CFX DAILY
WHAT THE INDUSTRY READS FIRST

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QUOTABLE

"We support and applaud Chairman [Brendan Carr] for his leadership on this issue to allow broadcasting to compete on the same playing field in the domestic U.S. with every other purveyor of advertising and every other provider of video that we compete with that has access to 100% of U.S. households."
- Nexstar CEO Perry Sook on the FCC's vote to repeal the national ownership cap

FCC VOTES TO RESCIND 39% CAP

The Super Bowl is typically played on the second Sunday of February. For the broadcast industry, it took place Thursday within the confines of the **FCC**'s headquarters in Washington, D.C.

The Commission voted 2-1 to repeal the 39% national ownership cap, a long-awaited decision that's only grown in anticipation since Chairman *Brendan Carr* assumed his seat last year. The cap, installed in 2004, will be replaced by a case-by-case process that assesses transactions through the lens of whether they serve the public interest. However, expected imminent legal challenges could delay the order from becoming official, which would pave the way for courts to determine whether Congress or the FCC holds final authority to change the national ownership cap.

As expected, Carr was joined by Commissioner *Olivia Trusty* in voting to replace the 39% cap. Lone Democratic Commissioner *Anna Gomez* was the only dissenting vote after reiterating arguments she's made repeatedly in recent months.

"Limiting the percentage of households that networks may reach through stations the networks could own and operate themselves once ensured the networks' continued reliance on affiliated television stations for the nationwide distribution of network programming. However, now [that] the networks can reach viewers directly via non-broadcast platforms, the national cap no longer plays a role in maintaining this balance," said *Chad Guo*, Attorney Advisor and Deputy Division Chief for the Media Bureau's Industry and Analysis unit.

According to the FCC's order, the case-by-case approach will prioritize localism, viewpoint diversity and competition. The agency believes it would allow it to carry out statutory mandates without the need to prove special circumstances in order to award a waiver. The FCC emphasized that it still very well can reject transactions that don't meet public interest standards.

In Carr's remarks, he leaned heavily on the prospect of localism and compared the current local TV landscape to the decline of the newspaper industry—a development Carr believes was further fueled by the FCC, even if unintentional. He referred to the agency's 1975 ban that prohibited cross-ownership of a daily newspaper and a full-power broadcast TV or radio station that served the same area. Carr admitted it made sense in certain cases at the time, given what the market looked like, but subsequent inaction to adjust regulations in tandem with technological innovations shackled newspapers as digital properties took off.

Trusty also believed it was time for a rulebook refresh. She noted that the last time the broadcast ownership TV rule was updated, **Netflix** hadn't launched a streaming service, **YouTube** didn't exist and appointment TV was still alive and well. However, Trusty acknowledged that she doesn't think eliminating the 39% cap is "a silver bullet to reverse audience or marketplace trends entirely," though it "removes a regulatory constraint that can unnecessarily stand in the way of strengthening broadcasters' ability to compete and serve their communities."

Meanwhile, Gomez said the decision to eliminate the cap was "unlawful on its face" and that Congress was deliberate when it removed the rule from the FCC's Quadrennial Review process. Beyond the regulatory aspects, she doesn't believe it's a good policy decision either, due to the more open climate for consolidation "when consolidation has consistently resulted in newsroom mergers, content duplication, fewer independent voices and higher retransmission consent fees." And if a federal judge paused the Nexstar-Tegna merger, Gomez added that it could be a signal that accelerated broadcast M&A would have inadvertent—and negative—consequences.

"I recognize that broadcasters are facing serious economic pressures. But addressing one pressure point in isolation, without looking at the full picture of rules, obligations and relief already on the table, risks setting the wrong incentives," Gomez said. "Broadcasters get special regulatory treatment because they serve their communities. Piecemeal fixes that ignore that trade-off will undermine that mission instead of strengthening it."

NAB and **Nexstar** were quick to applaud the vote, while **Sinclair** President/CEO *Chris Ripley* called it an industry-wide win earlier this week. **Public Knowledge**, the **American Television Alliance** and legislators including Sen. **Elizabeth Warren** (D-MA) came out on the opposite end of the issue, with ATVA calling the repeal "a serious setback for American consumers and local communities."

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WHAT ELSE HAPPENED AT THE FCC MEETING?

