

**RULES AND REGULATIONS FOR REGISTRATION
AND CONDUCT OF MEDIA BUYING HOUSES**

(The Extra General Council of the APNS at its meeting held on August 30, 2001 authorized the President APNS to amend these Rules, within 6 months of the EGM if he considers that certain amendments are required for the smooth operation of the Rules).

As amended by EGM on December 31, 2012
and Executive Committee Meeting held on May 06, 2016

Whereas the All Pakistan Newspapers Society, herein referred to as the Society, considers it necessary to frame Rules and Regulations governing the Registration of media buying houses, herein referred to as MBH, and for the setting of parameters to determine the nature of the relationship between the agencies, the MBH, the member publications and the Society. Whereas the APNS has decided that any MBH wishing to place business with the member publications of the Society must be registered with the Society, and that no member publication will accept the business from a non-registered MBH, the following rules are framed which shall govern the above relationship:

I. Registration

1. A Media Buying House (MBH) is an independent legal entity registered with Registrar of Joint Stock Companies as a company having a separate registered office. Its core business will be that of planning, negotiating, buying and releasing advertising for a client or a bifurcated client (that client which has been listed with APNS as a bifurcated client) of an accredited advertising agency. It can also provide services to a foreign client that has no direct operational establishment (subsidiary, branch office or franchisee) in Pakistan. It shall act on the instructions of a client, which has appointed it for media planning, buying and placement, under information to, and with the agreement of the accredited agency of the client, as per the prescribed procedure laid down in the rules. An MBH may either be an independent company, a wholly owned subsidiary, or an affiliate of a known and existing national/international agency group. A department/division within an agency setup may perform functions similar to an MBH, but shall not be considered an MBH.

Provided that the Society shall revoke or refuse Registration to any MBH if the Executive Committee has reasons to believe that the MBH is owned or controlled by the same person or group of persons that own or control any advertiser, print media or electronic media, or due to infringement of regulations contained in Clauses 16-17.

2. An MBH shall be required to apply for Registration on the

prescribed form for Registration to the Society. (For the text of the prescribed form see Schedule A). Such applications shall be placed before the relevant committee of the Society for recommendation to the Executive Committee of the Society, unless the application is found by the Secretary General of the Society to be incomplete or inadequate in any respect. The decision of the Executive Committee on such application shall be final and binding on the applicant and on all members of the Society. Provided, that if an application for Registration has been rejected by the Society, no fresh application from the same MBH or any other MBH being owned or managed directly or indirectly by the owners of the MBH whose application has been rejected, shall be entertained for Registration until expiry of six months from the date of such rejection.

3. The MBH while applying for Registration must fulfill the following requirements:

- a) Application on prescribed form duly filled, signed and stamped. (See Schedule A).
- b) A Cash Guarantee in the amount of Rs.10 millions.
- c) Appointment letters by at least three clients.
- d) A pay order / demand draft of Rs.0.5 million being Registration fee includes Rs.20,000/- non-refundable processing fee drawn in favour of the Society.
- e) A guarantee that the business to be placed by it in the member publications of APNS during every year of its Registration would not be less than Rs.10 million with a review by Society every year. (See Appendix 4).
- f) It should provide Memorandum and Articles of Association of the Company along with profile of the Directors.
- g) Personal surety of all directors should be included at time of registration, which may be utilized for filing of law suits to recover dues of member publications, as and when required. (For text of director's undertakings see Appendix 5).
- h) The MBH will give a written undertaking to the APNS, not to divulge the mutually agreed rates to any publication /agency/ MBH /clients. (See Appendix 6).

3(i) Every year by January 31, the Media Buying House will renew its registration and pay Rs.100,000/- as renewal fee.

4. An MBH shall be required to pay a sum of Rs.100,000 along with a list of its clients and the quantum of business placed by it to the member publications during the preceding year, for renewal of its Registration every year by January 31.

II. Authorization

5. For placement of advertisements in member publications, the MBH will be required to provide an appointment letter issued by the client in its favour duly signed and stamped. This appointment letter along with the NOC of the accredited agency handling the client with respect to its client or a bifurcated client, will be submitted to APNS who will register such a client on the client list of the MBH

6. An MBH shall not provide services to government or government commercial organizations, because such business is already released to member publications at specially negotiated rates.

7. A Media Buying House may plan, negotiate, buy and release business of only those clients which are listed with it. These clients will be required to place a minimum business of Rs. 5 million per annum in print media. An MBH shall not release business on behalf of non-listed clients to APNS member publications.

III. Releasing Advertising

8. An MBH shall issue a Release Order to a member publication, which shall include the value of the advertisement released to the member publication at a Mutually Agreed clients specific rate for that insertion.

9. (Deleted)

10. In case an MBH releases an advertisement of a client NOT LISTED with it, it will be treated as violation and action will be taken by the Executive Committee against the MBH and the member publications as per Rule 16 of the MBH Rules and Article 15 of Articles of Association of the Society.

11. An MBH will be required to strictly follow the rules and directives of the APNS. Any advertisement released by the MBH and published by any member publication in violation of the Rules and Articles of Association of the Society shall be dealt as per Rules / Articles pertaining to fine and penalties on advertising agencies and member publications.

