



## Schedule “D”

### Rules and Regulations Governing Conduct of Digital Media Advertising Agencies / Media Buying Houses (MBHs)

#### Preamble:

Over the last couple of years, just like all other countries, the digital media in Pakistan has also gained significance and the Satellite TV Channels have also put their digital products front and center due to the emerging potential market of digital media advertising in Pakistan.

Just like in case of electronic media, for their digital media segment, electronic media industry has felt the need for a trusted body that they can turn to for advice and support.

Since for almost a decade now, Pakistan Broadcasters Association has been championing the cause in the interest of electronic media industry and working as a central welfare organization for electronic media including TV Broadcasters, Radio broadcasters and Advertising Agencies. With regard to growing broadcast medium, on its members’ request PBA has decided to provide services for the clearance of their digital media outstanding dues and dispute resolution between digital broadcasters, advertising agencies and advertisers. PBA also aims at playing its part in the growth and development of digital media in Pakistan and to encourage digital innovation.

#### Registration Digital Media Publisher and Complaints Procedure:

1. Application of a member broadcaster for the registration of its each individual digital property for clearance must be made on the prescribed form – D and such Application shall be eligible for consideration only if it is accompanied by fee as mentioned below
  - a. Non-refundable Application Fee Rs. 10,000/-
  - b. Registration Fee Rs. 100,000/-
  - c. Annual Subscription Fee Rs. 100,000/-
  - d. Annual Subscription Fee for an Additional Digital Property Rs. 75,000/-

The above fee shall be paid in form of a Pay Order in the name of the Association.

2. The application received by the Association shall be placed before the Scrutiny Committee. The Scrutiny Committee shall scrutinize and determine whether the



application should be sent for consideration to the Board of Directors. If the Scrutiny Committee comes to the conclusion that the application should not be placed before the Board of Directors, the application shall be rejected and the applicant shall be informed. In case the Scrutiny Committee by a simple majority comes to the conclusion that an applicant should be registered for digital clearance, the Committee shall recommend the case for final approval of the Board of Directors. The Board of Directors may grant the application of registration for the digital clearance by vote of simple majority. In case of rejection by any reasons/means, the applicant shall be eligible to re-apply after a period of One (01) month has elapsed from the date of the communication of the refusal.

### **Registration / Accreditation of Digital Media Advertising Agencies/MBHs**

3. All applications for accreditation of digital media advertising Digital Media Advertising Agency / MBH duly completed in accordance with the rules and regulations of the Association shall be made in the form prescribed by the Association. Such applications shall be placed before the Accreditation Committee at its forthcoming meeting, but at the latest within 30 days of the receipt of the application, unless the application is found by the Secretariat to be incomplete or inadequate in any respect or in case it requires any further particulars about the status and operational structure of the Digital Media Advertising Agency / MBH. The committee shall place its recommendations before the Board of Directors for approval and the decision of the Board of Directors of the Association on such applications, as conveyed in writing to the applicant by the Executive Director, shall be final and binding on the applicant and on all members of the Association.
  - a) Provided, that if an application from an Digital Media Advertising Agency / MBH has been rejected by the Association, no fresh application from the same or any other Digital Media Advertising Agency / MBH being owned or managed directly or indirectly by the common director or owner shall be entertained for accreditation until after the expiry of a period of One calendar month from the date of communication of such rejection
4. Application must be made on the prescribed form (set out in **schedule 'E'** hereto) and such form must be completed in every respect and be supported by such documents as are required and indicated.
5. The Association shall entertain for consideration applications for accreditation from an Digital Media Advertising Agency / MBH only if it fulfills the following basic requirements:



- a. It should have been in active operation as a non-accredited Digital Media Advertising Agency / MBH for at least **3 months prior** to application or had placed business of **Rs. 1 million** with Member Digital Media Publishers, whichever is earlier. The Digital Media Advertising Agency / MBH would also be required to provide along with application, the clearance certificates of the Digital Media Publishers for the business done during the period.
- b. A guarantee that the business to be placed and cleared by it in the Member Digital Media Publishers during every year of its accreditation would not be **less than Rs. 2 million**.
- c. Should have a proper business address, and suitable and properly equipped business premises, exclusively used for the purpose of advertising business.
- d. Adequate and skilled staff to ensure smooth business operations, competent to manage various departments.
- e. Should have a sound financial standing.
- f. An unconditional irrevocable bank guarantee or a surety in shape of Government approved bonds or certificates acceptable to the Association shall be placed to the Association as per prescribed **pro forma (Annexure "A")** in accordance with the following schedule:

