

Summary of hearing with the FA Premier League on 27 June 2007

Background on FA Premier League

1. The FA Premier League (FAPL) was set up in 1992. It is managed by a board of two directors plus a general secretary. It has 20 shareholders, each with full voting rights. The Football Association has a special share. Clubs relegated at the end of each season give their shares to the promoted clubs. It had a turnover of £580 million in 2006.
2. The FAPL said that at its foundation, the premier league clubs agreed to sell their television rights collectively. Any material transaction had to be approved by two-thirds of its shareholders.

Sports rights

3. The FAPL said that the selling of its rights was heavily regulated. It had a six-year commitment with DG Comp on how the rights were packaged. The commitments placed restrictions on how the rights were marketed and sold. The premiersip clubs negotiated the exploitation of their individual rights within the framework of the FAPL's deal.
4. The FAPL said that the initial live package in 1992 consisted of 60 live games sold to Sky with highlights sold to the BBC. In 2001, new packages were offered. One package consisted of 66 live games, the other offered 40 Pay-per-view (PPV) live games. Companies were not allowed to purchase both packages.
5. The FAPL said that four live packages were offered for 2004 to 2007, with the number of live games increased from 106 to 138. The packages consisted of two packages of 38 games and two of 31. Each package had to contain sufficient rights to allow the package to be attractive over a season, and ensure that all clubs are covered.
6. The FAPL said that UEFA football requirements placed restrictions on when games could be broadcast. Each national football association was entitled to nominate a time when the audio-visual coverage of football was not permitted. In England, this was on a Saturday afternoon, between 2.45pm and 5.15pm. In the interest of public safety, the police also could determine when games could be played.
7. The FAPL said that the next round of packages would run from 2007 to 2010. There were six live packages, each of 23 games per season. The packages were the result of negotiations with the European Commission and were sold via auction. If the reserve price was met, the highest compliant stand-alone bid won, subject to no broadcaster being allowed to buy all six packages.
8. The FAPL said that [REDACTED].
9. The FAPL said that live rights were very important to broadcasters, but free-to-air highlights were also important. Live games did not attract anywhere near the audiences that watched, for example, Eastenders or Coronation Street and the FAPL competed with other content producers. The free-to-air highlights package for the next three seasons [REDACTED].

10. The FAPL said that the clubs sell 82.5 per cent of all perimeter advertising inventory around the pitch, with the FAPL receiving the remaining 17.5 per cent. Clubs were entitled to have their own sponsors. This was separate to the audio-visual rights packages.

Joint bidding

11. The FAPL said that joint bidding added complexity to contract negotiations. [REDACTED]
12. The FAPL said that there were two ways of joint bidding. The first was to buy the rights together and then split them between the two companies on an exclusive basis. The second was to coexploit the rights. In the case of the Premier League rights, there would be less need to joint bid because the packages were already fairly small.
13. The FAPL said that joint bidding would work better with the FA Cup, where live rights were offered as a single package. It was unusual for a broadcaster to want to show four FA Cup games over a weekend and this would drive companies to bid jointly. In addition, the FA Cup final was a listed event and would therefore be shown by a free-to-air broadcaster.

Future industry trends

14. The FAPL said that the 2007 to 2010 cycle was the first time its rights had been offered on a platform neutral basis. Companies would be able to exploit them via a number of different platforms, such as broadband, IPTV or mobile. [REDACTED] It was also becoming increasingly difficult to segment the rights for different platforms.
15. The FAPL said that it sold its rights around the world. In Hong Kong they had been purchased by an IPTV provider, which would not use traditional broadcast methods to show matches.
16. The FAPL said that content was very important. However, it was difficult to predict how attractive a 90-minute match would be to consumers in the future with increasing constraints on people's leisure time.
17. The FAPL said that it did not see why a wide range of bidders would not bid for its rights. Free-to-air broadcasters and broadband providers were not excluded from bidding. BT Vision had purchased near live rights for 2007 to 2010.

Effects of the acquisition

18. The FAPL said that in the 1990s various companies, including BSkyB, ntl and Granada, bought small stakes (9.9 per cent) in a number of clubs. These stakes had since been sold.
19. The FAPL said that it had not seen any evidence that BSkyB had any control over ITV and pointed to the successful joint bid made by ITV and Setanta for the FA's rights in competition with BSkyB and the BBC.