FEDERAL COMMUNICATIONS COMMISSION

47 CFR Part 1

[GN Docket No. 25–149; FCC 25–26; FR ID 294037]

Review of Foreign Ownership Policies for Broadcast, Common Carrier and Aeronautical Radio Licensees

AGENCY: Federal Communications Commission.

ACTION: Proposed rule.

SUMMARY: In this document, the Federal Communications Commission (Commission or FCC) adopted a Notice of Proposed Rulemaking (*NPRM*), in which it seeks comment on or proposes updates to set clear expectations about the Commission's review in both common carrier and broadcast licensees and on other updates that apply only to broadcast licensees. With regard to common carrier licensees, the *NPRM* seeks comment on or proposes to amend the rules to codify existing policy regarding which entity is the controlling U.S. parent; codify the Commission's advance approval policy regarding certain deemed voting interests; require identification of trusts and trustees; extend the remedial procedures and methodology to privately held companies; add requirements regarding the contents of remedial petitions; require the filing of amendments as a complete restatement to petitions for declaratory ruling; and clarify U.S. residency requirements. For broadcast licensees only, the *NPRM* seeks comment on how the Commission should process applications filed by a broadcast licensee during the pendency of a remedial petition for declaratory ruling; and other foreign ownership considerations related to processing applications for NCE and LPFM stations. The *NPRM* proposes to make it easier for entities to understand and navigate the FCC's foreign ownership rules. The FCC believes that this proceeding will avoid inconsistent outcomes; reduce costs; and facilitate the Commission's public interest analysis.

DATES: Comments may be filed on or before July 23, 2025, and reply comments may be filed on or before August 22, 2025. Written comments on the Paperwork Reduction Act proposed information collection requirements must be submitted by the public, Office of Management and Budget (OMB), and other interested parties on or before August 22, 2025.

ADDRESSES: You may submit comments, identified by GN Docket No. 25–149, by any of the following methods:

- *Electronic Filers:* Comments may be filed electronically using the Internet by accessing the ECFS: *http://apps.fcc.gov/ecfs/.*
- *Paper Filers:* Parties who choose to file by paper must file an original and one copy of each filing.
- Filings can be sent by hand or messenger delivery, by commercial courier, or by the U.S. Postal Service. *All filings must be addressed to the Secretary, Federal Communications Commission.*
- Hand-delivered or messenger-delivered paper filings for the Commission's Secretary are accepted between 8:00 a.m. and 4:00 p.m. by the FCC's mailing contractor at 9050 Junction Drive, Annapolis Junction, MD 20701. All hand deliveries must be held together with rubber bands or fasteners. Any envelopes and boxes must be disposed of before entering the building.
- Commercial overnight mail (other than U.S. Postal Service Express Mail and Priority Mail) must be sent to 9050 Junction Drive, Annapolis Junction, MD 20701.
- Filings sent by U.S. Postal Service First-Class Mail, Priority Mail, and Priority Mail Express must be sent to 45 L Street NE, Washington, DC 20554.
- *People with Disabilities.* To request materials in accessible formats for people with disabilities (Braille, large print, electronic files, audio format), send an email to *fcc504@fcc.gov* or call the Consumer and Governmental Affairs Bureau at (202) 418–0530.

FOR FURTHER INFORMATION CONTACT: Fara Mohsenikolour, Telecommunications and Analysis Division, Office of International Affairs, at *Fara.Mohsenikolour@fcc.gov* or (202) 418–1429. For additional information concerning the Paperwork Reduction Act (PRA) information collection requirements contained in this document, contact Cathy Williams at 202–418–2918, or via the Internet at *Cathy.Williams@fcc.gov.*

SUPPLEMENTARY INFORMATION: This is a summary of the Commission's Order and Notice of Proposed Rulemaking (*NPRM*), GN Docket No. 25–149; FCC 25–26, adopted on April 28, 2025, and released on April 29, 2025. The full text of this document is available for public inspection and copying via ECFS at *http://apps.fcc.gov/ecfs* and the FCC's website at *https://docs.fcc.gov/public/attachments/FCC-25-26A1.pdf.* Documents will be available electronically in ASCII, Microsoft Word, and/or Adobe Acrobat. Alternative formats are available for people with disabilities (Braille, large print, electronic files, audio format), by sending an email to *fcc504@fcc.gov* or calling the Commission's Consumer and Governmental Affairs Bureau at (202) 418–0530 (voice), (202) 418–0432 (TTY).

Initial Paperwork Reduction Act of 1995 Analysis. This *NPRM* proposes new or modified information collection requirements. The Commission, as part of its continuing effort to reduce paperwork burdens and pursuant to the Paperwork Reduction Act of 1995, Public Law 104–13, invites the general public and the Office of Management and Budget (OMB) to comment on these information collection requirements. In addition, pursuant to the Small Business Paperwork Relief Act of 2002, Public Law 107–198, see 44 U.S.C. 3506(c)(4), we seek specific comment on how we might further reduce the information collection burden for small business concerns with fewer than 25 employees.

Providing Accountability Through Transparency Act. Consistent with the Providing Accountability Through Transparency Act, Public Law 118–9, a summary of this document will be available on *https://www.fcc.gov/proposed-rulemakings.*[1]

Synopsis

I. Notice of Proposed Rulemaking

In this *NPRM,* we propose or seek comment on updates to set clear expectations about the Commission's review under section 310(b) of the Act of foreign investment in both common carrier and broadcast licensees and on other updates that apply only to broadcast licensees. Additionally, this *NPRM* seeks comment on other opportunities to improve the foreign ownership rules or ways we can reduce regulatory burdens, including whether there are any service-specific differences that would warrant alternative approaches for particular categories of licensees. Through these efforts, we strive to increase the likelihood of more fulsome initial submissions from petitioners to reduce inefficient follow-up discussions between Commission staff and petitioners to ensure compliance with section 310(b) of the Act.

[1] 5 U.S.C. 553(b)(4). The Providing Accountability Through Transparency Act, Public Law 118–9 (2023), amended section 553(b) of the Administrative Procedure Act.

A. Common Carrier and Broadcast Licensees

Below, as applied to both common carrier and broadcast licensees, we propose to codify certain policies and practices with respect to the Commission's foreign ownership rules for common carrier and broadcast licensees subject to 310(b) of the Act and seek comment on possible approaches to other aspects of the rules. This *NPRM* seeks comment on or proposes to amend the rules to: (1) codify existing policy regarding which entity is the controlling U.S. parent; (2) codify the Commission's advance approval policy regarding certain deemed voting interests; (3) require identification of trusts and trustees; (4) extend the remedial procedures and methodology to privately held companies; (5) add requirements regarding the contents of remedial petitions; (6) require the filing of amendments as a complete restatement to petitions for declaratory ruling; and (7) clarify U.S. residency requirements.

1. Controlling U.S. Parent Definition

To receive more fulsome and complete initial petitions, reduce additional submissions by the petitioners, and to streamline processing, we propose to define the *controlling U.S. parent* in our rules. In the *2016 Foreign Ownership Report and Order,* the Commission, among other things, clarified the citizenship and filing requirements for obtaining prior approval from the Commission for foreign ownership in the controlling U.S. parent of a licensee that would exceed the 25 percent benchmarks in section 310(b)(4).[2] Although the Commission adopted definitions for several terms related to its review of foreign ownership under section 310(b), including ''public company,'' ''subsidiary,'' and ''control,'' the Commission did not adopt a definition of ''*controlling U.S. parent*'' at that time. Since 2016, the overwhelming majority of petitions for declaratory ruling submitted under section 310(b)(4) have identified a *controlling U.S. parent* at the lowest permissible level in the vertical ownership chain while other petitions submitted have identified an entity higher up in the vertical ownership chain.[3] These different approaches to identifying the *controlling U.S. parent* often result in considerable additional processing time to ensure that the petitioner has properly identified the controlling U.S. parent of the licensee(s); to assess a licensee's vertical chain of control; to clarify ownership calculations; and/or to submit any corrections in the docket.

Based on this experience, we propose to define the *controlling U.S. parent* as ''the first controlling entity organized in the United States that is above the licensee(s) in the vertical chain of control and does not itself hold a license subject to [S]ection 310(b).'' We believe that adding a definition to our rules would benefit both the petitioners and the Commission for a few reasons. Our proposed definition would provide regulatory certainty to petitioners in determining how to appropriately factor in the *controlling U.S. parents* in their foreign ownership analyses to comply with section 310(b) of the Act and the Commission's rules. We believe that it would also reduce regulatory burdens by minimizing the need for staff to seek supplemental information. For staff and petitioners alike, this could potentially reduce the time and effort required to correctly identify the *controlling U.S. parent,* an exercise that can be burdensome depending on the complexity of the vertical ownership chain.

Further, we believe that the proposed definition, which codifies existing practice, would provide more certainty for petitioners and the ability to utilize the flexibilities provided for petitioners in §§ 1.5004(c)(1) (insertion of new controlling foreign organized company) and 1.5004(d)(1) (insertion of new non-controlling foreign organized company) of the Commission's rules. For example, with this clarity, under § 1.5004(c)(1), petitioners could confidently seek to insert within the vertical chain of control an additional controlling foreign-organized company immediately above the *controlling U.S. parent* without obtaining a new declaratory ruling. Section 1.5004(c)(1) allows this if the new foreign-organized company(ies) is ''under 100 percent common ownership and control with the foreign investor approved in the declaratory ruling.'' [4] We also believe the proposed definition would clarify how licensees can comply with the Commission's foreign ownership rules in §§ 1.5001(e) through (f) (disclosable interest holders), 1.5001(i) (specific approvals), and 1.5001(k) (advance approval)—which all rely on the term controlling U.S. parent.[5] We believe that the proposed definition will not affect any requirements under section 310(b)(4) of the Act or the Commission's foreign ownership rules.

We seek comment on our proposal, including our expectations regarding its effects. Would our proposal reduce burdens on staff and petitioners, as we expect? If not, what, if any, types of burdens would result, and would the benefits of including the proposed definition in the rules outweigh any burdens? We propose to apply this definition to all section 310(b) petitioners regardless of size or revenue but seek comment on whether there are certain considerations that should be noted for small entities. Would the proposed definition result in a more streamlined petition and review process, as we expect, and if so in what ways? Does this definition provide sufficient clarity for petitioners and the public while also allowing petitioners flexibility in structuring their ownership chains? Would the proposed definition impact other foreign ownership rules, and if so, how? Should the Commission instead define the term controlling U.S. parent differently, and if so, how, and what benefits and burdens would the proposed alternative present? Should the Commission decline to define the term ''*controlling U.S. parent*'' at this time and if so, why would that be preferable?

2. Deemed Voting Interest and Advance Approval

We propose to amend our rules to clarify how the Commission treats limited partners and members of limited liability companies (LLC members) that have deemed voting interests when considering a request for advance approval in a section 310(b) petition. Under the Commission's rules, foreign individuals and/or entities that receive specific approval pursuant to § 1.5001(i) may also receive advance approval pursuant to § 1.5001(k) for a future increase of their interests in the controlling U.S. parent. The advance approval rules provide flexibility for the foreign investors in a controlling U.S. parent to increase their interests at some future time up to the approved amount, eliminating the need to file a section 310(b) petition at the time of a future foreign investment that increases these interests. We propose to amend the foreign ownership rules to codify existing Commission practice to provide petitioners greater certainty concerning section 310(b) petitions involving limited partners and LLC members that have deemed voting interests. The proposed language would state explicitly that a finding of deemed voting interest of 50 percent or more is

[2] *See* 47 CFR 1.5000; *see generally 2016 Foreign Ownership Report and Order.*

[3] 47 U.S.C. 310(b)(4).

[4] In this instance, the licensee must notify the Commission of the insertion of the new entity, either by filing a letter to the Chief, Office of International Affairs, or by filing a *pro forma* notification. 47 CFR 1.5004(c)(2).

[5] 47 CFR 1.5001(e) through (f), (i), and (k).

not a finding of control in and of itself. We also propose to amend the rule for advance approval, 47 CFR 1.5001(k), to state that a foreign individual or entity that has a deemed voting interest of 50 percent or greater voting interest in the controlling U.S. parent, but that does not have *de jure* or *de facto* control of the controlling U.S. parent, may request advance approval for the foreign individual or entity to increase its interests, at some future time, up to any non-controlling amount not to exceed 49.99 percent equity and/or voting interest. We seek comment on this approach.

Specific Approval. Section 1.5001(i) of the Commission's rules requires petitioners to submit the names of individuals and entities that hold or would hold a greater than 5 percent equity and/or voting interest in the controlling U.S. parent (in certain circumstances, 10 percent), to request specific approval from the Commission to hold these interests at these percentage levels. In determining which foreign individuals and/or entities require specific approval under § 1.5001(i) of the Commission's rules, the Commission assesses the deemed voting interests of limited partners and LLC members. Although deemed voting interests are not direct voting rights, for purposes of specific approval requests submitted by petitioners under § 1.5001(i), the Commission treats deemed voting interests as direct voting rights. Entities with deemed voting interests under § 1.5001(i) may have less than a 5 percent equity interest and would not otherwise be subject to specific approval requirements. However, due to the way partnerships and LLCs are structured, such entities can be involved in the management of the partnership or LLC even with a less than 5 percent equity interest. Consequently, the Commission assesses the deemed voting interests for individuals or entities as part of the Commission's public interest analysis for section 310(b)(4) petitions.

Advance Approval. Section 1.5001(k) of the Commission's rules allows petitioners to request advance approval for named individuals or entities that have requested specific approval (under § 1.5001(i)) to increase their interests in the controlling U.S. parent at some future time. Individuals or entities that do not have actual control over the controlling U.S. parent may only request advance approval of up to a non-controlling 49.99 percent equity and/or voting interest. The Commission does not use deemed voting interests in determining what advance approval a petitioner may request for an individual or entity that obtains specific approval. The Commission's rules regarding advance approval do not specifically address deemed voting interests. The Commission staff have received requests for advance approval for individuals or entities that may have 50 percent or greater deemed voting interests, but do not have *de jure* or *de facto* control over the controlling U.S. parent. Staff receive questions about these topics given their interrelated concepts and individuals and/or entities involved. We believe that our clarification in our rules here would ensure petitioners understand the requirement for advance approval, would facilitate provision of more appropriate ownership information, and would reduce processing time for staff and petitioners.

Insulation and Determining Voting Interests. In determining the voting interests held by limited partners and LLC members for purposes of determining their deemed voting interests, the Commission assesses whether the interests held in the limited partnership and LLC are insulated.[6] Section 1.5003 of the Commission's rules sets out the criteria for determining if such interests are to be considered insulated or not.[7] These criteria look at whether the limited partner or LLC member is prohibited by the operative agreement from active engagement in the management of the partnership or LLC and in fact is not actively involved in management, and whether the rights afforded by the partnership agreement are limited to usual and customary investor protections.[8] Usual and customary investor protections include such things as the power to prevent the sale of all or substantially all of the assets of the limited partnership or LLC or a voluntary bankruptcy or liquidation. If the limited partnership or LLC is considered to be insulated under the Commission's rules, the limited partner or LLC member is deemed to hold a voting interest equal to its equity interest. On the other hand, if the limited partnership or LLC is determined to be uninsulated, the limited partner or LLC member is deemed to hold the same voting interest as the limited partnership or LLC holds in the next lower tier in the licensee's vertical ownership chain. If the limited partnership or LLC holds its interest directly in the controlling U.S. parent, it is deemed to hold a 100 percent voting interest.

Deemed Voting Interest and Control. In determining how much indirect foreign ownership constitutes control over a licensee, the Commission distinguishes between *deemed voting interests* and *actual voting interests.* As stated above, the deemed voting interest is only used to determine which entities require specific approval, and for which advance approval may be requested. A finding of a deemed voting interest of 50 percent or more is not a finding of *de jure* or *de facto* control of the controlling U.S. parent. Rather, it is an indication of the potential influence of the limited partner or LLC member in the partnership or LLC. The Commission has long found that an owner with a greater that 5 percent equity and/or voting interest may have the ability to influence a licensee and thus the foreign ownership rules have set a 5 percent equity or voting ownership level (in certain circumstances, 10 percent) as the benchmark for when a foreign individual or entity is required to obtain specific approval for its ownership interest in the controlling U.S. parent.

While under certain circumstances, influence can confer control, influence and control are not the same. Under the Commission's rules, a disclosure of deemed voting interest(s) does not constitute a presumptive conclusion about control. In assessing whether an individual or entity does or does not control a licensee, the Commission examines *de jure* and *de facto* control. *De jure* control (control as a matter of law) is typically determined by examining whether a shareholder owns or legally controls more than 50 percent of the voting shares of a corporation. *De facto* control (control in fact) is typically determined by examining whether, as a matter of fact, a minority shareholder is able to determine some or all of the licensee's core policies and operations or dominate corporate affairs. In the broadcast and common carrier contexts, a variety of different factors have been found to be relevant in determining whether a person or entity has *de facto* control over a company.

Deemed Voting Interest and Influence. The Commission utilizes deemed voting interests to measure foreign influence separate from its analysis of whether a particular investor has actual decision-making power. As such, a determination that a foreign investor has deemed voting interests in the controlling U.S.

[6] We note that, in the broadcast services, insulation of limited partnership, limited liability partnership, and limited liability company interests for applicants and licensees shall be determined in accordance with note 2(f) of § 73.3555 of the Commission's rules. *See id.* 1.5000(i)(1); *see also id.* 73.3555, note 2.

[7] 47 CFR 1.5003.

[8] The Commission presumes that a general partner has a controlling interest in the partnership and is deemed to hold an uninsulated interest in the partnership. 47 CFR 1.5001(e), (f), and Notes.

parent does not necessarily mean that such foreign investor also has *de jure* or *de facto* control of the controlling U.S. parent. When the Commission reviews a section 310(b) petition and there is a deemed 100 percent voting interest directly in a controlling U.S. parent that is organized as a partnership or LLC, the Commission's practice has been to permit a petitioner to request advance approval *only* up to a non-controlling 49.99 percent equity and/or voting interest for that entity. Similarly, when there is a deemed 50 percent or more voting interest indirectly in a controlling U.S. parent, the Commission's practice has been to permit a petitioner to request advance approval *only* up to a non-controlling 49.99 percent voting interest for that entity.

The exception to this, however, is when the Commission determines that there is an actual controlling interest in which case the Commission would permit a petitioner to request advance approval for up to a 100 percent voting interest. As noted, a finding of a specific deemed voting interest of 50 percent or greater is not the same as a finding of control, and therefore entities that do not already hold an actual controlling interest and seek to exceed the 49.99 percent equity and/or voting interest threshold in the future must file a new petition for declaratory ruling and seek prior Commission approval to hold a controlling interest in the applicant, licensee, or controlling U.S. parent. Were the Commission to treat deemed voting interests of 50 percent or greater the same as actual controlling interests, the Commission would need to require more disclosures from the licensee, initiate review of the interests, potentially refer the application to the Committee for national security review, and determine whether the transfer of control of the licensee was in the public interest. The Commission's current practice provides flexibility to permit foreign minority shareholders to increase their interest at some future time after the grant of the declaratory ruling, while minimizing burdens associated with disclosing information at a level required of a controlling interest holder.

As noted above, we propose to amend our rules to codify our existing Commission practice of how the Commission will analyze petitions involving limited partners and LLC members that have deemed voting interests. We seek comment on this approach. Would the proposal reduce burdens on petitioners, including small entities, improve transparency, and add clarity to our rules? What additional benefits may arise from this approach? Should the Commission decline to amend the rules at this time or consider an alternative approach, and if so, how would these options affect petitioners, including small business entities?

3. Trust and Trustees Requirements

We propose to amend our rules to specify the information that petitioners must submit in section 310(b) petitions concerning trusts and trustees. The changes to the rules would facilitate more fulsome submissions in the initial petition and reduce inefficient follow-up discussions between staff and petitioners to obtain the necessary information. Under § 1.5001(e) and (f) of the rules, a petitioner must disclose trusts, as well as any other entity or individual, U.S. or foreign, as a disclosable interest holder, if the entity or individual holds, or would hold, a direct or indirect interest of ten percent or more, or a controlling interest, in the controlling U.S. parent of the petitioning common carrier applicant or licensee. In the broadcast context, the petitioner must utilize the attribution rules and policies applicable to broadcasters to determine the U.S. and foreign interests that must be disclosed in a section 310(b)(4) petition.

Another requirement in a petition is that with regard to foreign equity and/or voting interests that are more than 5 percent, both broadcast and common carrier petitioners must also request specific approval for such interests in a controlling U.S. parent of the petitioning applicant or licensee.[9] In particular, specific approval must be requested for a foreign trust or other entity that is organized in a foreign country, or an individual that is a citizen of a foreign country, if such entity or individual ''holds, or would hold, directly and/or indirectly, more than 5 percent of the equity and/or voting interests, or a controlling interest, in the controlling U.S. parent,'' in the petitioning common carrier applicant or licensee, unless the foreign investment is exempt. For any foreign entity or individual for which the petitioner requests specific approval under § 1.5001(i) of the Commission's rules,[10] the petitioner may request advance approval ''to increase its direct and/or indirect equity and/or voting interests in the controlling U.S. parent of the'' [11] petitioning applicant/licensee at some future point above the amount requested under paragraph (i) without needing to file another petition with the Commission. We also note that § 1.5004(f)(2) prohibits parties from using a trust ''as part of a plan or scheme to evade the application of the Commission's rules or policies under [S]ection 310(b)'' and subjects violators to enforcement action by the Commission.

We propose to amend our rules to conform with policy and practice that trustees must be disclosed under § 1.5001(e), (f), and (i), as applicable, which currently require disclosure of interests held in trust. To analyze whether a particular trust holds an equity and/or voting interest in the controlling U.S. parent for purposes of compliance with section 310(b), the Commission staff requires specific information regarding the identity of trustees of a trust. Where this information is not provided in the petition, staff require petitioners to submit the information through supplemental filings. To reduce the costs and burdens associated with additional requests when the petitioner fails to provide trustee information in an initial petition, we propose to codify Commission practice by stating that the petitioner must disclose both a trust and its trustee(s) under § 1.5001(e) and/or (f). We believe that our proposal would provide clarity to petitioners about the type of information required for trusts and trustees under the rules, streamline the filing process for petitioners, and enable the Commission to more efficiently review petitions filed pursuant to § 1.5000(a). We seek comment on the proposed approach. Should the Commission decline to amend the rules at this time or consider

[9] For petitions filed pursuant to 47 U.S.C. 310(b)(3) and 47 CFR 1.5000(a)(2), with regard to foreign equity and/or voting interests that are more than 5 percent, common carrier petitioners must ''request specific approval for any foreign individual, entity, or group of such individuals or entities that holds, or would hold, directly, and/or indirectly through one or more intervening U.S.-organized entities that do not control the applicant or licensee, more than 5[%] of the equity and/or voting interests in the applicant or licensee unless the foreign investment is exempt under paragraph (i)(3).'' 47 CFR 1.5001(i)(2).

[10] 47 CFR 1.5001(i).

[11] 47 CFR 1.5001(k) (explaining that the petitioner may request advance approval of up to a 49.99 percent non-controlling interest for a foreign entity or individual that holds or would hold a non-controlling interest as a result of consummation of any transactions described in the petition, or up to a 100 percent controlling interest for a foreign entity or individual that holds or would hold a controlling interest as a result of consummation of any transactions described in the petition). For petitions filed pursuant to 47 U.S.C. 310(b)(3) and 47 CFR 1.5000(a)(2), the petitioner may seek advance approval to increase its direct and/or indirect equity and/or voting interests in the petitioning common carrier applicant/licensee at some future point above the amount requested under paragraph (i) without needing to file another petition with the Commission. 47 CFR 1.5001(k)(2).

an alternative approach, and if so, how would these options affect petitioners, including small business entities?

4. Extending the Methodology and Remedial Process to Privately Held Entities

To address the increasingly complex ownership structures of privately held companies, we seek to revisit whether we should extend certain calculation methods and safe harbors afforded to U.S. public companies in the *2016 Foreign Ownership Report and Order* to privately held companies. Specifically, we seek comment on extending the Commission's methodology for determining foreign ownership and the remedial process for inadvertent non-compliance with the foreign ownership benchmarks to privately held entities for all services subject to section 310(b)(4). Currently, the methodology for determining foreign ownership and the remedial process for inadvertent non-compliance with section 310(b)(4) are limited to U.S. public companies. The Commission reasoned that privately held companies do not face the same difficulties in identifying interest holders and that they have greater flexibility to enact controls—such as restrictions on the transfer of ownership interests—necessary to ensure continued compliance with section 310(b). However, the Commission indicated that it would allow private companies to use the revised calculation methodology that is applicable to U.S. publicly traded companies on a case-by-case basis, *e.g.,* ''if in a particular case, there are significant impediments that prevent a privately held entity from conducting an up-the-chain analysis to ascertain all of its indirect ownership interests, including non-voting equity interests held by remote, insulated investors.''

Since the *2016 Foreign Ownership Report and Order,* the Commission has observed increasingly complex ownership structures of its licensees, including both U.S. public companies and privately held companies. Notably, licensees whose controlling U.S. parents are privately held companies, report that the licensees experience similar issues as public companies in identifying all disclosable interest holders, particularly if the ''up-the-chain'' ownership structure includes entities, such as equity funds, that may themselves either be public companies or have diverse ownership interests (including other funds). These licensees also indicate that they have experienced difficulty in controlling or preventing changes in these funds, even though the entities are privately held. While current Commission policy allows for some flexibility in calculating ownership percentages on a case-by-case basis, absent the safe harbor available to publicly traded companies, privately held companies are subject to potential enforcement action if there is an inadvertent violation of the foreign ownership benchmarks.[12]

Allowing privately held companies to use the methodology that is applicable to U.S. publicly traded companies in the calculation of ownership percentages on a case-by-case basis has provided relief to privately held companies in such situations in prior proceedings.[13] In our experience, the case-by-case approach provides effective relief when warranted without unduly impacting our ability to ensure compliance with section 310(b). Nevertheless, we seek comment on whether we should adopt a methodology, similar to that applicable to U.S. publicly traded companies.[14] Commenters should explain the basis for their views. What distinctions between public and private companies are relevant to our analysis and how should we account for these distinctions? What are the benefits and burdens of continuing to utilize a case-by-case approach versus adopting a more formal methodology?

