INDEPENDENT TELEVISION COMMISSION

VARIATION NUMBER 2, DATED 27 February 1997

TO LICENCE GRANTED TO GRANADA TELEVISION LIMITED TO PROVIDE A REGIONAL CHANNEL 3 SERVICE UNDER PART I OF THE BROADCASTING ACT 1990 AND DATED 4 DECEMBER 1991 ("THE LICENCE")

WHEREAS

A. As a result of the enactment of the Broadcasting Act 1996, the Licence requires to be varied to conform with the requirements of the said Act as set out in Parts A and B of the Schedule to this document.

B. The Commission has consulted with the Licensee regarding the variations set out in Part A of the Schedule to this document.

C. The Commission must receive the consent of the Licensee to vary the Licence as set out in Part B of the Schedule to this document in pursuance of Condition 29(b) of the Licence.

NOW THEREFORE

1. The Licence shall be varied in the manner set out in Parts A and B of the Schedule.

2. Such variations shall take effect as set out in Part C of the Schedule.

3. This document shall be construed as if it formed part of the Licence and shall be governed by English law.
The Schedule

PART A

The Licence shall be varied as follows:

The Licence

1. by inserting in Clause 1 of the Licence following the words "Broadcasting Act 1990" the words "as amended by the Broadcasting Act 1996".

The Schedule

Condition 1 - Definitions

2. by inserting at the end of the definition of "the Act" the words "as amended by the Broadcasting Act 1996".

3. by inserting after the definition of "the Act" a new definition ""the 1996 Act" means the Broadcasting Act 1996".

4. by inserting a new definition ""Appointed News Provider" means the news provider appointed in accordance with Section 31A of the Act;".

5. by deleting the definitions of the "BCC" and the "BSC" and inserting the following definition:
   ""BSC" means the Broadcasting Standards Commission;".

6. by replacing in the third line of the definition of "Channel 4 Levy Amount" the words "Section 26(2)(a)" with the words "Section 26(2)" and by replacing in the last line the words "Section 26(2)(b)" with the words "Section 26(2A)".

7. by inserting a new definition ""Code on Sports and other Listed Events" means the code governing the televising of sports and other listed events as drawn up and from time to time revised by the Commission in accordance with Section 104 of the 1996 Act;".

8. by replacing in the third line of the definition of "Estimated Channel 4 Levy Amount" the words "Section 26(2)(a)" with the words "Section 26(2)" and by replacing in the last line the words "Section 26(2)(b)" with the words "Section 26(2A)".

9. by inserting a new definition ""references to a "fairness complaint" shall be interpreted in accordance with Section 110(4) of the 1996 Act;".

10. by deleting the definition of "Nomimated News Provider";

11. by inserting a new definition ""references to a "standards complaint" shall be interpreted in accordance with Section 110(4) of the 1996 Act;".

Condition 2 - Provision of regional Channel 3 service by the Licensee
12. by inserting after the words "directly related to their contents" at the end of Condition 2(3) the words "or relate to the promotion or listing of such programmes."

Condition 9 - Provision of News Programmes

13. by inserting a new Condition 9(1A):

"(1A) The Licensee shall do all he can to ensure that:

(a) arrangements are made between all holders of regional Channel 3 licences for the appointment by them, from among the bodies corporate nominated by the Commission under Section 32 of the Act and on such terms as the relevant licence holders may agree, of a single body corporate to be the Appointed News Provider for the purposes of Section 31(2) of the Act pursuant to Section 31A of the Act, and

(b) for so long as the Licensee provides the Licensed Service an appointment for the purposes of Section 31(2) of the Act is in force, provided that no appointment for the purposes of Section 31(2) of the Act shall be required to take effect before 1st January, 1998."

14. by replacing Condition 9(2) with the following:

"(2) The Licensee shall:

(a) ensure that news programmes included in the Licensed Service in compliance with Condition 9(1) are provided by the Appointed News Provider which are news programmes that are presented live and broadcast simultaneously with broadcasts of news programmes provided by the Appointed News Provider which are made by other holders of regional Channel 3 licences in compliance with the relevant conditions of their respective licences; and

(b) notify the Commission when the appointment of the Appointed News Provider is due to expire, or is to be renewed or terminated in accordance with the terms of the appointment."

