

## **C.N. – 016**

### **Certification of Advertisement Agency (Company's Purpose)**

#### **(Reform partially confirms and consolidates the Communications for Regulation Numbers 01 and 12 (revalidated) and other provisions)**

São Paulo, September 14, 2010

**1º** – CENP's Executive Board at its meeting on September 14, 2010 decided, based on legislation in force(1), unanimously, to define norms for certification of Advertising Agencies to:

**a)** Ensure the guiding principle of that which cannot be accepted by CENP: foreseen activities in the company's purpose, or performed, bringing on conflict of interest, and;

**b)** Value Advertising Agencies which are committed to maintaining activities that guarantee the technical quality inherent to it as set forth in this Communication for Regulation.

**2º** - The certification addressed in this Communication for Regulation will be granted through administrative procedures in force in the entity and of public knowledge, which must also include the regular monitoring of certified Advertising Agencies in order to have assured the condition of customer service and technical relationships with the Media according to CENP's Standard Norms and Bylaws;

**3º** – The Certification of Advertising Agency will adopt as the basic company's purpose of its bylaws, once established that it is for the purpose of technical certification, the corporate commitment to carry out advertising activities, as provided in current law;

**4º** - Those eligible to apply for certification are Advertising Agencies whose technical and functional structures enable them to perform full service to the Advertiser, exercising the full set of activities which holds as its purpose the study, planning, conceptualization, design, creation, internal execution, brokerage and supervision of the external activities of advertising and its distribution in the Media and other mediums aiming to promote the supply of goods and services of any nature, to spread ideas and to inform the general public, as established in item 1.3 of the standard-norms;

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*1 Legal Basis: Based on art. 3 of Law No. 4680 of June 18, 1965 and its Regulatory Decree No. 57690 of February 1, 1966, which establish the basis for trade relations between Agencies and Advertisers, and considering art. 2 of Law No. 12232 of April 29, 2010, and particularly the first paragraph of Art. 4 of the latter which establish the basis for trade relations particularly between Agencies and Public Entities.*

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§ 1º - To ensure the condition of ability to perform full service, the Advertising Agency, in compliance with Item 12 of the Code of Ethics of Advertising Professionals(2), should ensure the effective del credere to the Media;

§ 2º - The Advertising Agency certified for full service is able to meet any Client-Advertisers provided they are under legal activities and it should work in all phases of the given service activity of an Advertising Agency, regardless of any indication to its bylaws, abiding by the accounting and tax legislation;

5º - Those certified as Specialized Agencies will be legal entities that work with specialization activity in "Promotion / Events", "Direct Marketing" and "Interactive Media" that meet that which is establishing in the Communication for Regulation No. 012, ratified by this document;

**Single Paragraph** - CENP shall not certify entities that have as their company's purpose the provision of political marketing, creative bureau, media bureau or agency - with or without space to resell to Advertisers - and are in accordance with that set out in the Standard-Norms as in-house agencies that do not fit in section 8.5 of these Norms.

6º - CENP shall not certify, for activities considered incompatible with the Advertising Agency, business entities that hold in their articles of association, or not established, proof of performing activities of trade, of any kind, of Media representation, leasing advertising space, production of audio-visual or graphic material, of free gifts, publishing, market research, poll research, business consulting, political marketing, licensing of trademarks and patents, fundraising, graphic printing, systems development, courses, lectures, training, setting up tradeshows and stands, hiring labor and all which relate to the activity of manufacturing and trading goods and services;

**Single Paragraph** - For the purposes of certification, it shall not be considered diversion of corporate purpose of the Advertising Agency "ownership in other companies and asset management of its own partnership," since holding companies (parent company), given their non-advertising nature, are not certified.

7º - CENP recommends, in case of business entities certified as Advertising Agencies controlled by individuals or companies that also control activities related to production and / or placement of advertising material,

8º - In the centers, where there is no advertisement production company, or the latter is unable not meet local demand, the Media, exceptionally, is able to offer production solutions, offering cost compatible with market reality, as long as it shows evidence to CENP of the current situation. CENP recommends that, in such cases, the Media shall apply the separation of typical trade activities and placement of such production;

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*2 Incorporated into law by Art. 17 of Law 4.680/65, and Item 2.4 of the Standard Norms for Advertising Activity to maintain full activity independence, with prohibition to perform trading activity cumulatively in these structures;*

