



11<sup>th</sup> July 2011

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You may have seen several references in recent news reports to Ofcom's duties in relation to ensuring that persons who hold broadcasting licences are fit and proper. I am writing to you in this regard.

Ofcom is the communications regulator in the UK responsible for the licensing of television and radio services. We have a positive duty under the Broadcasting Acts 1990 and 1996 to be satisfied that any person holding a broadcasting licence is, and remains, fit and proper to hold those licences.

BSkyB holds licences from Ofcom under the Broadcasting Acts and therefore BSkyB is a person about whose fitness and properness Ofcom must be satisfied as a condition of continuing to hold those licences.

News Corporation currently holds 39.14% of shares in BSkyB and if its proposed takeover is authorised by the Secretary of State it will own 100% of the shares. In these circumstances Ofcom must take account of News Corporation's conduct (and that of its subsidiary companies) in assessing the continuing fitness and properness of BSkyB as a licence holder as well as the conduct of BSkyB itself.

We understand that the PCC carried out an investigation in 2007 into the use of subterfuge by newspapers following the convictions of News of the World journalist Clive Goodman and inquiry agent Glenn Mulcaire for unlawfully intercepting communications and we have seen your reports of 2007 and 2009.

We understand that since January 2011, you have been reviewing the position. It appears to us that the progress and outcome of your review may be relevant to any assessment under our duty to be satisfied that BSkyB is and remains fit and proper to hold its broadcast licences – for example, any evidence that you may have been misled or misinformed by those controlling News Corporation and/or News International. In this context, we note that Baroness Buscombe was recently reported in the press as saying: "...*There's only so much we can do when people are lying to us. We know now that I was not being given the truth by the News of the World.*" It would be particularly helpful to understand who spoke to you on behalf of the News of the World and in what capacity.

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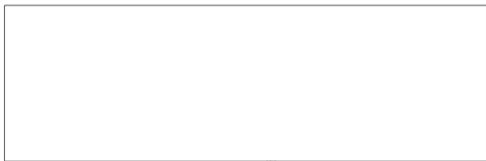
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I stress that we do not consider that it is for Ofcom to seek to investigate matters which properly lie in your hands. Moreover we cannot and should not act on the basis of allegations that are unsubstantiated.

We would however be grateful if we could understand as far as is possible the likely timescales for your review and to discuss arrangements as to how we might properly be kept informed of any information which may assist us.

If it would be helpful, we would be happy to meet and discuss how we might be able to liaise in a way that is most effective and efficient for you and your staff.

Yours sincerely



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