We also seek comment on whether we should extend the Commission's remedial process, currently available only to publicly held companies, to privately held companies to allow for the cure of inadvertent non-compliance with the foreign ownership statutory benchmarks with respect to any service subject to section 310(b). When a publicly held licensee determines that it has inadvertently exceeded the statutory foreign ownership benchmarks or its previously authorized foreign ownership levels, it may remediate its noncompliance in one of two ways: (1) the licensee can file a remedial petition for declaratory ruling seeking Commission approval of the increased foreign ownership; or (2) it can eliminate the excess foreign ownership. The Commission has stated that in either case, it does not, as a general rule, expect to take enforcement action related to the licensee's non-compliance with the foreign ownership rules, provided that the licensee takes two actions. First, the licensee submits a letter to the Commission no later than 10 days after learning of the investment(s) that rendered the licensee non-compliant, that states the licensee's intention to file a petition for declaratory ruling or, alternatively, take remedial action to come into compliance within 30 days of the date the licensee learned of the non-compliant foreign interest(s). Second, the licensee's petition (or a letter notifying the relevant Bureaus and Offices that the non-compliance has been timely remedied) demonstrates that the licensee's non-compliance with the section 310(b)(4) benchmarks or the terms of the licensee's existing section 310(b)(4) declaratory ruling, was due solely to circumstances beyond the licensee's control that were not reasonably foreseeable to or known by the licensee with the exercise of the required due diligence.

Should we amend our rules to provide that the remedial process is available to all privately held companies? Or should we decline to amend the rules and continue with the case-by-case basis, consistent with the current approach regarding privately held companies' use of the calculation methodology that is applicable to U.S. publicly traded companies? What distinctions between public and private companies are relevant to our analysis and how should we account for these distinctions? We expect that this process would conserve public and private resources by minimizing the need for enforcement action. If we extend the remedial process to privately held entities, we propose that any new approach should apply to all services subject to section 310(b). Would extending the remedial process and, in particular, refraining from enforcement action if the licensee follows all requirements, encourage greater self-reporting of newly discovered or inadvertent foreign ownership in excess of the statutory benchmarks and greater compliance with the Commission's rules? Would it result in a more streamlined remediation process? We seek comment on the expected benefits of extending the remedial process to privately held companies, as well as any burdens that may arise in our implementation of this proposal. Would the benefits of this proposal outweigh the potential burdens?

[12] *See* 47 CFR 1.5004(f)(3) and (4).

[13] *See, e.g., Applications of LightSquared Subsidiary LLC, Debtor-in-Possession, and LightSquared Subsidiary LLC For Consent to Assign and Transfer Licenses and Other Authorizations and Request for Declaratory Ruling on Foreign Ownership,* IB Docket No. 15–126, Memorandum Opinion and Order and Declaratory Ruling, 30 FCC Rcd 13988, 13999–14002, paras. 23–27 (2015) (permitting Fortress, a widely held, publicly traded limited liability company to be treated in the same manner as a corporation for purposes of calculating foreign voting interests in the licensee through Fortress).

[14] 47 CFR 1.5000(e).

5. Contents of Remedial Petitions

We propose to amend a specific subsection of our rules to state what information petitioners must include in a remedial petition for declaratory ruling under § 1.5004(f)(3) through (4) when seeking to remedy non-compliance with the existing requirements for foreign ownership benchmarks with respect to any service subject to section 310(b). We believe our proposed rule amendment would promote more efficient processing and reduce delays resulting from confusion among petitioners about what information is required for remedial petitions for declaratory ruling. Our rules currently require that remedial petitions for declaratory ruling filed under section 310(b) of the Act must be filed as new petitions for declaratory ruling and set forth the required contents of petitions for declaratory ruling. Our proposed rule amendment would state explicitly that remedial petitions must contain all of the information required for an initial petition for declaratory ruling and not just the information related to the newly discovered non-compliant interest(s). Under a remedial petition, a petitioner seeks Commission approval of the controlling U.S. parent's above-benchmarks aggregate foreign ownership interests, or approval of any particular foreign equity and/or voting interests that require specific approval under the licensee's existing section 310(b)(4) declaratory ruling.

When an eligible licensee opts to file a remedial petition for declaratory ruling under § 1.5004(f)(3) or (f)(4) of the Commission's rules to address an instance of non-compliance with the Commission's foreign ownership rules, the Commission has required that the remedial petition contain all the information required for an initial petition and not just the information related to the non-compliant interest(s). Indeed, as noted above, the Commission's current rules require that remedial petitions for declaratory ruling contain all information required in § 1.5001. And while the Commission has observed that most petitioners proceed in this fashion *sua sponte,* there have been instances where petitioners, despite the existing Commission rules on foreign ownership, have initially provided only the information related to the non-compliant interest(s), resulting in multiple submissions by the petitioners. We believe that failure to provide all relevant information unduly delays and frustrates efficient processing of petitions, including remedial petitions.

We propose to codify revised language in a specific subsection of our rules to state the existing requirement that remedial petitions for declaratory ruling must contain all the ownership information required in an initial petition for a declaratory ruling, and not just the information related to the non-compliant interest(s). We seek comment on this proposal. We note that there are similar information requirements in other parts of our foreign ownership rules. In fact, the Commission's rules require a licensee with an existing declaratory ruling to submit a new petition for declaratory ruling under § 1.5000, and thus include all required information under § 1.5001, before its foreign ownership exceeds the routine terms and conditions set forth in § 1.5004 and/or any specific terms or conditions of its declaratory ruling. In addition, petitioners submitting remedial petitions for declaratory ruling are already required to file responses to the Commission's Standard Questions in connection with the remedial petition for declaratory ruling to ensure the Committee receives all information required for its review. This rule applies to all petitions for declaratory ruling (*e.g.,* initial or remedial), and we do not propose to change that requirement here.

We seek comment on the expected benefits of the proposal. We expect that the proposal would result in a more streamlined process since we are not proposing to change the substantive requirements of the rule, but rather to add language to state what is already required. We therefore do not anticipate our proposal would result in any new burdens. We seek comment on these assessments, including how our proposal may impact small business entities.

6. Filing Amendments as a Complete Restatement to Petitions for Declaratory Ruling

The Commission's rules do not specify the procedure for filing an amendment to a petition for declaratory ruling, which can cause confusion concerning the parameters of pending requests. We therefore seek comment on codifying a requirement that any amendments to a pending petition for declaratory ruling must be filed as a complete restatement of the initial petition. In the *2016 Foreign Ownership Report and Order,* the Commission adopted rules for the filing and processing of section 310(b) petitions for declaratory ruling, but it did not codify procedures for filing an amendment to a petition. The practice of the Office of International Affairs and the Media Bureau is that when there have been substantial changes to the petition, is to have petitioners file a complete restatement of the petition instead of filing an amendment or supplement with specific changes and to also file a cover letter with a narrative description of what is being amended. This practice has ensured that the public and Commission staff can access accurate and complete ownership information for review without undue confusion about which filings or portions of filings are active and/or current. To avoid confusion and promote regulatory consistency, we seek comment on whether to codify this practice. Further, to minimize burdens, we seek comment on whether there are certain ministerial changes to petitions for declaratory ruling that could be filed by an amendment without filing a complete restatement. If so, we seek comment on what would constitute a ''ministerial change,'' such as a misspelled name or incorrect address, and on this approach generally. We seek comment on the expected benefits and burdens on petitioners, including small entities. Would the benefits of such a requirement outweigh the burdens? Would this proposal result in a more streamlined process?

7. U.S. Residency Requirements

Based on questions Commission staff have received regarding whether foreign investors in companies seeking a petition for declaratory ruling must maintain U.S. residency, we propose to clarify that there is no Commission requirement that a foreign investor must reside within the United States. Specifically, a foreign investor's lack of a U.S. residence is not a factor in the Commission's assessment of whether a petition for declaratory ruling is in the public interest. United States residency status has not been required or expected previously under our foreign ownership rules. We believe requiring a foreign investor to maintain U.S. residence would be contrary to the Commission's policy of allowing certain levels of foreign ownership that are not contrary to the public interest. We seek comment on this proposed clarification. As noted above, we propose that any new approach adopted by the Commission should apply to all services subject to section 310(b).

B. Broadcast Licensees Only

As discussed below, regarding broadcast licensees only, in this *NPRM,* we seek comment on: (1) how the Commission should process applications filed by a broadcast licensee during the pendency of a

remedial petition for declaratory ruling under section 310(b)(4); and (2) other foreign ownership considerations related to processing applications for NCE and LPFM stations.

1. Processing Broadcast Licensee Applications During the Remedial Process

To help provide clarity to the broadcast industry, we seek comment on how the Commission, including the Media Bureau pursuant to delegated authority, should process applications generally, or certain types of applications, filed by a broadcast licensee during the remedial process set forth in § 1.5004(f) of the Commission's rules. We tentatively find that processing guidelines will best inform the broadcast industry on how the Commission will process broadcast applications while a remedial petition is subject to review and we seek comment on that position. Indeed, the Commission routinely issues guidelines to help provide clarity regarding the processing of certain applications.

Under the Commission's current remedial process, where a licensee's controlling U.S. parent is an eligible U.S. public company, the licensee may file a remedial petition for declaratory ruling seeking approval of the U.S. parent's above-benchmark, aggregate foreign ownership interests or approval of any particular foreign equity and/or voting interests that require specific approval under the licensee's existing section 310(b)(4) ruling.[15] Alternatively, the U.S. parent has the option to remedy the non-compliance by, for example, redeeming the foreign interest(s) that rendered the licensee non-compliant with section 310(b)(4) or the licensee's existing section 310(b)(4) ruling.

As noted above, the Commission has stated that it does not, as a general rule, expect to take enforcement action related to the licensee's non-compliance with the foreign ownership rules in either case, provided the licensee satisfies certain requirements.[16] Nonetheless, the Commission may ultimately determine that the licensee was not actually entitled to use the remedial process or the Commission may ultimately reject the proposed foreign ownership.[17] Therefore, the existence of the remedial process, on its own, does not necessarily resolve the issue of whether the broadcast licensee is in compliance with the Commission's rules during the pendency of a remedial petition for declaratory ruling or following remedy of the non-compliance. This is significant because it has been the Media Bureau's practice, often in consultation with the Enforcement Bureau, to place a hold on certain types of applications while a broadcast licensee is subject to an investigation for a potential violation of the Commission's rules.[18] As a result, any unresolved foreign ownership questions presented by non-compliance with our rules or the terms of a prior declaratory ruling may impede the processing of pending license applications.

Moreover, fundamentally, a licensee with a pending remedial petition for declaratory ruling has a foreign ownership interest that is inconsistent with the Commission's rules and that has not yet been approved. And indeed, upon review of the remedial petition, the Commission may not ultimately approve the foreign ownership interest. In such circumstances, we seek comment on whether the Commission should grant the licensee new authorizations or allow a licensee to dispose of certain authorizations while the petition for declaratory ruling is pending. If so, should any grant of a license be explicitly conditioned on the grant of the pending remedial petition for declaratory ruling and on any enforcement action that may be warranted if the remedial petition is deemed inadequate? Or should staff hold pending license applications until review of a remedial petition is completed? In determining how to proceed, should the Commission take into account the type of license application that is at issue? Are there certain types of applications that should continue to be processed in the normal course during the pendency of the remedial process, such as applications related to the continued operations of the current broadcast facilities (*e.g.,* applications for special temporary authority or minor modifications)? Conversely, are there non-routine applications such as major modifications, license renewals, and assignments/transfers of control, that the Commission should refrain from processing during the pendency of a remedial petition for declaratory ruling? Similarly, are there otherwise routine applications that should not be processed during this time, such as changes in community of license or changes that would expand coverage areas? What facts and public interest considerations should the Commission consider in determining whether to process or grant a license application while a remedial petition is pending? And should any public notice accepting the application disclose the pending remedial petition for declaratory ruling? We also seek comment on whether there are any limitations on the Commission's authority to grant license applications while a remedial petition for declaratory ruling is pending. To what extent do these proposals impact the Commission's statutory standard for granting applications under sections 308(b), 309(a), 310(b)(4), and 310(d) of the Act, if at all?

Previously, the Media Bureau has, on occasion, found that the public interest would be served by granting an assignment of license or transfer of control application during the pendency of a remedial petition. In doing so, however, the Bureau imposed a number of conditions to acknowledge the non-compliant foreign ownership and to ensure the applicant's ability and commitment to comply with the outcome of the Commission's review. Notably, these conditions included the suspension of any voting rights for the unapproved interests, heightened insulation requirements for the new foreign interests, limitations on the payment of all dividends and/or distributions while the remedial petition was pending, and the potential to unwind the transaction if the proposed foreign ownership was ultimately rejected. Should the Commission continue to process such applications so long as they are

[15] 47 CFR 1.5004(f)(3).

[16] *2016 Foreign Ownership Report and Order,* 31 FCC Rcd at 11309–10, para. 80.

[17] The Commission has the right to take enforcement action in cases where the licensee was not actually entitled to use the remedial process. 47 CFR 1.5004(f)(1) (''Except as specified in paragraph (f)(3) of this section, if at any time the licensee, including any successor-in-interest and any subsidiary or affiliate as described in paragraph (b) of this section, knows, or has reason to know, that it is no longer in compliance with its foreign ownership ruling or the Commission's rules relating to foreign ownership, it shall file a statement with the Commission explaining the circumstances within 30 days of the date it knew, or had reason to know, that it was no longer in compliance therewith. Subsequent actions taken by or on behalf of the licensee to remedy its non-compliance shall not relieve it of the obligation to notify the Commission of the circumstances (including duration) of non-compliance. Such licensee and any controlling companies, whether U.S.- or foreign-organized, shall be subject to enforcement action by the Commission for such non-compliance, including an order requiring divestiture of the investor's direct and/or indirect interests in such entities.'').

[18] ''Enforcement holds'' are often placed by the Commission's Enforcement Bureau in connection with complaints filed against a licensee or its stations that remain under investigation. For example, pursuant to guidance from the Enforcement Bureau, while ''such an enforcement hold is in place, the renewal application subject to the hold will not be granted until the Enforcement Bureau releases the hold.'' *See Enforcement Bureau Provides Guidance for Renewal Hold Checks,* Public Notice, 35 FCC Rcd 2888 (IHD 2020).

similarly conditioned, or conditioned in another manner?

We seek comment on whether adopting rules concerning the processing of broadcast applications while a foreign ownership petition is pending would offer greater benefits or fewer burdens than issuing guidance. Commenters should identify specific anticipated benefits or burdens, including burdens on small entities, associated with the adoption of rules or guidance.

2. Assessing Foreign Ownership of Noncommercial Educational (NCE) and Low Power FM (LPFM) Stations

To better incorporate the ownership structures of NCE and LPFM stations seeking approval for proposed foreign ownership into our rules, we seek to clarify how we approach determining the foreign ownership levels of these particular stations. We therefore seek comment on changes to the Commission's foreign ownership rules that would assess the foreign ownership levels of NCE stations, including full-service FM radio and television stations and LPFM stations, by considering their unique structures. Just as with their commercial counterparts, ownership—including foreign ownership—of NCE and LPFM stations is subject to the provisions of section 310(b). As such, the Commission's foreign ownership rules are not limited to commercial stations, though the rules discuss ownership in terms of the voting and equity shares of individuals and entities. This characterization of ownership, however, is rarely applicable in the NCE/LPFM context, as these entities are often governed by a board of directors or an unincorporated association without traditional voting or equity shares in the entity. The Commission's rules and policies, however, have long recognized that these governing bodies—and, by extension, the individual board members—direct the operations of these stations. The Commission has addressed this in the broadcast ownership report context, for attribution purposes, by looking to the composition of the respondent's governing board or other governing entity, and whether it is directly or indirectly under the control of another entity.

While to date, there have been relatively few instances of requests for proposed foreign ownership of NCE and LPFM stations under the Commission's current foreign ownership rules, we believe it would be beneficial to consider how to incorporate the structures of these stations into the current rules. As we do in the broadcast ownership report context, in determining the voting shares of NCE stations in the course of our section 310(b)(4) reviews, we propose to consider the composition of the governing board or other governing entity, and whether it is directly or indirectly under the control of another entity for purposes of assessing compliance with the foreign ownership limits set forth in the Act and the Commission's rules. For example, if an NCE station licensee (or applicant) is governed by a board with five members, each member would be deemed to have a 20 percent voting interest (or ''share'') in the licensee absent an agreement that sets forth different voting shares for each individual member, in which case each member would be deemed to have the percentage interest designated in the agreement. If there are four members, each member would have a 25 percent voting interest, and so forth. In the event that greater than 25 percent of the controlling interest holders in the licensee's controlling U.S. parent would be non-U.S. citizens, the licensee would first need to seek approval for such foreign ownership consistent with section 310(b)(4) and the Commission's foreign ownership rules. Direct foreign interests in the licensee would be subject to the 20 percent benchmarks in section 310(b)(3).

We also note that, consistent with the broadcast ownership context, there may be station-specific agreements or circumstances that could impact how the ownership percentages are calculated. For example, the governing board could cede its decision-making authority over the station to an executive in the operating organization. Any such circumstances would continue to be subject to individual review under section 310(b). And while governing board members in noncommercial entities do not traditionally have equity interests in the licensee, any such equity interests specific to a particular licensee would also be subject to the 310(b) benchmarks.

We seek comment on this approach for determining percentage ownership interests for the purpose of evaluating whether foreign ownership is consistent with that laid out in the section 310(b) benchmarks. We also seek comment on the expected benefits of this approach, and what, if any, burdens it could impose on petitioners, including small entities.

We also seek comment on circumstances in which an individual noncommercial licensee/permittee/applicant adopts a different approach to determining voting shares, *e.g.,* by allocating voting power to board members on something other than a pro rata basis. In what cases might a noncommercial organization adopt an agreement that sets forth different voting shares for each individual member? Do these types of voting agreements raise any concerns, such that the Commission should restrict their use in some or all circumstances? Further, are such weighted governance structures (*i.e.,* non pro rata) typically permitted by state or federal laws regarding the incorporation and governance of noncommercial entities? If agreements that set forth different voting shares are permissible, should the Commission require that a copy of the voting agreement accompany the petition for declaratory ruling? Alternatively, is there a different approach for determining voting control that would better reflect the structure of NCE and/or LPFM stations? Are there circumstances in which application of the current foreign ownership rules would not be appropriate? How should we address such situations, *e.g.,* waiver or alternate procedures, for petitions involving NCE/LPFM stations? We seek comment on these questions. We also seek comment on the expected benefits of each approach, and what, if any, burdens each approach could impose on petitioners.

3. NCE/LPFM Application Processing Issues

We seek comment on whether and how to clarify the Commission's rules and procedures regarding the application of section 310(b) in the context of filing windows for construction permits for noncommercial authorizations. Under the Commission's rules, companies with foreign investors are eligible to apply for new construction permits that are available for application during a filing window, including noncommercial filing windows. Those companies with foreign investors in excess of the statutory benchmarks must, at the time the application for a construction permit is filed, also submit a petition for declaratory ruling, unless they are already covered by such a ruling. However, the current rules do not address various procedural issues that might arise in the context of a filing window for a noncommercial authorization. For example, the Commission has on occasion opened application windows for new and major modifications to NCE FM radio stations, NCE full power television stations, and LPFM stations, which award such authorizations using a point system for selection criteria. Applicants must make

various certifications regarding their foreign ownership, including whether the applicant is in compliance with the terms and conditions of an existing foreign ownership declaratory ruling and whether there have been any changes in the applicant's foreign ownership since the issuance of a declaratory ruling(s). In the NCE FM and television context, for example, applicants must also submit information regarding point system factors and tie breakers, which award merit points based on certain distinct criteria, including: (1) established local applicant; (2) diversity of ownership; (3) state-wide network; and (4) technical parameters. Applications that conflict with one another from an engineering perspective are considered mutually exclusive (MX). Applications are assigned points based on these criteria and the Bureau awards the authorization to the applicant with the superior showing. In the event MX applications are tied with the highest number of points, the tied applicants will proceed to a tie-breaker round in which certain tiebreakers are considered.

In light of these NCE/LPFM filing window procedures, we seek comment on how best to structure our review of section 310(b) compliance. First, we propose to clarify that, under the current requirements in § 1.5000(b) regarding construction permit applications, entities with foreign ownership in excess of the statutory benchmarks in section 310(b)(4) and without an existing declaratory ruling can participate in an NCE/LPFM filing window so long as they file a petition for declaratory ruling seeking approval of the foreign ownership interest at the same time they file the application for a construction permit required for participation in the filing window. Given that, at that point, the applicant has yet to be awarded a construction permit or a license, how should the Commission process the petition? For example, would the entities also need to file responses to the Standard Questions at the time of filing the application or would this result in unnecessary filings for those entities that are not deemed the tentative selectee in the filing window? Should we require that the petition for declaratory ruling be processed by Commission staff only if and when the applicant is deemed the tentative selectee and condition the grant of a construction permit on the grant of such a petition? In that case, would the applicant then file its responses to the Standard Questions after it has been selected? Could processing a petition for declaratory ruling after the selection result in circumstances in which an unqualified broadcast applicant is selected, *e.g.,* an entity with foreign ownership that violates section 310(b)(4)? Should the Commission delay referring the petition for declaratory ruling to the Executive Branch until after an applicant is selected? We seek comment on these issues as well as the expected benefits and burdens imposed on petitioners in each scenario.

Additionally, we seek comment on how accepting applications with proposed but as-yet unapproved foreign ownership impact MX groups, if at all? For example, if an applicant is selected in an MX group but ultimately fails to obtain approval for its foreign ownership, how should the Commission proceed with respect to the construction permit? Should it be awarded to the applicant with the second-highest point tally, as it would under our existing selection criteria, should such an applicant exist? To what extent should we apply the existing selection criteria to situations in which the tentative selectee fails to obtain approval for its foreign ownership? Given the length of time for review of a petition for declaratory ruling, how might this review period impact the selection process? How do the procedures we propose here impact other technical rules, such as the protected status of new station or modification applications? We also seek comment on how, if at all, the point system should consider proposed foreign ownership. How should the Commission formalize any approach it may adopt, *e.g.,* rule changes, processing guidance, or both? We seek comment on these questions as well as the expected benefits and burdens imposed on petitioners in each scenario.

C. Other Opportunities To Improve or Ways To Reduce Regulatory Burdens Concerning the Foreign Ownership Rules

We seek comment generally on what other opportunities we can take to improve the foreign ownership rules or ways we can reduce regulatory burdens. Are there additional ways we can streamline our section 310(b) rules or processes? We seek comment on whether there are any service-specific differences that would warrant alternative approaches or additional guidance for particular categories of licensees or small business entities with regard to any of our proposals discussed above. We seek comment on whether there are any other processes or policies that may need to be codified in our rules to further assist petitioners and expedite processing of section 310(b) petitions. Consistent with the *Delete, Delete, Delete Proceeding,* we also seek comment on opportunities to alleviate unnecessary regulatory burdens in the context of our rules or our foreign ownership review under section 310(b) of the Act.

Additionally, throughout Appendix A, we propose various ministerial, non-substantive changes such as shifting the language of the notes and examples into the text of the relevant rule as subsections to conform to the publishing conventions of the National Archives and Records Administration's (NARA) Office of the Federal Register. These changes include, among other things, revisions to language and terms to ensure consistency of references used in §§ 1.5000 through 1.5004 of the Commission's rules. Appendix A contains a proposed complete republication of subpart T (47 CFR 1.5001 through 1.5004). We seek comment on these proposals.

D. Cost and Benefit Analysis

This *NPRM* proposes to codify certain policies and practices with respect to the Commission's foreign ownership rules for common carrier and broadcast licensees subject to 310(b) of the Act and seeks comment on possible approaches to other aspect of the rules. This *NPRM* seeks comment on or proposes to amend the rules to: (1) codify existing policy regarding which entity is the controlling U.S. parent; (2) codify the Commission's advance approval policy regarding certain deemed voting interests; (3) require identification of trusts and trustees; (4) extend the remedial procedures and methodology to privately held companies; (5) add requirements regarding the contents of remedial petitions; (6) require the filing of amendments as a complete restatement to petitions for declaratory ruling; and (7) clarify U.S. residency requirements. As applied to broadcast licensees only, we also seek comment on: (1) how the Commission should process applications filed by a broadcast licensee during the pendency of a remedial petition for declaratory ruling under Section 310(b); and (2) other foreign ownership considerations related to processing applications for noncommercial educational (NCE) and low power FM (LPFM) stations. Finally, the *NPRM* seeks comment on other ways to improve the foreign ownership rules or reduce regulatory burdens.

We find that clarifying our rules, codifying existing requirements and practices related to foreign ownership,

and providing guidance with respect to filing of applications should reduce uncertainty for applicants, which in turn should reduce the need to revise or refile requests and thus expedite the application approval process without significantly burdening petitioners. We further find that extending the methodology and the remedial process for inadvertent non-compliance with the foreign ownership benchmarks to privately held entities for all services subject to Section 310(b)(4) should further reduce enforcement costs by limiting the likelihood of Commission enforcement action in circumstances where the non-compliance with U.S. foreign ownership benchmarks was inadvertent. More broadly, by clarifying the rules and potentially streamlining processes, we find that the proposed rules and processing guidelines could facilitate foreign investments in the U.S. market, while simultaneously reducing any risks to national security, law enforcement, foreign policy, and trade policy interests.[19]

As a result, we tentatively conclude that the costs associated with the proposed rules are negligible and that the benefits associated with the proposed rules outweigh the costs. We seek comment on our tentative conclusion and more generally on the benefits and costs associated with adopting the proposals set forth in this *NPRM.* We also seek comment on any benefits to the public and to industry through adoption of our proposals, including the effects of our proposed changes on small entities. Comments should be accompanied by specific data and analysis supporting claimed costs and benefits.

II. Procedural Issues

Initial Regulatory Flexibility Act Analysis. The Regulatory Flexibility Act of 1980, as amended (RFA),[20] requires that an initial regulatory flexibility analysis be prepared for notice-and-comment rule making proceedings, unless the agency certifies that ''the rule will not, if promulgated, have a significant economic impact on a substantial number of small entities.'' [21] Accordingly, we have prepared an Initial Regulatory Flexibility Analysis (IRFA) concerning the potential impact of rule and policy changes in this Notice of Proposed Rulemaking on small entities. The IRFA is set forth in Appendix B. Written public comments are requested on the IRFA. Comments must be filed by the deadlines for comments on the Notice indicated on the first page of this document and must have a separate and distinct heading designating them as responses to IRFA.

A. Need for, and Objectives of, the Proposed Rules

In the *NPRM,* the Commission initiates this rulemaking proceeding to obtain comments from small and other entities regarding its proposal to update several of its rules to better reflect current application processing requirements and align Commission procedures with developments in the domestic investment process. In 2013, the Commission adopted streamlined rules and procedures that apply to the review of foreign ownership of common carrier licensees and certain aeronautical licensees under section 310(b) of the Act. Subsequently, in 2016, the Commission extended these streamlined rules and procedures to the broadcast context, with certain limited exceptions. Since that time, the number of foreign ownership petitions has increased, including petitions submitted with complex ownership structures, particularly in privately held companies. This *NPRM* responds to these developments by clarifying the section 310(b) foreign ownership rules to facilitate foreign investment and reduce regulatory burdens while continuing to protect national security, law enforcement, foreign policy, and trade policy interests.

