



Independent Communications Authority
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To the kind attention of:
Ms. Violet Molete

Milan

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Letter on ICASA's Inquiry into Subscription Television Broadcasting Service

Lega Nazionale Professionisti Serie A (hereinafter referred to as "Lega") commercialises audiovisual rights in accordance with the Italian Legislative Decree n. 9 of 9 January 2008 ("Decree").

Article n. 3 of the Decree sets out that *"the organiser of the competition and the organisers of the events are co-owners of audiovisual rights concerning the events of such competition"*. In particular, the *"organiser of the competition"* is the entity designated to organise the competition by the National Sports Federation recognised by the Italian National Olympic Committee and responsible for the relevant sports discipline. Furthermore, according to article 4 of the Decree, *"the exercise of audiovisual rights concerning the single events of the competition is under the responsibility of the organiser of such competition"*. The commercialisation of the audiovisual rights is regulated in articles 6 ff. by way of a detailed procedure divided in two separate stages: firstly, the preparation of the Guidelines; secondly, the offer to the market.

Pursuant to article 6, comma 1, of the Decree, the organiser of the competition shall establish, according to the principles and the provisions of the Decree, the Guidelines for the commercialisation of the audiovisual rights concerning rules on the bid and the assignment of such audiovisual rights, criteria concerning the formation of the related packages and the additional rules aimed at granting to all bidders taking part in the competitive procedures conditions of absolute fairness, transparency and non-discrimination.

Lega proceeds to prepare the Guidelines which, once approved by way of the Assembly's deliberation, are communicated to the Competition Authorities –



the Italian Competition Authority (AGCM) and the Italian Communication Authority (AGCOM) – for their approval.

Once the Competition Authorities have improved the Guidelines, Lega shall proceed to commercialise the audiovisual rights well in advance than the start of the competition, according to the principles of informality and celerity, without prior administrative transitions and on the exclusive basis of market assessments.

With regard to the commercialisation of the audiovisual rights on the national territory, Lega can offer the audiovisual rights to the market allowing the exploitation of them either by single platform or ensuring competition between them or by both the modalities above.

In the event that the competition between platforms is ensured, Lega is obliged to establish multiple different packages which shall be well balanced between each other in order to ensure the presence, in each one of them, of events of the competition of major interest for users.

It is forbidden to anyone to acquire all packages on an exclusive basis related to live matches, notwithstanding the established prohibitions concerning the creation of dominant positions.

The broadcaster resulting as licensee of audiovisual rights shall not be permitted to enter into a sub-license agreement with a third party concerning the exploitation, fully or in part, of such rights. Such licensee may neither assign, in whole or in part, the license agreements to any third party nor sign agreements entailing similar effects, without prejudice of what provided for by article 19, comma 1, of the Decree in relation to the potential exemption authorized by AGCOM, in agreement with AGCM.

In relation to the commercialisation of audiovisual rights on the international market, article 16 of the Decree provides that the organiser of the competition shall issue Guidelines containing the rules applying to the commercialisation of audiovisual rights on the international market. The Guidelines shall



ensure procedures aimed at granting the fruition of Serie A events to Italian communities residing abroad and enhancing the image of such competition. In order to pursue the best economic result in the commercialisation of audiovisual rights on the international market, the organiser of the competition can either license such rights directly to broadcasters operating in specific countries or geographical areas or assign all audiovisual rights of one or more competitions to one or more intermediaries identified through one or more competitive bidding procedures.

In compliance with the Guidelines, Lega commercialised the audiovisual rights through the issue of an invitation to tender for the international audiovisual rights for sport seasons 2018/2019, 2019/2020 and 2020/2021 ("ITT"). The ITT includes multiple packages of rights concerning the Serie A Championship, the Coppa Italia and the Supercoppa Italiana to be licensed in territories other than Italy, San Marino and the Vatican City ("International Territory").

Lega conducted a competitive bidding procedure not specifically oriented to identify a sole intermediary. On the contrary, the procedure has been addressed to all the organisations operating in the market, including broadcasters.

With specific reference to the Serie A Championship, Lega carried out a sales strategy broader than previous cycles, simultaneously offering to the market different competitive packages. Namely: **one package** comprised of rights to be exploited in the entire International Territory ("Global Package"), **five packages** for specific continents and **thirtyfour packages** addressed to specific countries, in addition to **two further packages** offering the right - to be exploited in limited circumstances and under certain conditions - to select a specific match of the round to be assigned to a particular time slot.

