



## Broadcasting Decision CRTC 2012-579

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Route reference: 2012-370

Ottawa, 19 October 2012

### **Hollywood Suite Inc., on behalf of a corporation to be incorporated Across Canada**

*Application 2012-0668-1, received 1 June 2012*

*Public hearing in Montréal, Quebec*

*10 September 2012*

### **AXN Movies and Sony Movie Channel – Acquisition of assets (Corporate reorganization)**

1. The Commission **approves** an application by Hollywood Suite Inc. (HSI), on behalf of a corporation to be incorporated (Newco), for authority to acquire from HSI, as part of a corporate reorganization, the assets of the national, English-language specialty Category B services AXN Movies (formerly Adventure, then Hollywood Storm) and Sony Movie Channel (formerly The Love Channel, then Hollywood Festival),<sup>1</sup> and for new broadcasting licences to continue the operation of the undertakings under the terms and conditions of licence set out in the appendices to this decision. The Commission did not receive any interventions in connection with this application.
2. In addition to AXN Movies and Sony Movie Channel, HSI is the licensee of the English-language specialty Category B services Warner Films and MGM Channel. The proposed transaction does not affect the ownership of these two services, which will continue to be held by HSI.
3. Holdco, another corporation to be incorporated, will hold an 80% voting interest in Newco, with HSI holding the remaining 20% voting interest. Holdco will be wholly owned by HSI, which in turn is owned by various shareholders and controlled by Jay Switzer by virtue of the power vested in him pursuant to the terms of the Voting Trust Agreement dated 11 May 2011.
4. As a result of the transaction, Newco will become the licensee of AXN Movies and Sony Movie Channel, and effective control of the undertakings will continue to be exercised by Jay Switzer.
5. In its application, HSI stated that the reorganization contemplated in the present application is part of a two-step transaction, with the second step being a minority equity investment in the AXN Movies and Sony Movie Channel services by AXN Investment

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<sup>1</sup> On 4 September 2012, HSI announced, effective on the same day, the rebrand of Hollywood Storm as AXN Movies and Hollywood Festival as Sony Movie Channel.

Inc., a wholly-owned indirect subsidiary of Sony Pictures Entertainment Inc. (the Sony Investment). This step is treated in a separate application, and in no respect does the present decision constitute the Commission's approval of the Sony Investment.

6. Upon surrender of the broadcasting licences currently issued to HSI, the Commission will issue new broadcasting licences for the national, English-language specialty Category B services AXN Movies and Sony Movie Channel to Newco under the terms and **conditions of licence** set out in the appendices to this decision.

Secretary General

*\* This decision is to be appended to each licence.*

## Appendix 1 to Broadcasting Decision CRTC 2012-579

### Terms, conditions of licence, expectations and encouragements for the national, English-language specialty Category B service AXN Movies

#### Terms

A licence will be issued once the applicant has satisfied the Commission, with supporting documentation, that the following requirements have been met:

- the licence issued to Hollywood Suite Inc. has been surrendered; and
- Newco and Holdco have been incorporated in accordance with the application in all material respects.

The licence will expire 31 August 2016.

#### Conditions of licence

1. The licensee shall adhere to the conditions set out in Appendix 1 to *Standard conditions of licence, expectations and encouragements for Category B pay and specialty services – Corrected Appendices 1 and 2*, Broadcasting Regulatory Policy CRTC 2010-786-1, 18 July 2011.
2. In regard to the nature of service:
  - (a) The licensee shall provide a national, English-language specialty Category B service devoted to the genre of action and adventure, including selections from crime fiction, epic and heroic drama. The programming will consist of contemporary action and adventure films and series, mini-series, made-for-television movies, classic films and occasional magazine-style shows focusing on this genre and its stars. The service will be provided in high definition format.
  - (b) The programming shall be drawn exclusively from the following categories set out in Item 6 of Schedule I to the *Specialty Services Regulations, 1990*, as amended from time to time:
    - 2 (a) Analysis and interpretation
    - (b) Long-form documentary
    - 3 Reporting and actualities
    - 7 (a) Ongoing dramatic series
    - (b) Ongoing comedy series (sitcoms)
    - (c) Specials, mini-series or made-for-TV feature films
    - (d) Theatrical feature films aired on TV
    - (g) Other drama
    - 11 (a) General entertainment and human interest
    - (b) Reality television

