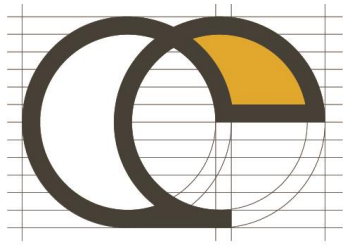
1. Fiction or documentary feature films (*live action* or animated).
2. Fiction or documentary short films (*live action* or animated).
3. Fictional series the documentary (*live action* or animated).
4. Serials cut for the web.
5. Telenovelas/Super series.
6. Reality shows.
7. Music videos.
8. Video games.
9. Audio-visual advertising.
10. New forms of multimedia and audio-visual expression.
11. And the others that are included in the Regulation.

**Art. 6.1 Types of productions that cannot be applied.** -

1. Explicitly pornographic productions, political, religious, or institutional proselytism.
2. Journalistic notes, reports, newscasts.
3. Broadcasts of sporting, artistic, and similar events.
4. Any other that cannot be subject to the registration of intellectual rights.
5. In the case of foreign audio-visual advertising productions, only productions with 100% foreign investment can opt for the CIA.
6. Activities of promotion, distribution, and exhibition of audio-visual or cinematographic productions.

**Art. 7 Phases of cinematographic and audio-visual production considered.** - Projects that are carried out through audio-visual services and specialized audio-visual logistics services contracted in Ecuador and that are in any of the following stages can apply:

1. Development
2. Preproduction
3. Production
4. Production & Post-Production
5. Postproduction
6. In the case of video games, the development of the prototype is also contemplated.



**Art. 8 Minimum investment or expenditure in the country.** - With the application to the CIA, the producer undertakes to make separate or joint expenses in audio-visual services or audio-visual logistics services in Ecuador subject to the procedures provided for in this Standard, for a minimum amount as established in the following detail:

<b>Minimum investment amounts required by type of production</b>	
<b>Types of production</b>	<b>Minimum Spending Amounts in Ecuador by Type of Production</b>
Fiction feature films (live action or animation)	\$400.000
Feature-length documentary	\$100.000
Short film, fiction or documentary (live action or animation)	\$30.000
Fiction series (live action or animation), documentaries, web, reality shows.	\$150.000
Telenovelas/Superseries	\$400.000
Video Games & Multimedia	\$30.000
Advertising audio-visual content	\$40.000
Music-videos	\$30.000

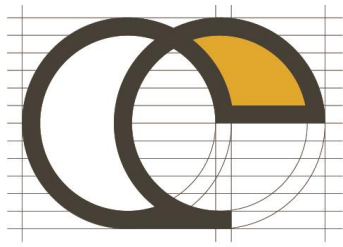
<b>Minimum investment amounts required per production phase</b>	
Postproduction	\$ 40.000
Development	\$ 40.000

**Art. 9. Execution time by type of project.** -

<b>Type</b>	<b>DEVELOPMENT (in months)</b>	<b>PRODUCTION (in months)</b>	<b>POSTPRODUCTION (in months)</b>
Film Productions	6	9	18
Series	6	12	24
Video games	6	24	24
Audio-visual content Advertising / Music Video	Not applicable	2	5
Post-production only		24	
Animation	12		48

The COSICA may expand or modify this list by means of a reasoned resolution by the Technical Secretariat when it deems it appropriate.

The maximum amount assignable by the CIA to an audio-visual investment project may not exceed 50% of the annual amount allocated for the issuance of Audio-visual Investment Certificates, regardless of the genre or type of production.



### CHAPTER III APPLICATION

**Art. 10 Reception of applications.** - The documents required to apply must be physically submitted to the Technical Secretariat of the COSICA and sent to the e-mail address provided for this purpose, which will be published on the official websites of the institutional members of the COSICA. Documents that need to be signed may contain electronic signatures.

The implementation of an application platform for the CIAs will be announced in due course through the official channels of the institutional members of the COSICA. Once this tool is implemented, it will be the only means for the application.

