Before the

FEDERAL COMMUNICATIONS COMMISSION

Washington, D.C. 20554

In the Matter of	)	
	)	
SGS-CSTC Standards Technical Services Co., Ltd. (Shenzhen) Designation No. CN1336	)	ET Docket No. 26-111
	)	
	)	

RESPONSE OF SGS-CSTC STANDARDS TECHNICAL SERVICES CO., LTD. (SHENZHEN)

SGS-CSTC Standards Technical Services Co., Ltd. (Shenzhen) ("SGS Shenzhen" or "Company") hereby submits its response[1] to the Federal Communications Commission's ("FCC" or "Commission") Office of Engineering and Technology's ("OET") Notice of Intent to Begin Proceedings to Withdraw Recognition as an Accredited Test Laboratory (the "Notice").[2]

I. INTRODUCTION

SGS Shenzhen is an accredited test laboratory recognized by the FCC to test radio frequency ("RF") devices for compliance with applicable FCC rules. SGS Shenzhen has processed more than a thousand devices, in accordance with the standards described in ISO/IEC 17025, since it became accredited by the American Association for Laboratory Accreditation ("A2LA") in July 2015. SGS takes pride in its ability to provide impartial and accurate results to global clients, thereby enabling the delivery of innovative technologies to customers in the United States and around the world.

The Notice tentatively determined that SGS Shenzhen is "owned by, controlled by, or subject to the direction of" the People's Republic of China ("PRC") by virtue of a 15 percent ownership stake held by China Standard Science & Technology Group Company Limited ("CSTC"), which is wholly owned by the China National Institute of Standardization ("CNIS").[3] CNIS is a

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[1] SGS Shenzhen is requesting confidential treatment of the specifically identified portions of this Response (denoted by highlighting) and is submitting a request for confidentiality herewith detailing the justification for such treatment.

[2] *SGS-CSTC Standards Technical Services Co., Ltd. (Shenzhen) Designation No. CN1336*, ET Docket No. 26-111, Notice of Intent to Begin Proceedings to Withdraw Recognition as an Accredited Test Laboratory, DA 26-461 (rel. May 11, 2026) ("Notice").

[3] *Id.* at paras. 1, 4, 5.

governmental entity which is subordinate to the PRC's State Administration for Market Regulation.[4] SGS Shenzhen respectfully urges OET to reconsider its tentative determination on the grounds that CSTC does not exercise, and lacks the capacity to exercise, actual control or direction over SGS Shenzhen or its laboratory operations, such that the Company is not "owned by, controlled by, or subject to the direction of" a prohibited entity within the meaning of Section 2.902 of the Commission's rules.[5] [BEGIN HIGHLY CONFIDENTIAL] [redacted] [END HIGHLY CONFIDENTIAL]

II. CSTC DOES NOT EXERCISE AND CANNOT EXERCISE ACTUAL CONTROL OR DIRECTION OVER SGS SHENZHEN

SGS Shenzhen has confirmed that CSTC, a PRC-owned company, holds a 15 percent stake in SGS Shenzhen. Despite this minor ownership stake, CSTC does not participate in the day-to-day functionality or management of the laboratory. OET's review, therefore, should focus on whether CSTC has the actual or potential power to "determine, direct, or decide" important corporate matters[6] affecting the laboratory, not merely whether it holds a passive ownership interest. Accordingly, where, as here, the prohibited entity's 15 percent stake is accompanied by no power "to determine, direct, or decide important matters,"[7] including no operational authority, no board majority, no nomination rights for the General Manager, and no access to laboratory systems, the Commission should evaluate the totality of circumstances evidencing control rather than applying a uniform threshold that was designed as a proxy for actual influence.

A. The Commission reviews control of a minority shareholder based on "Totality of the Circumstances"

The Commission's longstanding precedent on *de facto* control confirms that ownership of a minority stake, standing alone, is not dispositive of control. As the Commission has recognized, a minor stockholder's influence does not always reach the level of *de facto* control. Rather, to result in *de facto* control, "[t]he influence must be to the degree that a minority shareholder is able to 'determine' the licensee's policies and operation, or 'dominate' corporate affairs."[8] This standard has been applied in the Commission's past *de facto* control evaluations.[9]

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[4] *See id.* at para. 6.

[5] 47 C.F.R. § 2.902.

[6] *Id.*

[7] *Id.*

[8] *News International, PLC*, 97 FCC 2d 349, 356 (1984).