This *NPRM* proposes to clarify the Commission's foreign ownership rules, requirements, and practices for common carrier and broadcast licensees subject to 310(b) of the Act. This *NPRM* seeks comment on or proposes to amend the rules to: (1) codify existing policy regarding which entity is the controlling U.S. parent; (2) codify the Commission's advance approval policy regarding certain deemed voting interests; (3) require identification of trusts and trustees; (4) extend the remedial procedures and methodology to privately held companies; (5) add requirements regarding the contents of remedial petitions; (6) require the filing of amendments as a complete restatement to petitions for declaratory ruling; and (7) clarify U.S. residency requirements. As applied to broadcast licensees only, we also seek comment on: (1) how the Commission should process applications filed by a broadcast licensee during the pendency of a remedial petition for declaratory ruling under section 310(b); and (2) other foreign ownership considerations related to processing applications for noncommercial educational (NCE) and low power FM (LPFM) stations. Finally, the *NPRM* seeks comment on other ways to improve the foreign ownership rules or reduce regulatory burdens.

B. Legal Basis

The proposed action is authorized pursuant to sections 1, 2, 4(i), 4(j), 303, 307, 308, 309, 310, of the Communications Act of 1934, as amended, 47 U.S.C. 151, 152, 154(i), 154(j), 303, 307, 308, 309, and 310.

C. Description and Estimate of the Number of Small Entities to Which the Proposed Rules Will Apply

The RFA directs agencies to provide a description of and, where feasible, an estimate of the number of small entities that may be affected by the proposed rules, if adopted. The RFA generally defines the term ''small entity'' as having the same meaning as the terms ''small business,'' ''small organization,'' and ''small governmental jurisdiction.'' In addition, the term ''small business'' has the same meaning as the term ''small business concern'' under the Small Business Act.'' A ''small business concern'' is one which: (1) is independently owned and operated; (2) is not dominant in its field of operation; and (3) satisfies any additional criteria established by the SBA.

1.4 GHz Band Licensees. Licenses in this band include 1.4 GHz band licenses in the paired 1392–1395 MHz and 1432–1435 MHz bands, and in the unpaired 1390–1392 MHz band. Wireless Telecommunications Carriers (except Satellite) is the closest industry with an SBA small business size standard applicable to 1.4 GHz band licensees. The SBA small business size standard for this industry classifies a business as small if it has 1,500 or fewer employees. U.S. Census Bureau data for 2017 show that there were 2,893 firms that operated in this industry for the entire year. Of this number, 2,837 firms employed fewer than 250 employees. Thus under the SBA small business size standard, the Commission estimates that a majority of the licensees in this industry can be considered small.

Based on Commission data as of November 2021, one licensee currently holds the 64 active licenses in this band. The Commission's small business size standards with respect to 1.4 GHz Band Licensees involve eligibility for bidding credits and installment payments in the auction of 1.4 GHz band licenses. For the auction of these licenses, an entity

[19] For instance, we propose to amend § 1.5001(k)(1) to specify that such foreign entities that are minority shareholders can only request advance approval of up to a non-controlling 49.99 percent interest. *Supra* paragraph 20.

[20] *See* 5 U.S.C. 603. The RFA, *see* 5 U.S.C. 601–612, has been amended by the Small Business Regulatory Enforcement Fairness Act of 1996 (SBREFA), Public Law 104–121, Title II, 110 Stat. 857 (1996).

[21] 5 U.S.C. 605(b).

with average annual gross revenues for the three preceding years not exceeding $40 million is defined as a ''small business,'' and an entity with average annual gross revenues for the three preceding years not exceeding $15 million is defined as a ''very small business.''

In frequency bands where licenses were subject to auction, the Commission notes that as a general matter, the number of winning bidders that qualify as small businesses at the close of an auction does not necessarily represent the number of small businesses currently in service. Further, the Commission does not generally track subsequent business size unless, in the context of assignments or transfers, unjust enrichment issues are implicated. Additionally, since the Commission does not collect data on the number of employees for licensees providing these services, the Commission does not know whether the licensee with the active licenses qualifies as small under the SBA's small business size standard.

1670–1675 MHz Services. These wireless communications services can be used for fixed and mobile uses, except aeronautical mobile. Wireless Telecommunications Carriers (except Satellite) is the closest industry with an SBA small business size standard applicable to these services. The SBA size standard for this industry classifies a business as small if it has 1,500 or fewer employees. U.S. Census Bureau data for 2017 show that there were 2,893 firms that operated in this industry for the entire year. Of this number, 2,837 firms employed fewer than 250 employees. Thus under the SBA size standard, the Commission estimates that a majority of licensees in this industry can be considered small.

According to Commission data as of November 2021, there were three active licenses in this service. The Commission's small business size standards with respect to 1670–1675 MHz Services involve eligibility for bidding credits and installment payments in the auction of licenses for these services. For licenses in the 1670–1675 MHz service band, a ''small business'' is defined as an entity that, together with its affiliates and controlling interests, has average gross revenues not exceeding $40 million for the preceding three years, and a ''very small business'' is defined as an entity that, together with its affiliates and controlling interests, has had average annual gross revenues not exceeding $15 million for the preceding three years. The 1670–1675 MHz service band auction's winning bidder did not claim small business status.

In frequency bands where licenses were subject to auction, the Commission notes that as a general matter, the number of winning bidders that qualify as small businesses at the close of an auction does not necessarily represent the number of small businesses currently in service. Further, the Commission does not generally track subsequent business size unless, in the context of assignments or transfers, unjust enrichment issues are implicated. Additionally, since the Commission does not collect data on the number of employees for licensees providing these services, at this time we are not able to estimate the number of licensees with active licenses that would qualify as small under the SBA's small business size standard.

2.3 GHz Wireless Communications Services. These services can be used for fixed, mobile, radiolocation, and digital audio broadcasting satellite uses. Wireless Telecommunications Carriers (*except* Satellite) is the closest industry with an SBA small business size standard applicable to these services. The SBA size standard for this industry classifies a business as small if it has 1,500 or fewer employees. U.S. Census Bureau data for 2017 show that there were 2,893 firms that operated in this industry for the entire year. Of this number, 2,837 firms employed fewer than 250 employees. Thus under the SBA size standard, the Commission estimates that a majority of licensees in this industry can be considered small.

Based on Commission data as of December 2021, there were approximately 10 licensees with 628 active licenses in this service. The Commission's small business size standards with respect to 2.3 GHz Wireless Communications Services (WCS) involve eligibility for bidding credits and installment payments in the auction of 2.3 GHz WCS licenses. For these licenses a ''small business'' is defined as an entity with average gross revenues of $40 million for each of the three preceding years, and a ''very small business'' is defined as an entity with average gross revenues of $15 million for each of the three preceding years. Pursuant to these definitions, seven bidders who won 31 licenses qualified as very small business entities, and one bidder that won one license qualified as a small business entity. Of these small and very small businesses that won licenses, none had active licenses in December 2021.

In frequency bands where licenses were subject to auctions, the Commission notes that as a general matter, the number of winning bidders that qualify as small businesses at the close of an auction does not necessarily represent the number of small businesses currently in service. Further, the Commission does not generally track subsequent business size unless, in the context of assignments or transfers, unjust enrichment issues are implicated. Additionally, since the Commission does not collect data on the number of employees for licensees providing these services, at this time we are not able to estimate the number of licensees with active licenses that would qualify as small under the SBA's small business size standard.

218–219 MHz Service. The 218–219 MHz Service is a service where commercial and private radio stations are licensed and used in Wireless Telecommunications Services. The service is designated as a point-to-multipoint, multipoint-to-point, short-distance private radio service in which licensees may provide information or services to individual subscribers within a service area, and subscribers may provide interactive responses. These systems use radio channels in the 218–219 MHz band for fixed and mobile services between the licensee's cell transmitter station (CTS) and the subscriber's response transmitter unit (RTU), or between two CTSs. Wireless Telecommunications Carriers (except Satellite) is the closest industry with an SBA small business size standard applicable to these services. The SBA size standard for this industry classifies a business as small if it has 1,500 or fewer employees. U.S. Census Bureau data for 2017 show that there were 2,893 firms that operated in this industry for the entire year. Of this number, 2,837 firms employed fewer than 250 employees. Thus under the SBA size standard, the Commission estimates that a majority of licensees in this industry can be considered small.

According to Commission data as of July 2021, there were approximately 25 licensees with 32 active licenses in this service. The Commission's small business size standards with respect to the 218–219 MHz service involves eligibility for bidding credits and installment payments in the auction of 218–219 MHz spectrum licenses. In the auction for these licenses where the Commission defined ''small business'' as an entity that, together with its affiliates, had no more than a $6 million net worth and, after federal income taxes (excluding any carry over losses), had no more than $2 million in annual profits each year for the previous two years, 146 entities qualifying as a small business won 557 of the 594 available licenses. Of the 25 licensees for this service, 4 of the licensees that claimed

small or very small business status in the initial auction had active licenses as of July 2021.

Subsequently, for auctions of 218–219 MHz spectrum, the Commission defined a size standard for a ''small business'' as an entity that, together with its affiliates and persons or entities that hold interests in such an entity and their affiliates, has average annual gross revenues not to exceed $15 million for the preceding three years, and a ''very small business'' as an entity that, together with its affiliates and persons or entities that hold interests in such an entity and its affiliates, has average annual gross revenues not to exceed $3 million for the preceding three years.

In frequency bands where licenses were subject to auction, the Commission notes that as a general matter, the number of winning bidders that qualify as small businesses at the close of an auction does not necessarily represent the number of small businesses currently in service. Further, the Commission does not generally track subsequent business size unless, in the context of assignments or transfers, unjust enrichment issues are implicated. Additionally, since the Commission does not collect data on the number of employees for licensees providing these services, at this time we are not able to estimate the number of licensees with active licenses that would qualify as small under the SBA's small business size standard. However, for purposes of this regulatory flexibility analysis, the Commission presumes that a majority of the licensees in this service are small entities.

220 MHz Radio Service. The 220 MHz service is radio service for the licensing of frequencies in the 220–222 MHz band. Frequencies in the 220–222 MHz band are available for land mobile and fixed use for both government and non-government operations. Commercial and private radio stations may be licensed in the Wireless Telecommunications Services. Licensees in this service are classified as Phase I or Phase II licensees. Wireless Telecommunications Carriers (except Satellite) is the closest industry with an SBA small business size standard applicable to this services. The SBA size standard for this industry classifies a business as small if it has 1,500 or fewer employees. U.S. Census Bureau data for 2017 show that there were 2,893 firms that operated in this industry for the entire year. Of this number, 2,837 firms employed fewer than 250 employees. Thus under the SBA size standard, the Commission estimates that a majority of licensees in this industry can be considered small.

According to Commission data as of November 2021, there were approximately 526 active licenses in the auctioned 220 MHz band. There were also approximately 351 non-nationwide active licenses and 222 active nationwide licenses authorized to operate in the 220 MHz band. The Commission's small business size standards with respect to the 220 MHz service involves eligibility for bidding credits and installment payments in the auction of 220 MHz spectrum licenses. In the auctions for these licenses where the Commission defined a ''small business'' as an entity that, together with its affiliates and controlling principals, had average gross revenues not exceeding $15 million for the preceding three years, and a ''very small business'' as an entity that, together with its affiliates and controlling principals, had average gross revenues not exceeding $3 million for the preceding three years, 56 bidders winning 592 licenses claimed small or very small business credits. In November 2021, two of the winning bidders that claimed small business credits in the Phase II 220 MHz auctions had active licenses.

In frequency bands where licenses were subject to auction, the Commission notes that as a general matter, the number of winning bidders that qualify as small businesses at the close of an auction does not necessarily represent the number of small businesses currently in service. Further, the Commission does not generally track subsequent business size unless, in the context of assignments or transfers, unjust enrichment issues are implicated. Additionally, since the Commission does not collect data on the number of employees for licensees providing these services, at this time we are not able to estimate the number of licensees with active licenses that would qualify as small under the SBA's small business size standard.

3650–3700 MHz band. Wireless broadband service licensing in the 3650–3700 MHz band provides for nationwide, non-exclusive licensing of terrestrial operations, utilizing contention-based technologies, in the 3650 MHz band (*i.e.,* 3650–3700 MHz). Licensees are permitted to provide services on a non-common carrier and/or on a common carrier basis. Wireless broadband services in the 3650–3700 MHz band fall in the Wireless Telecommunications Carriers (*except* Satellite) industry with an SBA small business size standard that classifies a business as small if it has 1,500 or fewer employees. U.S. Census Bureau data for 2017 show that there were 2,893 firms that operated in this industry for the entire year. Of this number, 2,837 firms employed fewer than 250 employees. Thus under the SBA size standard, the Commission estimates that a majority of licensees in this industry can be considered small.

The Commission has not developed a small business size standard applicable to 3650–3700 MHz band licensees. Based on the licenses that have been granted, however, we estimate that the majority of licensees in this service are small internet Access Service Providers (ISPs). As of November 2021, Commission data shows that there were 902 active licenses in the 3650–3700 MHz band. However, since the Commission does not collect data on the number of employees for licensees providing these services, at this time we are not able to estimate the number of licensees with active licenses that would qualify as small under the SBA's small business size standard.

39 GHz Service. This flexible-use wireless service band encompasses spectrum in the 38.6—40 GHz bands that can be used for fifth-generation (5G) wireless, Internet of Things, and other advanced services. Wireless Telecommunications Carriers (except Satellite) is the closest industry with an SBA small business size standard applicable to these services. The SBA small business size standard for this industry classifies a business as small if it has 1,500 or fewer employees. U.S. Census Bureau data for 2017 show that there were 2,893 firms that operated in this industry for the entire year. Of this number, 2,837 firms employed fewer than 250 employees. Thus under the SBA size standard, the Commission estimates that a majority of licensees in this industry can be considered small.

The Commission's small business size standards with respect to the 39 GHz Services involve eligibility for bidding credits and installment payments in the auction of licenses for these services. In 2019, the 39 GHz band was reconfigured in preparation for an incentive auction (Auction 103) to offer new flexible use licenses in the Upper 37 GHz (37.6–38.6 GHz), 39 GHz (38.6–40 GHz), and 47 GHz (47.2–48.2 GHz) bands. In Auction 103, 5,824 licenses in the 39 GHz band were auctioned as part of the Commission's auction of 14,144 Upper Microwave Flexible Use Service. For purposes of bidding credits, the Commission defined ''small business'' as an entity with average annual gross revenues that did not exceed $55 million for the preceding three years average, and a ''very small business'' as an entity with average annual gross revenues that did not exceed $20

million for the preceding three years. Of the 5,824 licenses auctioned in the 39 GHz band in Auction 103, 4 bidders claimed small business status winning 182 licenses.

In frequency bands where licenses were subject to auction, the Commission notes that as a general matter, the number of winning bidders that qualify as small businesses at the close of an auction does not necessarily represent the number of small businesses currently in service. Further, the Commission does not generally track subsequent business size unless, in the context of assignments or transfers, unjust enrichment issues are implicated. Additionally, since the Commission does not collect data on the number of employees for licensees providing these services, at this time we are not able to estimate the number of licensees with active licenses that would qualify as small under the SBA's small business size standard.

600 MHz Band. These wireless communications services are radiocommunication services licensed in the 617–652 MHz and 663–698 MHz frequency bands that can be used for fixed and mobile flexible uses. 600 MHz Band services fall within the scope of the Wireless Telecommunications Carriers (except Satellite) industry where the SBA small business size standard classifies a business as small if it has 1,500 or fewer employees. U.S. Census Bureau data for 2017 show that there were 2,893 firms that operated in this industry for the entire year. Of this number, 2,837 firms employed fewer than 250 employees. Thus under the SBA size standard, the Commission estimates that a majority of licensees in this industry can be considered small.

Based on Commission data as of November 2021, there were approximately 3,327 active licenses in the 600 MHz Band service. The Commission's small business size standards with respect to 600 MHz Band services involve eligibility for bidding credits and installment payments in the auction of licenses for these services. For purposes of bidding credits, the Commission defined ''small business'' as an entity with average gross revenues not exceeding $55 million for each of the three preceding years, and a ''very small business'' as an entity with average gross revenues not exceeding $20 million for each of the three preceding years for the 600 MHz band auction. Pursuant to these definitions, 15 bidders claiming small business status won 290 licenses.

In frequency bands where licenses were subject to auction, the Commission notes that as a general matter, the number of winning bidders that qualify as small businesses at the close of an auction does not necessarily represent the number of small businesses currently in service. Further, the Commission does not generally track subsequent business size unless, in the context of assignments or transfers, unjust enrichment issues are implicated. Additionally, since the Commission does not collect data on the number of employees for licensees providing these services, at this time we are not able to estimate the number of licensees with active licenses that would qualify as small under the SBA's small business size standard.

700 MHz Guard Band Licensees. The 700 MHz Guard Band encompasses spectrum in 746–747/776–777 MHz and 762–764/792–794 MHz frequency bands. Wireless Telecommunications Carriers (*except* Satellite) is the closest industry with a SBA small business size standard applicable to licenses providing services in these bands. The SBA small business size standard for this industry classifies a business as small if it has 1,500 or fewer employees. U.S. Census Bureau data for 2017 show that there were 2,893 firms that operated in this industry for the entire year. Of this number, 2,837 firms employed fewer than 250 employees. Thus under the SBA size standard, the Commission estimates that a majority of licensees in this industry can be considered small.

According to Commission data as of December 2021, there were approximately 224 active 700 MHz Guard Band licenses. The Commission's small business size standards with respect to 700 MHz Guard Band licensees involve eligibility for bidding credits and installment payments in the auction of licenses. For the auction of these licenses, the Commission defined a ''small business'' as an entity that, together with its affiliates and controlling principals, has average gross revenues not exceeding $40 million for the preceding three years, and a ''very small business'' an entity that, together with its affiliates and controlling principals, has average gross revenues that are not more than $15 million for the preceding three years. Pursuant to these definitions, five winning bidders claiming one of the small business status classifications won 26 licenses, and one winning bidder claiming small business won two licenses. None of the winning bidders claiming a small business status classification in these 700 MHz Guard Band license auctions had an active license as of December 2021.

In frequency bands where licenses were subject to auction, the Commission notes that as a general matter, the number of winning bidders that qualify as small businesses at the close of an auction does not necessarily represent the number of small businesses currently in service. Further, the Commission does not generally track subsequent business size unless, in the context of assignments or transfers, unjust enrichment issues are implicated. Additionally, since the Commission does not collect data on the number of employees for licensees providing these services, at this time we are not able to estimate the number of licensees with active licenses that would qualify as small under the SBA's small business size standard.

Advanced Wireless Services (AWS)—(1710–1755 MHz and 2110–2155 MHz bands (AWS–1); 1915–1920 MHz, 1995–2000 MHz, 2020–2025 MHz and 2175–2180 MHz bands (AWS–2); 2155–2175 MHz band (AWS–3); 2000–2020 MHz and 2180–2200 MHz (AWS–4)). Spectrum is made available and licensed in these bands for the provision of various wireless communications services. Wireless Telecommunications Carriers (except Satellite) is the closest industry with a SBA small business size standard applicable to these services. The SBA small business size standard for this industry classifies a business as small if it has 1,500 or fewer employees. U.S. Census Bureau data for 2017 show that there were 2,893 firms that operated in this industry for the entire year. Of this number, 2,837 firms employed fewer than 250 employees. Thus, under the SBA size standard, the Commission estimates that a majority of licensees in this industry can be considered small.

According to Commission data as of December 2021, there were approximately 4,472 active AWS licenses. The Commission's small business size standards with respect to AWS involve eligibility for bidding credits and installment payments in the auction of licenses for these services. For the auction of AWS licenses, the Commission defined a ''small business'' as an entity with average annual gross revenues for the preceding three years not exceeding $40 million, and a ''very small business'' as an entity with average annual gross revenues for the preceding three years not exceeding $15 million. Pursuant to these definitions, 57 winning bidders claiming status as small or very small businesses won 215 of 1,087 licenses. In the most recent auction of AWS licenses 15 of 37 bidders qualifying for status as small or very small businesses won licenses.

In frequency bands where licenses were subject to auction, the Commission notes that as a general matter, the

number of winning bidders that qualify as small businesses at the close of an auction does not necessarily represent the number of small businesses currently in service. Further, the Commission does not generally track subsequent business size unless, in the context of assignments or transfers, unjust enrichment issues are implicated. Additionally, since the Commission does not collect data on the number of employees for licensees providing these services, at this time we are not able to estimate the number of licensees with active licenses that would qualify as small under the SBA's small business size standard.

Air-Ground Radiotelephone Service. Air-Ground Radiotelephone Service is a wireless service in which licensees are authorized to offer and provide radio telecommunications service for hire to subscribers in aircraft. A licensee may provide any type of air-ground service (*i.e.,* voice telephony, broadband internet, data, etc.) to aircraft of any type, and serve any or all aviation markets (commercial, government, and general). A licensee must provide service to aircraft and may not provide ancillary land mobile or fixed services in the 800 MHz air-ground spectrum.

The closest industry with an SBA small business size standard applicable to these services is Wireless Telecommunications Carriers (*except* Satellite). The SBA small business size standard for this industry classifies a business as small if it has 1,500 or fewer employees. U.S. Census Bureau data for 2017 show that there were 2,893 firms that operated in this industry for the entire year. Of this number, 2,837 firms employed fewer than 250 employees. Thus under the SBA size standard, the Commission estimates that a majority of licensees in this industry can be considered small.

Based on Commission data as of December 2021, there were approximately four licensees with 110 active licenses in the Air-Ground Radiotelephone Service. The Commission's small business size standards with respect to Air-Ground Radiotelephone Service involve eligibility for bidding credits and installment payments in the auction of licenses. For purposes of auctions, the Commission defined ''small business'' as an entity that, together with its affiliates and controlling interests, has average gross revenues not exceeding $40 million for the preceding three years, and a ''very small business'' as an entity that, together with its affiliates and controlling interests, has had average annual gross revenues not exceeding $15 million for the preceding three years. In the auction of Air-Ground Radiotelephone Service licenses in the 800 MHz band, neither of the two winning bidders claimed small business status.

In frequency bands where licenses were subject to auction, the Commission notes that as a general matter, the number of winning bidders that qualify as small businesses at the close of an auction does not necessarily represent the number of small businesses currently in service. Further, the Commission does not generally track subsequent business size unless, in the context of assignments or transfers, unjust enrichment issues are implicated. Additionally, the Commission does not collect data on the number of employees for licensees providing these services therefore, at this time we are not able to estimate the number of licensees with active licenses that would qualify as small under the SBA's small business size standard.

Aviation and Marine Radio Services. Maritime mobile service is a mobile service between coast stations and ship stations, or between ship stations, or between associated on-board communication stations. Survival craft stations and emergency position indicating radio beacon (EPIRB) stations also participate in this service. Small businesses in the aviation and marine radio services use a marine very high frequency (VHF), medium frequency (MF), or high frequency (HF) radio, any type of EPIRB and/or radar, an aircraft radio, and/or any type of emergency locator transmitter (ELT) and may provide fixed, mobile, or hybrid voice or data communications. *Aviation services are* radio-communication services for the operation of aircraft. These services includ*e* aeronautical fixed service, aeronautical mobile service, aeronautical radiodetermination service, and secondarily, the handling of public correspondence on frequencies in the maritime mobile and maritime mobile satellite services to and from aircraft.

Wireless Telecommunications Carriers (*except* Satellite) is the closest industry with a SBA small business size standard applicable to these services. The SBA small business size standard for this industry classifies a business as small if it has 1,500 or fewer employees. U.S. Census Bureau data for 2017 show that there were 2,893 firms that operated in this industry for the entire year. Of this number, 2,837 firms employed fewer than 250 employees. Thus under the SBA size standard, the Commission estimates that a majority of licensees in this industry can be considered small. Additionally, according to Commission data as December 2021, there were 14,532 active licenses in the Aviation and Marine Radio Services. However, since the Commission does not collect data on the number of employees for licensees providing these services, at this time we are not able to estimate the number of licensees with active licenses that would qualify as small under the SBA's small business size standard.

Broadband Personal Communications Service. The broadband personal communications services (PCS) spectrum encompasses services in the 1850–1910 and 1930–1990 MHz bands. The closest industry with a SBA small business size standard applicable to these services is Wireless Telecommunications Carriers (except Satellite). The SBA small business size standard for this industry classifies a business as small if it has 1,500 or fewer employees. U.S. Census Bureau data for 2017 show that there were 2,893 firms that operated in this industry for the entire year. Of this number, 2,837 firms employed fewer than 250 employees. Thus under the SBA size standard, the Commission estimates that a majority of licensees in this industry can be considered small.

Based on Commission data as of November 2021, there were approximately 5,060 active licenses in the Broadband PCS service. The Commission's small business size standards with respect to Broadband PCS involve eligibility for bidding credits and installment payments in the auction of licenses for these services. In auctions for these licenses, the Commission defined ''small business'' as an entity that, together with its affiliates and controlling interests, has average gross revenues not exceeding $40 million for the preceding three years, and a ''very small business'' as an entity that, together with its affiliates and controlling interests, has had average annual gross revenues not exceeding $15 million for the preceding three years. Winning bidders claiming small business credits won Broadband PCS licenses in C, D, E, and F Blocks.

In frequency bands where licenses were subject to auction, the Commission notes that as a general matter, the number of winning bidders that qualify as small businesses at the close of an auction does not necessarily represent the number of small businesses currently in service. Further, the Commission does not generally track subsequent business size unless, in the context of assignments or transfers, unjust enrichment issues are implicated. Additionally, since the Commission does not collect data on the number of employees for licensees providing these, at this time we are not able to estimate

the number of licensees with active licenses that would qualify as small under the SBA's small business size standard.

Broadband Radio Service and Educational Broadband Service. Broadband Radio Service systems, previously referred to as Multipoint Distribution Service (MDS) and Multichannel Multipoint Distribution Service (MMDS) systems, and ''wireless cable,'' transmit video programming to subscribers and provide two-way high speed data operations using the microwave frequencies of the Broadband Radio Service (BRS) and Educational Broadband Service (EBS) (previously referred to as the Instructional Television Fixed Service (ITFS)). Wireless cable operators that use spectrum in the BRS often supplemented with leased channels from the EBS, provide a competitive alternative to wired cable and other multichannel video programming distributors. Wireless cable programming to subscribers resembles cable television, but instead of coaxial cable, wireless cable uses microwave channels.

In light of the use of wireless frequencies by BRS and EBS services, the closest industry with a SBA small business size standard applicable to these services is Wireless Telecommunications Carriers (*except* Satellite). The SBA small business size standard for this industry classifies a business as small if it has 1,500 or fewer employees. U.S. Census Bureau data for 2017 show that there were 2,893 firms that operated in this industry for the entire year. Of this number, 2,837 firms employed fewer than 250 employees. Thus under the SBA size standard, the Commission estimates that a majority of licensees in this industry can be considered small.