- 12 Interstitials
- 13 Public service announcements
- 14 Infomercials, promotional and corporate videos

- (c) The licensee shall devote no more than 25% of all programming broadcast during the broadcast week to programs based on science fiction or fantasy themes.
3. The service approved hereby is designated as a Category B service.

For the purposes of the conditions of this licence, including condition of licence 1, “broadcast day” means the period of up to 18 consecutive hours, beginning each day not earlier than six o’clock in the morning and ending not later than one o’clock in the morning of the following day, as selected by the licensee, or any other period approved by the Commission.

### **Expectations**

The standard expectations applicable to this licensee are set out in Appendix 1 to *Standard conditions of licence, expectations and encouragements for Category B pay and specialty services – Corrected Appendices 1 and 2*, Broadcasting Regulatory Policy CRTC 2010-786-1, 18 July 2011, as amended from time to time.

### **Encouragements**

The standard encouragements applicable to this licensee are set out in Appendix 1 to *Standard conditions of licence, expectations and encouragements for Category B pay and specialty services – Corrected Appendices 1 and 2*, Broadcasting Regulatory Policy CRTC 2010-786-1, 18 July 2011, as amended from time to time.

## Appendix 2 to Broadcasting Decision CRTC 2012-579

### Terms, conditions of licence, expectations and encouragements for the national, English-language specialty Category B service Sony Movie Channel

#### Terms

A licence will be issued once the applicant has satisfied the Commission, with supporting documentation, that the following requirements have been met:

- the licence issued to Hollywood Suite Inc. has been surrendered; and
- Newco and Holdco have been incorporated in accordance with the application in all material respects.

The licence will expire 31 August 2016.

#### Conditions of licence

1. The licensee shall adhere to the conditions set out in Appendix 1 to *Standard conditions of licence, expectations and encouragements for Category B pay and specialty services – Corrected Appendices 1 and 2*, Broadcasting Regulatory Policy CRTC 2010-786-1, 18 July 2011.
2. In regard to the nature of service:
  - (a) The licensee shall provide a national, English-language specialty Category B service devoted to the genre of romance, love and relationships. The programming will feature talk shows about romance, series, feature films, mini-series and made-for-television movies. It will also feature occasional magazine-style programs focusing on this genre and its stars, as well as examine the darker side of love. The programming will be provided in high definition format.
  - (b) The programming shall be drawn exclusively from the following categories set out in Item 6 of Schedule I to the *Specialty Services Regulations, 1990*, as amended from time to time:
    - 2 (a) Analysis and interpretation
    - (b) Long-form documentary
    - 3 Reporting and actualities
    - 7 (a) Ongoing dramatic series
    - (b) Ongoing comedy series (sitcoms)
    - (c) Specials, mini-series or made-for-TV feature films
    - (d) Theatrical feature films aired on TV
    - (g) Other drama
    - 11(a) General entertainment and human interest
    - (b) Reality television

- 12 Interstitials
- 13 Public service announcements
- 14 Infomercials, promotional and corporate videos

3. The service approved hereby is designated as a Category B service.

For the purposes of the conditions of this licence, including condition of licence 1, “broadcast day” means the period of up to 18 consecutive hours, beginning each day not earlier than six o’clock in the morning and ending not later than one o’clock in the morning of the following day, as selected by the licensee, or any other period approved by the Commission.

### **Expectations**

The standard expectations applicable to this licensee are set out in Appendix 1 to *Standard conditions of licence, expectations and encouragements for Category B pay and specialty services – Corrected Appendices 1 and 2*, Broadcasting Regulatory Policy CRTC 2010-786-1, 18 July 2011, as amended from time to time.

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