The evaluation of the proposals by the members of the COSICA Board of Directors will be carried out in ordinary and extraordinary sessions, as indicated in the COSICA Operating Regulations. The Technical Secretariat of the COSICA will disseminate, through the official channels of its institutional members, the schedule for the evaluation of the projects, which will include the deadline for the receipt of the proposals to be evaluated. If the number of projects warrants it, the Technical Secretariat may request the President of the COSICA to include an additional date of evaluation.

#### 10.1 Application requirements. -

##### 1. **Application form** signed by the legal representative of the applicant production company.

Format defined by the Technical Secretariat and approved by the COSICA, which will contain at least the following information:

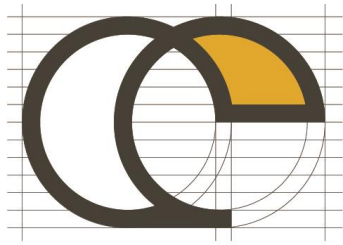
- Data of the foreign legal entity or natural person who has a film or audio-visual project to be shot totally or partially in Ecuador and who wishes to access the CIA.
- Details of the national audio-visual production company applying on behalf of the foreign natural or legal person.
- Data of the national production company or companies and/or confirmed Ecuadorian professionals who will provide audio-visual services in the project.
- Information about the audio-visual project, including phase for which it applies to the CIA, genre, estimated duration, number of chapters in the case of series or reality shows, synopsis.

**2. For foreign legal entities:** Certificate of legal existence, duly legalized or apostilled, translated into Spanish, which must comply with: be issued by an entity, institution or authority sufficiently empowered in the country of origin, which states, at least, the following: (i) that the company has an active, authorized, current or equivalent status to these; (ii) the current name or business name of the company; and (iii) which persons may represent the company.

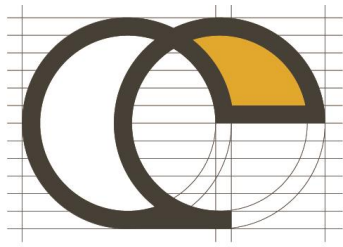
**3. For foreign individuals:** Copy of identity card, passport or equivalent identity document that allows identification.

**4. Copy of the articles of association of the national legal entity, issued by the corresponding entity.** In the case of legal entities, the articles of association must be duly legalized or apostilled and translated. As applicable, you will need to submit:





- For civil partnerships, a simple copy of the Statute of Creation of the Legal Entity, submitted to a public deed before a notary, will suffice.
  - For commercial companies, a simple copy of the incorporation duly registered in the Commercial Registry of the corresponding canton.
  - For legal entities constituted by any of the institutions of the executive, the corresponding resolution will be necessary.
5. A simple copy of the appointment of the legal representative of the legal entity, duly registered with the competent entity. For foreign legal companies, the appointment, power of attorney or document that proves the capacity in which the representative appears must be attached.
  6. **Profile (Dossier)** of the applicant legal or natural person, showing the main film and audio-visual projects that they have executed, in which they have worked with emphasis on the provision of international services.
  7. **Profile (Dossier)** of the investor legal entity, showing the main film and audio-visual projects in which it has worked/financed.
  8. **Referential budget form:** format defined by the Technical Secretariat and approved by the COSICA. It will contain at least the budget for investment in audio-visual services and logistics services in or from the national territory of the project according to the percentage participation of each of the parties, broken down by items. The applicant will use the current catalogue of audio-visual and logistical services as a reference. All values will be itemized in dollars.
  9. **Origin of the investment and financing:** format defined by the Technical Secretariat and approved by the COSICA detailing the confirmed sources of financing, the sum of which must cover the amount of investment stipulated for the Ecuadorian territory. All values will be detailed in dollars.
  10. **Execution and investment schedule** of the production phases considered, according to the format established by the Technical Secretariat and approved by the COSICA, their completion may not exceed the execution deadlines established in article 9 of these regulations.
  11. Marketing and/or circulation proposal form that will contain at least the following information:
    - 11.1. Details of the international and national circulation and/or distribution plan (if applicable) showing the different broadcast windows.
  12. Co-production or service provision agreement signed between a foreign production company and a national production company, specified in the project description form, duly legalized in accordance with current national regulations.
  13. Single Taxpayer Registry (RUC) of the applicant national legal or natural entity that has audio-visual production as a registered economic activity, with evidence that it has been active for at least one year.
  14. Registration in the cadastre of audio-visual producers at the ICCA.
  15. Certificate of compliance with employer obligations issued by the Ecuadorian Social Security Institute (IESS).



