



# PUBLIC NOTICE

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**Report No. SCL-00223S**

**Thursday August 23, 2018**

## **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 upon further examination an application is 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.

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](mailto: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), China Telecommunications Corporation (CTC), China Telecommunications Global Limited (CTG), China United Network Communications Group Company Limited (China Unicom), RTI Express Pte. Ltd. (RTI Express), Tata Communications (Bermuda) Limited (TC Bermuda), and Telstra Corporation Limited (Telstra) (collectively, the "Applicants") for a license to land and operate a non-common carrier fiber-optic submarine cable network connecting Hong Kong, Taiwan, and Manchester and Hermosa Beach, California, the Hong Kong-Americas (HKA) system. Applicants filed a supplement to the application on August 20, 2018.

The HKA system will be a high capacity digital, fiber-optic cable system with six fiber pairs and a total design capacity of 76.8 terabits per second (Tbps), or 12.8 Tbps per fiber pair. The HKA system will total approximately 13,780 kilometers in length (Main Trunk and branches). Applicants expect the cable system to enter into commercial service in the fourth calendar quarter of 2020.

The HKA system, along with associated cable landing stations, will consist of the following four segments: (1) the Main Trunk, consisting of six fiber pairs, will connect an existing cable landing station located at Chung Hom Kok, Hong Kong SAR to a branching unit located off the coast of California, (2) the Hermosa Branch, consisting of six fiber pairs, will connect an existing cable landing station in Hermosa Beach, California to the branching unit located off the coast of California, (3) the Manchester Branch, consisting of two fiber pairs, will connect a new cable landing station in Manchester, California to the branching unit located off the coast of California, and (4) the Toucheng Branch, consisting of six fiber pairs, will connect an existing cable landing station in Toucheng, Taiwan to a branching unit on the Main Trunk.

The HKA system is a consortium system owned (participation interest) and controlled (voting interest) by the Applicants and their affiliates as follows:

**Main Trunk and Common Infrastructure:** (1) Edge Network Services Hong Kong Limited (Edge Hong Kong) and Edge Network Services Limited (Edge), both Facebook affiliates, 41.6666% participation and voting interest in that portion of the cable system within Hong Kong territory (Edge Hong Kong) and 41.6666% participation and voting interest in that portion of the cable beyond Hong Kong territory (Edge), (2) CTC, 12.5% participation interest and 16.6667% voting interest, held on a joint and several basis with CTG; (3) CTG, 4.1667% participation interest and 16.6667% voting interest held, on a joint and several basis with CTC, (4) China Unicom, 16.667% participation and voting interest; (5) RTI Express, 8.333% participation and voting interest, (6) TC (Bermuda), 8.333% participation and voting interest, and (7) Telstra, 8.333% participation and voting interest. As neither Edge nor Edge Hong Kong nor Edge Taiwan will use the United States endpoint of the HKA system, Applicants state that neither is required to be a joint applicant for the cable landing license.

**Hermosa Beach Branch:** (1) Edge USA and Edge, both Facebook entities, 41.6666% participation and voting interest in that portion of the cable system within United States territory (Edge USA) and 41.6666% participation and voting interest in that portion of the cable beyond United States territory (Edge), (2) CTC, 12.5% participation interest and 16.667% voting interest held on a joint and several basis with CTG; (3) CTG, 4.1667% participation interest and 16.667% voting interest held, on a joint and several basis with CTC, (4) China Unicom, 16.6667% participation and voting interest; (5) RTI Express, 8.3333% participation and voting interest, (6) TC (Bermuda), 8.3333% participation and voting interest, and (7) Telstra, 8.3333% participation and voting interest.

**Manchester Branch:** Edge USA will hold a 100% participation and voting interest in that portion of the cable within United States territory, and Edge will hold a 100% participation and voting interest in that portion of the cable beyond United States territory.

**Toucheng Branch:** (1) Edge and Edge Network Services Limited (Taiwan Branch) (Edge Taiwan), both Facebook entities 66.6666% participation interest and voting interest in that portion of the cable beyond Taiwan territory (Edge) and 66.6666% participation and voting interest in that portion of the cable with Taiwan territory (Edge Taiwan) and (2) Telstra, 33.3333% participation and voting interest.