According to Commission data as of December 2021, there were approximately 5,869 active BRS and EBS licenses. The Commission's small business size standards with respect to BRS involves eligibility for bidding credits and installment payments in the auction of licenses for these services. For the auction of BRS licenses, the Commission adopted criteria for three groups of small businesses. A very small business is an entity that, together with its affiliates and controlling interests, has average annual gross revenues exceed $3 million and did not exceed $15 million for the preceding three years, a small business is an entity that, together with its affiliates and controlling interests, has average gross revenues exceed $15 million and did not exceed $40 million for the preceding three years, and an entrepreneur is an entity that, together with its affiliates and controlling interests, has average gross revenues not exceeding $3 million for the preceding three years. Of the ten winning bidders for BRS licenses, two bidders claiming the small business status won 4 licenses, one bidder claiming the very small business status won three licenses and two bidders claiming entrepreneur status won six licenses. One of the winning bidders claiming a small business status classification in the BRS license auction has an active licenses as of December 2021.

The Commission's small business size standards for EBS define a small business as an entity that, together with its affiliates, its controlling interests and the affiliates of its controlling interests, has average gross revenues that are not more than $55 million for the preceding five (5) years, and a very small business is an entity that, together with its affiliates, its controlling interests and the affiliates of its controlling interests, has average gross revenues that are not more than $20 million for the preceding five (5) years. In frequency bands where licenses were subject to auction, the Commission notes that as a general matter, the number of winning bidders that qualify as small businesses at the close of an auction does not necessarily represent the number of small businesses currently in service. Further, the Commission does not generally track subsequent business size unless, in the context of assignments or transfers, unjust enrichment issues are implicated. Additionally, since the Commission does not collect data on the number of employees for licensees providing these services, at this time we are not able to estimate the number of licensees with active licenses that would qualify as small under the SBA's small business size standard.

Cellular Radiotelephone Service. This service is radio service in which licensees are authorized to offer and provide cellular service for hire to the general public and was formerly titled Domestic Public Cellular Radio Telecommunications Service. Cellular Radiotelephone Service falls within the scope the Wireless Telecommunications Carriers (except Satellite) industry, where the SBA small business size standard classifies a business as small if it has 1,500 or fewer employees. U.S. Census Bureau data for 2017 show that there were 2,893 firms that operated in this industry for the entire year. Of this number, 2,837 firms employed fewer than 250 employees. Thus under the SBA size standard, the Commission estimates that a majority of licensees in this industry can be considered small.

Based on Commission data, as of November 2021, there were approximately 1,908 active licenses in this service. The Commission's small business size standards with respect to Cellular Radiotelephone Services involve eligibility for bidding credits and installment payments in the auction of licenses for these services. For purposes of bidding credits, the Commission has defined ''small business'' as an entity that either (1) together with its affiliates and controlling interests has average gross revenues of not more than $3 million for each of the three preceding years, or (2) together with its affiliates and controlling interests has average gross revenues of not more $15 million for each of the three preceding years.

In frequency bands where licenses were subject to auction, the Commission notes that as a general matter, the number of winning bidders that qualify as small businesses at the close of an auction does not necessarily represent the number of small businesses currently in service. Further, the Commission does not generally track subsequent business size unless, in the context of assignments or transfers, unjust enrichment issues are implicated. Additionally, since the Commission does not collect data on the number of employees for licensees providing these services, at this time we are not able to estimate the number of licensees with active licenses that would qualify as small under the SBA's small business size standard.

Fixed Microwave Services. Fixed microwave services include common carrier,[22] private-operational fixed, and broadcast auxiliary radio services. They also include the Upper Microwave Flexible Use Service (UMFUS), Millimeter Wave Service (70/80/90 GHz), Local Multipoint Distribution Service (LMDS), the Digital Electronic Message Service (DEMS), 24 GHz Service, Multiple Address Systems (MAS), and Multichannel Video Distribution and Data Service (MVDDS), where in some bands licensees can choose between common carrier and non-common carrier status. Wireless Telecommunications Carriers (*except* Satellite) is the closest industry with a SBA small business size standard applicable to these services. The SBA small size standard for this industry classifies a business as small if it has 1,500 or fewer employees. U.S. Census Bureau data for 2017 show that there were 2,893 firms that operated in this

[22] *See* 47 CFR part 101, subparts C and I.

industry for the entire year. Of this number, 2,837 firms employed fewer than 250 employees. Thus under the SBA size standard, the Commission estimates that a majority of fixed microwave service licensees can be considered small.

The Commission's small business size standards with respect to fixed microwave services involve eligibility for bidding credits and installment payments in the auction of licenses for the various frequency bands included in fixed microwave services. When bidding credits are adopted for the auction of licenses in fixed microwave services frequency bands, such credits may be available to several types of small businesses based average gross revenues (small, very small and entrepreneur) pursuant to the competitive bidding rules adopted in conjunction with the requirements for the auction and/or as identified in Part 101 of the Commission's rules for the specific fixed microwave services frequency bands.

In frequency bands where licenses were subject to auction, the Commission notes that as a general matter, the number of winning bidders that qualify as small businesses at the close of an auction does not necessarily represent the number of small businesses currently in service. Further, the Commission does not generally track subsequent business size unless, in the context of assignments or transfers, unjust enrichment issues are implicated. Additionally, since the Commission does not collect data on the number of employees for licensees providing these services, at this time we are not able to estimate the number of licensees with active licenses that would qualify as small under the SBA's small business size standard.

FM Translator Stations and Low Power FM Stations. FM translators and Low Power FM Stations are classified in the industry for Radio Stations. The Radio Stations industry comprises establishments primarily engaged in broadcasting aural programs by radio to the public. Programming may originate in their own studio, from an affiliated network, or from external sources. The SBA small business size standard for this industry classifies firms having $47 million or less in annual receipts as small. U.S. Census Bureau data for 2017 show that 2,963 firms operated during that year. Of that number, 1,879 firms operated with revenue of less than $25 million per year. Therefore, based on the SBA's size standard we conclude that the majority of FM Translator stations and Low Power FM Stations are small. Additionally, according to Commission data, as of March 31, 2025, there were 8,891 FM Translator Stations and 1,976 Low Power FM licensed broadcast stations. The Commission however does not compile and otherwise does not have access to information on the revenue of these stations that would permit it to determine how many of the stations would qualify as small entities. For purposes of this regulatory flexibility analysis, we presume the majority of these stations are small entities.

Future 24 GHz Licensees. 24 GHz spectrum services in the 24.25–24.45 GHz and 24.75–25.25 GHz bands involve a fixed point-to-point, point-to-multipoint, and multipoint-to-multipoint radio system in the 24.25–24.45 GHz band and in the 25.05–25.25 GHz band consisting of a fixed main (nodal) station and a number of fixed user terminals. These services are flexible-use wireless service that may encompass any digital fixed service. Wireless Telecommunications Carriers (except Satellite) is the closest industry with a SBA small business size standard applicable to these services. The SBA size standard for this industry classifies a business as small if it has 1,500 or fewer employees. U.S. Census Bureau data for 2017 show that there were 2,893 firms that operated in this industry for the entire year. Of this total, 2,837 firms employed fewer than 250 employees. Thus under the SBA size standard, the Commission estimates that a majority of licensees in this industry can be considered small.

The Commission's small business size standards with respect to 24 GHz licensees involve eligibility for bidding credits and installment payments in the auction of licenses for 24 GHz services. In 2019 in Auction 102, 2,909 licenses in the 24 GHz band were auctioned as part of the Commission's auction of Upper Microwave Flexible Use Service licenses. For purposes of bidding credits, the Commission defined ''small business'' as an entity with average annual gross revenues that did not exceed $55 million for the preceding three years average, and a ''very small business'' as an entity with average annual gross revenues that did not exceed $20 million for the preceding three years. Of the 2,909 licenses auctioned in the 24 GHz band in Auction 102, 7 bidders claimed small business status winning 34 licenses.

For those services subject to auctions, the Commission notes that as a general matter, the number of winning bidders that qualify as small businesses at the close of an auction does not necessarily represent the number of small businesses currently in service. Further, the Commission does not generally track subsequent business size unless, in the context of assignments or transfers, unjust enrichment issues are implicated. Additionally, since the Commission does not collect data on the number of employees for licensees providing these services, at this time we are not able to estimate the number of licensees with active licenses that would qualify as small under the SBA's small business size standard.

Government Transfer Bands. Licenses for wireless services in the government transfer bands include the unpaired 1390–1392 MHz band, the paired 1392–1395 MHz and 1432–1435 MHz bands (1.4 GHz band) and the 1670–1675 MHz band. Licensees in these bands are authorized to provide fixed or mobile service, except aeronautical mobile service. Wireless Telecommunications Carriers (except Satellite) is the closest industry with a SBA small business size standard applicable to these services. The SBA size standard for this industry classifies a business as small if it has 1,500 or fewer employees. U.S. Census Bureau data for 2017 show that there were 2,893 firms that operated in this industry for the entire year. Of this number, 2,837 firms employed fewer than 250 employees. Thus under the SBA size standard, the Commission estimates that a majority of licensees in this industry can be considered small.

According to Commission data as of November 2021, there were four licensees with sixty-seven active licenses in these service bands. The Commission's small business size standards with respect to services in government transfer bands involve eligibility for bidding credits and installment payments in the auction of licenses for these services. For the unpaired 1390–1392 MHz, 1670–1675 MHz, and the paired 1392–1395 MHz and 1432–1435 MHz bands, an entity with average annual gross revenues for the three preceding years not exceeding $40 million is defined as a ''small business,'' and an entity with average annual gross revenues for the three preceding years not exceeding $15 million is defined as a ''very small business.'' For licenses in the 1670–1675 MHz service band, a ''small business'' is defined as an entity that, together with its affiliates and controlling interests, has average gross revenues not exceeding $40 million for the preceding three years, and a ''very small business'' is defined as an entity that, together with its affiliates and controlling interests, has had average annual gross revenues not exceeding $15 million for the preceding three years.

In frequency bands where licenses were subject to auction, the Commission notes that as a general matter, the number of winning bidders that qualify as small businesses at the close of an auction does not necessarily represent the number of small businesses currently in service. Further, the Commission does not generally track subsequent business size unless, in the context of assignments or transfers, unjust enrichment issues are implicated. Additionally, since the Commission does not collect data on the number of employees for licensees providing these services, at this time we are not able to estimate the number of licensees with active licenses that would qualify as small under the SBA's small business size standard.

Incumbent 24 GHz Licensees. Neither the Commission nor the SBA have developed a small business size standard specifically for Incumbent 24 GHz licensees. Incumbent licensees who were relocated to the 24 GHz band from the 18 GHz band and applicants who wish to provide services in the 24 GHz band fall in this category. Wireless Telecommunications Carriers (except Satellite) is the closest industry with a SBA small business size standard. The SBA small business size standard classifies businesses having 1,500 or fewer employees as small. For this industry, U.S. Census Bureau data for 2017 show that there were 2,893 firms that operated for the entire year. Of this total, 2,837 firms employed fewer than 250 employees. Thus, under this category and the associated small business size standard, the majority of firms can be considered small. The Commission notes that the U.S. Census Bureau's use of the classification ''firms'' does not track the number of ''licenses'' or ''licensees''. The Commission believes that there are only two licensees in the 24 GHz band that were relocated from the 18 GHz band, Teligent and TRW, Inc. It is our understanding that Teligent and its related companies have less than 1,500 employees, although this may change in the future. TRW is not a small entity. Thus, only one incumbent licensee in the 24 GHz band is a small business.

Local Multipoint Distribution Service. A Local Multipoint Distribution Service (LMDS) System is a fixed point-to-point or point-to-multipoint radio system consisting of Local Multipoint Distribution Service Hub Stations and their associated Local Multipoint Distribution Service Subscriber Stations. LMDS is capable of offering subscribers a variety of one and two-way broadband services, such as video programming distribution; video teleconferencing; wireless local loop telephony; and high speed data transmission, *e.g.* Internet access. Wireless Telecommunications Carriers (*except* Satellite) is the closest industry with a SBA small business size standard applicable to these services. The SBA small business size standard for this industry classifies a business as small if it has 1,500 or fewer employees. U.S. Census Bureau data for 2017 show that there were 2,893 firms that operated in this industry for the entire year. Of this number, 2,837 firms employed fewer than 250 employees. Thus under the SBA size standard, the Commission estimates that a majority of licensees in this industry can be considered small.

According to Commission data as of December 2021, there were approximately 524 active LMDS licenses. The Commission's small business size standards with respect to LMDS involve eligibility for bidding credits and installment payments in the auction of licenses for these services. For the auction of LMDS licenses, the Commission defined a ''small business'' as an entity that, together with its affiliates and controlling interests, has average gross revenues for the three preceding years of more than $15 million but not more than $40 million, and a very small business as an entity that, together with its affiliates and controlling interests, has average gross revenues for the three preceding years of not more than $15 million. Pursuant to these definitions, 93 small and very small businesses won approximately 277 A Block licenses and 387 B Block licenses. In the re-auction of LDMS licenses 74 percent of the licenses were won by small businesses.

In frequency bands where licenses were subject to auction, the Commission notes that as a general matter, the number of winning bidders that qualify as small businesses at the close of an auction does not necessarily represent the number of small businesses currently in service. Further, the Commission does not generally track subsequent business size unless, in the context of assignments or transfers, unjust enrichment issues are implicated. Additionally, since the Commission does not collect data on the number of employees for licensees providing these services, at this time we are not able to estimate the number of licensees with active licenses that would qualify as small under the SBA's small business size standard.

Local Resellers. Neither the Commission nor the SBA have developed a small business size standard specifically for Local Resellers. Telecommunications Resellers is the closest industry with a SBA small business size standard. The Telecommunications Resellers industry comprises establishments engaged in purchasing access and network capacity from owners and operators of telecommunications networks and reselling wired and wireless telecommunications services (except satellite) to businesses and households. Establishments in this industry resell telecommunications; they do not operate transmission facilities and infrastructure. Mobile virtual network operators (MVNOs) are included in this industry. The SBA small business size standard for Telecommunications Resellers classifies a business as small if it has 1,500 or fewer employees. U.S. Census Bureau data for 2017 show that 1,386 firms in this industry provided resale services for the entire year. Of that number, 1,375 firms operated with fewer than 250 employees. Additionally, based on Commission data in the 2022 Universal Service Monitoring Report, as of December 31, 2021, there were 207 providers that reported they were engaged in the provision of local resale services. Of these providers, the Commission estimates that 202 providers have 1,500 or fewer employees. Consequently, using the SBA's small business size standard, most of these providers can be considered small entities.

Location and Monitoring Service (LMS). LMS operates in the 902–928 MHz frequency band. The band is allocated for primary use by Federal Government radiolocation systems. Next in order of priority are uses for industrial, scientific, and medical devices. Federal Government fixed and mobile and LMS systems are secondary to both of these uses. The remaining uses of the 902–928 MHz band include licensed amateur radio operations and unlicensed Part 15 equipment, both of which are secondary to all other uses of the band. LMS systems use non-voice radio techniques to determine the location and status of mobile radio units, and may transmit and receive voice and non-voice status and instructional information related to such units. Wireless Telecommunications Carriers (*except* Satellite) is the closest industry with a SBA small business size standard applicable to these services. The SBA small business size standard for this industry classifies a business as small if it has 1,500 or fewer employees. U.S. Census Bureau data for 2017 show that there were 2,893 firms that operated in this industry for the entire year. Of this number, 2,837 firms employed fewer than 250 employees. Thus under the SBA size standard, the Commission

estimates that a majority of licensees in this industry can be considered small.

According to Commission data as of November 2021, there were two licensees with approximately 354 active LMS licenses. The Commission's small business size standards with respect to LMS involve eligibility for bidding credits and installment payments in the auction of licenses for these services. For the auction of LMS licenses, the Commission defined a ''small business'' as an entity that, together with controlling interests and affiliates with average annual gross revenues for the preceding three years not to exceed $15 million, and a ''very small business'' as an entity that, together with controlling interests and affiliates with average annual gross revenues for the preceding three years not to exceed $3 million. Pursuant to these definitions, four winning bidders that claimed small business credits won 289 licenses in Auction 21, and four winning bidders that claimed small business credits won 201 LMS licenses in Auction 43. Of these winning bidders, only one had active licenses in November 2021.

In frequency bands where licenses were subject to auction, the Commission notes that as a general matter, the number of winning bidders that qualify as small businesses at the close of an auction does not necessarily represent the number of small businesses currently in service. Further, the Commission does not generally track subsequent business size unless, in the context of assignments or transfers, unjust enrichment issues are implicated. Additionally, since the Commission does not collect data on the number of employees for licensees providing these services, at this time we are not able to estimate the number of licensees with active licenses that would qualify as small under the SBA's small business size standard.

Low Power FM Stations. The SBA small business size standard for Radio Stations applies to low power FM stations. The Radio Stations industry comprises establishments primarily engaged in broadcasting aural programs by radio to the public. Programming may originate in their own studio, from an affiliated network, or from external sources. The SBA small business size standard for this industry classifies firms having $47 million or less in annual receipts as small. U.S. Census Bureau data for 2017 show that 2,963 firms in this industry operated during that year. Of this number, 1,879 firms operated with revenue of less than $25 million per year. Therefore, based on the SBA's size standard we conclude that the majority low power FM stations are small.

Additionally, according to Commission data as of March 31, 2025, there were 1,976 Low Power FM licensed broadcast stations and 8,891 FM Translator Stations. The Commission does not compile and otherwise does not have access to financial information for these stations that would permit it to determine how many of the stations would qualify as small entities under the SBA size standard. However, given that low power FM stations and FM translators and boosters are very small and limited in their operations and unlikely to have annual receipts anywhere near the SBA small size standard, we will presume that these licensees qualify as small entities under the SBA size standard.

Lower 700 MHz Band Licenses. The lower 700 MHz band encompasses spectrum in the 698–746 MHz frequency bands. Permissible operations in these bands include flexible fixed, mobile, and broadcast uses, including mobile and other digital new broadcast operation; fixed and mobile wireless commercial services (including FDD- and TDD-based services); as well as fixed and mobile wireless uses for private, internal radio needs, two-way interactive, cellular, and mobile television broadcasting services. Wireless Telecommunications Carriers (*except* Satellite) is the closest industry with a SBA small business size standard applicable to licenses providing services in these bands. The SBA small business size standard for this industry classifies a business as small if it has 1,500 or fewer employees. U.S. Census Bureau data for 2017 show that there were 2,893 firms that operated in this industry for the entire year. Of this number, 2,837 firms employed fewer than 250 employees. Thus under the SBA size standard, the Commission estimates that a majority of licensees in this industry can be considered small.

According to Commission data as of December 2021, there were approximately 2,824 active Lower 700 MHz Band licenses. The Commission's small business size standards with respect to Lower 700 MHz Band licensees involve eligibility for bidding credits and installment payments in the auction of licenses. For auctions of Lower 700 MHz Band licenses the Commission adopted criteria for three groups of small businesses. A very small business was defined as an entity that, together with its affiliates and controlling interests, has average annual gross revenues not exceeding $15 million for the preceding three years, a small business was defined as an entity that, together with its affiliates and controlling interests, has average gross revenues not exceeding $40 million for the preceding three years, and an entrepreneur was defined as an entity that, together with its affiliates and controlling interests, has average gross revenues not exceeding $3 million for the preceding three years. In auctions for Lower 700 MHz Band licenses seventy-two winning bidders claiming a small business classification won 329 licenses, twenty-six winning bidders claiming a small business classification won 214 licenses, and three winning bidders claiming a small business classification won all five auctioned licenses.

In frequency bands where licenses were subject to auction, the Commission notes that as a general matter, the number of winning bidders that qualify as small businesses at the close of an auction does not necessarily represent the number of small businesses currently in service. Further, the Commission does not generally track subsequent business size unless, in the context of assignments or transfers, unjust enrichment issues are implicated. Additionally, since the Commission does not collect data on the number of employees for licensees providing these services, at this time we are not able to estimate the number of licensees with active licenses that would qualify as small under the SBA's small business size standard.

Marine Radio Services. Maritime mobile service is a mobile service between coast stations and ship stations, or between ship stations, or between associated on-board communication stations. Survival craft stations and emergency position indicating radio beacon (EPIRB) stations also participate in this service. Small businesses in the aviation and marine radio services use a marine very high frequency (VHF), medium frequency (MF), or high frequency (HF) radio, any type of EPIRB and/or radar, an aircraft radio, and/or any type of emergency locator transmitter (ELT) and may provide fixed, mobile, or hybrid voice or data communications. Wireless Telecommunications Carriers (*except* Satellite) is the closest industry with a SBA small business size standard applicable to these services. The SBA small business size standard for this industry classifies a business as small if it has 1,500 or fewer employees. U.S. Census Bureau data for 2017 show that there were 2,893 firms that operated in this industry for the entire year. Of this number, 2,837 firms employed fewer than 250 employees. Thus under the SBA size standard, the Commission

estimates that a majority of licensees in this industry can be considered small.

The Commission's small business size standards with respect to Marine Radio Services involve eligibility for bidding credits and installment payments in the auction of VHF Public Coast licenses in the 157.1875–157.4500 MHz (ship transmit) and 161.775–162.0125 MHz (coast transmit) bands. According to Commission data as December 2021, there were approximately 262 active Public Coast licenses and 3,753 active Maritime Coast licenses. For Public Coast license auction purposes,, the Commission defined a ''small'' business as an entity that, together with controlling interests and affiliates, has average gross revenues for the preceding three years not to exceed $15 million dollars, and a ''very small'' business as an entity that, together with controlling interests and affiliates, has average gross revenues for the preceding three years not to exceed $3 million dollars. Pursuant to these definitions, 3 small business bidders won 17 licenses, and 3 winning bidders claiming a small business qualification won 9 licenses. As of December 2021, two of the winning bidders in these auctions claiming small business credits had active licenses.

In frequency bands where licenses were subject to auction, the Commission notes that as a general matter, the number of winning bidders that qualify as small businesses at the close of an auction does not necessarily represent the number of small businesses currently in service. Further, the Commission does not generally track subsequent business size unless, in the context of assignments or transfers, unjust enrichment issues are implicated. Additionally, since the Commission does not collect data on the number of employees for licensees providing these services, at this time we are not able to estimate the number of licensees with active licenses that would qualify as small under the SBA's small business size standard.

Multichannel Video Distribution and Data Service (MVDDS). MVDDS is a fixed microwave service operating in the 12.2–12.7 GHz band that can be used to provide various wireless services. Mobile and aeronautical operations are prohibited. Wireless Telecommunications Carriers (*except* Satellite) is the closest industry with a SBA small business size standard applicable to these services. The SBA small business size standard for this industry classifies a business as small if it has 1,500 or fewer employees. U.S. Census Bureau data for 2017 show that there were 2,893 firms that operated in this industry for the entire year. Of this number, 2,837 firms employed fewer than 250 employees. Thus under the SBA size standard, the Commission estimates that a majority of licensees in this industry can be considered small.

According to Commission data as of December 2021, there were 9 licensees with 250 active licenses in this service. The Commission's small business size standards with respect MVDDS involve eligibility for bidding credits and installment payments in the auction of licenses for these services. For auctions of MVDDS licenses the Commission adopted criteria for three groups of small businesses. A very small business is an entity that, together with its affiliates and controlling interests, has average annual gross revenues not exceeding $3 million for the preceding three years, a small business is an entity that, together with its affiliates and controlling interests, has average gross revenues not exceeding $15 million for the preceding three years, and an entrepreneur is an entity that, together with its affiliates and controlling interests, has average gross revenues not exceeding $40 million for the preceding three years. In two auctions for MVDDs licenses, eight of the ten winning bidders who won 144 licenses claimed one of the small business status classifications, and two of the three winning bidders who won 21 of 22 licenses, claimed one of the small business status classifications. Five of the winning bidders claiming a small business status classification in these auctions had active licenses as of December 2021.

In frequency bands where licenses were subject to auction, the Commission notes that as a general matter, the number of winning bidders that qualify as small businesses at the close of an auction does not necessarily represent the number of small businesses currently in service. Further, the Commission does not generally track subsequent business size unless, in the context of assignments or transfers, unjust enrichment issues are implicated. Additionally, since the Commission does not collect data on the number of employees for licensees providing these services, at this time we are not able to estimate the number of licensees with active licenses that would qualify as small under the SBA's small business size standard.

Multiple Address Systems (MAS). MAS are point-to-multipoint or point-to-point radio communications systems used for either one-way or two-way transmissions that operates in the 928/952/956 MHz, the 928/959 MHz or the 932/941 MHz bands. Entities using MAS spectrum, in general, fall into two categories: (1) those using the spectrum for profit-based uses, and (2) those using the spectrum for private internal uses to accommodate internal communications needs. MAS serves an essential role in a range of industrial, safety, business, and land transportation activities and are used by companies of all sizes operating in virtually all U.S. business categories, and by all types of public safety entities. Wireless Telecommunications Carriers (*except* Satellite) is the closest industry with a SBA small business size standard applicable to these services. The SBA small business size standard for this industry classifies a business as small if it has 1,500 or fewer employees. U.S. Census Bureau data for 2017 show that there were 2,893 firms that operated in this industry for the entire year. Of this number, 2,837 firms employed fewer than 250 employees. Thus under the SBA size standard, the Commission estimates that a majority of licensees in this industry can be considered small.

According to Commission data as December 2021, there were approximately 9,798 active MAS licenses. The Commission's small business size standards with respect to MAS involve eligibility for bidding credits and installment payments in the auction of licenses for these services. For the auction of MAS licenses, the Commission defined ''small business'' as an entity that has average annual gross revenues of less than $15 million over the three previous calendar years, and a ''very small business'' is defined as an entity that, together with its affiliates, has average annual gross revenues of not more than $3 million over the preceding three calendar years. In auctions for MAS licenses, 7 winning bidders claimed status as small or very small businesses and won 611 of 5,104 licenses, and 5 of 26 winning bidders claimed status as small or very small businesses and won 1,891 of 4,226 licenses.

In frequency bands where licenses were subject to auction, the Commission notes that as a general matter, the number of winning bidders that qualify as small businesses at the close of an auction does not necessarily represent the number of small businesses currently in service. Further, the Commission does not generally track subsequent business size unless, in the context of assignments or transfers, unjust enrichment issues are implicated. Additionally, since the Commission does not collect data on the number of employees for licensees providing these services, at this time we are not able to estimate the number of licensees with

active licenses that would qualify as small under the SBA's small business size standard.

