



May 2008

Leading the World in Auditing Media

We have summarized new rules changes passed by BPA's Board of Directors at its semi-annual meeting held May 22, 2008.

Unless otherwise specified, all changes are effective immediately.

The Rule Amendments/New Rules may be accessed through the "Rules" link on the bpaww.com home page, or here: <http://www.bpaww.com/rules/index>.

Or, if you prefer, please contact your BPA Member Relations Manager, or any of our audit staff, if you have questions. MRM contacts can be found on the BPA website.

Board Actions Applying to Business Publications and Consumer Magazines

- **Digital Pre-Audits required only at company level:** Over 220 BPA members report digital circulation on their BPA Worldwide circulation statements and audit reports. Upon review of the pre-audit results of these 220 members, it has been determined that once a publishing company passes a digital pre-audit, no further pre-audits of that company using the same vendor will be required.

Based on this information, the Board ruled to only require digital pre-audits at the "same company/same vendor" level. Once a company has passed a digital pre-audit, other company-owned publications and magazines using the same vendor for distribution of the digital magazine can begin reporting digital circulation without conducting a pre-audit provided there is no change in the system software. However, upgrades to existing software or changing to another vendor could necessitate a pre-audit. This amendment does not apply to service providers overall. A pre-audit is required for each publishing company that uses the same vendor. There are two variables to the pre-audit: the vendor and publishing company. Both interact with each other and the pre-audit validates the end result.

- **Paragraphs 7 and 9 amended (effective with December 2008 reporting):** .BPA reports audited data for five successive calendar years in Paragraph 7 (consumer statement) and Paragraph 9 (business statement). The data is intended to be used for trend analysis by media buyers and advertisers. However, the Board noted that reporting the data by circulation statement periods would be more useful since data would be reported in six-month increments instead of on an annual basis.

As a result, the Board ruled that effective with December 2008 circulation statements and audit reports, historical data will now be reported in Paragraphs 7 and 9 for the previous three years, in six-month (circulation statement) intervals instead of the previous five-year, annual reporting requirements.

BUSINESS
CONSUMER
DATABASE
EMAIL
EVENTS
INTEGRATED
INTERACTIVE
NEWSPAPER

Board Actions Applying to Business Publications and Consumer Magazines (continued)

- **“Digital” copies renamed “electronic editions”:** There are a number of definitions for the word “digital” in a media owners’ portfolio, including: digital magazines, websites and email newsletter products. To eliminate this confusion, the BPA Board voted to change “digital” to “electronic edition” throughout the rule book when referring to electronic versions of print publications and magazines.
- **Integrated Media Box Requirements:** BPA Worldwide allows the reporting of audited integrated media on the cover of circulation statements. This information includes but is not limited to website traffic, event attendance, pass-along rate and email newsletter distribution.

To ensure that all data is reported on a timely basis, the Board ruled integrated data be audited within the period reported on the circulation statement, but audited data may be older if the most recent occurrence, such as an annual trade show, conference or pass-along receivership audit falls outside the statement period.

Board Actions Applying Only to Business Publications

- **Paid Company Requests qualify as “Direct Request from the Recipient”:** Under current BPA rules, company request paid subscriptions are reported as “request from recipient’s company” in paragraph 3b.

In an effort to create an industry standard for this source that would be acceptable to both fulfillment companies and media buyers, the Board ruled paid copies currently being reported as “request from recipient’s company” will now be reported as “direct request from the recipient.” This change creates a consistency to both media owners and buyers regardless of what audit organization is used.

- **Additions and Removals—National Medical Association lists:** At the December 12, 2007 Board of Directors meeting, a rule change was approved exempting names received from national medical associations from the reporting of additions and removals. The basis for the rule change was the American Medical Association (AMA), American Dental Association (ADA) and the American Osteopathic Association (AOA), provide publishers with names of individuals; however, publishers may not possess these names nor own them on their subscriber databases. As a result, in many cases, publishers do not have the ability to report names derived from medical associations as additions and removals since they do not appear on the subscriber database.

In an attempt to make the rule more global, the Board changed specific referrals to the AMA, ADA, and AOA to “National Medical Associations Lists”. Further, if a national medical association does provide the publisher with names that can be added to a subscriber database, the publisher should report the additions and removal for these subscribers.

Board Actions Applying Only to Consumer Magazines

- **Reporting Average Print Orders on Consumer Magazine statements (effective with December 2008 reporting):** A BPA Worldwide member requested average print order be reported on BPA Worldwide consumer magazine circulation statements and audit reports. Under the current rule, average non-qualified circulation is reported on the consumer reports; however, single copy sale returns is not included in the figure. Returns are excluded from the report to protect the publisher's proprietary sell-through data.

The Board voted to add additional disclosure to the average non-qualified circulation claim by changing the current consumer report template to include the language "figures do not include single copy sale returns" in the header of the non-qualified data section.

- **Loyalty Point Programs:** The Board ruled to allow for programs rewarding participants based on activity, in addition to those that reward for financial transactions. For example, participating in surveys may be rewarded with loyalty points that can be exchanged for goods and services; however, all programs must have the approval of the BPA president.

Board Actions Applying Only to Canadian Newspapers

The Board approved several additions and amendments to the existing daily newspaper rules in Canada.

The following daily newspaper rules have been amended:

- Reporting Format –
 - Circulation will be reported in two primary categories: "Paid for by individual recipient" and "Sponsored by third party or free".
 - The circulation will be reported by Census Metropolitan Area (CMA) and non-CMA.
 - Reporting will be annual based on the calendar year. No circulation statements for dailies will be issued, only audit reports.
- Premiums – Publishers must collect payment for the newspaper at greater than the full value of the premium offered.

The following daily newspaper rules have been added:

- Occasional Subscriptions – The delivery of issues not specifically identified as part of a new or renewed subscription.
- Subscription Conversions – Subscriptions resulting from offers that are based upon the assumption that the offer has been accepted unless specifically declined.
- Partner Distribution Agreements – An agreement between two newspaper publishers to distribute newspapers on days not published by one newspaper.
- Credit Subscriptions – A four percent paid circulation allowance has been established for credit subscriptions and arrears. The average copies served as a result of the allowance shall be reported in the explanatory paragraph.

Again, please see the attachments containing the Executive Summary of the rules amendments, or use the link provided at top of this document, to access full rules amendment language and specifics.

Please see below for your Member Relations Managers' contact information—and note the assigned geographic territories for some MRMs have been changed recently.

Sincerely,

A handwritten signature in blue ink, appearing to be 'RM', with a stylized flourish extending to the left.

Richard Murphy
Senior Vice President, Auditing