The ITT also includes a package for the Italian communities residing abroad ("Italian Communities Package") which comprises rights to matches of the



Serie A Championship, the Coppa Italia and the Supercoppa Italiana in order to comply with the article 16, comma 2, of the Decree. The package includes rights to be exploited only by way of Pay Broadcast on Satellite Platform - inclusive of the right of retransmission on the Internet Platform in OTT modality - directly for the benefit of final end-users represented by the Italian communities living in specific countries of North America, Central and South America, Oceania and Sub-Saharan Africa (including South Africa) and only in the Italian Language. With specific reference to the Serie A Championship, the package assigns the right to broadcast only in full, on a live or delayed basis, up to three matches from each round, to be chosen by the licensee, until midnight of the eighth day following conclusion of the relevant match. Such product, which represents another innovation in comparison to previous sales cycles, has been awarded to RAI (Radiotelevisione Italiana S.p.A), the Italian public broadcaster for sport seasons 2018/19, 2019/20 and 2020/21.

In order to proceed to the commercialisation of the international audiovisual rights, the following specific criteria has been adopted:

- Differentiation of packages of rights for geographical areas - in addition to the Global Package - in order to increase the interest of potential bidders and, thus, to encourage competition allowing the participation of local broadcasters;
- Guarantee of the actual exposure of the events by way of specific broadcast obligations and initiatives able to enhance the image of the Serie A Championship, the Coppa Italia and the Supercoppa Italiana;
- Obligation to ensure protection to images of the events and competitions by means of technological measures able to prevent the unauthorized reception of them;



- Obligation to provide Lega with all the necessary information for appropriate controls and analysis of transmissions, such as broadcast dates, times and modalities, audience figures and ratings and market penetration.

Lega awarded the rights in accordance with the above mentioned requirements. This is proven by the fact that Lega identified IMG's bid as the best, even if not the highest in terms of economic value. The offer has been deemed the most effective in relation to distribution channels aimed at ensuring rights' exploitation, programming, coverage and exposure. The bid has been also appreciated for the inclusion of forecasts of audience and estimated market share as well as for the general interest of Lega and for bidder's commitment to promote and support the competition. The following factors have been considered of primary importance:

- The availability of IMG's current OTT platform for Lega in order to promote the product in combination with traditional license agreements with broadcasters and/or as the preferred distribution platform in countries where the Serie A Championship would not otherwise receive exposure;
- The strong attention to distribute the Serie A Championship in key markets such as the United States and China. Specifically, in the United States IMG planned to distribute both on free-to-air and pay television with the support of a digital strategy based on OTT platforms and social media channels. In China, the free-to-air distribution of selected matches on national public broadcasters is combined with the transmission through regional circuits and digital platforms, including those owned by Tencent, already an IMG partner;
- The potential interactions/synergies of Serie A's licensed content with other properties and/or events already in IMG's portfolio;



- The appointment of a manager and team dedicated to Lega in order to promote the commercialisation and promotion of the Serie A Championship around the world and to ensure that Lega is always aware of all the strategies and initiatives carried out by IMG for the distribution and promotion of the product and that Lega gets a more direct contact with international territories.

All the above highlights how the commercialisation modalities Lega carried out are suitable in order to guarantee the openness of the market and an effective competition therein. In fact, they are based on the acceptance of a bid not because it is merely the highest but because it represents the most complex offer in terms of maximising the value of the product. Such strategy allows operators who are less wealthy but still able to give value to the product in the relevant territory to bid with equal chances of succeeding.

In order to realise the above and achieve a real openness of the market, Lega deems as not necessary the imposition on rightsholders of sales obligations which may deeply affect the way broadcasters acquire and exploit audiovisual rights.

In conclusion, Lega hereby underlines the following:

- Lega, as the rightsholder, shall always be able to self-determine the rights offered to the market, the related sales requirements and the licensees, according to the terms and conditions provided for by the Italian law;
- The restriction of exclusivity, if imposed without a deep evaluation of the commercial dynamics governing the international market, would entail a decrease of the value of the content which would deprive the licensee of a product able to differentiate its business and to represent its competitive advantage towards competitors;
- It would not be reasonable to establish a different legal framework for South Africa only, especially in light of the fact that audiovisual



rights of Lega's competitions have been often commercialised on a pan-regional basis across the whole sub-Saharan Africa region and not only in the country of South Africa.

Yours sincerely,

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CEO