Condition 14 - Listed Events

15. by replacing Condition 14 with the following:

"14. LISTED EVENTS

(1) For so long as the Licensed Service is provided without any charge being made for the reception of the programmes included in the Licensed Service, the Licensee shall not include within the Licensed Service (the "first service") live coverage of the whole or any part of a listed event without the previous consent of the Commission unless:

(a) another person who is providing a service falling within Section 98(1)(b) of
the 1996 Act (the "second service") has acquired the right to include in the second service live coverage of the whole of the event or of that part of the event; and

(b) the area for which the second service is provided consists of or includes the whole, or substantially the whole, of the area for which the first service is provided.

(2) If and for so long as any charge is made for the reception of programmes included in the Licensed Service, Condition 14(1) shall have effect as if the reference in sub-paragraph (a) to Section 98(1)(b) was a reference to Section 98(1)(a).

(3) Condition 14(1) and 14(2) shall not apply where:

(a) the Licensee is exercising rights acquired before 1st October, 1996; and

(b) the Licensee is exercising rights acquired in relation to an event listed after 1st October, 1996 where such rights were acquired before the date referred to in Section 97(5)(a) of the 1996 Act.

(4) For the purposes of this Condition 14:

(a) a listed event is a sporting or other event of national interest which is for the time being included in the list drawn up and published by the Secretary of State for the purposes of Part IV of the 1996 Act;

(b) the circumstances in which the televising of listed events generally, or of a particular listed event, is, or is not, to be treated as live for the purposes of Part IV of the 1996 Act shall be determined in accordance with the Code on Sports and other Listed Events."

Condition 16 - Transmission arrangements, technical standards and requirements.

16. by inserting a new Condition 16(6):

"(6) The Licensee shall provide:

(a) any person providing a digital local delivery service as defined in Section 78A(9) of the Act or a digital diffusion service in pursuance of paragraph 4A of Part III of Schedule 12 to the Act with such assistance as he may reasonably require in relation to the technical arrangements for the retransmission of the broadcasts of Channel 3 in pursuance of Section 78A of the Act; and

(b) any person providing a diffusion service with such assistance as he may reasonably require in relation to the technical arrangements for the retransmission of the broadcasts of Channel 3 in pursuance of paragraph 4 of Part III of Schedule 12 to the Act."

Condition 17 - Provision of Additional Services

17. by inserting after the words "directly related to their contents" at the end of Condition 17(1)
the words "or relate to the promotion or listing of such programmes."

**Condition 18 - Provision of information to the Commission**

18. by inserting in Condition 18(1) after the words "the Act" the words "or the 1996 Act";

19. (a) by deleting the word "and" after the semi-colon following Condition 18(1)(a)(i);
   
   (b) by replacing the word "five" in Condition 18(1)(a)(ii)(A) with the word "twenty";
   
   (c) by replacing the word "five" in Condition 18(1)(a)(ii)(B) with the word "twenty".

20. by inserting after Condition 18(1)(a)(ii) a new sub-paragraph (iii):

"(Ciii) of any change in the persons having interests in the Licensee where an interest or interests notified to the Commission in Condition 18(1)(a)(ii)(A) or (B) falls to twenty per cent. or below within 28 days of the Licensee becoming aware of such change;".

21. by inserting after new Condition 18(1)(a)(iii) a new sub-paragraph (iv):

"(iv) of any change in the persons having an interest in the Licensee where such interest could cause the Licensee to be a disqualified person pursuant to Schedule 2 to the Act or cause any of the restrictions or requirements imposed on or in relation to the holders of Channel 3 licences by or under Schedule 2 to the Act not to be complied with to the extent that such requirements apply to him immediately upon the Licensee becoming aware of such change;".

22. by inserting after new Condition 18(1)(a)(iv) a new sub-paragraph (v):

"(v) of any change in the national or local newspapers of which the Licensee or any person having control over the Licensee or any person having an interest of more than 20 per cent. in the Licensee is or controls the proprietor within 28 days of the Licensee becoming aware of such change; and".

23. by inserting after new Condition 18(1)(a)(v) a new sub-paragraph (vi):

"(vi) of any circumstances described in paragraph 10 of Part IV of Schedule 2 to the Act which would enable the Commission to determine whether or not the continued holding of the Licence by the Licensee could be expected to operate against the public interest;".