IV. Billing and Payments

12. All bills shall be raised by member publications in the name of MBH. The financial liability for the advertising released by the MBH on authorization by the clients (after obtaining the necessary NOC from the brand agency) shall rest with the Media Buying House and the clients. However, in case of an accredited agency authorizing a MBH to make releases on its behalf, the financial liability will rest with the concerned accredited agency.

The MBH will be liable for payment against all advertising released by it and shall be required to clear payment of all bills submitted by member publications as per APNS clearance schedule. Failure to make payment within the stipulated period will make the MBH liable for action under the provisions of Rule 16.

13. All Billing will be done by Media in the name of the Media Buying House.

14. - Deleted -

15. In extraordinary circumstances a client may insist on making payments for advertisements directly to member publications. Such client may be required by the Society to provide a written undertaking or guarantee to cover the liability to the Society along with the documents listed under Rule 5. The Society or if need be any of the member publications may refuse the provision of such credit without assigning any reason whatsoever. If such a client insists direct payment to member publications, the payment will be made strictly within a 60 days credit period.

V. Violations & Penalties

16. In case an MBH contravenes any of the rules and regulations of the Society (including the rules and regulations Registration and Conduct of Media Buying Houses including the present section), the Code of Conduct given at schedule 'B', the Code of Ethics given in the Articles of Association of the Society; or fails to respond to the directives of the Executive Committee, it will become liable to any one or more of the following actions against it:

- a) Revocation of authorization(s) with respect to a particular client or clients of the MBH.
- b) A penalty equivalent to 15% of the MTAR value of the advertisement plus a fine equivalent to the gross cost of the advertisement at the WAR value. Publication of the advertisement in every individual member publication will be treated as a separate violation for the purpose of determining the fine.
- c) Suspension of credit facility.
- d) Reduction of trade discount by a certain percentage for a specified period, not exceeding 3 months.
- e) The MBH will not be restored until the breaches and violations of rules have been rectified and all the past dues of member publications have been cleared and a restoration fee of Rs.30,000/- has been paid.
- f) Cancellation of registration.

If an accredited agency, whether under advice from its client or otherwise, has reason to believe that the professional behavior of the MBH with respect to the Agency's authorized client violates rules and regulations listed above, it may lodge a complaint with the APNS; or if in the opinion of the Secretary General there exists sufficient reason to believe that an MBH is conducting itself in violation of the rules of the Society, then in such cases a show cause notice will be issued to the MBH, and the MBH will be required to submit its explanation to such notice within 7 days. Upon receipt of such explanation, the Society through its Secretary General may take one or more of the actions stated in 16a-f. Provided that none of the actions contemplated in 16a-f would exceed a punishment period covering over 90 days.

17. If, in the opinion of the Secretary General, the lapse in conduct demonstrated by the MBH, is of a severe nature, he may initiate actions which could result in the enforcement of 16(g) i.e. cancellation of registration

of an MBH. The Society, through its Secretary General, shall give ten days Show Cause notice to the MBH outlining the basis on which the cancellation of Registration is sought to be effected. The reply submitted by the MBH shall be placed before the next Executive Committee for its decision and such decision on the part of the Executive Committee shall be final and binding, including its substitution with one or more lesser penalties listed in 16a-f. Provided that during the pendency of the notice period, the Secretary General shall invoke the 16e i.e. suspension of registration and that during this period the MBH shall not be entitled to release any business to the member publications and no member publication shall accept business from such an MBH.

The registration of an MBH suspended in terms of clause 16 shall not be restored until the breaches and violations of rules have been rectified and a restoration fee of Rs. 30,000/- is paid to the Society.

VI. Disputes

18. If a client does not pay its dues with respect to an account or bifurcated account that client will as per APNS rules be suspended throughout APNS member publications for all advertising. No authorizations previously issued to MBHs, with respect to the suspended client, shall be deemed to be effective and an MBH will be blacklisted for all activities if it attempts to subvert suspension of such client.

19. (Deleted)

20. All disputes pertaining to advertisements in the form of placement, production and reproduction will be dealt by the MBH with the media in writing with a copy marked to the APNS and the accredited agency. Disputes pertaining to rates will be governed as stated in Clause 9.

VII. Liability

21. In event of default by a client or an agency with outstanding amounts owed to member publications, an MBH shall be deemed liable for complete payment of all advertising released by it and as yet unpaid. The MBH will not however be deemed liable for the outstanding bills of an agency or client, in the release of whose advertising it was not involved.

VIII. Miscellaneous

22. The Registration of an MBH shall automatically stand terminated on the winding up of the Company, as the case may be, and also on bankruptcy or cessation of advertising practice. Provided, however, that in case an MBH is proposed to be restructured necessary steps shall be taken by the existing directors to seek necessary approval from the Society for the continued registration of such MBH. The decision of the Society in this respect shall be

deemed final and binding. The Media Buying House in case of restructuring / change of name, shall notify to the agency alongwith required documents and fee of Rs.200,000/-

23. All changes in the ownership or management of an MBH shall be communicated forthwith to the Society which shall have the right to review, through its Executive Committee the continued Registration of the MBH. The decision of the Executive Committee in this regard shall be final.

24. The Society shall have the power to amend, alter, delete, abrogate and substitute from time to time and as it deems desirable, all direct and indirect strictures with respect to the Rules and Regulations governing the registration and conduct of MBHs and such amendments, alterations, abrogations, deletions and substitutions shall be binding on all authorized MBHs from the date such rules are enforced by the Society.