

**STATEMENT OF
COMMISSIONER MICHAEL O'RIELLY**

Re: *2018 Quadrennial Regulatory Review – Review of the Commission's Broadcast Ownership Rules and Other Rules Adopted Pursuant to Section 202 of the Telecommunications Act of 1996* (MB Docket No. 18-349)

The item before us is a balanced effort to comply with our statutory obligation – itself the result of a bipartisan compromise – to review whether or what type of limitations should govern media ownership. I realize that some outside parties – and perhaps some internally – would prefer that we abdicate this responsibility, especially given the extensive litigation history and inevitable challenges that will eventually result. Others seem to cling to a vision of the media industry frozen in time in the early 1950s that has since been eviscerated by market developments and technological innovation. Despite these views, we are obligated under federal law to conduct this work.

From my perspective, this entire endeavor is an exciting opportunity, and I wholeheartedly welcome the beginning of our 2018 Quadrennial Review, even as we sneak it in just under deadline. In fact, everyone should embrace this effort because it is a chance to reformulate our media ownership rules to reflect the current marketplace. No one – including the Third Circuit Court of Appeals – should support maintaining rules that are outdated or restrict the ability of programming outlets to reasonably compete both domestically or globally. At its heart, this proceeding is about good government practices.

In reviewing the text, the document should be respected for what it does. While I would have endorsed more extensive relaxation of our rules and pushed the envelope further on our ultimate objective, I appreciate that parts of the previous draft that leaned a different way have been removed. That leaves a fairly benign document that appropriately tees up the relevant questions to allow for a meaningful comment process.

If I had one remaining concern, it's that the item still gives credence to the belief that certain audio or video offerings can be siloed into discrete segments. We must redefine and broaden the appropriate market definition to be consistent with consumer, advertising, and business realities. Contrast this Notice with the Competitive Marketplace Report (CMR), which has its own issues but correctly discusses and treats the audio and video markets each as a whole. The approach taken in the CMR, as well as other parts of the RAY BAUM'S Act of 2018, signal that Congress recognized the need to look holistically at the media marketplace, not in a piecemeal manner.

Substantively, I intend to pay specific attention, as this process continues, to how the Commission plans to reform our radio ownership rules. Despite substantial changes in the audio market, including increased competition for listeners and advertising dollars from satellite and Internet offerings, radio ownership rules have not undergone any significant changes since the 1990s. Proponents of keeping the current AM-FM subcaps have proffered underwhelming arguments. The debate has appropriately shifted to determining where to draw the line on the FM side, if at all, while permitting caps to be eliminated on the AM side.

Additionally, there is still more work to do to reform the television-related rules, as the Top-4 combination process is too susceptible to regulatory gamesmanship. We need to provide greater specificity or guidance, either via bright-line rules or presumptions, on which combinations are problematic and why. Depending on multiple variables, I tend to view a combination of the top station in a market and the number four station differently than a combination of the two largest stations.

Taken as whole, this item is the start, not the end, of yet another extensive quadrennial battle.