24. by inserting a new Condition 18(1A):

"18(1A) The Licensee shall:

(a) give the Commission advance notice of any proposals known to it which may give rise to a relevant change of control within the meaning of Section 21A of the 1990 Act; and

(b) without prejudice to the generality of Condition 18(1), the Licensee shall provide to the Commission, in such manner and at such times as may be
reasonably required, with such information the Commission may require for
the purposes of exercising its functions under Section 21A of the Act."

25. by inserting a new Condition 18(5)(h):

"(h) such information as the Commission may reasonably require from time to time to
determine the Licensee's compliance with Condition 14 and for the purposes of a
determination made by it pursuant to Section 102 of the 1996 Act;".

26. by inserting a new Condition 18(5)(i):

"(i) such information as the Commission may reasonably require from time to time for
the purposes of determining whether the Licensee on any ground is a disqualified
person by virtue of any of the provisions in Section 143(5) of the 1996 Act;".

27. by inserting a new Condition 18(5)(j):

"(j) such information as the Commission may reasonably require from time to time in
order to calculate audience time for the purposes of Part III of Schedule 2 to the
Act; and".

28. by inserting a new Condition 18(5)(k):

"(k) such information as the Commission may reasonably require from time to time as
to the national or local market share of any newspaper or newspapers insofar as
such national or local market shares appears to the Commission relevant for the
purposes of determining whether any of the restrictions in Part IV of Schedule 2 to
the Act have been complied with or in order to determine whether, in any of the
circumstances described in paragraph 10 of Part IV of Schedule 2 to the Act, the
continued holding of the Licence by the Licensee could be expected to operate
against the public interest."

Condition 25 - Provision of airtime to the Commission

29. by inserting at the end of Condition 25 after the words "under the Act" the words "or the
1996 Act."

Conditions 27 and 28 - The Broadcasting Complaints Commission/Broadcasting Standards
Council

30. by replacing Conditions 27 and 28 with the following:

"27. THE BROADCASTING STANDARDS COMMISSION

(1) The Licensee shall comply with such directions as may be given to him by the
Commission to publish, in such manner, and within such period as may be specified
by the BSC in any direction given pursuant to Section 119(2)(b) of the 1996 Act,
a summary of any complaint with regard to a programme included in the Licensed
Service, together with the BSC's findings on the complaint or a summary of such
findings and, in the case of a standards complaint, any observations made by the
BSC on the complaint or a summary of any such observations. The form and
content of any such summary shall be such as may be approved by the BSC."
(2) References in Condition 27(1) to the publication of any matter shall be references to the publication of that matter without its being accompanied by any observations made by a person other than the BSC and relating to the complaint.

(3) Where the BSC has given a direction under Section 119(1) in relation to a fairness complaint or a standards complaint and either the Licensee and/or any other person responsible for the making or the provision of the relevant programme has or have taken any supplementary action (interpreted in accordance with Section 120(5) of the 1996 Act) the Licensee shall promptly send to the Commission a report of that action.

(4) (a) The Licensee shall comply with such directions as may be given to him by the Commission to arrange for the publication (by means of broadcasting or otherwise) of regular announcements publicising the BSC.

(b) Any such announcements shall, if so required by the Commission, contain a statement of the difference between fairness complaints and standards complaints."

(For the avoidance of doubt, the Licence numbering shall not be changed on account of this variation).

**Condition 29 - Power of the Commission to vary licence conditions**

31. by inserting after the words "consents to such variation" at the end of Condition 29(b) the words "provided that no such consent is required where a notice to vary any such Condition is served on the Licensee pursuant to Section 21A(3) or (4) of the Act provided that in such a case the Licensee has been given a reasonable opportunity of making representations to the Commission concerning the proposed variation;".

**Condition 33 - Sanctions for breaches of condition**

32. by inserting a new Condition 33(3A):

"(3A) If the Commission:

(a) (i) is satisfied that the Licensee has failed to comply with Condition 14(1); and

(ii) is not satisfied that in all the circumstances it would be unreasonable to expect the Licensee to have complied with that Condition;

it may serve on the Licensee a notice requiring him to pay to the Commission, within a specified period, a specified financial penalty.