<b>Quantum of Business placed with Member Digital Publishers</b>	<b>Required limit of Bank Guarantee</b>
1) Less than Rs: 2 million	Rs: 0.5 million
2) Rs: 2.1 to 5 million	Rs: 1 million
3) Rs: 5 million and above	Rs: 1.5 million

6. A Digital Media Advertising Agency / MBH applying for accreditation will in the first instance, be accredited provisionally for a period of one year. After completion of one year the provisional accreditation shall be confirmed provided the Digital Media Advertising Agency / MBH is found to have fulfilled the terms and conditions of its provisional accreditation and abided by the Rules and Regulations to the satisfaction of the Association. The decision of the Board of Directors of the Association shall be final and binding. In case the Board of Directors rejects the confirmation, the provisional accreditation will stand terminated. However, the Digital Media Advertising Agency / MBH whose accreditation is terminated, may apply afresh after six months of the rejection by the Board of Directors.



7. The applicant Digital Media Advertising Agency / MBH for accreditation shall pay **Rs.50,000/-** as **fee for joining**, **Rs. 50,000/-** as **Annual Accreditation Fee** and **Rs. 10,000/-** as **Application Fee (Non- refundable)**.
8. An accredited Digital Media Advertising Agency / MBH shall be required to clear payment of all bills submitted by Digital Media Publishers within **60 days** from the date of submission of invoice. Failure to make payment within this 60 day period will make the Digital Media Advertising Agency / MBH liable for action or suspension as per rules and regulations.
9. The Agencies will not be entitled to any commission on the Business placed by them on behalf of their client with the Digital Media Publishers, and no Digital Media Advertising Agency / MBH shall claim, demand or receive any commission or compensation from a Digital Media Publisher.  
Provided that at its option, a Digital Media Publishers may allow a Trade / Cash or any other form of discount to a Digital Media Advertising Agency / MBH as per industry practice on the business placed by Advertising Digital Media Advertising Agency /MBHs on behalf of its clients during a period.
10. **Credit Period:** The Rules and Regulations for conduct of advertising Agencies /MBHs provide **60 days** credit facility to fully accredited advertising Agencies /MBHs from Digital Media Publishers/ s. The clearance procedure provides the clearance on **monthly basis**.

The credit facility is counted from the last day of every clearance period for the invoice raised in the respective clearance

- i. **Billing by Digital Media Publishers:** The clearance procedure provides that Digital Media Publishers should send their bills supported all relevant documents along with the statement of bills **within 15 days** of the last date of each clearance period. The Digital Media Publishers are required to obtain proper acknowledgement of the receipt of these bills from the Agencies / MBHs. A copy of the statement of bills should also be sent to the Association Secretariat for information and record.
- ii. **Last Dates for Filing Objections:** On receipt of bills and statement of claims from Digital Media Publishers, the Agencies / MBHs are required to file objections, if any, in respect of discrepancies in bills / amounts against their release orders, or with respect to the non-fulfillment of any condition of business or production specifications by a Digital Media Publisher within a time period of 15 days.



(iii)

- a) The Agencies / MBH shall raise their own bills for the services rendered to their clients based on their mutual agreements.
- b) Notwithstanding anything mentioned in Clause 10 (iii) (a), the Invoicing in respect of business placed by Federal Government or any Provincial Governments will be inclusive of 15% Digital Media Advertising Agency Commission (payable by the respective Government). The Digital Media Advertising Agency will retain its Commission out of the proceeds received while releasing the payment to the Digital Media Publishers.

#### **Complaint Procedure / Mechanism**

11. The Digital Media Broadcasters / Properties registered under these rules will lodge their complaints with Association Secretariat **through e-clearance software** for non-payment of their digital media outstanding dues pertaining to the relevant clearance period on or before the 10<sup>th</sup> of the payment month in accordance with the clearance calendar.
12. All reported digital media outstanding dues must be paid to the Association and no defaulting Agency / MBH will be exempted under any circumstances whatsoever.
13. The Advertising Agencies / MBHs will be entitled to the agency commission, prevailing in the market, on the business placed by them on the Digital Media / Property registered under these rules on behalf of their respective clients.
14. In case of default in clearing the reported outstanding dues of registered digital media broadcasters / properties, action shall be initiated in the following manner;
  - a. The Secretariat will initiate action of suspension against the defaulting advertising Agencies / MBHs across all digital media broadcasters/properties registered under these rules on 21<sup>st</sup> of payment month and the Agencies / MBHs so suspended will only be restored on payment of the reported digital media outstanding dues, restoration fee and a Late Payment Surcharge (LPS) in accordance clause 15 of Rules and Regulations.
  - b. In case the default in payment of the reported outstanding dues of digital media continues till three (03) months the defaulting advertising agency/MBH may also be suspended across all satellite member broadcasters.