[9] *See, e.g.*, *Northstar Wireless, LLC, SNR Wireless LicenseCo, LLC, Applications for New Licenses in the 1695-1710 MHz, 1755-1780 MHz and 2155-2180 MHz Bands*, 30 FCC Rcd 8887, 8910, ¶ 52 (WTB 2015) ("Northstar Wireless, LLC, SNR Wireless LicenseCo, LLC") (finding, in the context of competitive bidding proceedings, that "the Commission has traditionally looked to whether an investor,

The Commission has further clarified that the assessment of *de facto* control requires a fact-specific, case-by-case analysis examining the "totality of the circumstances," rather than rigid adherence to any single metric of ownership.[10] Relevant factors, including those derived from the *Intermountain Microwave* framework, include who controls daily operations; who is in charge of employment, supervision, and dismissal of personnel; whether the entity has unfettered use of all facilities and equipment; who is in charge of paying financial obligations; who receives profits; and who determines and carries out policy decisions.[11] The Commission has moreover recognized that minority shareholders who can block only specified major business decisions, such as the sale of substantially all assets or changes in the corporate charter, do not exercise *de facto* control merely by holding protective veto rights.[12]

B. CSTC's 15 Percent Ownership Stake and Limited Governance Rights Do Not Confer the Power to Determine, Direct, or Decide Important Matters

The totality of the circumstances, as evidenced by the factual record, demonstrates that CSTC does not exercise control of the laboratory. Specifically, a review of the factors the Commission uses to weigh control as part of its case-by-case determination cannot support a finding that CSTC exercises control over the Company. First, SGS Hong Kong Limited ("SGS HK"), a wholly owned subsidiary of SGS SA, a Swiss company headquartered in the Canton of Zug, holds an 85 percent ownership stake and is responsible for the day-to-day operation of the laboratory, including human resources management, information technology administration, quality control and management, and technical decision-making.[13] [BEGIN HIGHLY CONFIDENTIAL] [redacted] [END HIGHLY

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owner, or other party ('investor/owner') is able to determine licensee policies and operations, or dominate corporate affairs.").

[10] *See id.* at 8911 ¶ 56, n.202.

[11] *See Intermountain Microwave*, 24 Rad. Reg. (P&F) 983 (1963); *see also Northstar Wireless, LLC, SNR Wireless LicenseCo, LLC,* 30 FCC Rcd 8887, 8919-20, 8924 ¶¶ 71-72, 83-85; *Baker Creek Communications, LLC*, 13 FCC Rcd 18709, 18720, 18724-25, ¶¶ 19, 28-30 (1998); *In Re Ellis Thompson Corporation*, 9 FCC Rcd 7138, ¶ 19 (1997); *In re PVT Networks, Inc.*, 16 FCC Rcd 13155, 13160-61 ¶ 14 (2001).

[12] *Cf. News International, PLC*, 97 FCC 2d at 358, ¶ 21.

[13] *See* Letter from Keny Xu, EMC Laboratory Manager, SGS-CSTC Standards Technical Services Co., Ltd. to Justin Rison, Electronics Engineer, Federal Communications Commission Office of Engineering and Technology at 1, 3 (Apr. 2, 2026) (on file in Equipment Authorization System, TFRN 787754) ("SGS Response Letter"); *Id.* at Annex 1, Contract for Joint Venture Company Established by China Standard Science and Technology Group Co., Ltd. And SGS Hong Kong Limited ("Joint Venture Contract").

[14] SGS Response Letter at 1; Joint Venture Contract at Art. 9.

CONFIDENTIAL] This is a significant variance from the ownership levels that have supported a finding of control in the context of other accredited laboratories.[15]

Under the Articles of Association and the Joint Venture Contract, the Board of Directors consists of ten members: seven directors appointed by SGS HK and three directors appointed by CSTC.[16] SGS HK thus holds a decisive 70 percent majority on the Board. Board resolutions require only the affirmative votes of more than half of all directors,[17] meaning SGS HK can unilaterally pass all ordinary resolutions without any support from CSTC-appointed directors. Further, the General Manager, akin to the chief executive officer of the Company, is nominated exclusively by SGS HK and is engaged by the SGS-controlled Board of Directors.[18] The General Manager is responsible for daily management, operational control, technical supervision, staffing authority, and laboratory oversight.[19] While the Deputy General Manager is nominated by CSTC, this position serves only a subordinate and supporting role, assisting the General Manager.[20] [BEGIN HIGHLY CONFIDENTIAL] [redacted] [END HIGHLY CONFIDENTIAL] The Chairman does not have operational or technical authority over laboratory activities and is not authorized to access laboratory facilities, FCC-related IT systems, test data, or test reports.[23] These factors

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[15] *See*, e.g., *CVC Testing Technology Co., Ltd. Designation No. CN1282*, Order Withdrawing Recognition as an Accredited Test Laboratory, ET Docket No. 25-272, DA 26-147 (Rel. Feb. 12, 2026) (finding CVC Testing Technology Co., Ltd. to be fully owned and controlled by the PRC through State-owned enterprises); *Chongqing Academy of Information and Communications a/k/a Chongqing Academy of Information and Communications Technology Designation No. CN1239*, Order Withdrawing Recognition as an Accredited Test Laboratory, ET Docket No. 25-268, DA 26-146 (Rel. Feb. 12, 2026) (finding CAIC acknowledged being a 100 percent state-owned institution); *TUV Rheinland/CCIC (Ningbo) Co., Ltd. Designation No. CN1237*, Order Withdrawing Recognition as an Accredited Test Laboratory, ET Docket No. 25-269, DA 26-148 (Rel. Feb. 12, 2026) (finding a PRC-owned entity owned 49 percent of TUV Rheinland/CCIC (Ningbo) Co., Ltd).