The **FCC**'s vote to repeal the 39% national broadcast ownership cap was contentious. The three other items on Thursday's agenda were not. The agency approved a proposal that seeks to bolster the Universal Service Administrative Company and the management of the Universal Service Fund, doing so by initiating comment on four areas: current USF administration processes, the structure of USF administration, operating costs associated with USF administration and the impact of USAC's board. The FCC also voted in favor of adopting a notice of proposed rulemaking that'd look at expanding the list of unlicensed devices that can utilize FCC-authorized satellites, in addition to a separate proposal to improve the Rural Health Care Program. -- On Wednesday, the FCC said it returned $881 million of unused funds from the TV Broadcaster Relocation Fund. Born from the Middle Class Tax Relief and Job Creation Act of 2012 (also known as the Spectrum Act), the Fund covers costs incurred by full-power and Class-A broadcast TV licensees that are reassigned to new channels. It's also for MVPDs that take on costs from continuing to carry signals of reassigned broadcast stations. -- Chairman *Brendan Carr* named *Keelin Ferris* as his new Legal Advisor, replacing Callie Coker, who joined **NCTA** in May. Most recently, Ferris was an associate at a creditor's rights law firm.

OPTIMUM'S TURNAROUND PROGRESS

Optimum's turnaround efforts continue to make progress, delivering better-than-expected results in 2Q26, even as it missed Wall Street revenue expectations at $2.02 billion (-5.8% YOY). On Thursday, the operator reported that net broadband losses improved sequentially to 40,000 in 2Q26 compared to 56,000 in 1Q. It ended the quarter with 4 million broadband subs, with more than half of new broadband customers signing up for 1 Gig service or higher. It also added 20,000 fiber customers, bringing its total to 749,000, up 13% YOY. Optimum continued the trend of mobile wins for cable, adding 50,000 net lines, its best-ever 2Q mobile performance, helping it reach 724,000 total lines, up 33% YOY. Mobile-broadband convergence saw a 9% uptick, while convergence ARPU grew over 2% to $79.80. Video sub net losses were 46,000, representing Optimum's best quarterly video performance in six years. It ended the quarter with 1.6 million video subs, -12% YOY. Total passings reached 10.1 million in the quarter, including 3.2 million fiber passings, with over 220,000 total new passings added over the last 12 months. During an earnings call Thursday, CEO *Dennis Mathew* outlined Optimum's continued investment in its footprint, including upgrading its HFC networks with multi-gig capabilities. For example, it's now offering 2-Gig speeds in parts of its West Virginia HFC markets. "While the competitive landscape continues to evolve with the expansion of fiber overbuilders and fixed wireless providers across our footprint, we are executing targeted initiatives to improve performance and reinforce our competitive position," Mathew said. One of those initiatives involves decommissioning 48,000 passings that had "very nominal penetration," particularly in the Optimum West rural footprint, "where competitive pressure remains the most intense." "This will help us really accelerate our ability to execute and drive growth and prioritize the geographies and the initiatives to really help us get there," Mathew explained. Asked whether the operator is seeing increased competition from **Starlink** in the West, Mathew said the LEO satellite service had "nominal impact in Q2, but we're keeping a close eye."

NEXSTAR-TEGNA FIGHT TAKES ANOTHER LEGAL TURN

Things took another turn in the **Nexstar-Tegna** merger legal fight Thursday when a U.S. District judge ruled that Nexstar violated the terms of a preliminary injunction by installing its own execs on Tegna's board. It's now being ordered to immediately reconstitute the board to exclude current and past Nexstar employees. It will also have to provide monthly status reports on the Tegna board's actions going forward, including meeting minutes and financial and operational changes. The order was a win for the states and **DirecTV**, which filed a motion asking the court to clarify the rules of the injunction that prohibit Nexstar from influencing Tegna's day-to-day operation. "It is shocking that Defendants think installing a Board of Directors comprised primarily of Nexstar executives would not create influence over TEGNA management," wrote Judge *Troy Nunley* in the order. During an earnings call held prior to the ruling, Nexstar CEO *Perry Sook* provided updates on the ongoing court battles. While the antitrust trial in the **U.S. District Court for the Eastern District of California** won't happen until July 2027, oral arguments are set to be heard in 4Q for Nexstar's preliminary injunction appeal in the **Ninth Circuit**. Asked whether it was possible that the merger battle could be settled out of court sooner than July, Sook answered that "anything could be possible" and that it will depend on "how our discussions and negotiations go along the way." He added that Nexstar wants to clear the Tegna deal before pursuing any additional M&A or station swap deals "because we don't want those to be similarly delayed." The broadcaster reported its 2Q26 earnings just as the FCC voted to lift the 39% national broadcast ownership cap. Sook commented that the repeal will "remove a certain level of uncertainty in future M&A" but expected a judicial review of the FCC's decision even as Nexstar believes the Commission is on "very firm legal footing to make this declaration." The exec doesn't see the FCC decision affecting its current merger fight, though. "There could be marginal benefit because it makes the unknown known from a regulatory perspective, but I don't think that it will have a ton of effect as we go through our process. It's more antitrust than the national ownership cap," Sook explained.

