



PUBLIC NOTICE

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Report No. SCL-00185S

Thursday June 30, 2016

Streamlined Submarine Cable Landing License Applications Accepted For Filing

Unless otherwise specified, the following procedures apply to the applications listed below:

The applications listed below have been found, upon initial review, to be acceptable for filing and subject to the streamlined processing procedures set forth in section 1.767 of the Commission's rules, 47 C.F.R. § 1.767. Pursuant to the Submarine Cable Landing License Act, 47 U.S.C. §§ 34-39, and Executive Order No. 10530, reprinted as amended in 3 U.S.C. § 301, each applicant seeks: (a) the grant of a cable landing licensee; (b) the modification of a cable landing license; and/or (c) the assignment or transfer of control of an interest in a submarine cable landing license.

Pursuant to its decision in Review of Commission Consideration of Applications under the Cable Landing License Act, IB Docket No. 00-106, FCC 01-332, 16 FCC Rcd 22167 (2001) and section 1.767 of the rules, the Commission will take action upon these applications within forty-five (45) days after release of this public notice, unless the Commission has informed the applicant in writing that the application, upon further examination, has been deemed ineligible for streamlined processing.

Ex parte communications between outside parties and Commission staff concerning these applications are permitted subject to the Commission's rules for "permit-but-disclose proceedings." See 47 C.F.R. § 1.1206. Filings relating to this application must be received within 14 days of this notice. Such filings will not necessarily result in an application being deemed ineligible for streamlined processing.

Copies of all applications listed here are available for public inspection in the FCC Reference and Information Center, located in room CY-A257 at the Portals 2 building, 445 12th Street, SW, Washington DC 20554. The center can be contacted at (202) 418-0270. People with Disabilities: To request materials in accessible formats for people with disabilities (braille, large print, electronic files, audio format), send an e-mail to fcc504@fcc.gov or call the Consumer & Governmental Affairs Bureau at 202-418-0530 (voice), 1-888-835-5322 (tty). All applications listed are subject to further consideration and review, and may be returned and/or dismissed if not found to be in accordance with the Commission's rules, regulations, and other requirements.

Submarine Cable Landing License

Application filed by Edge Cable Holdings USA, LLC (Edge USA), Microsoft Infrastructure Group, LLC (Microsoft Infrastructure), Telefónica International Wholesale Services América S.A. (TIWS América), and Telefónica International Wholesale Services USA, Inc. (TIWS USA) (together, Applicants) for a license to land and operate a non-common carrier fiber-optic submarine cable network connecting Virginia Beach, Virginia with Bilbao, Spain (the MAREA cable system).

The MAREA cable system will have a single segment between Virginia Beach and Bilbao, with a total length of 6605 kilometers. The cable will consist of eight optical fiber pairs, with a total design capacity of 20 Tbps per fiber pair. The cable will use a new landing station in Virginia Beach and an existing station in Bilbao. The Applicants intend to commence commercial operation of the MAREA system by the first calendar quarter of 2018.

Applicants state that MAREA will provide significant new capacity on a route where capacity demand is increasing. They state that MAREA will extend the lifetime of U.S.-Europe capacity by offering capacity in large increments until the year 2043. In addition, applicants state that MAREA will provide new, low latency connectivity (in connection with terrestrial backhaul facilities) to data centers in the Northern Virginia region in and around Ashburn (known as "Data Center Alley"), southern Virginia, and North Carolina.

The Applicants will own MAREA as follows: (1) Edge USA will own 25% of MAREA's wet segment in U.S.-territorial waters and a 25% interest in the Virginia Beach cable landing station. (2) Microsoft Infrastructure will own 25% of the wet segment in U.S.-territorial waters and a 25% interest in the cable landing station at Virginia Beach, and will serve as the landing party in Virginia Beach. (3) TIWS USA will own 50% of the wet segment in U.S.-territorial waters and a 50% interest in the cable landing station in Virginia Beach. (4) TIWS América will own 50% of the wet segment in international waters. In addition, Edge Network Services Limited (Edge) will own 25% of the wet segment in international waters. Microsoft Datacenter Netherlands B.V. (Microsoft DataCenter) will own 25% of the wet segment in international waters, 25% of the wet segment in Spanish-territorial waters and a 25% interest in the landing station in Bilbao. Edge (Spain Branch) will own 25% of the wet segment in Spanish-territorial water and a 25% interest in the landing station in Bilbao. Telxius Cable Espana, S.L. will own 25% of the wet segment in Spanish-territorial waters and a 25% interest in the landing station in Bilbao, and will serve as the landing party in Bilbao. The Applicants state that neither Edge or Microsoft DataCenter will use the U.S.-end of the cable and thus do not need to be licensees.

