



# PUBLIC NOTICE

Federal Communications Commission  
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DA 06-1765  
September 1, 2006

## DOMESTIC AUTHORIZATION GRANTED

### Application for Transfer of Control of iBasis, Inc. to KPN Telecom B.V.

WC Docket No. 06-140

#### By the Chief, Wireline Competition Bureau:

On July 7, 2006, iBasis, Inc. (“iBasis”) and KPN Telecom B.V. (“KPN”) (collectively, the “Applicants”) filed an application, pursuant to section 63.04 of the Commission’s rules,<sup>1</sup> to transfer control of iBasis, a holder of blanket domestic and international Section 214 authorizations, to KPN.<sup>2</sup>

The Commission released a public notice accepting this application for streamlined processing on August 1, 2006.<sup>3</sup> On August 15, 2006, the Department of Homeland Security, with the concurrence of the Department of Justice and the Federal Bureau of Investigation (collectively, the “Executive Branch Agencies”), filed a letter requesting that the Commission defer grant of this application while the Executive Branch Agencies address potential national security, law enforcement, and public safety concerns.<sup>4</sup>

On August 25, 2006, the Executive Branch Agencies submitted a Petition to Adopt Conditions to Authorizations and Licenses (“Petition”).<sup>5</sup> In the Petition, the Executive Branch Agencies advised the

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<sup>1</sup> 47 C.F.R. § 63.04; *see* 47 U.S.C. § 214.

<sup>2</sup> Applicants have also filed an application for consent to transfer authorization for international services. Any action on this domestic 214 application is without prejudice to Commission action on other related pending applications. On July 25, 2006, Applicants filed a supplement to their application. *See* Supplement to Joint Application for Transfer of Control, WC Docket No. 06-140 (filed July 25, 2006).

<sup>3</sup> *Domestic Section 214 Application Filed for the Transfer of Control of iBasis Inc. to KPN B.V.*, WC Docket No. 06-140, Public Notice, DA 06-1573 (rel. August 1, 2006).

<sup>4</sup> *See* Letter from Paul Rosenzweig, Counselor to the Asst. Secy. (Policy Directorate) and Acting Assistant Secretary for Policy Development, United States Department of Homeland Security, to Marlene H. Dortch, Secretary, Federal Communications Commission, WC Docket No. 06-140 (filed August 15, 2006).

<sup>5</sup> *See* Petition to Adopt Conditions to Authorizations and Licenses, WC Docket No. 06-140 (filed August 25, 2006) *correcting* Petition to Adopt Conditions to Authorizations and Licenses, WC Docket No. 06-140 (filed August 24, 2006).

Commission that they do not object to the grant of the applications of iBasis and KPN provided that the Commission conditions such grant on compliance with the terms of the commitment letter executed by the Applicants, a copy of which was attached to the Joint Petition as Exhibit I (“Commitment Letter”).<sup>6</sup>

The Wireline Competition Bureau finds, upon consideration of the record, that grant of the application, subject to compliance with the Commitment Letter, will serve the public interest, convenience, and necessity. Upon consummation of the proposed transaction, the resulting entity will have a market share in the U.S. interstate interexchange market of less than 10 percent, and will provide competitive telephone exchange services or exchange access services exclusively in geographic areas served by a dominant local exchange carrier in the U.S. that is not a party to the transaction. In addition, no party to this transaction is dominant with respect to any domestic service.

Consistent with Commission precedent, the Bureau accords the appropriate level of deference to the Executive Branch Agencies’ expertise on national security and law enforcement issues.<sup>7</sup> Therefore, pursuant to section 214 of the Communications Act of 1934, as amended, 47 U.S.C. § 214, and section 0.291 of the Commission’s rules,<sup>8</sup> the Wireline Competition Bureau hereby grants the application discussed in this Public Notice.

Pursuant to section 1.103 of the Commission’s rules, the grant is effective upon release of this Public Notice.<sup>9</sup> Petitions for reconsideration under section 1.106 or applications for review under section 1.115 of the Commission’s rules may be filed within 30 days of the date of this Public Notice.<sup>10</sup>

For further information, please contact Dennis Johnson at (202) 418-0809.

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<sup>6</sup> *Id* at Exhibit I.

<sup>7</sup> The Commission considers national security, law enforcement, foreign policy, and trade policy concerns when analyzing a transfer of control or assignment application in which foreign ownership is an issue. *See Amendment of the Commission’s Regulatory Policies to Allow Non-U.S. Licensed Satellites Providing Domestic and International Service in the United States*, Report and Order, 12 FCC Rcd 24094, 24170-72, paras. 178-82 (1997); *Rules and Policies on Foreign Participation in the U.S. Telecommunications Market*, Report and Order and Order on Reconsideration, 12 FCC Rcd 23891, 23919-21, paras. 61-66 (1997) (“*Foreign Participation Order*”), Order on Reconsideration, 15 FCC Rcd 18158 (2000). In assessing the public interest, the Commission considers the record and accords the appropriate level of deference to Executive Branch expertise on national security and law enforcement issues. *See Foreign Participation Order*, 12 FCC Rcd at 23919-21, paras. 61-66.

<sup>8</sup> 47 C.F.R. § 0.291.

<sup>9</sup> *See* 47 C.F.R. § 1.103.

<sup>10</sup> *See* 47 C.F.R. §§ 1.106, 1.115.