The HKA system's cable landing stations will be owned and controlled as follows: (1) Telstra leases the existing cable landing station located in Chung Hom Kok, Hong Kong, from GB21 and CTG will sublease from Telstra and will control the landing station; (2) Reach Networks (Taiwan) Limited owns and Telstra will control the existing cable landing station located in Toucheng, Taiwan, (3) Edge USA will own and control the new cable landing station located in Manchester, California, and (4) RTI Infrastructure, Inc. (RTI-I) owns and operates the existing cable landing station in Hermosa Beach and Edge USA will control the cable landing station.

The Applicants request a waiver of section 1.767(h)(1) of the Commission's rules, which requires that "any entity that owns or controls a cable landing station in the United States" shall be applicants for, and licensees on, a cable landing license." 47 CFR § 1.767(h)(1). According to the Applicants, although RTI-I owns the cable station at Hermosa Beach, RTI will have no ability to affect significantly the operation of the HKA system, and thus inclusion of RTI-I as a joint applicant is not necessary to ensure compliance by the Applicants collectively - or by Edge USA as the Hermosa Beach landing party controlling the landing arrangements - with the Cable Landing License Act, the Commission's cable landing license rules, or the terms of the cable landing license.

Applicants state that Edge USA will enter into an agreement with RTI-I granting Edge USA an indefeasible right-of-use (IRU) for RTI-I's beach manhole and one of its bore pipes at Hermosa Beach, and for a conduit connecting the beach manhole with RTI-I's existing, highly-secure, and purpose-built cable landing station. RTI-I will also grant to Edge USA a long-term lease for collocation space for power feed equipment in RTI-I's cable landing station - space over which Edge USA, on behalf of the Applicants, will have exclusive control. Edge USA claims that it will seek to ensure that both the IRU and lease agreements will have initial 15-year terms, with the option of two five-year extensions that may be exercised at Edge USA's sole discretion, for a maximum of 25 years each. Edge USA, at the Applicants' direction, will have exclusive control over the power feed equipment that they will locate in RTI-I's cable landing station. Edge USA will retain operational authority over the HKA landing facilities at Hermosa Beach and provide direction to RTI-I in all matters relating to the HKA system. The terminal equipment for all the HKA system's fiber pairs will not be located in the RTI-I cable landing station, but instead within CoreSite's highly-secure, state-of-the-art One Wilshire and Wilshire Annex data centers in Los Angeles.

The Applicants propose to operate the cable system on a non-common carrier basis. They state that the HKA system will enhance competition by competing vigorously with other existing and planned submarine cable systems in the region (Asia-America Gateway, Pacific Light, Asia-Japan, FASTER, TPE, NCP, and Asia-Pacific Gateway), will provide significant new capacity on routes where capacity demand continues to increase substantially each year, and will further benefit the public interest by providing transmission technologies to satisfy escalating bandwidth demands for new applications and services, particularly to access Internet content stored in the U.S. Further, HKA will provide some Applicants

—with capacity to support their wholesale capacity businesses in Asia and the Americas and will provide Edge USA and its affiliates with capacity to support Facebook Inc.'s (Facebook) global platform to connect its users and data centers. The Applicants state that they will not sell capacity indifferently to the user public. Instead, they will offer bulk capacity to particular carrier, enterprise, and government customers pursuant to individually-negotiated indefeasible rights of use (IRUs) and capacity leases, the terms of which will vary depending on the characteristics and needs of the particular capacity purchaser.

Edge USA, a Delaware company, is a wholly-owned, direct subsidiary of Facebook, a publicly-traded company. Edge USA's ten-percent-or-greater direct and indirect interest holders are: (1) Facebook (100% voting and equity interest in Edge USA); (2) CZI Holdings, LLC (CZI), a Delaware company (13.26% equity interest and 52.18% voting interest in Facebook); (3) and Mark Zuckerberg, a U.S. citizen and Chairman and CEO of Facebook (owns all of CZI's member interests and, together with his other ownership positions in Facebook, owns approximately 13.83% of Facebook's outstanding shares and holds an approximate 59.95% voting interest in Facebook that includes (a) a 52.18% voting interest for shares he holds directly or controls through CZI, and (b) a 6.62% voting interest that he has authority to vote pursuant to voting agreements with (i) Dustin Moskovitz, Trustee of The Dustin Moskovitz 2008 Annuity Trust dated March 10, 2008, and (ii) Dustin Moskovitz, Trustee of The Dustin Moskovitz Trust dated December 27, 2005. Facebook's shares are publicly traded on the NASDAQ market. No other individual or entity owns 10 percent or more of Edge USA or Facebook.