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**9º** - Certified Advertising Agencies and which maintain, as of the date that this Communication for Regulation is issued, in their company's purpose activities listed in item 6 of this document, will have their certificates validated for one year as of this communication for regulation date in order to change their company's purpose, after which, if not met, will have their certificate of technical qualification suspended;

**10º** - It is forbidden for Advertising Agencies certified by CENP to perform any activity that is known and recognized as pertaining to the media or to a Provider in the advertising industry's supply chain;

**11º** - It is legal for certified Advertising Agencies to have among its professional staff, to cater exclusively to its Client-Advertisers, while respecting the rules and regulations for the professional practice of communication, journalism and public relations professionals, being banned, however, to certify Advertising Agencies to register itself in provider listing as addressed in art. 14 of Law No. 12.232/10;

**12º** – It is seen as grounds for suspension or loss of its technical certification, determined in due process conducted by CENP, assured the full rights of defense, the participation of Advertising Agency in illegal activity to the detriment of its Client-Advertiser or to the ethics of activity, provided that evidence is shown of the responsibility of its corporate entity.

Single Paragraph - Advertising Agencies certified by CENP in order to comply with that set forth in the heading of this text, in defense of ethics and the advertising industry itself, should proceed in accordance with that determined in item 13 of Article VIII of the Bylaws.(3)

**13º** – With no decisive determination, and as mere recommendation, we recommend the following, as basic texts, statements of the company's purpose of Full Service Advertising Agencies and Specialized Agencies which are part of Annex I to this document;

**14º** - The given Communication for Regulation comes into force on the date of its signing and publication on CENP's website, which should, that which is established, be included in the Standard-Norms for Advertising Activity, when reformed, and the Bylaws of the entity, if applicable.

Caio Barsotti  
**President**

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**3 CENP Bylaws - art. 13 - The duties of the members, extended to agents and representatives, is to: I. Permanently ensure the good name of CENP and contribute to achieve its goals; II. Comply with and enforce the "Standard-Norms for Advertising Activity", III. Comply with and enforce the provisions of these Bylaws and the resolutions and / or decisions of the General Assembly, the Executive Board and the Ethics Committee of CENP, IV. Perform, in timely manner, payment of financial contributions, V. Attend meetings, conferences or seminars sponsored by CENP, aiming at improving the activity of ethics and good business practices; VI. Exercise, once accepted, the functions for which one has been elected or appointed by CENP VII. Ensure the preservation of the assets of the CENP; VIII. Report to the Executive Board, as soon as acquiring knowledge of, acts or facts that may undermine the ethics of the activity of advertisement, its concept and CENP's reputation; IX. Maintain the confidentiality of acts or facts which one has had access to because of the endowment in a position created by this Bylaws, X. Respect the confidentiality that safeguard cases before Ethics Committee.**

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## **ANNEX I of the Communication for Regulation No. 16**

In order to guide applicants and with no decisive determination, we recommend the following statements as Company's Purpose of Full Service Advertising Agencies and Specialized Agencies:

### **I - Full Service Agency:**

"Service rendered by Advertising Agency considering the integrated performance of a set of activities which holds as its purpose the study, planning, conceptualization, creation, internal execution and supervision of external execution, brokerage and distribution of advertisement to the Media and other mediums";

Or,

"Service rendered by Advertising Agency, as well as those activities related to complementary and main activity";

### **II – Specialized Agencies:**

#### **II.1. INTERACTIVE MEDIA:**

"Service rendered as interactive media advertisement regarding creation, planning, organization, brokerage and distribution of advertisement to the Media and other mediums, production of work and advertising campaigns and interactive media projects related to and integrated to its main activity";

#### **II.2 - PROMOTION/EVENTS:**

"The company's purpose shall be the service rendered in the field of communication and advertising, particularly regarding the creation, planning, supervision, advertising brokerage, control and execution of promotional campaigns of image and selling as well as those activities related to complementary and main activity.";

#### **II.3 – DIRECT MARKETING:**

"The company's purpose shall be the service rendered in the field of communication and advertising, particularly regarding the creation, planning, supervision, advertising brokerage, control and execution of

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direct marketing actions and campaigns, as well as those activities related to complementary and main activity."

**NOTE:** The certification of Specialized Agency does not meet the requirements of art. 4º Law 12.232/2010.(4)

**Note:** The following text was freely translated into English and is valid for all legal purposes the original version in Portuguese.

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4 This addresses bidding and contracting by the government of advertising services.

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