15. The late payment surcharge (LPS) will be @ 3% per month for first 3 months and thereafter @ 2% per month till restoration. Notwithstanding the above, the Board will examine the nature and extent of default of defaulting Advertising Agency/MBH on case to case basis after due notice and in case it is found that defaulting Digital Media Advertising Agency is no more interested by its conduct to continue accreditation the Secretariat will issue dis- accreditation notice, which decision will be conclusive and final for all practical purposes and the defaulting Digital Media Advertising Agency will have no right to impugn the same.
  - b. Accredited Agencies / MBHs shall be under obligation to honour their cheques issued in favour of Digital Media Broadcasters/Publishers. In case of any default, the Digital Media Advertising Agency / MBH shall replace its bounced cheque by pay order / demand draft within 48 hours of the receipt of the Association notice along with 5% surcharge of the amount of the bounced cheque.

Failing this the business of defaulting advertising Digital Media Advertising Agency/MBH will stand suspended as per clause 14
16. However, the Secretary General can allow extension upto 7 days and further extension upto 14 days with approval of the Chairman, to the advertising agencies/MBHs applying in this regard. In addition to the above, in case the further extension is sought the matter will be referred to the Executive Committee, which will be empowered to grant further extension/rescheduling, in consultation with the stakeholders, subject to plausible justifications.
17. Accredited Advertising Agencies / MBHs shall follow the appointment and bifurcation rules as given under **Schedule "B" of Rules and Regulations Governing Conduct of Advertising Agencies/MBHs**, and provide the Association with appointment letters of their clients for Digital Media on the prescribed Performa (**Annexure "C"**) for enlistment of any new clients acquired by them at the earliest. They shall also inform the Association in writing of any existing client lost or relieved by them. No Digital Media Advertising Agency / MBH shall accept or place the business of a client of another accredited Digital Media Advertising Agency / MBH unless seven (07) working days' written notice to the Association has been given by the client concerned of its intention to shift its business to another Digital Media Advertising Agency / MBH, and till such change has been confirmed and notified by the Association to its members, any Digital Media Advertising Agency / MBH which is found to infringe / contravene the aforesaid process / mechanism will be liable to consequences as prescribed under rule 22 hereunder. Before finally including the client among the list of clients of Digital Media Advertising Agency / MBH, the Association shall ensure that there are no amounts lawfully due from the client to the previous Digital Media





Advertising Agency / MBH serving the client. The Association may require the client to obtain a certificate from the previous Digital Media Advertising Agency / MBH to the effect that there are no dues outstanding against the client pertaining to advertising with Digital Media Broadcasters / Publishers.

18. Accredited Agencies/ MBHs shall submit certified true copies of withholding challans/certificates of sales tax and income tax against payments of preceding month along with the payments of the next month. In case such challans are not received by the Association, then a 48 hours' notice shall be issued to provide the required tax challans and in the event of non-provision of the said tax challan, thereafter, the Association shall after the expiry of the said notice period, may suspend the membership of such Accredited Digital Media Advertising Agency/ MBH or take such action under Rule 23 or as it otherwise deems appropriate.
19. **Violation of Rules**
  - a. No Digital Media Broadcaster/Publisher shall run/accept advertisement of a suspended Agency/MBH, or client. In the event of violating this rule, the violating Member shall be liable to a fine equivalent to the 100% of invoice value.
  - b. No accredited Digital Media Advertising Agency / MBH shall accept the business of a client of other Digital Media Advertising Agency / MBH whose accreditation has been suspended or withdrawn, unless it has secured a clearance from the Secretariat of the Association.
  - c. The Advertising Agencies / MBHs are required not to release advertisements of suspended clients or suspended Agencies / MBHs, and/or advertisements of the clients of other accredited Advertising Agencies / MBHs through any source whether directly by the client or any other Advertising Agency / MBH. In case any Advertising Agency / MBH contravenes the above rules, the Association on its own or on the complaint of a Digital Media Publishers or an Advertising Agency / MBH, shall issue a show cause notice to the violating Advertising Agency / MBH to explain its position within 10 days vis-à-vis the violation in question. In the event the Board of Directors finds the explanation unsatisfactory; it may impose a fine and / or penalty on the violating accredited advertising agency/MBHs.
  - d. No member Digital Media Broadcaster/ Publishers will accept release order from any accredited Advertising Digital Media Advertising Agency / MBH or enter into any contract to run the advertisement, without ensuring strict observance of rule 17 in respect of its clients. In case of violation of this rule, the violating Digital Media Broadcasters / Publishers shall be liable to a fine equivalent to the rack rates in proportion to the volume of aired advertisements.
21. Any or all disputes between an accredited Agency / MBH and a Digital Media Broadcast House/Property or client, related to the placement of business shall be