PSKY-WBD MERGER SCORES SOME WINS

While **Paramount Skydance** will have to wait until March for the antitrust trial that will decide the fate of its $110 billion merger with **Warner Bros. Discovery**, the company did score some wins this week. The U.K.'s Competition and Markets Authority approved the combo Thursday, with the Department of Culture, Media and Sport also deciding not to challenge the deal after PSKY agreed to a few commitments, including not consolidating its linear channels with its on-demand services in the U.K. and ensuring Channel 5 News maintains its editorial independence. Channel 5 must also continue to operate as a free public broadcaster focused on U.K. content. Meanwhile, on this side of the pond, PSKY has one less legal challenge to worry about. U.S. District Judge *Araceli Martínez-Olguín*, who will hear the antitrust cases brought by the states and the **Writers Guild of America** in March, dismissed a lawsuit brought by a group of Paramount+ subscribers seeking to block the merger, saying that the complaint "fails to allege any facts to plausibly show how those claimed harms have materialized or would materialize." PSKY CEO *David Ellison* said in an earnings call this week that the company is "absolutely open to finding a solution out of court" with the states and WGA, while reiterating his confidence that PSKY will win in court. Assuming the deal doesn't close by Sept. 30, PSKY will have to pay WBD shareholders a "ticking fee" worth $650 million for every quarter the merger isn't completed. PSKY CFO *Dennis Cinelli* noted that "this is only payable when and if we close" and the fee "will be funded at close through additional equity."

VERSANT BEATS EXPECTATIONS AS NEW AVOD LAUNCHES

Versant raised its full-year guidance Thursday, expecting total revenue between $6.2 and $6.45 billion and adjusted EBITDA of $1.9 to $2.05 billion. The programmer closed up almost 7% on the Nasdaq following the news. Total revenue in 2Q26 came in at $1.64 billion. That was down 3.8% YOY, but it beat Wall Street expectations of $1.62 billion. CEO *Mark Lazarus* once again highlighted progress on the digital platforms side of the business, even as linear distribution revenue continued to decline by 6.3% YOY to $954 million. Platforms revenue was $225 million, which was almost flat, but excluding the impact of the **SportsEngine** divestiture, it was up 9% YOY, driven by momentum in its golf booking business and **Fandango**, which launched an AVOD product during the quarter. That AVOD will stream 270 **Bundesliga** soccer matches yearly, starting in August, a partnership Lazarus called an opportunity to "bring in a new group of people who may not have experienced Fandango for the services and the content that sits there now." The move makes sense: quarterly ad rev was $424 million, a 0.6% YOY decline, which was an improvement from -13% in the prior year period, driven in part by strong sports demand. "We have 50 million people who come through the Fandango or **Rotten Tomatoes** door in any given month, and the ability for us to expose them and transact with them on all three levels—free AVOD, buy or rent TV and movies or purchase movie tickets—we think is unique," Lazarus said of the strategy behind the Fandango expansion. "Because of the transactional business around movie tickets and buying and renting films and TV series, our ability to target content and target advertising will be distinct," the CEO responded when asked what differentiates Versant's AVOD from **Tubi** or **Pluto TV**. "Attached to our large install base and our ability to work with all studios, it gives us a clear advantage."

