



8 July 2011

ED RICHARDS
Chief Executive

Direct Telephone
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Rt Hon Simon Hughes MP
House of Commons
London
SW1A 0AA

Dear Simon,

Thank you for your letter, which you delivered to Ofcom today, regarding News International and the proposed NewsCorp BSkyB deal. I want to set out as clearly as possible what Ofcom's role, powers and duties are in these matters.

I have also placed the following information in the House of Commons and House of Lords libraries today so it is available to all MPs and peers.

In relation to the proposed acquisition by News Corporation of the shares in BSkyB it does not already own, Ofcom provided its advice to the Secretary of State on the undertakings proposed by News Corporation in lieu of a reference to the Competition Commission on 22 June 2011. The Secretary of State is currently consulting for a further short period. If he asks Ofcom for any further advice, we will of course provide advice in accordance with the terms of any request.

Separately, Ofcom has a duty under the Broadcasting Acts to continue on an ongoing basis to be satisfied that any person (which will include controlling directors and shareholders) holding a broadcasting licence remains fit and proper to hold those licences.

In considering whether any licensee remains a "fit and proper person" to hold broadcasting licences Ofcom will consider any relevant conduct of those who manage and control such a licence.

It is not for Ofcom to investigate matters which properly lie in the hands of other authorities, such as the police and the criminal or civil courts, and clearly we cannot and should not act whilst allegations are unsubstantiated. It would be unfortunate if action by Ofcom at this moment in time prejudiced any ongoing processes by the proper authorities or failed to take into account relevant information that was subsequently disclosed which may be relevant to a thorough and proper assessment.

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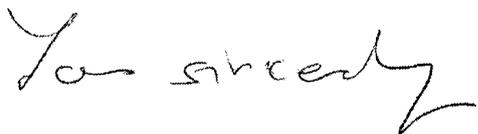
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However, as you would expect, we are monitoring the situation closely and in particular the investigations by the relevant authorities into alleged unlawful activities in regard to any evidence or findings of any relevant conduct.

In this regard, we are writing to the relevant authorities to highlight our duties in relation to 'Fit and Proper' and indicating that we would like to be kept abreast of the timescales of their investigations and of any further information which may assist us in the discharge of our own duties.

Finally, I would like to reassure you and your fellow parliamentarians that we are very mindful of our duties in this area and very conscious of the level of concern about these matters in Parliament and in the country more widely.



Ed Richards