Narrowband Personal Communications Services. Narrowband Personal Communications Services *(Narrowband PCS)* are PCS services operating in the 901–902 MHz, 930–931 MHz, and 940–941 MHz bands. PCS services are radio communications that encompass mobile and ancillary fixed communication that provide services to individuals and businesses and can be integrated with a variety of competing networks. Wireless Telecommunications Carriers (*except* Satellite) is the closest industry with a SBA small business size standard applicable to these services. The SBA small business size standard for this industry classifies a business as small if it has 1,500 or fewer employees. U.S. Census Bureau data for 2017 show that there were 2,893 firms that operated in this industry for the entire year. Of this number, 2,837 firms employed fewer than 250 employees. Thus under the SBA size standard, the Commission estimates that a majority of licensees in this industry can be considered small.

According to Commission data as of December 2021, there were approximately 4,211 active *Narrowband PCS* licenses. The Commission's small business size standards with respect to *Narrowband PCS* involve eligibility for bidding credits and installment payments in the auction of licenses for these services. For the auction of these licenses, the Commission defined a ''small business'' as an entity that, together with affiliates and controlling interests, has average gross revenues for the three preceding years of not more than $40 million. A ''very small business'' is defined as an entity that, together with affiliates and controlling interests, has average gross revenues for the three preceding years of not more than $15 million. Pursuant to these definitions, 7 winning bidders claiming small and very small bidding credits won approximately 359 licenses. One of the winning bidders claiming a small business status classification in these *Narrowband PCS* license auctions had an active license as of December 2021.

In frequency bands where licenses were subject to auction, the Commission notes that as a general matter, the number of winning bidders that qualify as small businesses at the close of an auction does not necessarily represent the number of small businesses currently in service. Further, the Commission does not generally track subsequent business size unless, in the context of assignments or transfers, unjust enrichment issues are implicated. Additionally, since the Commission does not collect data on the number of employees for licensees providing these services, at this time we are not able to estimate the number of licensees with active licenses that would qualify as small under the SBA's small business size standard.

Noncommercial Educational (NCE) and Public Broadcast Stations. Noncommercial educational broadcast stations and public broadcast stations are television or radio broadcast stations which under the Commission's rules are eligible to be licensed by the Commission as a noncommercial educational radio or television broadcast station and are owned and operated by a public agency or nonprofit private foundation, corporation, or association; or are owned and operated by a municipality which transmits only noncommercial programs for education purposes.

The SBA small business size standards and U.S. Census Bureau data classify radio stations and television broadcasting separately and both categories may include both noncommercial and commercial stations. The SBA small business size standard for both radio stations and television broadcasting classify firms having $47 million or less in annual receipts as small. For Radio Stations, U.S. Census Bureau data for 2017 show that 1,879 of the 2,963 firms that operated during that year had revenue of less than $25 million per year. For Television Broadcasting, U.S. Census Bureau data for 2017 show that 657 of the 744 firms that operated for the entire year had revenue of less than $25 million per year. While the U.S. Census Bureau data does not indicate the number of non-commercial stations, we estimate that under the applicable SBA size standard the majority of noncommercial educational broadcast stations and public broadcast stations are small entities.

According to Commission data as of March 31, 2025, there were 5,017 licensed noncommercial educational radio and television stations. In addition, the Commission estimates as March 31, 2025, there were 383 licensed noncommercial educational (NCE) television stations, 383 Class A TV stations, 1,786 LPTV stations and 3,099 TV translator stations. The Commission does not compile and otherwise does not have access to financial information for these stations that permit it to determine how many stations qualify as small entities under the SBA small business size standards. However, given the nature of these services, we will presume that all noncommercial educational and public broadcast stations qualify as small entities under the above SBA small business size standards.

Offshore Radiotelephone Service. This service operates on several UHF television broadcast channels that are not used for television broadcasting in the coastal areas of states bordering the Gulf of America, and is governed by subpart I of Part 22 of the Commission's Rules. Wireless Telecommunications Carriers (*except* Satellite) is the closest industry with a SBA small business size standard applicable to this service. The SBA small business size standard for this industry classifies a business as small if it has 1,500 or fewer employees. U.S. Census Bureau data for 2017 show that there were 2,893 firms that operated in this industry for the entire year. Of this number, 2,837 firms employed fewer than 250 employees. Thus, under the SBA size standard, the Commission estimates that a majority of licensees in this industry can be considered small. Additionally, based on Commission data, as of December 2021, there was one licensee with an active license in this service. However, since the Commission does not collect data on the number of employees for this service, at this time we are not able to estimate the number of licensees that would qualify as small under the SBA's small business size standard.

Paging Services. Paging services encompass spectrum in the lower paging bands (35–36 MHz, 43–44 MHz, 152–159 MHz, 454–460 MHz) and in the upper paging bands (929–931 MHz), and includes services provided by both private and common carriers. These services fall in the Wireless Telecommunications Carriers (*except* Satellite) industry. Illustrative examples of services in this industry include paging services, except satellite; two-way paging communications carriers, except satellite; and radio paging services communications carriers. The SBA small business size standard classifies a business in this industry as small if it has 1,500 or fewer employees. U.S. Census Bureau data for 2017 show that there were 2,893 firms that operated in this industry for the entire year. Of this number, 2,837 firms employed fewer than 250 employees. Additionally, based on Commission data in the 2022 Universal Service Monitoring Report, as of December 31, 2021, there were 76 providers that reported they were engaged in the provision of paging and messaging services. Of these providers, the Commission estimates that all 76 providers have 1,500 or fewer employees. Consequently, using the SBA's small business size standard,

most of these providers can be considered small entities.

Payphone Service Providers (PSPs). Neither the Commission nor the SBA have developed a small business size standard specifically for payphone service providers. Telecommunications Resellers is the closest industry with a SBA small business size standard. The Telecommunications Resellers industry comprises establishments engaged in purchasing access and network capacity from owners and operators of telecommunications networks and reselling wired and wireless telecommunications services (except satellite) to businesses and households. Establishments in this industry resell telecommunications; they do not operate transmission facilities and infrastructure. Mobile virtual network operators (MVNOs) are included in this industry. The SBA small business size standard for Telecommunications Resellers classifies a business as small if it has 1,500 or fewer employees. U.S. Census Bureau data for 2017 show that 1,386 firms in this industry provided resale services for the entire year. Of that number, 1,375 firms operated with fewer than 250 employees. Additionally, based on Commission data in the 2022 Universal Service Monitoring Report, as of December 31, 2021, there were 36 providers that reported they were engaged in the provision of payphone services. Of these providers, the Commission estimates that 32 providers have 1,500 or fewer employees. Consequently, using the SBA's small business size standard, most of these providers can be considered small entities.

Public Safety Radio Licensees. As a general matter, Public Safety Radio Pool licensees include police, fire, local government, forestry conservation, highway maintenance, and emergency medical services. Because of the vast array of public safety licensees, the Commission has not developed a small business size standard specifically applicable to public safety licensees. Wireless Telecommunications Carriers (*except* Satellite) is the closest industry with a SBA small business size standard applicable to these services. The SBA small business size standard for this industry classifies a business as small if it has 1,500 or fewer employees. U.S. Census Bureau data for 2017 show that there were 2,893 firms that operated in this industry for the entire year. Of this number, 2,837 firms employed fewer than 250 employees. Thus under the SBA size standard, the Commission estimates that a majority of licensees in this industry can be considered small.

With respect to local governments, in particular, since many governmental entities comprise the licensees for these services, we include under public safety services the number of government entities affected. According to Commission records as of December 2021, there were approximately 127,019 active licenses within these services. Included in this number were 3,577 active licenses in the Public Safety 4.9 GHz band. Since the Commission does not collect data on the number of employees for licensees providing these services, at this time we are therefore not able to estimate the number of licensees with active licenses that would qualify as small under the SBA's small business size standard.

Radio Stations. This industry is comprised of ''establishments primarily engaged in broadcasting aural programs by radio to the public.'' Programming may originate in their own studio, from an affiliated network, or from external sources. The SBA small business size standard for this industry classifies firms having $47 million or less in annual receipts as small. U.S. Census Bureau data for 2017 show that 2,963 firms operated in this industry during that year. Of this number, 1,879 firms operated with revenue of less than $25 million per year. Based on this data and the SBA's small business size standard, we estimate a majority of such entities are small entities.

The Commission estimates that as of March 31, 2025, there were 4,367 licensed commercial AM radio stations and 6,621 licensed commercial FM radio stations, for a combined total of 10,988 commercial radio stations. Of this total, 10,987 stations (or 99.99 percent) had revenues of $47 million or less in 2023, according to Commission staff review of the BIA Kelsey Inc. Media Access Pro Database (BIA) on April 4, 2025, and therefore these licensees qualify as small entities under the SBA definition. In addition, the Commission estimates that as of March 31, 2025, there were 4,634 licensed noncommercial (NCE) FM radio stations, 1,976 low power FM (LPFM) stations, and 8,891 FM translators and boosters. The Commission however does not compile, and otherwise does not have access to financial information for these radio stations that would permit it to determine how many of these stations qualify as small entities under the SBA small business size standard. Nevertheless, given the SBA's large annual receipts threshold for this industry and the nature of radio station licensees, we presume that all of these entities qualify as small entities under the above SBA small business size standard.

We note, however, that in assessing whether a business concern qualifies as ''small'' under the above definition, business (control) affiliations must be included. Our estimate, therefore, likely overstates the number of small entities that might be affected by our action, because the revenue figure on which it is based does not include or aggregate revenues from affiliated companies. In addition, another element of the definition of ''small business'' requires that an entity not be dominant in its field of operation. We are unable at this time to define or quantify the criteria that would establish whether a specific radio or television broadcast station is dominant in its field of operation. Accordingly, the estimate of small businesses to which the rules may apply does not exclude any radio or television station from the definition of a small business on this basis and is therefore possibly over-inclusive. An additional element of the definition of ''small business'' is that the entity must be independently owned and operated. Because it is difficult to assess these criteria in the context of media entities, the estimate of small businesses to which the rules may apply does not exclude any radio or television station from the definition of a small business on this basis and similarly may be over-inclusive.

Rural Radiotelephone Service. Neither the Commission nor the SBA have developed a small business size standard specifically for small businesses providing Rural Radiotelephone Service. Rural Radiotelephone Service is radio service in which licensees are authorized to offer and provide radio telecommunication services for hire to subscribers in areas where it is not feasible to provide communication services by wire or other means. A significant subset of the Rural Radiotelephone Service is the Basic Exchange Telephone Radio System (BETRS). Wireless Telecommunications Carriers (*except* Satellite), is the closest applicable industry with a SBA small business size standard. The SBA small business size standard for Wireless Telecommunications Carriers (*except* Satellite) classifies firms having 1,500 or fewer employees as small. For this industry, U.S. Census Bureau data for 2017 show that there were 2,893 firms that operated for the entire year. Of this total, 2,837 firms employed fewer than 250 employees. Thus under the SBA size standard, the Commission estimates that the majority of Rural Radiotelephone Services firm are small

entities. Based on Commission data as of December 27, 2021, there were approximately 119 active licenses in the Rural Radiotelephone Service. The Commission does not collect employment data from these entities holding these licenses and therefore we cannot estimate how many of these entities meet the SBA small business size standard.

Specialized Mobile Radio Licenses. Special Mobile Radio (SMR) licenses allow licensees to provide land mobile communications services (other than radiolocation services) in the 800 MHz and 900 MHz spectrum bands on a commercial basis including but not limited to services used for voice and data communications, paging, and facsimile services, to individuals, Federal Government entities, and other entities licensed under Part 90 of the Commission's rules. Wireless Telecommunications Carriers (except Satellite) is the closest industry with a SBA small business size standard applicable to these services. The SBA size standard for this industry classifies a business as small if it has 1,500 or fewer employees. For this industry, U.S. Census Bureau data for 2017 show that there were 2,893 firms in this industry that operated for the entire year. Of this number, 2,837 firms employed fewer than 250 employees. Additionally, based on Commission data in the 2022 Universal Service Monitoring Report, as of December 31, 2021, there were 95 providers that reported they were of SMR (dispatch) providers. Of this number, the Commission estimates that all 95 providers have 1,500 or fewer employees. Consequently, using the SBA's small business size standard, these 119 SMR licensees can be considered small entities.

Based on Commission data as of December 2021, there were 3,924 active SMR licenses. However, since the Commission does not collect data on the number of employees for licensees providing SMR services, at this time we are not able to estimate the number of licensees with active licenses that would qualify as small under the SBA's small business size standard. Nevertheless, for purposes of this analysis the Commission estimates that the majority of SMR licensees can be considered small entities using the SBA's small business size standard.

Television Broadcasting. This industry is comprised of ''establishments primarily engaged in broadcasting images together with sound.'' These establishments operate television broadcast studios and facilities for the programming and transmission of programs to the public. These establishments also produce or transmit visual programming to affiliated broadcast television stations, which in turn broadcast the programs to the public on a predetermined schedule. Programming may originate in their own studio, from an affiliated network, or from external sources. The SBA small business size standard for this industry classifies businesses having $47 million or less in annual receipts as small. 2017 U.S. Census Bureau data indicate that 744 firms in this industry operated for the entire year. Of that number, 657 firms had revenue of less than $25 million per year. Based on this data we estimate that the majority of television broadcasters are small entities under the SBA small business size standard.

As of March 31, 2025, there were 1,384 licensed commercial television stations. Of this total, 1,307 stations (or 94.4 percent) had revenues of $47 million or less in 2023, according to Commission staff review of the BIA Kelsey Inc. Media Access Pro Television Database (BIA) on April 4, 2025, and therefore these licensees qualify as small entities under the SBA definition. In addition, the Commission estimates as of March 31, 2025, there were 383 licensed noncommercial educational (NCE) television stations, 383 Class A TV stations, 1,786 LPTV stations and 3,099 TV translator stations. The Commission, however, does not compile and otherwise does not have access to financial information for these television broadcast stations that would permit it to determine how many of these stations qualify as small entities under the SBA small business size standard. Nevertheless, given the SBA's large annual receipts threshold for this industry and the nature of these television station licensees, we presume that all of these entities qualify as small entities under the above SBA small business size standard.

Toll Resellers. Neither the Commission nor the SBA have developed a small business size standard specifically for Toll Resellers. Telecommunications Resellers is the closest industry with a SBA small business size standard. The Telecommunications Resellers industry comprises establishments engaged in purchasing access and network capacity from owners and operators of telecommunications networks and reselling wired and wireless telecommunications services (except satellite) to businesses and households. Establishments in this industry resell telecommunications; they do not operate transmission facilities and infrastructure. Mobile virtual network operators (MVNOs) are included in this industry. The SBA small business size standard for Telecommunications Resellers classifies a business as small if it has 1,500 or fewer employees. U.S. Census Bureau data for 2017 show that 1,386 firms in this industry provided resale services for the entire year. Of that number, 1,375 firms operated with fewer than 250 employees. Additionally, based on Commission data in the 2022 Universal Service Monitoring Report, as of December 31, 2021, there were 457 providers that reported they were engaged in the provision of toll services. Of these providers, the Commission estimates that 438 providers have 1,500 or fewer employees. Consequently, using the SBA's small business size standard, most of these providers can be considered small entities.

Upper 700 MHz Band Licenses. The upper 700 MHz band encompasses spectrum in the 746–806 MHz bands. Upper 700 MHz D Block licenses are nationwide licenses associated with the 758–763 MHz and 788–793 MHz bands. Permissible operations in these bands include flexible fixed, mobile, and broadcast uses, including mobile and other digital new broadcast operation; fixed and mobile wireless commercial services (including FDD- and TDD-based services); as well as fixed and mobile wireless uses for private, internal radio needs, two-way interactive, cellular, and mobile television broadcasting services. Wireless Telecommunications Carriers (*except* Satellite) is the closest industry with a SBA small business size standard applicable to licenses providing services in these bands. The SBA small business size standard for this industry classifies a business as small if it has 1,500 or fewer employees. U.S. Census Bureau data for 2017 show that there were 2,893 firms that operated in this industry for the entire year. Of that number, 2,837 firms employed fewer than 250 employees. Thus, under the SBA size standard, the Commission estimates that a majority of licensees in this industry can be considered small.

According to Commission data as of December 2021, there were approximately 152 active Upper 700 MHz Band licenses. The Commission's small business size standards with respect to Upper 700 MHz Band licensees involve eligibility for bidding credits and installment payments in the auction of licenses. For the auction of these licenses, the Commission defined a ''small business'' as an entity that, together with its affiliates and controlling principals, has average gross revenues not exceeding $40 million for the preceding three years, and a ''very

small business'' an entity that, together with its affiliates and controlling principals, has average gross revenues that are not more than $15 million for the preceding three years. Pursuant to these definitions, three winning bidders claiming very small business status won five of the twelve available licenses.

In frequency bands where licenses were subject to auction, the Commission notes that as a general matter, the number of winning bidders that qualify as small businesses at the close of an auction does not necessarily represent the number of small businesses currently in service. Further, the Commission does not generally track subsequent business size unless, in the context of assignments or transfers, unjust enrichment issues are implicated. Additionally, since the Commission does not collect data on the number of employees for licensees providing these services, at this time we are not able to estimate the number of licensees with active licenses that would qualify as small under the SBA's small business size standard.

Wireless Broadband internet Access Service Providers (Wireless ISPs or WISPs). Providers of wireless broadband internet access service include fixed and mobile wireless providers. The Commission defines a WISP as ''[a] company that provides end-users with wireless access to the internet[.]'' Wireless service that terminates at an end user location or mobile device and enables the end user to receive information from and/or send information to the internet at information transfer rates exceeding 200 kilobits per second (kbps) in at least one direction is classified as a broadband connection under the Commission's rules. Neither the SBA nor the Commission have developed a size standard specifically applicable to Wireless Broadband internet Access Service Providers. The closest applicable industry with an SBA small business size standard is Wireless Telecommunications Carriers (except Satellite). The SBA size standard for this industry classifies a business as small if it has 1,500 or fewer employees. U.S. Census Bureau data for 2017 show that there were 2,893 firms in this industry that operated for the entire year. Of that number, 2,837 firms employed fewer than 250 employees.

Additionally, according to Commission data on internet access services as of June 30, 2019, nationwide there were approximately 1,237 fixed wireless and 70 mobile wireless providers of connections over 200 kbps in at least one direction. The Commission does not collect data on the number of employees for providers of these services, therefore, at this time we are not able to estimate the number of providers that would qualify as small under the SBA's small business size standard. However, based on data in the Commission's *2022 Communications Marketplace Report* on the small number of large mobile wireless nationwide and regional facilities-based providers, the dozens of small regional facilities-based providers and the number of wireless mobile virtual network providers in general, as well as on terrestrial fixed wireless broadband providers in general, we believe that the majority of wireless internet access service providers can be considered small entities.

Wireless Telecommunications Carriers (except Satellite). This industry comprises establishments engaged in operating and maintaining switching and transmission facilities to provide communications via the airwaves. Establishments in this industry have spectrum licenses and provide services using that spectrum, such as cellular services, paging services, wireless internet access, and wireless video services. The SBA size standard for this industry classifies a business as small if it has 1,500 or fewer employees. U.S. Census Bureau data for 2017 show that there were 2,893 firms in this industry that operated for the entire year. Of that number, 2,837 firms employed fewer than 250 employees. Additionally, based on Commission data in the 2022 Universal Service Monitoring Report, as of December 31, 2021, there were 594 providers that reported they were engaged in the provision of wireless services. Of these providers, the Commission estimates that 511 providers have 1,500 or fewer employees. Consequently, using the SBA's small business size standard, most of these providers can be considered small entities.

D. Description of Projected Reporting, Recordkeeping, and Other Compliance Requirements for Small Entities

The RFA directs agencies to describe the economic impact proposed rules on small entities, as well as projected reporting, recordkeeping and other compliance requirements, including an estimate of the classes of small entities which will be subject to the requirement and the type of professional skills necessary for preparation of the report or record.

The *NPRM* proposes to amend existing rules to better reflect current policies and practice and to clarify and harmonize certain rule provisions. We estimate that the rule changes discussed in this *NPRM,* if adopted, would result in a reduction in the time and expense associated with filing section 310(b)(4) petitions for declaratory ruling as well as no significant material changes to reporting, recordkeeping, or compliance obligations for small and other Commission licensees. For example, the *NPRM* proposes to clarify and streamline the section 310 foreign ownership rules as applied to both broadcast and common carrier licensees by defining the terms ''controlling U.S. parent'' to make our rules consistent with our longstanding practices without disturbing or contradicting the substantive requirements in section 310(b)(4). Other proposals would, if adopted, clarify the requirements for trusts and trustees and the treatment of deemed voting interests for specific and advance approval requests to avoid duplicative filings and reduce the burdens imposed on petitioners subjection to section 310(b). This *NPRM* also seeks comment on the expected benefits of the proposals, whether the proposals offer sufficient predictability to Commission licensees, whether the proposals offer licensees flexibility in structuring their ownership chains, and whether the proposals would result in more streamlined Commission processes.

In addition, for all services subject to section 310(b), the *NPRM* proposes to add text in our rules to state the existing requirement that remedial petitions for declaratory ruling contain all of the information required for an initial petition for declaratory ruling and not just the information related to the newly discovered non-compliant interest(s). The proposed rule amendments may result in a modest paperwork obligation for small businesses and other entities that are not already aware of the existing requirement. The minimal burdens would be offset by the benefit of promoting a more efficient processing, avoiding confusion, and promoting regulatory consistency. In addition, the *NPRM* proposes to clarify that, with respect to petitions for declaratory ruling that request approval for certain foreign investors to increase their equity and/or voting interests in the U.S. parent for all services subject to section 310(b), there is no Commission requirement that such foreign investor must reside within the U.S., which would have no regulatory burden on small entities. Although U.S. residency status has not previously been required or expected under the foreign ownership rules, this clarifies that a foreign investor's lack of a U.S. residence is not a factor in the

Commission's assessment of whether a petition for declaratory ruling is in the public interest. We believe that this rule clarification will not have an impact on a small business entity.

The *NPRM* seeks comment on extending the Commission's methodology for determining foreign ownership levels and the remedial process for inadvertent violations of the foreign ownership benchmarks to privately held entities for all services subject to section 310(b), which, if adopted, we believe would ease the regulatory burden on small entities. The *NPRM* also seeks comment on codifying the requirement that any amendments to a petition for declaratory ruling must be filed as a complete restatement of the initial petition, which may result in a modest paperwork obligation for small and other entities.

With respect to broadcast licensees only, the *NPRM* seeks comment on how the Commission, including the Media Bureau pursuant to delegated authority, should process applications, or certain types of applications, filed by a broadcast licensee during the remedial process set forth in § 1.5004(f) of the Commission's rules, which would promote regulatory certainty and consistency for small and other entities. Similarly, the *NPRM* seeks comment on changes to the Commission's foreign ownership rules that would assess the foreign ownership levels of NCE stations, including full-service FM radio and television stations, and LPFM stations, by considering their unique structures. Similarly, the Commission's current rules do not address various procedural issues that might arise in the context of a filing window for noncommercial authorizations in the context of companies with foreign ownership that are eligible to apply for new construction permits. Considering how to best incorporate the structures of these stations and revising these processes would promote regulatory certainty for small entities and overall transparency of the process.

The Commission believes that the streamlining proposals and other options on which the Commission seeks comment in this *NPRM* will reduce costs and burdens currently imposed on licensees, including those licensees that are small entities, and accelerate the foreign ownership review process, while continuing to ensure that the Commission has the information needed to carry out our statutory duties. We believe that these revisions will make the rules more transparent and accessible to small entities and thus reduce the need for professional services such as expert engineering or legal assistance with compliance and reporting requirements. We anticipate the information we receive in comments, including where requested, information on costs and benefits, will help the Commission identify and evaluate relevant compliance issues impacting small entities, including costs to hire professionals to comply with these rules, and other burdens that may result from the proposed revisions in the *NPRM.*

E. Steps Taken To Minimize the Significant Economic Impact on Small Entities and Significant Alternatives Considered

The RFA directs agencies to provide a description of any significant alternatives to the proposed rules that would accomplish the stated objectives of applicable statutes, and minimize any significant economic impact on small entities. The discussion is required to include alternatives such as: ''(1) the establishment of differing compliance or reporting requirements or timetables that take into account the resources available to small entities; (2) the clarification, consolidation, or simplification of compliance and reporting requirements under the rule for such small entities; (3) the use of performance rather than design standards; and (4) an exemption from coverage of the rule, or any part thereof, for such small entities.''

In the *NPRM,* the Commission considered alternatives such as amending rules to provide a clearer path for foreign investment in licensees by aligning Commission procedures with developments in the market, while continuing to protect important interests related to national security, law enforcement, foreign policy, trade policy, and other public policy goals, many of which may minimize the impact of the regulations on small entities.

The Commission seeks comment on whether any of the burdens associated the filing, recordkeeping and reporting requirements described in the *NPRM* can be minimized for small entities. The Commission is open to considering alternatives to the rules proposed in the *NPRM,* including but not limited to alternatives that will minimize significant economic burdens on small and other licensee entities.

F. Federal Rules That May Duplicate, Overlap, or Conflict With the Proposed Rules

None.

List of Subjects in 47 CFR Part 1

Administrative practice and procedure, Authority delegations (government agencies), Communications, Communications common carriers, Organization and functions (Government agencies), Reporting and recordkeeping requirements.

Federal Communications Commission.

Marlene Dortch,

Secretary, Office of the Secretary.

Proposed Rules

For the reasons discussed in this preamble, the Federal Communications Commission proposes to amend 47 CFR part 1 as follows:

PART 1—PRACTICE AND PROCEDURE

■ 1. The authority citation for part 1 continues to read as follows:

Authority: 47 U.S.C. chs. 2, 5, 9, 13; 28 U.S.C. 2461 note; 47 U.S.C. 1754, unless otherwise noted.

■ 2. Revise and republish subpart T, consisting of §§ 1.5000 through 1.5004, to read as follows:

Subpart T—Foreign Ownership of Broadcast, Common Carrier, Aeronautical En Route, and Aeronautical Fixed Radio Station Licenses

Sec.

§ 1.5000 Citizenship and filing requirements under section 310(b) of the Communications Act of 1934, as amended.

The rules in this subpart establish the requirements and conditions for obtaining the Commission's prior approval of foreign ownership in broadcast, common carrier, aeronautical en route, and aeronautical fixed radio station licensees and common carrier spectrum lessees that would exceed the 25 percent benchmarks in section 310(b)(4) of the Act. These rules also establish the requirements and conditions for obtaining the Commission's prior approval of foreign

ownership in common carrier (but not broadcast, aeronautical en route or aeronautical fixed) radio station licensees and spectrum lessees that would exceed the 20 percent limit in section 310(b)(3) of the Act. These rules also establish the methodology applicable to eligible U.S. public companies for purposes of determining and ensuring their compliance with the foreign ownership limitations set forth in sections 310(b)(3) and 310(b)(4) of the Act.