The Applicants propose to operate the MAREA cable on a non-common carrier basis. Applicants claim that they will use the capacity on the MAREA cable system either as an input for services offered by their affiliates or by providing bulk capacity to wholesale and enterprise customers on particular terms and conditions pursuant to individualized negotiations. Specifically, MAREA will provide Edge USA and its affiliates with capacity to support Facebook's global platform to connect its users and data centers. MAREA will also provide Microsoft Infrastructure and its affiliates with capacity to support Microsoft's cloud services offerings and connect its data centers. MAREA will provide TIWS America and TIWS USA with capacity to support their wholesale capacity businesses in Europe and the Americas, offering bulk capacity to individually negotiated indefeasible rights of use and capacity leases. Applicants also state that MAREA will compete directly with multiple cables serving the trans-Atlantic market, including Columbus III, AE Connect, Apollo, Atlantic Crossing-1, FLAG Atlantic-1, Hibernia Atlantic, TAT-14, TGN Atlantic, and Yellow/Atlantic Crossing-2.

Edge USA, a Delaware company, is a wholly owned, direct subsidiary of Facebook, Inc. The Chan Zuckerberg Initiative, LLC (CZI) owns 14.2% of Facebook's outstanding shares and holds a 52.2% voting interest in Facebook. Mark Zuckerberg, a U.S. citizen and the Chairman and Chief Executive Officer of Facebook, owns all of CZI's member interests and overall holds approximately 14.7% of Facebook's outstanding shares and an approximate 60% voting interest in Facebook. No other individual or entity has a ten percent of greater direct or indirect equity of voting interest in Facebook.

Microsoft Infrastructure, a Delaware company, is a wholly owned, direct subsidiary of Microsoft Corporation. No individual or entity has a ten percent of greater direct or indirect equity of voting interest in Microsoft Corporation.

TIWS USA, a Florida company, is a wholly owned, direct subsidiary of TIWS America, a Uruguay company. TIWS América is a wholly owned, direct subsidiary of Telxius Teleom, S.A.U. a Spanish company, which in turn is a wholly-owned, direct subsidiary of Telefonica S.A. also a Spanish company. No individual or entity has a ten percent of greater direct or indirect equity of voting interest in Telefonica S.A.

TIWS USA and TIWS América are affiliated with a foreign carrier that is presumed to have market power in Spain. TIWS USA and TIWS América each agree to accept and abide by the reporting requirements in section 1.767(l) of the Commission's rules, 47 CFR § 1.767(l).

Applicants agree to abide by the routine conditions specified in section 1.767(g), 47 CFR § 1.767(g).

REMINDERS:

Applicants must certify that neither the applicant nor any party to the application is subject to a denial of federal benefits by federal and/or state courts under authority granted in 21 U.S.C. § 862. See C.F.R. §§ 1.2001-1.2003.

By this notice, we inform the public that submarine cable landing license applications and international section 214 applications that are part of larger transactions involving multiple Commission licenses or authorizations may involve "extraordinary circumstances" as referenced in Review of Commission Consideration of Applications under the Cable Landing License Act, Report and Order, 16 FCC Rcd 22167 (2001) and Rules and Policies on Foreign Participation in the U.S. Telecommunications Market, Report and Order and Order on Reconsideration, 12 FCC Rcd 23891 (1997), paras. 327-28, Order on Reconsideration, 15 FCC Rcd 18158 (2000). Additionally, these extraordinary circumstances may result where Executive Branch agencies petition the Commission to defer decision on certain transactions pending the resolution of potential national security, law enforcement, foreign policy and trade policy issues. Accordingly, these applications may not be acted on within the 90-day review period that the Commission has established as the period of time normally required to reach a decision on non-streamlined cable landing licenses and international section 214 applications. This notice shall serve as public notice to applicants that, in these circumstances, additional time may be required for Commission review and final action. No additional formal public notice will be provided routinely with respect to specific applications in the event that the applicable review period extends beyond 90 days.