**16.** Certificate of beneficiary of development funds: This requirement is mandatory for any audio-visual investment project that has previously accessed promotion funds from the Cinematographic and Audio-visual Creation line, in any of its phases; this does not constitute an impediment to access to CIAs. The amount allocated may not be charged as an investment resource eligible for access to the CIA.

**17.** Tax Compliance Certification.

**18.** Certificate of Compliance with Obligations of the Superintendence of Companies, Securities, and Insurance.

The Technical Management Unit, in a justified manner, may request additional documents related to the investment to be made. All documents must be submitted in their original language and translated into Spanish.

**Art. 11 Verification.** - On a fortnightly basis, the Management Unit of the Technical Secretariat of the COSICA will verify compliance with the requirements established for the application of projects.

If there is incomplete information and/or documentation or documentation that does not comply with the required formalities, the Technical Secretariat will notify the projects so that they can make the correction corresponding. Applications that do not make the corrections within the established time and that, for this reason, cannot enter the evaluation process by the COSICA Board of Directors, will be considered for the next evaluation process, provided that the project schedules allow it, otherwise they will not be considered for obtaining the CIA.

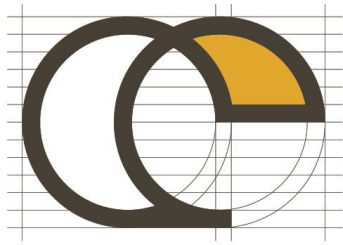
**Art. 12 Correction.** - After notifications, projects will have a term of no more than 15 days to submit the required information. If there is any problem in correcting the information within the established period, the project may request in writing an extension that may not exceed the cut-off date established in the evaluation schedule. If the project does not make the correction and does not request an extension in writing, it will be graded as "Not Admitted".

"Not admitted" applications will be able to reapply as long as their schedules allow it.

**Art. 13 Evaluation.** - Having reviewed the application together with the applicants, the Management Unit will issue a qualification report for each evaluation process stipulated in the schedules with the information of all the projects postulated, describing the status and relevance of each one.

The report must be known by the Technical Secretariat and sent to the members of the Board of Directors for their review and analysis, together with the call for the project evaluation session, within 5 days, which may be extended.

For the evaluation of the projects, the plenary session of the COSICA will be mandatory at least once a quarter, depending on the approved application schedules. If the number of audio-visual investment projects presented so requires, or if justified reasons are presented by the Technical Secretariat, the COSICA may hold additional meetings.



The plenary session of the Board of Directors of the COSICA may accept, reject, or request more information regarding the applications submitted. At the end of each Board of Directors, a resolution will be issued with the results of the session that will contain: the list of the endorsed projects, the minimum amounts of international investment in the country in audio-visual or logistics services; the list of projects not admitted with a reasoned opinion of the reasons for not granting the Guarantee; and the list of projects that must submit supplementary information.

Pronouncements are final and no authority outside its own may change, amend, modify, or expand the opinion issued; however, a rejected project may reapply according to the annual calendar of applications and request advice from the Technical Secretariat.

The technical endorsement is an essential document to continue with the process of obtaining the CIA; however, it does not represent a guarantee for its issuance.

**Art. 13.1 Evaluation criteria.** - The COSICA Board of Directors will evaluate the submitted projects considering the following evaluation criteria:

**QUANTITATIVE:**

- **Impact on logistics services industries:** The amount of investment in service industries made by the project will be evaluated.