(a)(1) A broadcast, common carrier, aeronautical en route or aeronautical fixed radio station licensee or common carrier spectrum lessee shall file a petition for declaratory ruling to obtain Commission approval under section 310(b)(4) of the Act, and obtain such approval, before the aggregate foreign ownership of any controlling U.S. parent exceeds, directly and/or indirectly, 25 percent of the controlling U.S. parent's equity interests and/or 25 percent of its voting interests. An applicant for a broadcast, common carrier, aeronautical en route or aeronautical fixed radio station license or common carrier spectrum leasing arrangement shall file the petition for declaratory ruling required by this paragraph at the same time that it files its application.

(i) Paragraph (a)(1) of this section implements the Commission's foreign ownership policies under section 310(b)(4) of the Act, 47 U.S.C. 310(b)(4), for broadcast, common carrier, aeronautical en route, and aeronautical fixed radio station licensees and common carrier spectrum lessees. It applies to foreign equity and/or voting interests that are held, or would be held, directly and/or indirectly in a controlling U.S. parent that itself directly or indirectly controls a broadcast, common carrier, aeronautical en route, or aeronautical fixed radio station licensee or common carrier spectrum lessee. A foreign individual or entity that seeks to hold a controlling interest in such a licensee or spectrum lessee must hold its controlling interest indirectly, in a controlling U.S. parent that itself directly or indirectly controls the licensee or spectrum lessee. Such controlling interests are subject to section 310(b)(4) and the requirements of paragraph (a)(1) of this section. The Commission assesses foreign ownership interests subject to section 310(b)(4) separately from foreign ownership interests subject to section 310(b)(3).

(ii) [Reserved]

(2) A common carrier radio station licensee or spectrum lessee shall file a petition for declaratory ruling to obtain approval under the Commission's section 310(b)(3) forbearance approach, and obtain such approval, before aggregate foreign ownership, held through one or more intervening U.S.-organized entities that hold non-controlling equity and/or voting interests in the licensee, along with any foreign interests held directly in the licensee or spectrum lessee, exceeds 20 percent of its equity interests and/or 20 percent of its voting interests. An applicant for a common carrier radio station license or spectrum leasing arrangement shall file the petition for declaratory ruling required by this paragraph at the same time that it files its application. Foreign interests held directly in a licensee or spectrum lessee, or other than through U.S.-organized entities that hold non-controlling equity and/or voting interests in the licensee or spectrum lessee, shall not be permitted to exceed 20 percent.

(i) Paragraph (a)(2) of this section implements the Commission's section 310(b)(3) forbearance approach adopted in the First Report and Order in IB Docket No. 11–133, FCC 12–93 (released Aug. 17, 2012), 77 FR 50628 (Aug. 22, 2012). The section 310(b)(3) forbearance approach applies only to foreign equity and voting interests that are held, or would be held, in a common carrier licensee or spectrum lessee through one or more intervening U.S.-organized entities that do not control the licensee or spectrum lessee. Foreign equity and/or voting interests that are held, or would be held, directly in a licensee or spectrum lessee, or indirectly other than through an intervening U.S.-organized entity, are not subject to the Commission's section 310(b)(3) forbearance approach and shall not be permitted to exceed the 20 percent limit in section 310(b)(3) of the Act, 47 U.S.C. 310(b)(3). The Commission's forbearance approach does not apply to broadcast, aeronautical en route or aeronautical fixed radio station licenses.

(ii) [Reserved]

(3) *Examples under paragraphs (a)(1) and (2) of this section*—(i) *Example 1.* U.S.-organized Corporation A is preparing an application to acquire a common carrier radio license by assignment from another licensee. U.S.-organized Corporation A is wholly owned and controlled by U.S.-organized Corporation B. U.S.-organized Corporation B is 51 percent owned and controlled by U.S.-organized Corporation C, which is, in turn, wholly owned and controlled by foreign-organized Corporation D. The remaining non-controlling 49 percent equity and voting interests in U.S.-organized Corporation B are held by U.S.-organized Corporation X, which is, in turn, wholly owned and controlled by U.S. citizens. Paragraph (a)(1) of this section requires that U.S.-organized Corporation A file a petition for declaratory ruling to obtain Commission approval of the 51 percent foreign ownership of its controlling U.S. parent, Corporation B, by foreign-organized Corporation D, which exceeds the 25 percent benchmarks in section 310(b)(4) of the Act for both equity interests and voting interests. Corporation A is also required to identify and request specific approval in its petition for any foreign individual or entity, or ''group,'' as defined in paragraph (d) of this section, that holds directly and/or indirectly more than 5 percent of Corporation B's total outstanding capital stock (equity) and/or voting stock, or a controlling interest in Corporation B, unless the foreign investment is exempt under § 1.5001(i)(3).

(ii) *Example 2.* U.S.-organized Corporation A is preparing an application to acquire a common carrier radio license by assignment from another licensee. U.S.-organized Corporation A is 51 percent owned and controlled by U.S.-organized Corporation B, which is, in turn, wholly owned and controlled by U.S. citizens. The remaining non-controlling 49 percent equity and voting interests in U.S.-organized Corporation A are held by U.S.-organized Corporation X, which is, in turn, wholly owned and controlled by foreign-organized Corporation Y. Paragraph (a)(2) of this section requires that U.S.-organized Corporation A file a petition for declaratory ruling to obtain Commission approval of the non-controlling 49 percent foreign ownership of U.S.-organized Corporation A by foreign-organized Corporation Y through U.S.-organized Corporation X, which exceeds the 20 percent limit in section 310(b)(3) of the Act for both equity interests and voting interests. U.S.-organized Corporation A is also required to identify and request specific approval in its petition for any foreign individual or entity, or ''group,'' as defined in paragraph (d) of this section, that holds an equity and/or voting interest in foreign-organized Corporation Y that, when multiplied by 49 percent, would exceed 5 percent of U.S.-organized Corporation A's equity and/or voting interests, unless the foreign investment is exempt under § 1.5001(i)(3).

(iii) *Example 3.* U.S.-organized Corporation A is preparing an application to acquire a common carrier radio license by assignment from another licensee. U.S.-organized Corporation A is 51 percent owned and controlled by U.S.-organized

Corporation B, which is, in turn, wholly owned and controlled by foreign-organized Corporation C. The remaining non-controlling 49 percent equity and voting interests in U.S.-organized Corporation A are held by U.S.-organized Corporation X, which is, in turn, wholly owned and controlled by foreign-organized Corporation Y. Paragraphs (a)(1) and (a)(2) of this section require that U.S.-organized Corporation A file a petition for declaratory ruling to obtain Commission approval of foreign-organized Corporation C's 100 percent ownership interest in U.S.-organized parent, Corporation B, and of foreign-organized Corporation Y's noncontrolling, 49 percent foreign ownership interest in U.S.-organized Corporation A through U.S-organized Corporation X, which exceed the 25 percent benchmark and 20 percent limit in sections 310(b)(4) and 310(b)(3) of the Act, respectively, for both equity interests and voting interests. U.S-organized Corporation A's petition also must identify and request specific approval for ownership interests held by any foreign individual, entity, or ''group,'' as defined in paragraph (d) of this section, to the extent required by § 1.5001(i).

(b) Except for petitions involving broadcast stations only, the petition for declaratory ruling required by paragraph (a) of this section shall be filed electronically through the International Communications Filing System (ICFS) or any successor system thereto. For information on filing a petition through ICFS, see subpart Y of this part and the ICFS homepage at *https://www.fcc.gov/icfs.* Petitions for declaratory ruling required by paragraph (a) of this section involving broadcast stations only shall be filed electronically on the internet through the Media Bureau's Licensing and Management System (LMS) or any successor system thereto when submitted to the Commission as part of an application for a construction permit, assignment, or transfer of control of a broadcast license; if there is no associated construction permit, assignment or transfer of control application, petitions for declaratory ruling should be filed with the Office of the Secretary via the Commission's Electronic Comment Filing System (ECFS).

(c)(1) Each applicant, licensee, or spectrum lessee filing a petition for declaratory ruling required by paragraph (a) of this section shall certify to the information contained in the petition in accordance with the provisions of § 1.16 and the requirements of this paragraph. The certification shall include a statement that the applicant, licensee and/or spectrum lessee has calculated the ownership interests disclosed in its petition based upon its review of the Commission's rules and that the interests disclosed satisfy each of the pertinent standards and criteria set forth in the rules.

(2) Multiple applicants and/or licensees shall file jointly the petition for declaratory ruling required by paragraph (a) of this section where the entities are under common control and contemporaneously hold, or are contemporaneously filing applications for, broadcast, common carrier licenses, common carrier spectrum leasing arrangements, or aeronautical en route or aeronautical fixed radio station licenses. Where joint petitioners have different responses to the information required by § 1.5001, such information should be set out separately for each joint petitioner, except as otherwise permitted in § 1.5001(h)(2).

(i) Each joint petitioner shall certify to the information contained in the petition in accordance with the provisions of § 1.16 with respect to the information that is pertinent to that petitioner. Alternatively, the controlling parent of the joint petitioners may certify to the information contained in the petition.

(ii) Where the petition is being filed in connection with an application for consent to transfer control of licenses or spectrum leasing arrangements, the transferee or its ultimate controlling parent may file the petition on behalf of the licensees or spectrum lessees that would be acquired as a result of the proposed transfer of control and certify to the information contained in the petition.

(3) Multiple applicants and licensees shall not be permitted to file a petition for declaratory ruling jointly unless they are under common control.

(d) The following definitions shall apply to this section and §§ 1.5001 through 1.5004.

Aeronautical radio licenses refers to aeronautical en route and aeronautical fixed radio station licenses only. It does not refer to other types of aeronautical radio station licenses.

Affiliate refers to any entity that is under common control with a licensee, defined by reference to the holder, directly and/or indirectly, of more than 50 percent of total voting power, where no other individual or entity has de facto control.

Control includes actual working control in whatever manner exercised and is not limited to majority stock ownership. Control also includes direct or indirect control, such as through intervening subsidiaries.

Controlling U.S. parent refers to the first controlling entity organized in the United States that is above the licensee(s) in the vertical chain of control and that does not itself hold a license subject to section 310(b).

Entity includes a partnership, association, estate, trust, corporation, limited liability company, governmental authority or other organization.

Group refers to two or more individuals or entities that have agreed to act together for the purpose of acquiring, holding, voting, or disposing of their equity and/or voting interests in the relevant licensee, controlling U.S. parent, or entity holding a direct and/or indirect equity and/or voting interest in the licensee or U.S. parent.

Individual refers to a natural person as distinguished from a partnership, association, corporation, or other organization.

Licensee as used in §§ 1.5000 through 1.5004 includes a spectrum lessee as defined in § 1.9003.

Privately held company refers to a U.S.- or foreign-organized company that has not issued a class of equity securities for which beneficial ownership reporting is required by security holders and other beneficial owners under sections 13(d) or 13(g) of the Securities Exchange Act of 1934, as amended, 15 U.S.C. 78a *et seq.* (Exchange Act), and corresponding Exchange Act Rule 13d–1, 17 CFR 240.13d–1, or a substantially comparable foreign law or regulation.

Public company refers to a U.S.- or foreign-organized company that has issued a class of equity securities for which beneficial ownership reporting is required by security holders and other beneficial owners under sections 13(d) or 13(g) of the Securities Exchange Act of 1934, as amended, 15 U.S.C. 78a *et seq.* (Exchange Act) and corresponding Exchange Act Rule 13d–1, 17 CFR 240.13d–1, or a substantially comparable foreign law or regulation.

Subsidiary refers to any entity in which a licensee owns or controls, directly and/or indirectly, more than 50 percent of the total voting power of the outstanding voting stock of the entity, where no other individual or entity has de facto control.

Voting stock refers to an entity's corporate stock, partnership or membership interests, or other equivalents of corporate stock that, under ordinary circumstances, entitles the holders thereof to elect the entity's board of directors, management committee, or other equivalent of a corporate board of directors.

Would hold as used in §§ 1.5000 through 1.5004 includes interests that

an individual or entity proposes to hold in an applicant, licensee, or spectrum lessee, or their controlling U.S. parent, upon consummation of any transactions described in the petition for declaratory ruling filed under paragraphs (a)(1) or (2) of this section.

(e)(1) This section sets forth the methodology applicable to broadcast, common carrier, aeronautical en route, and aeronautical fixed radio station licensees and common carrier spectrum lessees that are, or are directly or indirectly controlled by, an eligible U.S. public company for purposes of monitoring the licensee's or spectrum lessee's compliance with the foreign ownership limits set forth in sections 310(b)(3) and 310(b)(4) of the Act and with the terms and conditions of a licensee's or spectrum lessee's foreign ownership ruling issued pursuant to paragraph (a)(1) or (2) of this section. For purposes of this section:

(i) An ''eligible U.S. public company'' is a company that is organized in the United States; whose stock is traded on a stock exchange in the United States; and that has issued a class of equity securities for which beneficial ownership reporting is required by security holders and other beneficial owners under sections 13(d) or 13(g) of the Securities Exchange Act of 1934, as amended, 15 U.S.C. 78a *et seq.* (Exchange Act) and corresponding Exchange Act Rule 13d–1, 17 CFR 240.13d–1;

(ii) A ''beneficial owner'' of a security refers to any person who, directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise has or shares voting power, which includes the power to vote, or to direct the voting of, such security; and

(iii) An ''equity interest holder'' refers to any person or entity that has the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, a share.

(2) An eligible U.S. public company shall use information that is known or reasonably should be known by the company in the ordinary course of business, as described in this paragraph, to identify the beneficial owners and equity interest holders of its voting and non-voting stock:

(i) Information recorded in the company's share register;

(ii) Information as to shares held by officers, directors, and employees;

(iii) Information reported to the Securities and Exchange Commission (SEC) in Schedule 13D (17 CFR 240.13d–101) and in Schedule 13G (17 CFR 240.13d–102), including amendments filed by or on behalf of a reporting person, and company specific information derived from SEC Form 13F (17 CFR 249.325);

(iv) Information as to beneficial owners of shares required to be identified in a company's annual reports (or proxy statements) and quarterly reports;

(v) Information as to the identify and citizenship of a beneficial owner and/or equity interest holder where such information is actually known to the public company as a result of shareholder litigation, financing transactions, and proxies voted at annual or other meetings; and

(vi) Information as to the identity and citizenship of a beneficial owner and/or equity interest holder where such information is actually known to the company by whatever source.

(3) An eligible U.S. public company shall use information that is known or reasonably should be known by the company in the ordinary course of business to determine the citizenship of the beneficial owners and equity interest holders, identified pursuant to paragraph (e)(2) of this section, including information recorded in the company's shareholder register, information required to be disclosed pursuant to rules of the Securities and Exchange Commission, other information that is publicly available to the company, and information received by the company through direct inquiries with the beneficial owners and equity interest holders where the company determines that direct inquiries are necessary to its compliance efforts.

(4) A licensee or spectrum lessee that is, or is directly or indirectly controlled by, an eligible U.S. public company, shall exercise due diligence in identifying and determining the citizenship of such public company's beneficial owners and equity interest holders.

(5) To calculate aggregate levels of foreign ownership, a licensee or spectrum lessee that is, or is directly or indirectly controlled by, an eligible U.S. public company, shall base its foreign ownership calculations on such public company's known or reasonably should be known foreign equity and voting interests as described in paragraphs (e)(2) and (3) of this section. The licensee shall aggregate the public company's known or reasonably should be known foreign voting interests and separately aggregate the public company's known or reasonably should be known foreign equity interests. If the public company's known or reasonably should be known foreign voting interests and its known or reasonably should be known foreign equity interests do not exceed 25 percent (20 percent in the case of an eligible publicly traded licensee subject to section 310(b)(3)) of the company's total outstanding voting shares or 25 percent (20 percent in the case of an eligible publicly traded licensee subject to Section 310(b)(3)) of the company's total outstanding shares (whether voting or non-voting), respectively, the company shall be deemed compliant, under this section, with the applicable statutory limit.

(i) *Example.* Assume that a licensee's controlling U.S. parent is an eligible U.S. public company. The publicly traded U.S. parent has one class of stock consisting of 100 total outstanding shares of common voting stock. The licensee (and/or the U.S. parent on its behalf) has exercised the required due diligence in following the above-described methodology for identifying and determining the citizenship of the controlling U.S. parent's ''known or reasonably should be known'' interest holders and has identified one foreign shareholder that owns 6 shares (*i.e.,* 6 percent of the total outstanding shares) and another foreign shareholder that owns 4 shares (*i.e.,* 4 percent of the total outstanding shares). The licensee would add the controlling U.S. parent's known foreign shares and divide the sum by the number of the controlling U.S. parent's total outstanding shares. In this example, the licensee's controlling U.S. parent would be calculated as having an aggregate 10 percent foreign equity interests and 10 percent foreign voting interests (6 + 4 foreign shares = 10 foreign shares; 10 foreign shares divided by 100 total outstanding shares = 10 percent). Thus, in this example, the licensee would be deemed compliant with Section 310(b)(4).

(ii) [Reserved]

§ 1.5001 Contents of petitions for declaratory ruling under section 310(b) of the Communications Act of 1934, as amended.

The petition for declaratory ruling required by § 1.5000(a)(1) and/or (2) shall contain the following information:

(a) *Applicant or licensee information.* With respect to each petitioning applicant or licensee, provide its name; FCC Registration Number (FRN); mailing address; place of organization; telephone number; facsimile number (if available); electronic mail address (if available); type of business organization (*e.g.,* corporation, unincorporated association, trust, general partnership, limited partnership, limited liability company, other (include description of legal entity)); name and title of officer

certifying to the information contained in the petition.

(b) *Third party information.* If the petitioning applicant or licensee is represented by a third party (*e.g.,* legal counsel), specify that individual's name, the name of the firm or company, mailing address and telephone number/ electronic mail address.

(c) *Services covered.* (1) For each named licensee, list the type(s) of radio service authorized (*e.g.,* broadcast service, cellular radio telephone service; microwave radio service; mobile satellite service; aeronautical fixed service). In the case of broadcast licensees, also list the call sign, facility identification number (if applicable), and community of license or transmit site for each authorization covered by the petition.

(2) If the petition is filed in connection with an application for a radio station license or a spectrum leasing arrangement, or an application to acquire a license or spectrum leasing arrangement by assignment or transfer of control, specify for each named applicant:

(i) The File No(s). of the associated application(s), if available at the time the petition is filed; otherwise, specify the anticipated filing date for each application; and

(ii) The type(s) of radio services covered by each application (*e.g.,* broadcast service, cellular radio telephone service; microwave radio service; mobile satellite service; aeronautical fixed service).

(d) *Type of Declaratory Ruling.* With respect to each petitioner, include a statement as to whether the petitioner is requesting a declaratory ruling under § 1.5000(a)(1) and/or (2).

(e) *Disclosable interest holders—direct U.S. or foreign interests in the controlling U.S. parent.* Paragraphs (e)(1) through (4) of this section apply only to petitions filed under § 1.5000(a)(1) and/or (2) for common carrier, aeronautical en route, and aeronautical fixed radio station applicants or licensees, as applicable. Petitions filed under § 1.5000(a)(1) for broadcast licensees shall provide the name of any individual or entity that holds, or would hold, directly, an attributable interest in the controlling U.S. parent of the petitioning broadcast station applicant(s) or licensee(s), as defined in the Notes to § 73.3555 of this chapter. Where no individual or entity holds, or would hold, directly, an attributable interest in the controlling U.S. parent (for petitions filed under § 1.5000(a)(1)), the petition shall specify that no individual or entity holds, or would hold, directly, an attributable interest in the U.S. parent, applicant(s), or licensee(s).

(1) *Direct U.S. or foreign interests of ten percent or more or a controlling interest.* With respect to petitions filed under § 1.5000(a)(1), provide the name of any individual or entity that holds, or would hold, directly 10 percent or more of the equity interests and/or voting interests, or a controlling interest, in the controlling U.S. parent of the petitioning common carrier or aeronautical radio station applicant(s) or licensee(s) as specified in paragraphs (e)(4)(i) through (iv) of this section.

(2) *Direct U.S. or foreign interests of ten percent or more or a controlling interest.* With respect to petitions filed under § 1.5000(a)(2), provide the name of any individual or entity that holds, or would hold, directly 10 percent or more of the equity interests and/or voting interests, or a controlling interest, in each petitioning common carrier applicant or licensee as specified in paragraphs (e)(4)(i) through (iv) of this section.

(3) Where no individual or entity holds, or would hold, directly 10 percent or more of the equity interests and/or voting interests, or a controlling interest, in the controlling U.S. parent (for petitions filed under § 1.5000(a)(1)) or in the applicant or licensee (for petitions filed under § 1.5000(a)(2)), the petition shall state that no individual or entity holds or would hold directly 10 percent or more of the equity interests and/or voting interests, or a controlling interest, in the controlling U.S. parent, applicant or licensee.

(4)(i) Where a named U.S. parent, applicant, or licensee is organized as a corporation, provide the name of any individual or entity that holds, or would hold, 10 percent or more of the outstanding capital stock and/or voting stock, or a controlling interest.

(ii) Where a named U.S. parent, applicant, or licensee is organized as a general partnership, provide the names of the partnership's constituent general partners.

(iii) Where a named U.S. parent, applicant, or licensee is organized as a limited partnership or limited liability partnership, provide the name(s) of the general partner(s) (in the case of a limited partnership), any uninsulated partner, regardless of its equity interest, and any insulated partner with an equity interest in the partnership of at least 10 percent (calculated according to the percentage of the partner's capital contribution). With respect to each named partner (other than a named general partner), the petitioner shall state whether the partnership interest is insulated or uninsulated, based on the insulation criteria specified in § 1.5003.

(iv) Where a named U.S. parent, applicant, or licensee is organized as a limited liability company, provide the name(s) of each uninsulated member, regardless of its equity interest, any insulated member with an equity interest of at least 10 percent (calculated according to the percentage of its capital contribution), and any non-equity manager(s). With respect to each named member, the petitioner shall state whether the interest is insulated or uninsulated, based on the insulation criteria specified in § 1.5003, and whether the member is a manager.

(5) With respect to trusts, the trustee(s) of the trust must be disclosed regardless of whether the trustee(s) otherwise holds, or would otherwise hold, directly 10 percent or more of the equity interests and/or voting interests, or a controlling interest, in the controlling U.S. parent, petitioning applicant/licensee, or an intervening U.S. entity that does not control the petitioning applicant/licensee.

(6) The Commission presumes that a general partner of a general partnership or limited partnership has a controlling (100 percent) voting interest in the partnership. A general partner shall in all cases be deemed to hold an uninsulated interest in the partnership.

(f) *Disclosable interest holders—indirect U.S. or foreign interests in the controlling U.S. parent.* Paragraphs (f)(1) through (3) of this section apply only to petitions filed under § 1.5000(a)(1) and/or § 1.5000(a)(2) for common carrier, aeronautical en route, and aeronautical fixed radio station applicants or licensees, as applicable. Petitions filed under § 1.5000(a)(1) for broadcast licensees shall provide the name of any individual or entity that holds, or would hold, indirectly, an attributable interest in the controlling U.S. parent of the petitioning broadcast station applicant(s) or licensee(s), as defined in the Notes to § 73.3555 of this chapter. Where no individual or entity holds, or would hold, indirectly, an attributable interest in the controlling U.S. parent (for petitions filed under § 1.5000(a)(1)), the petition shall specify that no individual or entity holds, or would hold, indirectly, an attributable interest in the controlling U.S. parent, applicant(s), or licensee(s).

(1) *Indirect U.S. or foreign interests of 10 percent or more or a controlling interest.* With respect to petitions filed under § 1.5000(a)(1), provide the name of any individual or entity that holds, or would hold, indirectly, through one or more intervening entities, 10 percent or more of the equity interests and/or

voting interests, or a controlling interest, in the controlling U.S. parent of the petitioning common carrier or aeronautical radio station applicant(s) or licensee(s). Equity interests and voting interests held indirectly shall be calculated in accordance with the principles set forth in § 1.5002.

(2) *Indirect U.S. or foreign interests of 10 percent or more or a controlling interest.* With respect to petitions filed under § 1.5000(a)(2), provide the name of any individual or entity that holds, or would hold, indirectly, through one or more intervening entities, 10 percent or more of the equity interests and/or voting interests, or a controlling interest, in the petitioning common carrier radio station applicant(s) or licensee(s). Equity interests and voting interests held indirectly shall be calculated in accordance with the principles set forth in § 1.5002.

(3) Where no individual or entity holds, or would hold, indirectly 10 percent or more of the equity interests and/or voting interests, or a controlling interest, in the controlling U.S. parent (for petitions filed under § 1.5000(a)(1)) or in the petitioning applicant(s) or licensee(s) (for petitions filed under § 1.5000(a)(2)), the petition shall specify that no individual or entity holds indirectly 10 percent or more of the equity interests and/or voting interests, or a controlling interest, in the controlling U.S. parent, applicant(s), or licensee(s).

(4) With respect to trusts, the trustee(s) of the trust must be disclosed regardless of whether the trustee(s) otherwise holds, or would otherwise hold, indirectly 10 percent or more of the equity interests and/or voting interests, or a controlling interest, in the controlling U.S. parent, petitioning applicant/licensee, or an intervening U.S. entity that does not control the petitioning applicant/licensee.

(5) The Commission presumes that a general partner of a general partnership or limited partnership has a controlling interest in the partnership. A general partner shall in all cases be deemed to hold an uninsulated interest in the partnership.

(g) *Citizenship and other information*—(1) *Citizenship and other information for disclosable interests in common carrier, aeronautical en route, and aeronautical fixed radio station applicants and licensees.* For each 10 percent interest holder named in response to paragraphs (e) and (f) of this section, specify the equity interest held and the voting interest held (each to the nearest one percent); in the case of an individual, his or her citizenship; and in the case of a business organization, its place of organization, type of business organization (*e.g.,* corporation, unincorporated association, trust, general partnership, limited partnership, limited liability company, other (include description of legal entity)), and principal business(es).

(2) *Citizenship and other information for disclosable interests in broadcast station applicants and licensees.* For each attributable interest holder named in response to paragraphs (e) and (f) of this section, describe the nature of the attributable interest and, if applicable, specify the equity interest held and the voting interest held (each to the nearest one percent); in the case of an individual, his or her citizenship; and in the case of a business organization, its place of organization, type of business organization (*e.g.,* corporation, unincorporated association, trust, general partnership, limited partnership, limited liability company, other (include description of legal entity)), and principal business(es).

(h) *Ownership information*—(1) *Estimate of aggregate foreign ownership.* For petitions filed under § 1.5000(a)(1), attach an exhibit that provides a percentage estimate of the controlling U.S. parent's aggregate direct and/or indirect foreign equity interests and its aggregate direct and/or indirect foreign voting interests. For petitions filed under § 1.5000(a)(2), attach an exhibit that provides a percentage estimate of the aggregate foreign equity interests and aggregate foreign voting interests held directly in the petitioning applicant(s) and/or licensee(s), if any, and the aggregate foreign equity interests and aggregate foreign voting interests held indirectly in the petitioning applicant(s) and/or licensee(s). The exhibit required by this paragraph must also provide a general description of the methods used to determine the percentages, and a statement addressing the circumstances that prompted the filing of the petition and demonstrating that the public interest would be served by grant of the petition.

