

**STATEMENT OF
COMMISSIONER AJIT PAI**

Re: *Review of Foreign Ownership Policies for Broadcast, Common Carrier and Aeronautical Radio Licensees under Section 310(b)(4) of the Communications Act of 1934, as Amended*, GN Docket No. 15-236.

Today, foreign companies own a majority interest in two of our four nationwide wireless carriers. A Dutch company has asked to purchase our nation's fifth and seventh largest cable operators. And the Commission agreed earlier this year to offer a Swedish company's subsidiary the contract to become the next local number portability administrator for the United States. Generally, such foreign investment is good for this country. Indeed, the Commission has expressly recognized the critical role that foreign investment plays in promoting innovation, economic growth, and job creation.¹

Yet we haven't fully embraced that reality. It recently took the Commission over two years to determine whether a company with more than 25% foreign ownership should be allowed to purchase a single FM radio station in Box Elder, South Dakota, a town of fewer than 8,000 people.² What made that case all the more absurd was that foreign interests almost certainly did not own more than 25% of Pandora, the company at issue. But the Commission couldn't acknowledge that fact. Why? Because of our outdated methodology for measuring foreign ownership. The Pandora case highlighted the need for the Commission to reform its approach to foreign investment, so I am pleased that we are launching a rulemaking proceeding to do just that.

Going forward, we should concentrate on two key objectives. First, we must level the regulatory playing field and enable greater foreign investment in the broadcast industry. The Declaratory Ruling that we issued in 2013 was a good first step, but it is now clear that we must go further. That's why we propose to extend to the broadcast sector the same streamlined rules and procedures for foreign ownership reviews that the Commission implemented in 2013 for common carriers. For example, if a common carrier can request Commission approval for up to 100% foreign ownership, why shouldn't a broadcaster be able to do the same? It simply can't be the case that 100% foreign ownership of a single FM radio station in the Black Hills of South Dakota raises more concerns than 100% foreign ownership of a nationwide wireless carrier with tens of millions of customers.

Second, we must create a more rational process for determining compliance with foreign ownership requirements. Today, all companies, including those that are publicly traded, must tell us what percentage of their ownership is foreign. But brokers often hold shares of such companies in "street name" on behalf of their clients, and securities regulations prevent brokers from disclosing information about those clients without their permission. Thus, publicly traded companies generally don't know the identity of a large number of their shareholders. This can be a problem because the Commission presumes that an unidentified shareholder is a foreign investor for purposes of determining compliance with our Section 310(b)(4) foreign ownership limits. These days, that presumption makes about as much sense as presuming that someone with an unlisted phone number is a fugitive from justice. This obsolete methodology is inaccurate and burdensome, and it unnecessarily impedes the flow of capital into our nation's communications industry. I am therefore pleased that this Notice of Proposed Rulemaking seeks comment on both eliminating this presumption and alternative approaches for measuring foreign ownership.

¹ See *Review of Foreign Ownership Policies for Common Carrier and Aeronautical Radio Licensees under Section 310(b)(4) of the Communications Act of 1934, as Amended*, IB Docket No. 11-133, Second Report and Order, 28 FCC Rcd 5741, 5744, para. 3 (2013) (*Second Report and Order*).

² See *Pandora Radio LLC Petition for Declaratory Ruling Under Section 310(b)(4) of the Communications Act of 1934, as Amended*, MB Docket No. 14-109, Declaratory Ruling, 30 FCC Rcd 5094, 5095 (2015), *recon. denied*, FCC 15-129 (rel. Sept. 17, 2015).

Finally, I would like to commend Commissioner O’Rielly for his leadership on this issue and the staff of the International Bureau and Media Bureau for their outstanding work on this Notice of Proposed Rulemaking. I look forward to working with my colleagues to reform our foreign ownership policies.