[16] Joint Venture Contract at Art. 20(I)(a); SGS Response Letter, Articles of Association of SGS-CSTC Standards Technical Services Co., Ltd at Art. 17(I)(a) ("SGS Articles of Association").

[17] Joint Venture Contract at Art. 20(II)(d); SGS Articles of Association at Art. 17(II)(d).

[18] Joint Venture Contract at Art. 22; SGS Articles of Association at Art. 19.

[19] Joint Venture Contract, Appendix I, II. [BEGIN HIGHLY CONFIDENTIAL] [redacted] [END HIGHLY CONFIDENTIAL]

[20] *Id.* at Art. 23, Appendix I.

[21] *Id.* at Art. 23.

[22] *See* SGS Response Letter at 2; Joint Venture Contract at Art. 17 ([BEGIN HIGHLY CONFIDENTIAL] [redacted] [END HIGHLY CONFIDENTIAL]).

[23] SGS Response Letter at 2.

support a finding that SGS HK, not CSTC, holds and exercises the power "to determine, direct, or decide important matters affecting" SGS Shenzhen.[24]

Further, matters requiring unanimous shareholder or board approval are limited to extraordinary corporate actions. Under the Articles of Association and the Joint Venture Contract, [BEGIN HIGHLY CONFIDENTIAL] [redacted] [END HIGHLY CONFIDENTIAL] None of these matters relate to laboratory operations, testing activities, data access, report issuance, personnel decisions, or technical management.[26]

Overall, under the totality of the circumstances, the facts do not support a finding that CSTC exercises control over SGS Shenzhen. While SGS Shenzhen recognizes the Commission's national security concerns, its analysis should take account of the fact that the specific risk identified, that a prohibited entity could "determine, direct, or decide important matters[,]"[27] is not present here. As described above, CSTC has no day-to-day operational role and no access to laboratory systems. The risk to the integrity of the equipment authorization program, therefore, is minimal, particularly during the proposed transition period, as discussed in Section III below.

III. SGS SHENZHEN REQUESTS [BEGIN HIGHLY CONFIDENTIAL] [redacted] [END HIGHLY CONFIDENTIAL]

Notwithstanding SGS Shenzhen's position that the record does not support a finding of control by a prohibited entity under Section 2.902 of the Commission's rules, and without waiving any of the arguments set forth in Section II herein, [BEGIN HIGHLY CONFIDENTIAL] [redacted]

[redacted]

[redacted]

[24] 47 C.F.R. § 2.902(2).

[25] Articles of Association at Arts. 11, 20, 50.

[26] *Cf.* Articles of Association at Art. 16; Joint Venture Contract at Art. 19.

[27] 47 C.F.R. § 2.902(2).

[redacted]

[redacted]

[redacted] [END HIGHLY CONFIDENTIAL]

IV. CONCLUSION.

For the reasons set forth above, SGS Shenzhen respectfully urges the Commission not to commence proceedings to withdraw its recognition as an accredited test laboratory under Designation No. CN1336.

As demonstrated in these comments, CSTC's 15 percent minority ownership stake does not confer upon CSTC the power to "determine, direct, or decide important matters" affecting SGS Shenzhen within the meaning of Section 2.902.

Additionally, [BEGIN HIGHLY CONFIDENTIAL] [redacted] [END HIGHLY CONFIDENTIAL]

Respectfully submitted,

/s/ Sandy Hao
Sandy Hao
General Manager
SGS-CSTC Standards Technical Services Co., Ltd. (Shenzhen)

June 12, 2026

[28] *See SGS Response Letter.*

Attachment A: Joint Venture Contract

Confidential – Not for Public Inspection

Attachment B: Articles of Association

Confidential – Not for Public Inspection

DECLARATION

I, Sandy Hao, hereby declare as follows:

1. I am the General Manager of SGS-CSTC Standards Technical Services Co., Ltd. Shenzhen Branch (CN 1336).

2. I have read and understand the contents of the foregoing June 12, 2026 response (the “Response”) to the Office of Engineering and Technology’s Notice of Intent to Begin Proceedings to Withdraw Recognition as an Accredited Test Laboratory released May 11, 2026.

3. Based on my personal knowledge and my review of relevant records, I verify the truth and accuracy of the information provided in the Response.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed on June 12, 2026.

Sandy Hao

Sandy Hao
General Manager