CTC, a China company, is wholly-owned by the State-Owned Assets Supervision and Administration Commission of the State Council of China (SASAC). SASAC holds a 100% voting and equity interest in CTC and is the only 10-percent-or-greater interest holder in CTC. Applicants note that although CTC is under common control with China Unicom, China Mobile Limited (CML), and their respective subsidiaries due to their ultimate common ownership by the SASAC, these companies are structurally and legally separate and operate independently of each other, and therefore CTC enjoys no legal or practical advantage over other competitive carriers in obtaining interconnection and related services from China Unicom, CML, or their respective subsidiaries.

CTG, a Hong Kong company, is an indirect subsidiary of CTC, which holds an indirect majority voting and equity interest. CTG has the following ten-percent-or-greater direct and indirect interest holders: (1) China Telecom Corporation Limited (CTCL), a Hong Kong company (100% voting and equity interest in CTG); (2) CTC, a China company (70.89% voting and equity interest in CTCL); and (3) SASAC of the State Council of China (100% voting and equity interest in CTC). CTCL's shares trade publicly on the Hong Kong Stock Exchange and CTCL has no 10-percent-or-greater voting or equity interest holders other than CTC. Applicants note that although CTG is under common control with China Unicom, China Mobile Limited (CML), and their respective subsidiaries due to their ultimate common ownership by the SASAC, these companies are structurally and legally separate and operate independently of each other, and therefore CTG enjoys no legal or practical advantage over other competitive carriers in obtaining interconnection and related services from China Unicom, CML, or their respective subsidiaries.

China Unicom, a China company, is 96.5% owned and controlled by SASAC of the State Council of China. No other individual or entity owns 10 percent or more of China Unicom's shares. Applicants note that although China Unicom is under common control with CTC, China Mobile Limited (CML), and their respective subsidiaries due to their ultimate common ownership by the SASAC, these companies are structurally and legally separate and operate independently of each other, and therefore China Unicom enjoys no legal or practical advantage over other competitive carriers in obtaining interconnection and related services from CTC, CML, or their respective subsidiaries.

RTI Express, a Singapore company, has the following ten-percent-or-greater direct and indirect interest holders: (1) Mr. Brett Lay, a U.S. citizen (50% equity interest and a 50% voting interest in RTI Express, and (2) Mr. Choo Wee Tiong, a Singapore citizen (50% equity interest and 50% voting interest). No other individual or entity owns 10 percent or more of the equity or voting interests in RTI Express.

TC (Bermuda), a Bermuda company, has the following ten-percent-or-greater direct and indirect interest holders: (1) Tata Communications International Pte Ltd, a Singapore company (100% voting and equity interest in Tata Communications (Netherlands) B.V.; and (2) Tata Communications Limited (TCL), an India company (100% voting and equity interest in Tata Communications International Pte Ltd). TCL is a publicly traded company on the Bombay Stock Exchange and the National Stock Exchange of India. The following entities hold equity and voting interests in TCL: (1) Panatone Finvest Ltd., an India company (30.10% voting and equity); (2) The Tata Power Company Limited (4.71% voting and equity interest); (3) Tata Sons Limited, an India company (14.07% voting and equity interest); and (4) the Government of India (26.12% interest). There are no other shareholders of TCL who own 10% or more of TCL or TC (Bermuda).

Telstra, an Australian company, has the following ten-percent-or-greater direct and indirect interest holders: (1) HSBC Custody Nominees (Australia) Limited, an Australian company (19.19% voting and equity interest); and (2) J.P. Morgan Nominees Australia Limited, an Australian company (11.07% voting and equity interest). Applicants note that for both the HSBC and J.P. Morgan, this stock is in turn held as a nominee on behalf of numerous Australian and foreign investors, none of which holds a direct or indirect voting or equity interest of four percent or more in Telstra. Telstra's shares are traded on the ASX and the NZX stock exchanges. Telstra has no other 10 percent-or-greater direct or indirect shareholders.

All Applicants agree to abide by the routine conditions specified in section 1.767(g) of the Commission's rules, 47 CFR § 1.767(g).

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## 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 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, extraordinary circumstances result where Executive Branch agencies petition the Commission to defer action on an application pending the resolution of potential national security, law enforcement, foreign policy and trade policy issues. Accordingly, these applications may be removed from streamlined processing and 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. 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.