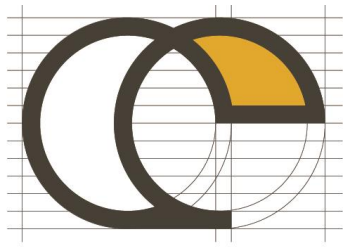
**QUALITATIVE:**

- **Impact on employment:** The generation of direct and indirect jobs will be evaluated, considering national and independent professionals and technicians in the audio-visual area.
- The possibilities of knowledge transfer that the project generates in film and audio-visual services.
- Promotion of the national territory for filming and audio-visual works.
- **Source of investment:** The soundness of the sources of financing for the execution budget in the country will be evaluated.

**Art. 14 Issuance of the Technical Guarantee and signing of the Audio-visual Investment Contract in Ecuador.** - Based on the Resolution approved by the plenary session of the COSICA, the Technical Endorsement will be issued and sent to each admitted project. The resolution will be published through the official channels of the public entities, members of the COSICA and by the Institute of Cinema and Audio-visual Creation, or the entity that takes its place.

Once notified, the applicant must:

1. Sign the Audio-visual Investment Contract in Ecuador with the president of the COSICA or his delegate, a legal instrument through which the obligations of the parties will be established. For the signing of the agreement, the parties have a term of 30 days after having been notified with the Guarantee.



2. For productions that want to access the Audio-visual Investment Certificate (CIA), it is required that the applicant national production company has been assigned an exclusive bank account for the project, in a national financial institution.

**Art. 14.1 Failure to sign the Audio-visual Investment Contract in Ecuador.** - If, for reasons attributable to the producer, the Audio-visual Investment Contract (CIA) in Ecuador is not signed within the established deadlines; it is understood that the project desists from the technical endorsement and immediately the CIA quota is released. The applicant or applicants may not apply with the project presented or with another, within two years from the date of the unfulfilled application.

In the case of the signing of audio-visual investment contracts, the officials in charge of the process in the Ministry of Production, Foreign Trade, Investment and Fisheries, must send, through official means, the signed contracts for knowledge and follow-up by the Technical Secretariat or inform the non-signing of the same.

With the submission of the audio-visual investment contracts, the Technical Secretariat will be responsible for monitoring the consequent compliance with the project schedules.

#### CHAPTER IV

##### IMPLEMENTATION OF PROJECTS

**Art. 15 Execution of the project.** - The endorsed projects will execute their proposals according to the schedule presented in the application and the deadlines established for each gender.

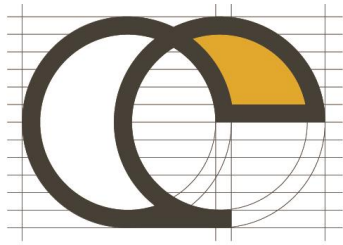
The Management Unit may monitor the status of execution if it deems it necessary, being able to request evidence of the shooting, budget execution by carrying out field visits, on the scheduled days of filming or any other technically pertinent action.

**Art. 15.1 Rescheduling or extension of projects.** - An assigned investment project, whose contracts and means of guarantee have been signed, may request the rescheduling or extension of the dates of its current technical guarantee, as long as this responds to reasons of force majeure or fortuitous event; or, for duly justified technical and/or economic reasons. The extension may not exceed 50% of the term initially granted.

To do this, you must request the reprogramming to the COSICA Technical Secretariat, using the formats and/or system established for this purpose.

The Management Unit will review the request within a period of no more than 15 days. If there are doubts or missing documentation in the review process, an extension or correction may be requested to the documentation submitted, for which a period of 8 days will be granted. If the producer does not submit the required documentation within the established time, the application will be cancelled.

Once the information is complete, the Management Unit will prepare a report recommending to the Technical Secretary whether to approve or reject the request. The Technical Secretary may request clarifications or extensions from the official responsible for the request. The decision will be informed in writing to the applicant and will be reported to the members of the Board at the next scheduled meeting. If it is negative for technical reasons and when the project cannot meet its initial schedule, the project will lose the Technical Endorsement and the quota will be released for another project.