PROGRAMMER'S PAGE

ANNA PIGEON'S TWO-DECADE JOURNEY

As **Versant** sets out to make its mark as a content player in its own right, **USA Network** is taking a big swing with "Anna Pigeon," based on the *New York Times* best-selling novels by *Nevada Barr* (debuts Friday, 10pm). The series tells the story of a *New Yorker* who leaves the big city after tragedy to reinvent herself as a park ranger (*Tracy Spiridakos*) who solves crimes on national park grounds. It combines the gritty with the scenic beauty of parkland. The franchise was actually in development at USA over two decades ago. "As often happens in this business, we didn't move forward with it at the time. When the project came back around to us in 2024 with *Lea Thompson* as an EP/director and *Morwyn Brebner* to EP/showrun, our ears perked up," *Michael Sluchan*, SVP, Scripted Content for Versant, told ***CFX***. "From the very first draft, we knew the script was something special." It can be hard to bring a story to life from page to screen, but Sluchan credits Thompson, Brebner and Spiridakos with infusing emotional depth with the essence of the national parks. "Also, national parks are such a vital part of our culture... With a dream creative team and our country's love of national parks, it felt like the perfect time to bring Anna to the screen," he added. It's the second original drama in USA's revival of scripted programming following the debut of "The Rainmaker" last August. It feels a bit reminiscent of USA's famed "Characters Welcome" tagline. "While we're not looking to rebuild that specific brand, there is some of that DNA in both The Rainmaker, Anna Pigeon and our development. Our shows are procedural in nature but very character-forward," Sluchan said. "We want our leads to be complicated, compelling, perhaps a bit messy. In other words, a reflection of the world we live in. However, there's always a sense of optimism and hope that infuses the shows. We describe this next evolution as 'blue skies, partly cloudy.'" With a growing roster of originals paired with a robust live sports slate, USA's feeling pretty good about its forecast. – *Amy Maclean*

REVIEWS

"Lioness," Season 3, streaming on **Paramount+**. Not that Seasons 1 and 2 of this series about a U.S. military special ops unit lacked for violence, but this new season begins with a heavy dose. With the Russia-Ukraine war as a backdrop, episode 1 features drones buzzing like bees, not to mention the latest high-tech American guns, which seem tame by comparison. And then there are hungry combat assault dogs, who repeatedly tear into the flesh of Russian and North Korean soldiers. Was part of creator and writer *Taylor Sheridan*'s intent to shock U.S. viewers into modern warfare? In Seasons 1 and 2, *Zoe Saldaña*, the elite unit's leader, managed to separate her day job from her after-work role as a wife and mother of teen daughters. So did *Nicole Kidman*, as her icy CIA boss. Not this season. — "Unchosen," limited series, streaming on **Netflix**. This six-episode miniseries about a religious cult and forbidden love eventually loses a bit of steam, but that's partly because it's so compelling from the start. *Asa Butterfield* ("Sex Education") is unrecognizable as *Molly Windsor*'s husband, though *Fra Fee* is tremendous. -- *Seth Arenstein*

BASIC CABLE P2+ PRIME RANKINGS*
(07/27/26-08/02/26)

MON-SUN	MC US AA%	MC US AA (000)
FNC	0.713	2294
MS NOW	0.299	962
HGTV	0.226	727
DISC	0.220	708
CNN	0.195	628
HALL	0.171	550
TBS	0.166	534
ESPN	0.160	516
USA	0.160	515
HIST	0.152	489
TLC	0.136	439
FOOD	0.129	416
GSN	0.128	413
TV LAND	0.123	394
INSP	0.117	375
A&E	0.099	317
ID	0.098	316
NAN	0.094	304
BRAVO	0.091	293
HALLMYS	0.091	291
LIFE	0.083	269
TNT	0.081	259
SYFY	0.077	249
OXY	0.073	235
FX	0.072	232
AMC	0.071	227
BET	0.067	216
COM	0.067	215
REELZ	0.063	202
WETV	0.063	201
MLB	0.060	192
E!	0.059	191
MGNLA	0.059	189
NWSMX	0.057	183
FETV	0.056	180
ADSM	0.055	177
FRFM	0.052	167
PRMNT	0.052	167
LMN	0.050	161
NATGEO	0.048	156
FXX	0.046	149
IFC TV	0.046	148
BBCA	0.041	133
HBO	0.041	131
NWSNTN	0.041	130
APL	0.039	127

**P2+ L+SD rankers are based on national Nielsen numbers, not coverage.*