

# Press release: CMA provisionally finds Fox/Sky deal not in the public interest

Following a referral from the Secretary of State for Digital, Culture, Media and Sport, the Competition and Markets Authority (CMA) has been investigating the deal on two grounds: media plurality and commitment to broadcasting standards.

The CMA has provisionally found that Fox taking full control of Sky is not in the public interest due to media plurality concerns, but not because of a lack of a genuine commitment to meeting broadcasting standards in the UK.

The media plurality concerns identified mean that, overall, the CMA provisionally concludes that the proposed transaction is not in the public interest.

Further detail is set out below.

## **Media Plurality**

Media plurality goes to the heart of the UK's democratic process and as such is given protection in law.

The CMA has provisionally found that if the deal went ahead, as currently proposed, it is likely to operate against the public interest. It would lead to the Murdoch Family Trust (MFT), which controls Fox and News Corporation (News Corp), increasing its control over Sky, so that it would have too much control over news providers in the UK across all media platforms (TV, Radio, Online and Newspapers), and therefore too much influence over public opinion and the political agenda.

The MFT's news outlets are watched, read or heard by nearly a third of the UK's population, and have a combined share of the public's news consumption that is significantly greater than all other news providers, except the BBC and ITN.

Due to its control of News Corp, the Murdoch family already has significant influence over public opinion and full ownership of Sky by Fox would strengthen this even further.

While there are a range of other news outlets serving UK audiences, the CMA has provisionally found that they would not be sufficient to moderate or mitigate the increased influence of the MFT if the deal went ahead.

## **Broadcasting standards**

The CMA's investigation also examined a range of evidence to understand

whether Fox, Sky and the MFT have a genuine commitment to broadcasting standards in the UK. Here, it has provisionally found that Fox taking full control of Sky is not likely to operate against the public interest.

Its investigation has provisionally concluded that, overall, Fox has a genuine commitment to broadcasting standards in the UK. It is an established broadcaster here, having held licences for over 20 years. The CMA took account of the policies and procedures Fox has in place to ensure broadcasting standards are met.

It found that while there were issues with the compliance arrangements at Fox News when it was broadcasting its unedited simulcast international feed into the UK, this did not outweigh the detailed and effective policies and procedures that Fox has in place in relation to its UK focused channels.

The CMA also provisionally found that Sky has a good record in this regard, consistently complying with broadcasting regulation. It also has comprehensive and effective policies and procedures in place to ensure broadcasting standards are met.

Its investigation took account of the fact that before 2012 there were serious shortcomings at the MFT controlled newspaper the News of the World, which had failed to comply with both press standards and the law.

However, News Corp has subsequently put in place processes and procedures to address these. The CMA has provisionally found that, since then, its newspapers' record of compliance with press standards does not raise concerns.

The investigation also considered the recent allegations of sexual harassment against Fox News employees in the United States.

While these are serious, the CMA has provisionally found that these are not directly related to the attainment of broadcasting standards and do not call into question Fox's or the MFT's commitment to broadcasting standards in the UK.

Anne Lambert, Chair of the independent investigation Group, said:

Media plurality goes to the heart of our democratic process. It is very important that no group or individual should have too much control of our news media or too much power to affect the political agenda.

We have provisionally found that if the Fox/Sky merger went ahead as proposed, it would be against the public interest. It would result in the Murdoch family having too much control over news providers in the UK, and too much influence over public opinion and the political agenda.

Our in-depth investigation also considered whether the deal would be against the public interest regarding broadcasting standards.

Due to their existing track record in the UK, and the range of policies and procedures the companies involved have in place to ensure broadcasting standards are met, we did not find public interest concerns in this regard.

## Next steps

The CMA has now set out a series of potential options for addressing these problems identified in its [public remedies notice](#).

It also now welcomes responses from interested parties to its [provisional decision](#) and proposed [possible remedies](#), including in view of the announcement by Fox on 14 December 2017 that it had agreed the sale of certain assets, including its interests in Sky, to The Walt Disney Company.

These will be carefully considered before the CMA's report is finalised and provided to the Secretary of State for Digital, Culture, Media and Sport by 1 May 2018. He will then make the final decision on the proposed deal.

## Notes to editors

1. The CMA is the UK's primary competition and consumer authority. It is an independent non-ministerial government department with responsibility for carrying out investigations into mergers, markets and the regulated industries and enforcing competition and consumer law.
2. On 20 September 2017 the Secretary of State for Digital, Culture, Media and Sport referred the proposed deal to the CMA for investigation under the Enterprise Act 2002 (Protection of Legitimate Interests) Order 2003. The CMA appointed an inquiry group – formed of independent panel members with a variety of backgrounds – to investigate, decide and report on the question set out in the reference.
3. The inquiry group has until 1 May 2018 to provide the Secretary of State its final report. The final decision regarding the questions addressed in the CMA's report will be made by the Secretary of State following receipt of the report.
4. There is now a 3-week consultation period on the provisional findings, during which time anyone may make submissions to the CMA. Submissions should be made to [FoxSky.Submissions@cma.gov.uk](mailto:FoxSky.Submissions@cma.gov.uk) and received by Tuesday 13 February 2018. There is a 2-week consultation period on the notice of possible remedies. Submissions on this should be made to [FoxSky.Submissions@cma.gov.uk](mailto:FoxSky.Submissions@cma.gov.uk) and received by Tuesday 6 February 2018.
5. The CMA's [case page](#) sets out an explanation about its process, including the steps followed, the submissions received, hearings held, documents

published, and upcoming deadlines.

6. Fox is a Delaware corporation, listed on the NASDAQ Global Select Market. It is a global media company and currently holds approximately a 39% stake in Sky. Sky is a public company, listed on the London Stock Exchange. Like Fox, News Corp is a Delaware corporation listed on the NASDAQ Global Select Market. News Corp owns 100% of News UK and Ireland Limited (News UK was previously known as News International). Its portfolio includes The Times, The Sunday Times, The Sun and The Sun on Sunday, all their respective websites and a number of UK radio networks including TalkSport and Radio UK.
7. The Murdoch Family trust (MFT) is the largest shareholder of Fox and News Corp, holding approximately 39% of shares in each.
8. Fox announced on 14 December 2017 it had agreed the sale to Disney of certain assets including its interests in Sky. It also announced it was continuing its proposed acquisition of the shares in Sky it does not own. Should both acquisitions be completed successfully Disney would assume full ownership of Sky, including Sky News. The sale to Disney will itself be subject to regulatory scrutiny and it is unlikely to be completed until after the CMA inquiry has concluded. It is therefore uncertain whether, when or how that transaction will be completed. As such, the CMA's analysis of the Fox/Sky transaction cannot take it into account in its assessment of the transaction but implications of the Disney transaction in relation to remedies is considered in the notice of possible remedies.

Media queries should be sent to: [press@cma.gsi.gov.uk](mailto:press@cma.gsi.gov.uk) or journalists can call 020 3738 6191 or 07774 134814.