



NEWS

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See MCI v. FCC, 515 F 2d 385 (D.C. Circ 1974).

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FCC Streamlines and Overhauls its Foreign Ownership Review
Under 310(b) of the Communications Act
Reduces Barriers to Investment in U.S. Companies with Common Carrier Wireless Licenses

Washington, D.C. – As part of its ongoing regulatory reform efforts, the Federal Communications Commission today streamlined its policies and procedures for reviewing foreign ownership of U.S. companies with common carrier wireless licenses and certain aeronautical radio licenses under sections 310(b)(3) and 310(b)(4) of the Communications Act. Commission staff estimates these reforms will lower the number of section 310(b) petitions for declaratory ruling filed with the Commission annually by up to 70 percent. The changes will also reduce dramatically the number of hours that applicants and licensees spend in preparing and submitting required filings, while ensuring the Commission continues to receive the information it needs to fulfill its public interest obligations under section 310(b) of the Act.

The reforms outlined in the *Foreign Ownership Second Report and Order* will reduce regulatory costs and burdens and provide greater transparency and predictability in foreign ownership filing requirements and the review process. Significantly, today's action will facilitate investment in wireless networks – a critical component of the nation's telecommunications infrastructure – while continuing to protect important interests related to national security, law enforcement, foreign policy, and trade policy.

Under the new rules and policies outlined in the *Foreign Ownership Second Report and Order*, the Commission will, among other things:

- Eliminate the distinction between foreign investment from WTO Member countries and non-WTO Member countries;
- Streamline the review of foreign investment by (1) requiring that petitioners identify only those foreign investors that would hold equity and/or voting interests of greater than five percent, and in certain situations greater than ten percent; (2) allowing petitioners to request specific approval for any named foreign investor (even those holding interests below these amounts) to increase its equity and/or voting interest at some future time; and (3) permitting petitioners, under section 310(b)(4), to request specific approval for any named foreign investor that proposes to acquire a controlling interest to increase the interest to 100 percent at some future time;
- Issue new declaratory rulings with a 100 percent aggregate allowance for unnamed and future foreign investors, provided that the licensee obtains approval before any foreign investor acquires an interest greater than five percent (or ten percent in certain situations);
- Allow the licensee's "subsidiaries and affiliates" to rely on the licensee's foreign ownership ruling rather than having to file a new petition for declaratory ruling, if the foreign ownership of the licensee and the subsidiary or affiliate are in compliance with the terms of the licensee's ruling and

Commission's rules;

- Allow licensees to introduce new foreign-organized entities into the approved vertical ownership chain in certain cases without prior approval, provided that the new foreign-organized entity is under 100 percent common ownership and control with a previously-approved foreign investor; and
- Eliminate the practice of issuing service- and geographic specific rulings, and instead permit a licensee with a foreign ownership ruling to add new services and new geographic service areas without filing a new petition for declaratory ruling.

Action by the Commission April 18, 2013, by Second Report and Order (FCC 13-50). Chairman Genachowski, Commissioners Clyburn, Rosenworcel, and Pai. Separate statements issued by Chairman Genachowski, Commissioners Clyburn, Rosenworcel, and Pai. Commissioner McDowell not participating.

Docket No.: IB Docket No. 11-133

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