(b) If the Commission is satisfied that, in connection with an application for consent under Condition 14(1), the Licensee:

(i) has provided the Commission with information which is
false in a material particular, or

(ii) has withheld any material information with the intention of causing the Commission to be misled,

it may serve on the Licensee a notice requiring him to pay to the Commission, within a specified period, a specified financial penalty.

(c) The amount of any financial penalty imposed pursuant to Condition 33(3A)(a) or Condition 33(3A)(b) shall not exceed the amount produced by multiplying the relevant consideration by the prescribed multiplier.

(d) For the purpose of Condition 33(3A)(c):

(i) the "relevant consideration" means an amount determined by the Commission as representing so much of any consideration paid by the Licensee as is attributable to the acquisition of the rights to televise the event in question; and

(ii) the "prescribed multiplier" means such number as the Secretary of State may from time to time by order prescribe under Section 102(4)(b) of the 1996 Act.

(e) Where any such financial penalty is imposed pursuant to Condition 33(3A), the Commission shall not impose a further financial penalty under Condition 33(3) in respect of the same circumstances.

33. by inserting a new Condition 33(6):

"(6) Any exercise by the Commission of its powers under Condition 33(3A) shall be without prejudice to the Commission’s powers under Condition 33(1), (2) and (4)."

Condition 34 - Revocation

34. by inserting in Condition 34(3)(f) after the words "or interests in the Licensee" the words "or any other change giving rise to a failure to comply with any requirement imposed by or under Schedule 2 to the Act".

35. by replacing Condition 34(4) with the following:

"(4) (a) The Commission shall before serving a notice revoking the Licence notify the Licensee of the matters complained of and give the Licensee a reasonable opportunity to make representations to it about the matters complained of.

(b) In a case falling within Condition 34(3)(f) where the change is one falling within Section 5(6A) of the Act, before serving a notice revoking the licence, the Commission shall also give the Licensee an opportunity of complying with Parts III and IV of Schedule 2 within a period specified in the notice provided under Condition 34(4)(a)."
(4A) Where the Licence has been granted in a case where the Commission could have made a determination under paragraph 10(1) of Part IV of Schedule 2, the Commission shall not revoke the Licence merely because a change falling within Condition 34(3)(f) is such that the Commission would have made such a determination in the new circumstances of the case.

36. by inserting in Condition 34(5) after the words "any provision of Part I of the Act" the words "or is treated as being revoked under Section 145 of the 1996 Act."

37. by inserting a new Condition 34(6):

"(6) If the Licensee is convicted of an offence under Section 144 of the 1996 Act and the court by which the Licensee is convicted makes an order disqualifying him from holding a licence during a period specified in the order, or if the Licensee is disqualified from holding a licence pursuant to Section 145(3) of the 1996 Act in consequence of an order disqualifying an individual from holding a licence, this Licence shall be treated as being revoked with effect from the time when the order takes effect."

PART B

The Licence shall be varied as follows:

The Annex

38. By replacing the word "Nominated" with the word "Appointed" in paragraph 3(i) ("Further Conditions Relating to Non-Regional Programming") of Part I of the Annex to the Licence.

PART C

39. The variations to the Licence set out above shall come into force or as the case may be shall be deemed to have come into force on the respective dates indicated below:

(i) with effect from 24th July, 1996
paragraphs 1, 2, 3, 13, 24, 31
(ii) with effect from 10th August, 1996
paragraph 7
(iii) with effect from 1st October, 1996
paragraphs 15, 16, 25, 32, 33
(iv) with effect from 1st November, 1996
paragraphs 12, 17, 19, 20, 21, 22, 23, 26, 27, 28, 34, 35, 36, 37

(v) with respect to the broadcasting of news programmes on or after 1st January, 1998

paragraphs 14, 38

(vi) with effect from 1st January, 1998

paragraph 4, 10

(vii) with effect on the date necessary according to any future Commencement Order

paragraphs 5, 6, 8, 9, 11, 30

(viii) with effect from the date of this document

all other variations to the Licence contained in this document.

SIGNED FOR THE INDEPENDENT TELEVISION COMMISSION BY

[Signature]
Deputy Secretary

In pursuance of Condition 29(b) of the Licence, the Licensee hereby consents to the variation set out in paragraph 38 of Part B of the Schedule to this document.

Dated

SIGNED

[Signature]

Director/Secretary
for and on behalf of
Granada Television Ltd