If a contracted project does not come to fruition in accordance with the approved, extended, or reformed schedule, the contract will be terminated without any claim. The amount of the CIA allocated will be revoked and will be made available again for new applications within the same fiscal year.

Applicants who fail to comply with an audio-visual investment contract will not be able to apply with the project presented or with any other within a period of two years from the date of issuance of the resolution of non-compliance.

**Art. 15.2 Financial restructuring.** - Modifications or reforms in the audio-visual production budget may be requested if they do not entail a decrease of more than 10% of the total amount of the budget postulated.

To do this, you must request the reprogramming to the COSICA Technical Secretariat, using the formats and/or system established for this purpose.

The Management Unit will review the request within a period of no more than 15 business days. If there are doubts or missing documentation in the review process, an extension or correction may be requested to the documentation submitted, for which 8 days will be granted. If the producer does not submit the required documentation within the established time, the application will be cancelled.

Once the information is complete, the Management Unit will prepare a report recommending to the Technical Secretary whether to approve or reject the application. The Technical Secretary may request clarifications or extensions from the official responsible for the request. The decision will be informed in writing to the applicant and will be reported to the members of the Board of Directors at the following scheduled session. If it is negative for technical reasons and when the project cannot meet its initial investment established, the project will lose the Technical Guarantee and the quota will be released for another project.

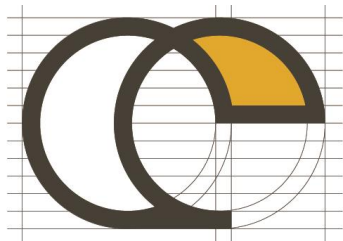
In no case may an increase in the budget mean an increase in the amount of CIA allocated.

## CHAPTER V ISSUANCE OF PROJECT COMPLETION CERTIFICATE

**Art. 16 Closing of the technical endorsement.** - All projects that have a technical endorsement issued by COSICA must comply with the closure stage of up to 90 days after the date established as the final date of execution of the project in the approved schedule.

The closure will make it possible to verify compliance with the proposal and the minimum investment made in audio-visual and logistics services in the country.

**Art. 16.1 Requirements for the closing of the technical endorsement.** - For the closing of the prequalification and the issuance of the certificate, the applicant must submit the following documents:



1. Request for closure addressed to the President of the COSICA, according to the format developed by the Technical Secretariat and approved by the COSICA.
2. Report of expenses subject to the CIA that must detail at least: invoice numbers, name of the supplier, description of the expense concept, dates of issuance of each one and payment dates.
3. Report issued by the external auditor, hired by the producer, that evidences that the invoices and other tax documents that support the certification of the guarantees, meet the legally required requirements.
4. Report issued by the producing company in accordance with the formats prepared by the Technical Secretariat and approved by the COSICA, which shall at least contain:
  - a) Dates and total number of days of filming in Ecuadorian territory.
  - b) Stages of the project contemplated for the issuance of the CIA.
  - c) Execution of the total budget of the project, detailing the percentages of national and foreign investment.
  - d) List of Ecuadorian professionals or resident foreigners hired among technical and artistic personnel for the execution of the project, their position and amount of fees.
  - e) List of national service companies contracted for the execution of the project, description of the service provided, and the amount paid.
  - f) Detail of the filming locations

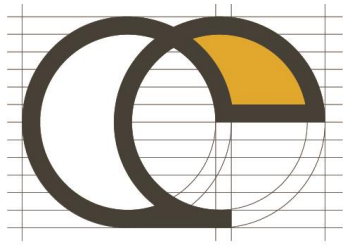
The Management Unit will review the closure request. If there is missing documentation, the correction will be requested, for which a time of 15 working days will be granted.

Having all the information to its satisfaction, the Management Unit will issue a report recommended for approval, endorsed by the Technical Secretary, which will be sent for approval by the President of the COSICA.

