



FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON

OFFICE OF  
THE CHAIRMAN

May 1, 2014

The Honorable Richard E. Neal  
U.S. House of Representatives  
2208 Rayburn House Office Building  
Washington, D.C. 20515

Dear Congressman Neal:

Thank you for your letter expressing concerns regarding the recent Commission action to attribute certain Joint Sales Agreements (JSAs) between television stations. I appreciate the opportunity to provide some clarification about the Commission's March 31, 2014 decision to attribute TV JSAs where one station sells 15% or more of the weekly advertising time on behalf of another station in the same market.

There has been a growing concern over the last decade that TV stations are using JSAs as a way to circumvent our local TV ownership restrictions by influencing the core operating functions of the other station in a market where joint ownership would not be allowed under the rules. Historically, the Commission's rules have prohibited one television broadcaster from owning more than one station in small and medium-size markets. The purpose of this is to foster competition, localism, and a diversity of voices in the public interest. In the last few years, however, some broadcasters approached the Commission to approve agreements that effectively granted them ownership without a formal transfer of control. This practice rapidly evolved from an exception to common practice, with the number of such agreements ballooning in recent years to become a direct means of circumventing the Commission's ownership rules. In the case of public companies, the Securities and Exchange Commission filings acknowledge this reality in unmistakable terms.

Stations have been on notice of potential regulatory action on JSAs since 2004 when the Commission first started a proceeding proposing to attribute these types of TV agreements. Since the start, the industry has participated in the proceeding, including in 2010 when the Commission sought additional comment as part of the Quadrennial Review of broadcast ownership rules. In fact, it is our understanding that stations have been noting the possible change in policy as part of their SEC filings, and the Commission has consistently noted the pending proceeding to attribute JSAs in prior decisions on broadcast transactions that involve JSAs.

The Commission's action on the TV JSA rule mirrors the path taken in 2002, when the Commission attributed JSAs for radio stations in the same manner and provided a 2-year period for stations to come into compliance. I do recognize that there could be some exceptions where an attributable JSA could be in the public interest, which is why the Commission adopted an expedited waiver process as part of its *Order*. I believe that adopting the rule with a waiver

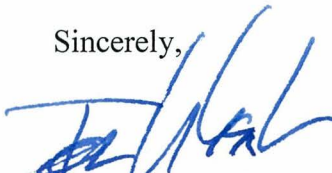
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process will better protect competition and diversity than merely grandfathering existing agreements.

By moving decisions on broadcast ownership into the open, we will enable the public and the Commission to consider more fully and appropriately the public interest issues raised by the implementation of the Commission's rules.

I hope this information is helpful.

Sincerely,

A handwritten signature in blue ink, appearing to read "Tom Wheeler", is written over the typed name.

Tom Wheeler