

Murdoch Bid for Sky Control Hits New Bump as U.K. Official Hints at Inquiry

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LONDON — Britain’s culture minister said on Tuesday that she was inclined to ask the country’s competition regulator to carry out a detailed review of a bid by Rupert Murdoch’s 21st Century Fox to take full control of the British satellite television giant Sky.

In an address to Parliament, the minister, Karen Bradley, said she was “minded” to refer the \$15 billion deal to the Competition and Markets Authority for a more intensive inquiry into concerns about whether Fox would uphold broadcast standards in Britain and whether owning all of Sky would give it too much control of the British media.

Sky and Fox have 10 days to respond before Ms. Bradley makes a decision about whether to refer the matter for further inquiry.

That Ms. Bradley would say she was leaning toward seeking a fuller inquiry was expected: She had previously indicated that concerns about how much control the Murdoch family would have over the country’s media merited a further review. What was unexpected was the potential for additional scrutiny of whether Fox would uphold broadcasting standards in Britain.

In June, the Office of Communications, or Ofcom, [ruled](#) that Mr. Murdoch, the executive chairman of 21st Century Fox, and other company executives were “fit and proper” to hold broadcasting licenses in Britain, even as it concluded that a [sexual harassment scandal at Fox News](#) had amounted to “significant corporate failures.”

In August, the British culture ministry said it had written to Ofcom, seeking [clarification](#) on its earlier review of whether the company would meet British broadcasting standards.

On Tuesday, Ms. Bradley said that concerns about public interest and corporate governance issues warranted further investigation.

An in-depth inquiry could take up to six months and would further delay the proposed transaction. That would be a setback for Mr. Murdoch, who founded the satellite broadcaster in the early 1990s and has long sought total ownership of it.

An acquisition of Sky would give 21st Century Fox control of a Pan-European satellite network and rights to additional content, including broadcasts of English Premier League and other soccer leagues in parts of Europe.

In a statement on Tuesday, 21st Century Fox expressed disappointment with the decision and the drawn-out regulatory review process.

“We are surprised that after independent regulatory scrutiny and advice, and over four months to examine the case, the Secretary of State is still unable to form an opinion,” the company said, referring to Ms. Bradley. “We urge the Secretary of State to take a final decision quickly.”

The company noted that Ofcom had already undertaken “a robust and rigorous review” before concluding that 21st Century Fox was committed to the country’s broadcasting standards.

"We are therefore disappointed that the Secretary of State has chosen not to follow the unequivocal advice of the independent regulator, which is the expert body tasked with enforcing the Broadcast Code," 21st Century Fox said in a statement.

The company said it anticipated that the deal would close by June 30, 2018, absent any further delays.

Fox [announced](#) in December that it had reached an agreement to pay about \$15 billion for the portion of Sky that it did not already own.

Sky offers television, broadband and telephone phone services to nearly 22 million customers in Austria, Britain, Germany, Ireland and Italy. European Union antitrust authorities [approved](#) the deal in April, saying it raised no competition concerns in Europe.

But the merger has drawn significant scrutiny in Britain, where Mr. Murdoch remains a divisive figure.

A previous bid for Sky was withdrawn in 2011 after a firestorm erupted over phone hacking by the news media in Britain, which engulfed Mr. Murdoch's British newspaper division.

The British competition authority offered [its initial view](#) on the transaction in June, saying the merged company would control a significant chunk of Britain's media landscape, including television, newspaper and online outlets.

Fox said at the time that it had made concessions to address those concerns, but the British government said the remedies did not go far enough.

Analysts had long anticipated a move by 21st Century Fox to gain full control of Sky as media companies seek to grow, control more content and distribute that content directly to customers in hopes of keeping pace with companies like Netflix and Amazon. Mr. Murdoch's company had said that its existing stake in Sky was "not a natural end position."

But 21st Century Fox has struggled to move past the sexual harassment scandal.

Douglas Wigdor, a lawyer for several current and former Fox News employees who made sexual and racial harassment complaints against the network, has alerted British regulators about the details of those cases in the past several months. He said he was pleased that Ms. Bradley was leaning toward calling for a more thorough review.

"There is a lot that they still can find out, especially with respect to people who are bound by confidentiality," Mr. Wigdor said. "Hopefully, they will take steps to get Fox to waive those so that other people can speak and that the government can make a determination as to whether they meet broadcasting standards with a full set of facts."