Once the report has been approved, the Certificate of Completion of the project will be issued, which will be sent to the Internal Revenue System (SRI) to issue the Audio-visual Investment Certificate (CIA).

## CHAPTER VI ISSUANCE OF THE CIA

**Art. 17 Issuance of the Audio-visual Investment Certificate (CIA).** - For the issuance of the CIA, the Internal Revenue Service (SRI) must have the documents issued by the COSICA, regarding the budgetary availability issued by the Ministry of Finance and the resolutions promulgated by each of the projects endorsed by said collegiate body, by virtue of article 67 of the General Regulations to the Organic Law for Digital and Audio-visual Transformation. In other words, the Tax Administration will proceed to issue the CIA on the value corresponding to 37% of the costs and expenses incurred in Ecuador in audio-visual and logistics services, as long as such amounts are supported by valid sales receipts, audited by the entities dedicated to this purpose and certified by COSICA.



The Internal Revenue Service (SRI) may request additional information to the sales receipts or other tax documents that support the cost or expense incurred in Ecuador. To this end, the Internal Revenue Service (SRI) will apply the rules that regulate the procedure for the issuance, endorsement, use and cancellation of Credit Notes issued by the Internal Revenue Service (SRI).

## CHAPTER VII

**Art. 18 Use of promotional and dissemination materials.** - Use of promotional and dissemination materials: The applicant accepts that if endorsed to obtain a CIA certificate, the Technical Secretariat will request communication inputs (photographs, videos, images of the project, technical sheets, etc.) developed in the execution of the project for the public promotion of the actions developed by the COSICA and its technical body. The material will be disseminated through the official channels of the institutions that make up this collegiate body, as well as for activities to promote the film and audio-visual industry of the ICCA (or whoever takes its place) and the Film Commission of Ecuador. At least, the following must be submitted: Six (6) photographs of the production in full colour and high resolution in which the work on set is evidenced. Two (2) testimonial videos that collect the experience of filming in Ecuador by the heads of international teams and/or a making off video. Four (4) high-resolution full-colour photographs of the most relevant locations used in the project with logistical information about it. The information collected will be used to feed the Ecuadorian Film Commission's location bank.

**Art. 19 Intellectual Rights.** - The assignment of the Audio-visual Investment Certificate (CIA) does not confer economic rights on the COSICA, or any public or private institution involved in the issuance of the certificates, nor any type of license or authorization for the exploitation of the content. Nor does it imply solidarity or responsibility of these bodies for projects and conflicts that could arise from their implementation at any stage. The costs incurred by the applicant for the application and execution are his/her sole responsibility.

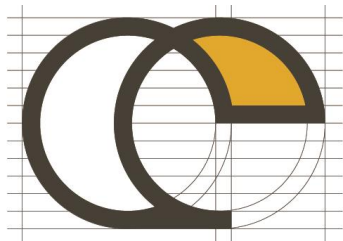
## GENERAL PROVISION

For all the purposes provided for in this Technical Standard, the provisions of the Organic Law on Digital and Audio-visual Transformation, its Regulations, and the Organic Administrative Code will be applicable. For qualifications, approvals and resolutions of a technical nature, the applicable international provisions or regulations may be applied.

## TRANSITIONAL PROVISIONS

**FIRST.** - Within a period of 15 days from the signing of this Technical Standard, the Technical Secretary must submit for the approval of the highest authority, the application form for endorsement and certification, in accordance with current regulations.

**SECOND.** - Following the principles of simplification and progressivity, the procedures corresponding to the applications will be carried out through the channels established for this purpose or may be submitted physically so that the fund allocated by the Organic Law on Digital and Audio-visual



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Transformation for the financial year 2023 can be used, in which case the deadlines for its approval will run from the date of its submission.

This resolution will enter into force upon its publication in the Official Register. Given, in the Metropolitan District of Quito, on the 6th day of November 2023 and signed on the date verified in the electronic signature.