(2) *Ownership and control structure.* Attach an exhibit that describes the ownership and control structure of the applicant(s) and/or licensee(s) that are the subject of the petition, including an ownership diagram and identification of the real party-in-interest disclosed in any companion applications. The ownership diagram should illustrate the petitioner's vertical ownership structure, including the controlling U.S. parent named in the petition (for petitions filed under § 1.5000(a)(1)) and either:

(i) For common carrier, aeronautical en route, and aeronautical fixed radio station applicants and licensees, the direct and indirect ownership (equity and voting) interests held by the individual(s) and/or entity(ies) named in response to paragraphs (e) and (f) of this section; or

(ii) For broadcast station applicants and licensees, the attributable interest holders named in response to paragraphs (e) and (f) of this section. Each such individual or entity shall be depicted in the ownership diagram and all controlling interests labeled as such. Where the petition includes multiple petitioners, the ownership of all petitioners may be depicted in a single ownership diagram or in multiple diagrams.

(i) *Requests for specific approval.* Provide, as required or permitted by this paragraph, the name of each foreign individual and/or entity for which each petitioner requests specific approval, if any, and the respective percentages of equity and/or voting interests (to the nearest one percent) that each such foreign individual or entity holds, or would hold, directly and/or indirectly, in the controlling U.S. parent of the petitioning broadcast, common carrier or aeronautical radio station applicant(s) or licensee(s) for petitions filed under § 1.5000(a)(1), and in each petitioning common carrier applicant or licensee for petitions filed under § 1.5000(a)(2).

(1) Each petitioning broadcast, common carrier or aeronautical radio station applicant or licensee filing under § 1.5000(a)(1) shall identify and request specific approval for any foreign individual, entity, or group of such individuals or entities that holds, or would hold, directly and/or indirectly, more than 5 percent of the equity and/or voting interests, or a controlling interest, in the petitioner's controlling U.S. parent unless the foreign investment is exempt under paragraph (i)(3) of this section. Equity and voting interests held indirectly in the petitioner's controlling U.S. parent shall be calculated in accordance with the principles set forth in §§ 1.5002 and 1.5003. Equity and voting interests held directly in a petitioner's controlling U.S. parent that is organized as a partnership or limited liability company shall be calculated in accordance with paragraph (i)(4)(ii)(C)(*1*) of this section.

(2) Solely for the purpose of identifying foreign interests that require specific approval under this paragraph (i), broadcast station applicants and licensees filing petitions under § 1.5000(a)(1) should calculate equity and voting interests in accordance with the principles set forth in §§ 1.5002 and

1.5003 and *not* as set forth in the Notes to § 73.3555 of this chapter, to the extent that there are any differences in such calculation methods. Notwithstanding the foregoing, the insulation of limited partnership, limited liability partnership, and limited liability company interests for broadcast applicants and licensees *shall* be determined in accordance with Note 2(f) of § 73.3555 of this chapter.

(3) Each petitioning common carrier radio station applicant or licensee filing under § 1.5000(a)(2) shall identify and request specific approval for any foreign individual, entity, or group of such individuals or entities that holds, or would hold, directly, and/or indirectly through one or more intervening U.S.-organized entities that do not control the applicant or licensee, more than 5 percent of the equity and/or voting interests in the applicant or licensee unless the foreign investment is exempt under paragraph (i)(3) of this section. Equity and voting interests held indirectly in the applicant or licensee shall be calculated in accordance with the principles set forth in §§ 1.5002 and 1.5003. Equity and voting interests held directly in an applicant or licensee that is organized as a partnership or limited liability company shall be calculated in accordance with paragraph (i)(4)(ii)(C)(*1*) of this section.

(i) Certain foreign interests of 5 percent or less may require specific approval under paragraphs (i)(1) and (2). See paragraph (i)(4)(ii)(C)(*2*) of this section.

(ii) Two or more individuals or entities will be treated as a ''group'' when they have agreed to act together for the purpose of acquiring, holding, voting, or disposing of their equity and/or voting interests in the licensee and/or controlling U.S. parent of the licensee or in any intermediate company(ies) through which any of the individuals or entities holds its interests in the licensee and/or controlling U.S. parent of the licensee.

(iii) *Example.* Common carrier applicant (''Applicant'') is preparing a petition for declaratory ruling to request Commission approval for foreign ownership of its controlling U.S. parent to exceed the 25 percent benchmarks in section 310(b)(4) of the Act and § 1.5000(a)(1) of the Commission's rules. The Applicant identifies that Trust A, a U.S. entity, will hold indirect 40 percent equity and voting interests in the Applicant's controlling U.S. parent. A Trustee to Trust A is a foreign citizen. Pursuant to § 1.5001(e) of the Commission's rules, the Applicant must disclose the Trustees to Trust A. Pursuant to § 1.5001(i), if the foreign Trustee(s) holds or will hold more than five percent equity and/or voting interests, the Trustee(s) must request specific approval for its equity and/or voting interests in the Applicant's controlling U.S. parent prior to its interests exceeding five percent.

(4) A foreign investment is exempt from the specific approval requirements of paragraphs (i)(1) and (2) of this section where:

(i) The foreign individual or entity holds, or would hold, directly and/or indirectly, no more than 10 percent of the equity and/or voting interests of the controlling U.S. parent (for petitions filed under § 1.5000(a)(1)) or the petitioning applicant or licensee (for petitions filed under § 1.5000(a)(2)); and

(ii) The foreign individual or entity does not hold, and would not hold, a controlling interest in the petitioner or any controlling parent company, does not plan or intend to change or influence control of the petitioner or any controlling parent company, does not possess or develop any such purpose, and does not take any action having such purpose or effect. The Commission will presume, in the absence of evidence to the contrary, that the following interests satisfy this criterion for exemption from the specific approval requirements in paragraphs (i)(1) and (2) of this section:

(A) Where the petitioning applicant or licensee, controlling U.S. parent, or entity holding a direct or indirect equity and/or voting interest in the applicant/licensee or controlling U.S. parent is a ''public company,'' as defined in § 1.5000(d), provided that the foreign holder is an institutional investor that is eligible to report its beneficial ownership interests in the company's voting, equity securities in excess of 5 percent (not to exceed 10 percent) pursuant to Exchange Act Rule 13d–1(b), 17 CFR 240.13d–1(b), or a substantially comparable foreign law or regulation. This presumption shall not apply if the foreign individual, entity or group holding such interests is obligated to report its holdings in the company pursuant to Exchange Act Rule 13d–1(a), 17 CFR 240.13d–1(a), or a substantially comparable foreign law or regulation.

(1) Example. Common carrier applicant (''Applicant'') is preparing a petition for declaratory ruling to request Commission approval for foreign ownership of its controlling U.S. parent to exceed the 25 percent benchmarks in section 310(b)(4) of the Act. Applicant does not currently hold any FCC licenses. Shares of controlling U.S. parent trade publicly on the New York Stock Exchange. Based on a review of its shareholder records, controlling U.S. parent has determined that its aggregate foreign ownership on any given day may exceed an aggregate 25 percent, including a 6 percent common stock interest held by a foreign-organized mutual fund (''Foreign Fund''). Controlling U.S. parent has confirmed that Foreign Fund is not currently required to report its interest pursuant to Exchange Act Rule 13d–1(a) and instead is eligible to report its interest pursuant to Exchange Act Rule 13d–1(b). Controlling U.S. parent also has confirmed that Foreign Fund does not hold any other interests in controlling U.S. parent's equity securities, whether of a class of voting or non-voting securities. Applicant may, but is not required to, request specific approval of Foreign Fund's 6 percent interest in controlling U.S. parent.

(2) Where an institutional investor holds voting, equity securities that are subject to reporting under Exchange Act Rule 13d–1, 17 CFR 240.13d–1, or a substantially comparable foreign law or regulation, in addition to equity securities that are not subject to such reporting, the investor's total capital stock interests may be aggregated and treated as exempt from the 5 percent specific approval requirement in paragraphs (i)(1) and (2) of this section so long as the aggregate amount of the institutional investor's holdings does not exceed 10 percent of the company's total capital stock or voting rights and the investor is eligible to certify under Exchange Act Rule 13d–1(b), 17 CFR 240.13d–1(b), or a substantially comparable foreign law or regulation that it has acquired its capital stock interests in the ordinary course of business and not with the purpose nor with the effect of changing or influencing the control of the company. In calculating foreign equity and voting interests, the Commission does not consider convertible interests such as options, warrants and convertible debentures until converted, unless specifically requested by the petitioner, *i.e.,* where the petitioner is requesting approval so those rights can be exercised in a particular case without further Commission approval.

(B) Where the petitioning applicant or licensee, controlling U.S. parent, or entity holding a direct and/or indirect equity and/or voting interest in the applicant/licensee or U.S. parent is a ''privately held'' corporation, as defined in § 1.5000(d), provided that a shareholders' agreement, or similar voting agreement, prohibits the foreign holder from becoming actively involved in the management or operation of the corporation and limits the foreign

holder's voting and consent rights, if any, to the minority shareholder protections listed in paragraph (i)(5) of this section.

(C) Where the petitioning applicant or licensee, controlling U.S. parent, or entity holding a direct and/or indirect equity and/or voting interest in the licensee or U.S. parent is ''privately held,'' as defined in § 1.5000(d), and is organized as a limited partnership, limited liability company (''LLC''), or limited liability partnership (''LLP''), provided that the foreign holder is ''insulated'' in accordance with the criteria specified in § 1.5003.

(1) For purposes of identifying foreign interests that require specific approval, where the petitioning applicant, licensee, or controlling U.S. parent is itself organized as a partnership or LLC, a general partner, uninsulated limited partner, uninsulated LLC member, and non-member LLC manager shall be deemed to hold a controlling (100 percent) voting interest in the applicant, licensee, or controlling U.S. parent.

(2) For purposes of identifying foreign interests that require specific approval, where interests are held indirectly in the petitioning applicant, licensee, or controlling U.S. parent through one or more intervening partnerships or LLCs, a general partner, uninsulated limited partner, uninsulated LLC members, and non-member LLC managers shall be deemed to hold the same voting interest as the partnership or LLC holds in the company situated in the next lower tier of the petitioner's vertical ownership chain and, ultimately, the same voting interest as the partnership or LLC is calculated as holding in the controlling U.S. parent (for petitions filed under § 1.5000(a)(1)) or in the applicant or licensee (for petitions filed under § 1.5000(a)(2)). See § 1.5002(b)(2)(ii)(A) and (b)(2)(iii)(A). Where a limited partner or LLC member is insulated, the limited partner's or LLC member's voting interest in the controlling U.S. parent (for petitions filed under § 1.5000(a)(1)), or in the applicant or licensee (for petitions filed under § 1.5000(a)(2)) is calculated as equal to the limited partner's or LLC member's equity interest in the controlling U.S. parent or in the applicant or licensee, respectively. See § 1.5002(b)(2)(ii)(B) and (b)(2)(iii)(B). Thus, depending on the particular ownership structure presented in the petition, a foreign general partner, uninsulated limited partner, LLC member, or non-member LLC manager of an intervening partnership or LLC may be deemed to hold an indirect voting interest in the controlling U.S. parent or in the petitioning applicant or licensee that requires specific approval because the voting interest exceeds the 5 percent amount specified in paragraphs (i)(1) and (2) of this section and, unless the voting interest is otherwise insulated at a lower tier of the petitioner's vertical ownership chain, the voting interest would not qualify as exempt from specific approval under this paragraph (i)(4)(ii)(C) even in circumstances where the voting interest does not exceed 10 percent.

(3) A finding that a foreign individual or entity is deemed to hold a 100 percent voting interest in the controlling U.S. parent for purposes of § 1.5001(i)(4)(ii)(C)(*1*) or a 50 percent or greater voting interest in the controlling U.S. parent pursuant to § 1.5001(i)(4)(ii)(C)(*2*), does not indicate that the interest constitutes de jure control for purposes of compliance with Section 310(d) of the Act.

(4) A petitioner may, but is not required to, request specific approval for any other foreign individual or entity that holds, or would hold, a direct and/or indirect equity and/or voting interest in the controlling U.S. parent (for petitions filed under § 1.5000(a)(1)) or in the petitioning applicant or licensee (for petitions filed under § 1.5000(a)(2)).

(5) The minority shareholder protections referenced in paragraph (i)(3)(ii)(B) of this section consist of the following rights:

(i) The power to prevent the sale or pledge of all or substantially all of the assets of the corporation or a voluntary filing for bankruptcy or liquidation;

(ii) The power to prevent the corporation from entering into contracts with majority shareholders or their affiliates;

(iii) The power to prevent the corporation from guaranteeing the obligations of majority shareholders or their affiliates;

(iv) The power to purchase an additional interest in the corporation to prevent the dilution of the shareholder's pro rata interest in the event that the corporation issues additional instruments conveying shares in the company;

(v) The power to prevent the change of existing legal rights or preferences of the shareholders, as provided in the charter, by-laws or other operative governance documents;

(vi) The power to prevent the amendment of the charter, by-laws or other operative governance documents of the company with respect to the matters described in paragraph (i)(5)(i) through (v) of this section.

(6) The Commission reserves the right to consider, on a case-by-case basis, whether voting or consent rights over matters other than those listed in paragraph (i)(5) of this section shall be considered permissible minority shareholder protections in a particular case.

(j) *Specific approval information.* For each foreign individual or entity named in response to paragraph (i) of this section, provide the following information:

(1) In the case of an individual, his or her citizenship and principal business(es);

(2) In the case of a business organization:

(i) Its place of organization, type of business organization (*e.g.,* corporation, unincorporated association, trust, general partnership, limited partnership, limited liability company, other (include description of legal entity)), and principal business(es);

(ii)(A) For common carrier, aeronautical en route, and aeronautical fixed radio station applicants and licensees, the name of any individual or entity that holds, or would hold, directly and/or indirectly, through one or more intervening entities, 10 percent or more of the equity interests and/or voting interests, or a controlling interest, in the foreign entity for which the petitioner requests specific approval. Specify for each such interest holder, his or her citizenship (for individuals) or place of legal organization (for entities). Equity interests and voting interests held indirectly shall be calculated in accordance with the principles set forth in § 1.5002.

(B) For broadcast applicants and licensees, the name of any individual or entity that holds, or would hold, directly and/or indirectly, through one or more intervening entities, an attributable interest in the foreign entity for which the petitioner requests specific approval. Specify for each such interest holder, his or her citizenship (for individuals) or place of legal organization (for entities). Attributable interests shall be calculated in accordance with the principles set forth in the Notes to § 73.3555 of this chapter.

(iii)(A) For common carrier, aeronautical en route, and aeronautical fixed radio station applicants and licensees, where no individual or entity holds, or would hold, directly and/or indirectly, 10 percent or more of the equity interests and/or voting interests, or a controlling interest, the petition shall specify that no individual or entity holds, or would hold, directly and/or indirectly, 10 percent or more of the equity interests and/or voting interests, or a controlling interest, in the foreign entity for which the petitioner requests specific approval.

(B) For broadcast applicants and licensees, where no individual or entity holds, or would hold, directly and/or indirectly, an attributable interest in the foreign entity, the petition shall specify that no individual or entity holds, or would hold, directly and/or indirectly, an attributable interest in the foreign entity for which the petitioner requests specific approval.

(k) *Requests for advance approval.* The petitioner may, but is not required to, request advance approval in its petition for any foreign individual or entity named in response to paragraph (i) of this section to increase its direct and/or indirect equity and/or voting interests in the controlling U.S. parent of the broadcast, common carrier or aeronautical radio station licensee, for petitions filed under § 1.5000(a)(1), and/or in the common carrier licensee, for petitions filed under § 1.5000(a)(2), above the percentages specified in response to paragraph (i) of this section. Requests for advance approval shall be made as follows:

(1) *Petitions filed under § 1.5000(a)(1).* Where a foreign individual or entity named in response to paragraph (i) of this section holds, or would hold upon consummation of any transactions described in the petition, a de jure or de facto controlling interest in the controlling U.S. parent, the petitioner may request advance approval in its petition for the foreign individual or entity to increase its interests, at some future time, up to any amount, including 100 percent of the direct and/or indirect equity and/or voting interests in the controlling U.S. parent. The petitioner shall specify for the named controlling foreign individual(s) or entity(ies) the maximum percentages of equity and/or voting interests for which advance approval is sought or, in lieu of a specific amount, state that the petitioner requests advance approval for the named controlling foreign individual or entity to increase its interests up to and including 100 percent of the controlling U.S. parent's direct and/or indirect equity and/or voting interests.

(2) *Petitions filed under § 1.5000(a)(1) and/or (2).* Where a foreign individual or entity named in response to paragraph (i) of this section holds, or would hold upon consummation of any transactions described in the petition, a non-controlling interest in the controlling U.S. parent of the licensee, for petitions filed under § 1.5000(a)(1), or in the licensee, for petitions filed under § 1.5000(a)(2), the petitioner may request advance approval in its petition for the foreign individual or entity to increase its interests, at some future time, up to any non-controlling amount not to exceed 49.99 percent. The petitioner shall specify for the named foreign individual(s) or entity(ies) the maximum percentages of equity and/or voting interests for which advance approval is sought or, in lieu of a specific amount, shall state that the petitioner requests advance approval for the named foreign individual(s) or entity(ies) to increase their interests up to and including a non-controlling 49.99 percent equity and/or voting interest in the licensee, for petitions filed under § 1.5000(a)(2), or in the controlling U.S. parent of the licensee, for petitions filed under § 1.5000(a)(1).

(3) Foreign individuals or entities that are deemed to hold 100 percent voting interest pursuant to § 1.5001(i)(4)(ii)(C)(*1*) or a 50 percent or greater voting interest in the controlling U.S. parent pursuant to § 1.5001(i)(4)(ii)(C)(*2*), but do not have *de jure* or *de facto* control of the controlling U.S. parent, may only request advance approval in the petition for declaratory ruling for the foreign individual or entity to increase its interests, at some future time, up to any non-controlling amount not to exceed 49.99 percent.

(l) Each applicant, licensee, or spectrum lessee filing a petition for declaratory ruling shall certify to the information contained in the petition in accordance with the provisions of § 1.16 and the requirements of § 1.5000(c)(1).

(m) *Submission of petition and responses to standard questions to the Committee for the assessment of foreign participation in the United States telecommunications services sector.* For each petition subject to a referral to the executive branch pursuant to § 1.40001, the petitioner must submit:

(1) Responses to standard questions, prior to or at the same time the petitioner files its petition with the Commission, pursuant to subpart CC of this part, directly to the Committee for the Assessment of Foreign Participation in the United States Telecommunications Services Sector (Committee). The standard questions and instructions for submitting the responses are available on the FCC website. The required information shall be submitted separately from the petition and shall be submitted directly to the Committee.

(2) A complete and unredacted copy of its FCC petition(s), including the file number(s) and docket number(s), to the Committee within three (3) business days of filing it with the Commission. The instructions for submitting a copy of the FCC petition(s) to the Committee are available on the FCC website.

(n) *Certifications.* (1) Broadcast applicants and licensees shall make the following certifications by which they agree:

(i) To designate a point of contact who is located in the United States and is a U.S. citizen or lawful U.S. permanent resident, for the execution of lawful requests and as an agent for legal service of process;

(ii)(A) That the petitioner is responsible for the continuing accuracy and completeness of all information submitted, whether at the time of submission of the petition or subsequently in response to either the Commission or the Committee's request, as required in § 1.65(a), and that the petitioner agrees to inform the Commission and the Committee of any substantial and significant changes while a petition is pending; and

(B) After the petition is no longer pending for purposes of § 1.65, the petitioner must notify the Commission and the Committee of any changes in petitioner information and/or contact information promptly, and in any event within thirty (30) days; and

(iii) That the petitioner understands that if the petitioner or an applicant or licensee covered by the declaratory ruling fails to fulfill any of the conditions and obligations in the certifications set out in paragraph (n)(1) of this section or in the grant of an application, petition, license, or authorization associated with the declaratory ruling and/or that if the information provided to the United States Government is materially false, fictitious, or fraudulent, the petitioner, applicants, and licensees may be subject to all remedies available to the United States Government, including but not limited to revocation and/or termination of the Commission's declaratory ruling, authorization or license, and criminal and civil penalties, including penalties under 18 U.S.C. 1001.

(2) Common carrier applicants, licensees, or spectrum lessees shall make the following certifications by which they agree:

(i) To comply with all applicable Communications Assistance for Law Enforcement Act (CALEA) requirements and related rules and regulations, including any and all FCC orders and opinions governing the application of CALEA, pursuant to the Communications Assistance for Law Enforcement Act and the Commission's rules and regulations in subpart Z of this part;

(ii) To make communications to, from, or within the United States, as well as records thereof, available in a form and location that permits them to be subject

to a valid and lawful request or legal process in accordance with U.S. law, including but not limited to:

(A) The Wiretap Act, 18 U.S.C. 2510 *et seq.;*

(B) The Stored Communications Act, 18 U.S.C. 2701 *et seq.;*

(C) The Pen Register and Trap and Trace Statute, 18 U.S.C. 3121 *et seq.;* and

(D) Other court orders, subpoenas, or other legal process;

(iii) To designate a point of contact who is located in the United States and is a U.S. citizen or lawful U.S. permanent resident, for the execution of lawful requests and as an agent for legal service of process;

(iv)(A) That the petitioner is responsible for the continuing accuracy and completeness of all information submitted, whether at the time of submission of the petition or subsequently in response to either the Commission or the Committee's request, as required in § 1.65(a), and that the petitioner agrees to inform the Commission and the Committee of any substantial and significant changes while a petition is pending; and

(B) After the petition is no longer pending for purposes of § 1.65 of the rules, the petitioner must notify the Commission and the Committee of any changes in petitioner information and/or contact information promptly, and in any event within thirty (30) days; and

(v) That the petitioner understands that if the petitioner or an applicant or licensee covered by the declaratory ruling fails to fulfill any of the conditions and obligations set forth in the certifications set out in paragraph (n)(2) of this section or in the grant of an application, petition, license, or authorization associated with this declaratory ruling and/or that if the information provided to the United States Government is materially false, fictitious, or fraudulent, the petitioner, applicants, and licensees may be subject to all remedies available to the United States Government, including but not limited to revocation and/or termination of the Commission's declaratory ruling, authorization or license, and criminal and civil penalties, including penalties under 18 U.S.C. 1001.

§ 1.5002 How to calculate indirect equity and voting interests.

(a) The criteria specified in this section shall be used for purposes of calculating indirect equity and voting interests under § 1.5001.

(b) *Indirect equity and voting interests*— (1) *Equity interests held indirectly in the licensee and/or controlling U.S. parent.* Equity interests that are held by an individual or entity indirectly through one or more intervening entities shall be calculated by successive multiplication of the equity percentages for each link in the vertical ownership chain, regardless of whether any particular link in the chain represents a controlling interest in the company positioned in the next lower tier.

(i) *Example (for rulings issued under § 1.5000(a)(1)).* Assume that a foreign individual holds a non-controlling 30 percent equity and voting interest in U.S.-organized Corporation A which, in turn, holds a non-controlling 40 percent equity and voting interest in U.S.-organized Parent Corporation B. The foreign individual's equity interest in U.S.-organized Parent Corporation B would be calculated by multiplying the foreign individual's equity interest in U.S.-organized Corporation A by that entity's equity interest in U.S.-organized Parent Corporation B. The foreign individual's equity interest in U.S.-organized Parent Corporation B would be calculated as 12 percent (30% × 40% = 12%). The result would be the same even if U.S.-organized Corporation A held a *de facto* controlling interest in U.S.-organized Parent Corporation B.

(ii) [Reserved]

(2) *Voting interests held indirectly in the licensee and/or controlling U.S. parent.* Voting interests that are held by any individual or entity indirectly through one or more intervening entities will be determined depending upon the type of business organization(s) in which the individual or entity holds a voting interest as follows:

(i) Voting interests that are held through one or more intervening corporations shall be calculated by successive multiplication of the voting percentages for each link in the vertical ownership chain, except that wherever the voting interest for any link in the chain is equal to or exceeds 50 percent or represents actual control, it shall be treated as if it were a 100 percent interest.

(A) Example (for rulings issued under § 1.5000(a)(1)). Assume that a foreign individual holds a non-controlling 30 percent equity and voting interest in U.S.-organized Corporation A which, in turn, holds a *controlling* 70 percent equity and voting interest in U.S.-organized Parent Corporation B. Because U.S.-organized Corporation A's 70 percent voting interest in U.S.-organized Parent Corporation B constitutes a *controlling* interest, it is treated as a 100 percent interest. The foreign individual's 30 percent voting interest in U.S.-organized Corporation A would flow through in its entirety to U.S. Parent Corporation B and thus be calculated as 30 percent (30% × 100% = 30%).

(B) [Reserved]

(ii) Voting interests that are held through one or more intervening partnerships shall be calculated depending upon whether the individual or entity holds a general partnership interest, an uninsulated partnership interest, or an insulated partnership interest as specified in paragraphs (b)(2)(ii)(A) and (B) of this section.

(A) *General partnership and other uninsulated partnership interests.* A general partner and uninsulated partner shall be deemed to hold the same voting interest as the partnership holds in the company situated in the next lower tier of the vertical ownership chain. A partner shall be treated as uninsulated unless the limited partnership agreement, limited liability partnership agreement, or other operative agreement satisfies the insulation criteria specified in § 1.5003.

(B) *Insulated partnership interests.* A partner of a limited partnership (other than a general partner) or partner of a limited liability partnership that satisfies the insulation criteria specified in § 1.5003 shall be treated as an insulated partner and shall be deemed to hold a voting interest in the partnership that is equal to the partner's equity interest.

(C) The Commission presumes that a general partner of a general partnership or limited partnership has a controlling interest in the partnership. A general partner shall in all cases be deemed to hold an uninsulated interest in the partnership.

(iii) Voting interests that are held through one or more intervening limited liability companies shall be calculated depending upon whether the individual or entity is a non-member manager, an uninsulated member or an insulated member as specified in paragraphs (b)(2)(iii)(A) and (B) of this section.

(A) *Non-member managers and uninsulated membership interests.* A non-member manager and an uninsulated member of a limited liability company shall be deemed to hold the same voting interest as the limited liability company holds in the company situated in the next lower tier of the vertical ownership chain. A member shall be treated as uninsulated unless the limited liability company agreement satisfies the insulation criteria specified in § 1.5003.

(B) *Insulated membership interests.* A member of a limited liability company that satisfies the insulation criteria specified in § 1.5003 shall be treated as an insulated member and shall be

deemed to hold a voting interest in the limited liability company that is equal to the member's equity interest.