- referred to Dispute Resolution Committee. The DRC shall conduct dispute resolution in accordance with the rules and regulations governing conduct of advertising agencies & MBHs.
22. In case an accredited Digital Media Advertising Agency / MBH contravenes any of the rules and regulations or the Code of Conduct by the Agencies / MBHs given at schedule 'B' and Code of Ethics given in the Articles of the Association, or fails to respond to the directives of the Board of Directors, it will become liable to any one or more of the following actions against it:
    - a) A fixed amount not exceeding Rs.200, 000/- as fine.
    - b) Suspension of credit facility.
    - c) Suspension of accreditation for 6 months.
    - d) Cancellation of accreditation.
    - e) Encashment of bank guarantee
  23. In the event of an action stipulating cancellation of a Digital Media Advertising Agency / MBH's accreditation, the Association, through its Chairman or Secretary General, shall give two weeks Show Cause Notice to the Digital Media Advertising Agency / MBH outlining the basis on which the cancellation of accreditation is sought to be affected. The reply/explanation submitted by the Digital Media Advertising Agency/ MBH shall be placed before the Board of Directors for its decision and such decision shall be final and binding. Provided that during the pendency of the notice period, the Digital Media Advertising Agency / MBH shall not be entitled to release any business to the member Digital Media Broadcaster / Publishers.
  24. Any Digital Media Advertising Agency / MBH, whose accreditation has been cancelled, shall not be eligible to a fresh accreditation until past errors, breaches and violations of rules have been rectified and such application shall be treated as a new application. Provided further that no Digital Media Advertising Agency / MBH whose accreditation has been cancelled shall be eligible to apply afresh until a period of six months after the date of cancellation of its accreditation.
  25. The accreditation of an advertising Digital Media Advertising Agency / MBH shall automatically stand terminated on the death of the proprietor, dissolution of the partnership or 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 Digital Media Advertising Agency / MBH is proposed to be restructured necessary steps shall be taken by the existing Partners / Directors and the Association shall follow to consider such application as in Clause 20.
  26. All changes in the ownership or management of an accredited Digital Media Advertising Agency / MBH shall be communicated forthwith to the Association which shall have the right to review, through its Accreditation Committee, for





continuation of accreditation of the Digital Media Advertising Agency /MBH. The decision of the Board of Directors in this regard shall be final.

27. Subject to the acceptance of these rules and regulations, each accredited Digital Media Advertising Agency / MBH shall enter into an agreement with the Association in terms of the default agreement set out in **Schedule 'C'** hereto.
28. The Association reserves to itself the right to refuse accreditation to any Digital Media Advertising Agency / MBH Without assigning reason thereof.
29. The Association shall have the power to amend, alter, delete, abrogate and substitute from time to time and as it deems desirable, the rules and regulations governing the accreditation of Agencies / MBHs and such amendments alterations, abrogation, deletions and substitutions shall be binding on all accredited Agencies / MBHs, from the date such rules are enforced by the Association.



## Fee Structure for Digital Media Publishers/Property

<b>a.</b> Non-refundable Application Fee	Rs. 10,000/-
<b>b.</b> Registration Fee	Rs. 100,000/-
<b>c.</b> Annual Subscription Fee	Rs. 100,000/-
<b>d.</b> Annual Subscription Fee for an Additional Digital Property	Rs. 75,000/-