§ 1.5003 Insulation criteria for interests in limited partnerships, limited liability partnerships, and limited liability companies.

(a) A limited partner of a limited partnership and a partner of a limited liability partnership shall be treated as uninsulated within the meaning of § 1.5002(b)(2)(ii)(A) unless the partner is prohibited by the limited partnership agreement, limited liability partnership agreement, or other operative agreement from, and in fact is not engaged in, active involvement in the management or operation of the partnership and only the usual and customary investor protections are contained in the partnership agreement or other operative agreement. These criteria apply to any relevant limited partnership or limited liability partnership, whether it is the licensee, a controlling U.S. parent, or any partnership situated above them in the vertical chain of ownership. Notwithstanding the foregoing, the insulation of limited partnership and limited liability partnership interests for broadcast applicants and licensees shall be determined in accordance with Note 2(f) of § 73.3555 of this chapter.

(b) A member of a limited liability company shall be treated as uninsulated for purposes of § 1.5002(b)(2)(iii)(A) unless the member is prohibited by the limited liability company agreement from, and in fact is not engaged in, active involvement in the management or operation of the company and only the usual and customary investor protections are contained in the agreement. These criteria apply to any relevant limited liability company, whether it is the licensee, a controlling U.S. parent, or any limited liability company situated above them in the vertical chain of ownership. Notwithstanding the foregoing, the insulation of limited liability company interests for broadcast applicants and licensees shall be determined in accordance with Note 2(f) of § 73.3555 of this chapter.

(c) The usual and customary investor protections referred to in paragraphs (a) and (b) of this section shall consist of:

(1) The power to prevent the sale or pledge of all or substantially all of the assets of the limited partnership, limited liability partnership, or limited liability company or a voluntary filing for bankruptcy or liquidation;

(2) The power to prevent the limited partnership, limited liability partnership, or limited liability company from entering into contracts with majority investors or their affiliates;

(3) The power to prevent the limited partnership, limited liability partnership, or limited liability company from guaranteeing the obligations of majority investors or their affiliates;

(4) The power to purchase an additional interest in the limited partnership, limited liability partnership, or limited liability company to prevent the dilution of the partner's or member's pro rata interest in the event that the limited partnership, limited liability partnership, or limited liability company issues additional instruments conveying interests in the partnership or company;

(5) The power to prevent the change of existing legal rights or preferences of the partners, members, or managers as provided in the limited partnership agreement, limited liability partnership agreement, or limited liability company agreement, or other operative agreement;

(6) The power to vote on the removal of a general partner, managing partner, managing member, or other manager in situations where such individual or entity is subject to bankruptcy, insolvency, reorganization, or other proceedings relating to the relief of debtors; adjudicated insane or incompetent by a court of competent jurisdiction (in the case of a natural person); convicted of a felony; or otherwise removed for cause, as determined by an independent party;

(7) The power to prevent the amendment of the limited partnership agreement, limited liability partnership agreement, or limited liability company agreement, or other organizational documents of the partnership or limited liability company with respect to the matters described in paragraph (c)(1) through (c)(6) of this section.

(d) The Commission reserves the right to consider, on a case-by-case basis, whether voting or consent rights over matters other than those listed in paragraph (c) of this section shall be considered usual and customary investor protections in a particular case.

§ 1.5004 Routine terms and conditions.

Foreign ownership declaratory rulings issued pursuant to §§ 1.5000 through 1.5004 shall be subject to the following terms and conditions, except as otherwise specified in a particular declaratory ruling:

(a)(1) Aggregate allowance for declaratory rulings issued under § 1.5000(a)(1). In addition to the foreign ownership interests approved specifically in a licensee's declaratory ruling issued pursuant to § 1.5000(a)(1), the controlling U.S. parent named in the declaratory ruling (or a U.S.-organized successor-in-interest formed as part of a pro forma reorganization) may be 100 percent owned, directly and/or indirectly through one or more U.S- or foreign-organized entities, on a going-forward basis (*i.e.,* after issuance of the declaratory ruling) by other foreign investors without prior Commission approval. This ''100 percent aggregate allowance'' is subject to the requirement that the licensee seek and obtain Commission approval before any foreign individual, entity, or ''group'' not previously approved acquires, directly and/or indirectly, more than 5 percent of the controlling U.S. parent's outstanding capital stock (equity) and/or voting stock, or a controlling interest, with the exception of any foreign individual, entity, or ''group'' that acquires an equity and/or voting interest of 10 percent or less, provided that the interest is exempt under § 1.5001(i)(3).

(2) Aggregate allowance for declaratory rulings issued under § 1.5000(a)(2). In addition to the foreign ownership interests approved specifically in a licensee's declaratory ruling issued pursuant to § 1.5000(a)(2), the licensee(s) named in the ruling (or a U.S.-organized successor-in-interest formed as part of a pro forma reorganization) may be 100 percent owned on a going forward basis (*i.e.,* after issuance of the declaratory ruling) by other foreign investors holding interests in the licensee indirectly through U.S.-organized entities that do not control the licensee, without prior Commission approval. This ''100 percent aggregate allowance'' is subject to the requirement that the licensee seek and obtain Commission approval before any foreign individual, entity, or ''group'' not previously approved acquires directly and/or indirectly, through one or more U.S.-organized entities that do not control the licensee, more than 5 percent of the licensee's outstanding capital stock (equity) and/or voting stock, with the exception of any foreign individual, entity, or ''group'' that acquires an equity and/or voting interest of 10 percent or less, provided that the interest is exempt under § 1.5001(i)(3). Foreign ownership interests held directly in a licensee shall not be permitted to exceed an aggregate 20 percent of the licensee's equity and/or voting interests.

(3) Licensees have an obligation to monitor and stay ahead of changes in foreign ownership of their controlling U.S. parent (for declaratory rulings

issued pursuant to § 1.5000(a)(1)) and/or in the licensee itself (for declaratory rulings issued pursuant to § 1.5000(a)(2)), to ensure that the licensee obtains Commission approval before a change in foreign ownership renders the licensee out of compliance with the terms and conditions of its declaratory ruling(s) or the Commission's rules. Licensees, their controlling parent, and other entities in the licensee's vertical ownership chain may need to place restrictions in their bylaws or other organizational documents to enable the licensee to ensure compliance with the terms and conditions of its declaratory ruling(s) and the Commission's rules.

(4) *Example 1 (for declaratory rulings issued under § 1.5000(a)(1)).* U.S. Corp. files an application for a common carrier license. U.S. Corp. is wholly owned and controlled by U.S. Parent, which is a newly formed, privately held Delaware Corporation in which no single shareholder has de jure or de facto control. A shareholder's agreement provides that a five-member board of directors shall govern the affairs of the company; five named shareholders shall be entitled to one seat and one vote on the board; and all decisions of the board shall be determined by majority vote. The five named shareholders and their respective equity interests are as follows: Foreign Entity A, which is wholly owned and controlled by a foreign citizen (5 percent); Foreign Entity B, which is wholly owned and controlled by a foreign citizen (10 percent); Foreign Entity C, a foreign public company with no controlling shareholder (20 percent); Foreign Entity D, a foreign pension fund that is controlled by a foreign citizen and in which no individual or entity has a pecuniary interest exceeding one percent (21 percent); and U.S. Entity E, a U.S. public company with no controlling shareholder (25 percent). The remaining 19 percent of U.S. Parent's shares are held by three foreign-organized entities as follows: F (4 percent), G (6 percent), and H (9 percent). Under the shareholders' agreement, voting rights of F, G, and H are limited to the minority shareholder protections listed in § 1.5001(i)(5). Further, the agreement expressly prohibits G and H from becoming actively involved in the management or operation of U.S. Parent and U.S. Corp.

(i) As required by the rules, U.S. Corp. files a section 310(b)(4) petition concurrently with its application. The petition identifies and requests specific approval for the ownership interests held in U.S. Parent by Foreign Entity A and its sole shareholder (5 percent equity and 20 percent voting interest); Foreign Entity B and its sole shareholder (10 percent equity and 20 percent voting interest), Foreign Entity C (20 percent equity and 20 percent voting interest), and Foreign Entity D (21 percent equity and 20 percent voting interest) and its fund manager (20 percent voting interest). The Commission's declaratory ruling specifically approves these foreign interests. The declaratory ruling also provides that, on a going-forward basis, U.S. Parent may be 100 percent owned in the aggregate, directly and/or indirectly, by other foreign investors, subject to the requirement that U.S. Corp. seek and obtain Commission approval before any previously unapproved foreign investor acquires more than 5 percent of U.S. Parent's equity and/or voting interests, or a controlling interest, with the exception of any foreign investor that acquires an equity and/or voting interest of ten percent or less, provided that the interest is exempt under § 1.991(i)(3).

(ii) In this case, foreign entities F, G, and H would each be considered a previously unapproved foreign investor (along with any new foreign investors). However, prior approval for F, G and H would only apply to an increase of F's interest above 5 percent (because the ten percent exemption under § 1.5001(i)(3) does not apply to F) or to an increase of G's or H's interest above 10 percent (because G and H do qualify for this exemption). U.S. Corp. would also need Commission approval before Foreign Entity D appoints a new fund manager that is a non-U.S. citizen and before Foreign Entities A, B, C, or D increase their respective equity and/or voting interests in U.S. Parent, unless the petition previously sought and obtained Commission approval for such increases (up to non-controlling 49.99 percent interests). (See § 1.5001(k)(2).) Foreign shareholders of Foreign Entity C and U.S. Entity E would also be considered previously unapproved foreign investors. Thus, Commission approval would be required before any foreign shareholder of Foreign Entity C or U.S. Entity E acquires (1) a controlling interest in either company; or (2) a non-controlling equity and/or voting interest in either company that, when multiplied by the company's equity and/or voting interests in U.S. Parent, would exceed 5 percent of U.S. Parent's equity and/or voting interests, unless the interest is exempt under § 1.5001(i)(3).

(5) *Example 2 (for declaratory rulings issued under § 1.5000(a)(2)).* Assume that the following three U.S.-organized entities hold non-controlling equity and voting interests in common carrier Licensee, which is a privately held corporation organized in Delaware: U.S. corporation A (30 percent); U.S. corporation B (30 percent); and U.S. corporation C (40 percent). Licensee's shareholders are wholly owned by foreign individuals X, Y, and Z, respectively. Licensee has received a declaratory ruling under § 1.5000(a)(2) specifically approving the 30 percent foreign ownership interests held in Licensee by each of X and Y (through U.S. corporation A and U.S. corporation B, respectively) and the 40 percent foreign ownership interest held in Licensee by Z (through U.S. corporation C). On a going-forward basis, Licensee may be 100 percent owned in the aggregate by X, Y, Z, and other foreign investors holding interests in Licensee indirectly, through U.S.-organized entities that do not control Licensee, subject to the requirement that Licensee obtain Commission approval before any previously unapproved foreign investor acquires more than 5 percent of Licensee's equity and/or voting interests, with the exception of any foreign investor that acquires an equity and/or voting interest of 10 percent or less, provided that the interest is exempt under § 1.5001(i)(3). In this case, any foreign investor other than X, Y, and Z would be considered a previously unapproved foreign investor. Licensee would also need Commission approval before X, Y, or Z increases its equity and/or voting interests in Licensee unless the petition previously sought and obtained Commission approval for such increases (up to non-controlling 49.99 percent interests). (See § 1.5001(k)(2).)

(b) *Subsidiaries and affiliates.* A foreign ownership declaratory ruling issued to a licensee shall cover it and any U.S.-organized subsidiary or affiliate, as defined in § 1.5000(d), whether the subsidiary or affiliate existed at the time the declaratory ruling was issued or was formed or acquired subsequently, provided that the foreign ownership of the licensee named in the declaratory ruling, and of the subsidiary and/or affiliate, remains in compliance with the terms and conditions of the licensee's declaratory ruling and the Commission's rules.

(1) The subsidiary or affiliate of a licensee named in a foreign ownership declaratory ruling issued under § 1.5000(a)(1) may rely on that declaratory ruling for purposes of filing its own application for an initial broadcast, common carrier or aeronautical license or spectrum leasing arrangement, or an application to acquire such license or spectrum leasing

arrangement by assignment or transfer of control provided that the subsidiary or affiliate, and the licensee named in the declaratory ruling, each certifies in the application that its foreign ownership is in compliance with the terms and conditions of the foreign ownership declaratory ruling and the Commission's rules.

(2) The subsidiary or affiliate of a licensee named in a foreign ownership declaratory ruling issued under § 1.5000(a)(2) may rely on that declaratory ruling for purposes of filing its own application for an initial common carrier radio station license or spectrum leasing arrangement, or an application to acquire such license or spectrum leasing arrangement by assignment or transfer of control provided that the subsidiary or affiliate, and the licensee named in the declaratory ruling, each certifies in the application that its foreign ownership is in compliance with the terms and conditions of the foreign ownership declaratory ruling and the Commission's rules.

(3) The certifications required by paragraphs (b)(1) and (2) of this section shall also include the citation(s) of the relevant declaratory ruling(s) (*i.e.,* the DA or FCC Number, FCC Record citation when available, and release date).

(c) *Insertion of new controlling foreign-organized companies.* (1) Where a licensee's foreign ownership declaratory ruling specifically authorizes a named, foreign investor to hold a controlling interest in the licensee's controlling U.S. parent, for declaratory rulings issued under § 1.5000(a)(1), or in an intervening U.S.-organized entity that does not control the licensee, for declaratory rulings issued under § 1.5000(a)(2), the declaratory ruling shall permit the insertion of new, controlling foreign-organized companies in the vertical ownership chain above the controlling U.S. parent, for declaratory rulings issued under § 1.5000(a)(1), or above an intervening U.S.-organized entity that does not control the licensee, for declaratory rulings issued under § 1.5000(a)(2), without prior Commission approval provided that any new foreign-organized company(ies) are under 100 percent common ownership and control with the foreign investor approved in the declaratory ruling.

(2) Where a previously unapproved foreign-organized entity is inserted into the vertical ownership chain of a licensee, or its controlling U.S. parent, without prior Commission approval pursuant to paragraph (c)(1) of this section, the licensee shall file a letter to the attention of the Chief, Office of International Affairs, within 30 days after the insertion of the new, foreign-organized entity. The letter must include the name of the new, foreign-organized entity and a certification by the licensee that the entity complies with the 100 percent common ownership and control requirement in paragraph (c)(1) of this section. The letter must also reference the licensee's foreign ownership declaratory ruling(s) by ICFS File No. and FCC Record citation, if available. This letter notification need not be filed if the ownership change is instead the subject of a pro forma application or pro forma notification already filed with the Commission pursuant to the relevant broadcast service rules, wireless radio service rules or satellite radio service rules applicable to the licensee.

(3) For broadcast stations, in order to insert a previously unapproved foreign-organized entity that is under 100 percent common ownership and control with the foreign investor approved in the declaratory ruling into the vertical ownership chain of the licensee's controlling U.S. parent, as described in paragraph (c)(1) of this section, the licensee must always file a pro forma application requesting prior consent of the FCC pursuant to § 73.3540(f) of this chapter.

(4) Nothing in this section is intended to affect any requirements for prior approval under 47 U.S.C. 310(d) or conditions for forbearance from the requirements of 47 U.S.C. 310(d) pursuant to 47 U.S.C. 160.

(5) *Example (for declaratory rulings issued under § 1.5000(a)(1)).* Licensee of a common carrier license receives a foreign ownership declaratory ruling under § 1.5000(a)(1) that authorizes its controlling U.S. parent (''U.S. Parent A'') to be wholly owned and controlled by a foreign-organized company (''Foreign Company''). Foreign Company is minority owned (20 percent) by U.S.-organized Corporation B, with the remaining 80 percent controlling interest held by Foreign Citizen C. After issuance of the declaratory ruling, Foreign Company forms a wholly-owned, foreign-organized subsidiary (''Foreign Subsidiary'') to hold all of Foreign Company's shares in U.S. Parent A. There are no other changes in the direct or indirect foreign ownership of U.S. Parent A. The insertion of Foreign Subsidiary into the vertical ownership chain between Foreign Company and U.S. Parent A would not require prior Commission approval, except for any approval otherwise required pursuant to section 310(d) of the Communications Act and not exempt therefrom as a pro forma transfer of control under § 1.948(c)(1).

(6) *Example (for rulings issued under § 1.5000(a)(2)).* An applicant for a common carrier license receives a foreign ownership ruling under § 1.5000(a)(2) that authorizes a foreign-organized company (''Foreign Company'') to hold a non-controlling 44 percent equity and voting interest in the applicant through Foreign Company's wholly-owned, U.S.-organized subsidiary, U.S. Corporation A, which holds the non-controlling 44 percent interest directly in the applicant. The remaining 56 percent of the applicant's equity and voting interests are held by its controlling U.S.-organized parent, which has no foreign ownership. After issuance of the ruling, Foreign Company forms a wholly-owned, foreign-organized subsidiary to hold all of Foreign Company's shares in U.S. Corporation A. There are no other changes in the direct or indirect foreign ownership of U.S. Corporation A. The insertion of the foreign-organized subsidiary into the vertical ownership chain between Foreign Company and U.S. Corporation A would not require prior Commission approval.

(d) *Insertion of new non-controlling foreign-organized companies.* (1) Where a licensee's foreign ownership declaratory ruling specifically authorizes a named, foreign investor to hold a non-controlling interest in the licensee's controlling U.S. parent, for declaratory rulings issued under § 1.5000(a)(1), or in an intervening U.S.-organized entity that does not control the licensee, for declaratory rulings issued under § 1.5000(a)(2), the declaratory ruling shall permit the insertion of new, foreign-organized companies in the vertical ownership chain above the controlling U.S. parent, for declaratory rulings issued under § 1.5000(a)(1), or above an intervening U.S.-organized entity that does not control the licensee, for declaratory rulings issued under § 1.5000(a)(2), without prior Commission approval provided that any new foreign-organized company(ies) are under 100 percent common ownership and control with the foreign investor approved in the declaratory ruling.

(i) Where a licensee has received a foreign ownership declaratory ruling under § 1.5000(a)(2) and the declaratory ruling specifically authorizes a named, foreign investor to hold a non-controlling interest directly in the licensee (subject to the 20 percent aggregate limit on direct foreign investment), the declaratory ruling shall permit the insertion of new, foreign-organized companies in the vertical

ownership chain of the approved foreign investor without prior Commission approval provided that any new foreign-organized companies are under 100 percent common ownership and control with the approved foreign investor.

(ii) *Example (for declaratory rulings issued under § 1.5000(a)(1)).* Licensee receives a foreign ownership declaratory ruling under § 1.5000(a)(1) that authorizes a foreign-organized company (''Foreign Company'') to hold a non-controlling 30 percent equity and voting interest in Licensee's controlling, U.S. parent (''U.S. Parent A''). The remaining 70 percent equity and voting interests in U.S. Parent A are held by U.S.-organized entities which have no foreign ownership. After issuance of the declaratory ruling, Foreign Company forms a wholly-owned, foreign-organized subsidiary (''Foreign Subsidiary'') to hold all of Foreign Company's shares in U.S. Parent A. There are no other changes in the direct or indirect foreign ownership of U.S. Parent A. The insertion of Foreign Subsidiary into the vertical ownership chain between Foreign Company and U.S. Parent A would not require prior Commission approval.

(iii) *Example (for declaratory rulings issued under § 1.5000(a)(2)).* Licensee receives a foreign ownership declaratory ruling under § 1.5000(a)(2) that authorizes a foreign-organized entity (''Foreign Company'') to hold approximately 24 percent of Licensee's equity and voting interests, through Foreign Company's non-controlling 48 percent equity and voting interest in a U.S.-organized entity, U.S. Corporation A, which holds a non-controlling 49 percent equity and voting interest directly in Licensee. (A U.S. citizen holds the remaining 52 percent equity and voting interests in U.S. Corporation A, and the remaining 51 percent equity and voting interests in Licensee are held by its U.S.-organized parent, which has no foreign ownership. After issuance of the declaratory ruling, Foreign Company forms a wholly-owned, foreign-organized subsidiary (''Foreign Subsidiary'') to hold all of Foreign Company's shares in U.S. Corporation A. There are no other changes in the direct or indirect foreign ownership of U.S. Corporation A. The insertion of Foreign Subsidiary into the vertical ownership chain between Foreign Company and U.S. Corporation A would not require prior Commission approval.

(2) Where a previously unapproved foreign-organized entity is inserted into the vertical ownership chain of a licensee, or its controlling U.S. parent, without prior Commission approval pursuant to paragraph (d)(1) of this section, the licensee shall file a letter to the attention of the Chief, Office of International Affairs, within 30 days after the insertion of the new, foreign-organized entity; or in the case of a broadcast licensee, the licensee shall file a letter to the attention of the Chief, Media Bureau, within 30 days after the insertion of the new, foreign-organized entity. The letter must include the name of the new, foreign-organized entity and a certification by the licensee that the entity complies with the 100 percent common ownership and control requirement in paragraph (d)(1) of this section. The letter must also reference the licensee's foreign ownership declaratory ruling(s) by ICFS File No. and FCC Record citation, if available; or, if a broadcast licensee, the letter must reference the licensee's foreign ownership declaratory ruling(s) by LMS File No., Docket No., call sign(s), facility identification number(s), and FCC Record citation, if available. This letter notification need not be filed if the ownership change is instead the subject of a pro forma application or pro forma notification already filed with the Commission pursuant to the relevant broadcast service, wireless radio service rules or satellite radio service rules applicable to the licensee.

(e) *New petition for declaratory ruling required.* A licensee that has received a foreign ownership declaratory ruling, including a U.S.-organized successor-in-interest to such licensee formed as part of a pro forma reorganization, or any subsidiary or affiliate relying on such licensee's declaratory ruling pursuant to paragraph (b) of this section, shall file a new petition for declaratory ruling under § 1.5000 to obtain Commission approval before its foreign ownership exceeds the routine terms and conditions of this section, and/or any specific terms or conditions of its declaratory ruling.

(f) *Continuing compliance.* (1) Except as specified in paragraph (f)(3) of this section, if at any time the licensee, including any successor-in-interest and any subsidiary or affiliate as described in paragraph (b) of this section, knows, or has reason to know, that it is no longer in compliance with its foreign ownership declaratory ruling or the Commission's rules relating to foreign ownership, it shall file a statement with the Commission explaining the circumstances within 30 days of the date it knew, or had reason to know, that it was no longer in compliance therewith. Subsequent actions taken by or on behalf of the licensee to remedy its non-compliance shall not relieve it of the obligation to notify the Commission of the circumstances (including duration) of non-compliance. Such licensee and any controlling companies, whether U.S.- or foreign-organized, shall be subject to enforcement action by the Commission for such non-compliance, including an order requiring divestiture of the investor's direct and/or indirect interests in such entities.

(2) Any individual or entity that, directly or indirectly, creates or uses a trust, proxy, power of attorney, or any other contract, arrangement, or device with the purpose or effect of divesting itself, or preventing the vesting, of an equity interest or voting interest in the licensee, or in a controlling U.S. parent, as part of a plan or scheme to evade the application of the Commission's rules or policies under section 310(b) shall be subject to enforcement action by the Commission, including an order requiring divestiture of the investor's direct and/or indirect interests in such entities.

(3) Where the controlling U.S. parent of a broadcast, common carrier, aeronautical en route, or aeronautical fixed radio station licensee or common carrier spectrum lessee is an eligible U.S. public company within the meaning of § 1.5000(e), the licensee may file a remedial petition for declaratory ruling under § 1.5000(a)(1) seeking approval of particular foreign equity and/or voting interests that are non-compliant with the licensee's foreign ownership declaratory ruling or the Commission's rules relating to foreign ownership; or, alternatively, the licensee may remedy the non-compliance by, for example, redeeming the foreign interest(s) that rendered the licensee non-compliant with the licensee's existing foreign ownership declaratory ruling. In either case, the Commission does not expect to take enforcement action related to the non-compliance subject to the requirements specified in paragraphs (f)(3)(i) and (ii) of this section and except as otherwise provided in paragraph (f)(3)(iii) of this section.

(i) The licensee shall notify the relevant Bureau by letter no later than 10 days after learning of the investment(s) that rendered the licensee non-compliant with its foreign ownership ruling or the Commission's rules relating to foreign ownership and specify in the letter that it will file a petition for declaratory ruling under § 1.5000(a)(1) or, alternatively, take remedial action to come into compliance within 30 days of the date it learned of the non-compliant foreign interest(s).

(ii) The licensee shall demonstrate in its petition for declaratory ruling (or in

a letter notifying the relevant Bureau that the non-compliance has been timely remedied) that the licensee's non-compliance with the terms of the licensee's existing foreign ownership ruling or the foreign ownership rules was due solely to circumstances beyond the licensee's control that were not reasonably foreseeable to or known by the licensee with the exercise of the required due diligence.

(iii) Where the licensee has opted to file a petition for declaratory ruling under § 1.5000(a)(1), the Commission will not require that the licensee's controlling U.S. parent redeem the non-compliant foreign interest(s) or take other action to remedy the non-compliance during the pendency of the licensee's petition. If the Commission ultimately declines to approve the petition, however, the licensee must have a mechanism available to come into compliance with the terms of its existing declaratory ruling within 30 days following the Commission's decision. The Commission reserves the right to require immediate remedial action by the licensee where the Commission finds in a particular case that the public interest requires such action—for example, where, after consultation with the relevant Executive Branch agencies, the Commission finds that the non-compliant foreign interest presents national security or other significant concerns that require immediate mitigation.

(4) Where a publicly traded common carrier licensee is an eligible U.S. public company within the meaning of § 1.5000(e), the licensee may file a remedial petition for declaratory ruling under § 1.5000(a)(2) seeking approval of particular foreign equity and/or voting interests that are non-compliant with the licensee's foreign ownership declaratory ruling or the Commission's rules relating to foreign ownership; or, alternatively, the licensee may remedy the non-compliance by, for example, redeeming the foreign interest(s) that rendered the licensee non-compliant with the licensee's existing foreign ownership declaratory ruling. In either case, the Commission does not, as a general rule, expect to take enforcement action related to the non-compliance subject to the requirements specified in paragraphs (f)(3)(i) and (f)(3)(ii) of this section and except as otherwise provided in paragraph (f)(3)(iii) of this section.

(i) For purposes of this paragraph, the provisions in paragraphs (f)(3)(i) through (f)(3)(iii) that refer to petitions for declaratory ruling under § 1.5000(a)(1) shall be read as referring to petitions for declaratory ruling under § 1.5000(a)(2).

(ii) [Reserved]

(5) For all remedial petitions for declaratory ruling, as specified in paragraphs (f)(3) and (f)(4) of this section, the licensee must include all applicable information required by § 1.5001 in addition to specifying the non-compliant interest(s).

[FR Doc. 2025–11477 Filed 6–20–25; 8:45 am]

BILLING CODE 6712–01–P