FEDERAL COMMUNICATIONS COMMISSION

47 CFR Part 1

[GN Docket No. 25-149; FCC 26-3; FR ID 294037]

Review of Foreign Ownership Policies for Broadcast, Common Carrier and Aeronautical Radio Licensees

AGENCY: Federal Communications Commission.

ACTION: Final rule.

SUMMARY: In this document, the Federal Communications Commission (Commission or FCC) adopted a Report and Order to update foreign ownership rules for common carrier and broadcast licensees to clarify the Commission's review under section 310(b) of the Communications Act of 1934. With regard to common carrier licensees, the Report and Order adopted rules to codify existing policy regarding which entity is the controlling U.S. parent; codify the Commission's advance approval policy regarding certain deemed voting interests; require identification of trusts and trustees; extend the remedial procedures and methodology to privately held companies; add requirements regarding the contents of remedial petitions; require the filing of amendments as a complete restatement to petitions for declaratory ruling; and clarify U.S. residency requirements. For broadcast licensees only, the Report and Order covers: how the Commission should process applications filed by a broadcast licensee during the pendency of a remedial petition for declaratory ruling under section 310(b)(4); and other foreign ownership considerations related to processing applications for NCE and LPFM stations. Regarding broadcast licensees only, the Report and Order directs the Media Bureau to issue processing guidelines detailing how the Commission would process applications filed by a broadcast licensee during the pendency of a remedial section 310(b)(4) petition; and clarifies other foreign ownership considerations related to processing applications for noncommercial educational (NCE) and low power FM (LPFM) stations.

DATES: *Effective date*: These rules are effective **[INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]**.

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SUPPLEMENTARY INFORMATION: This is a summary of the Commission's *Report and Order*, in GN Docket No. 25-149; FCC 26-3, adopted on January 29, 2026, and released on January 30, 2026. The full text of this document is available for public inspection and copying via ECFS at http://apps.fcc.gov/ecfs and the FCC's website at https://docs.fcc.gov/public/attachments/FCC-26-3A1.pdf. Documents will be available electronically in ASCII, Microsoft Word, and/or Adobe Acrobat. Alternative formats are available for people with disabilities (Braille, large print, electronic files, audio format), by sending an email to fcc504@fcc.gov or calling the Commission's Consumer and Governmental Affairs Bureau at (202) 418–0530 (voice), (202) 418–0432 (TTY).

***Final Regulatory Flexibility Analysis*.** As required by the Regulatory Flexibility Act (RFA), the Commission has prepared this present Final Regulatory Flexibility Analysis (FRFA) of the possible significant economic impact on small entities by the policies and rules proposed in this Report and Order. The Commission will send a copy of this Report and Order, including this FRFA, to the Chief Counsel for Advocacy of the Small Business Administration (SBA). In addition, the Report and Order and FRFA (or summaries thereof) will be published in the *Federal Register*.

Synopsis

DISCUSSION

In this Report and Order, we codify and clarify longstanding policies and practices with respect to the Commission's foreign ownership requirements and streamline its review processes under Section 310(b) of the Act. Certain updates apply to common carrier and broadcast licensees, and others apply only to broadcast licensees subject to section 310(b), as discussed below. Through these streamlining efforts, we promote efficiency, clarity, and consistency of our rules while continuing to analyze foreign investment to ensure that it complies with statutory requirements.

A. Common Carrier and Broadcast Licensees

For common carrier and broadcast licensees,[1] we adopt the proposals in the Notice of Proposed Rulemaking 90 FR 26684 (*Section 310 NPRM*) to codify certain longstanding foreign ownership policies and practices to streamline the Commission's review process under Section 310(b). Specifically, we: (1) codify existing policy regarding which entity in the ownership chain should be designated as the controlling U.S. parent; (2) codify the Commission's advance approval policy regarding certain deemed voting interests; (3) amend our rules to clarify the requirement to identify trusts and trustees in petitions; (4) amend our rules to extend the remedial procedures to privately held companies and continue to allow privately held companies to use the methodology on a case-by-case basis; (5) amend our rules to clarify requirements regarding the contents of remedial Section 310(b) petitions; (6) specify the process of filing amendments to Section 310(b) petitions; and (7) clarify U.S. residency requirements.

1. Controlling U.S. Parent Definition

As proposed in the *Section 310 NPRM*, we adopt a definition of controlling U.S. parent to provide regulatory certainty, ease administrative burdens, and codify the Commission's longstanding practice. For purposes of Section 310(b)(4), we define the controlling U.S. parent as "the first controlling entity organized in the United States that is directly above the licensee(s) in the vertical chain of control and does not itself hold a license subject to [S]ection 310(b)." NCTA agrees with the Commission's proposal and no commenter opposes it. NCTA states the definition "would provide regulatory certainty for petitioners in determining how to appropriately factor the controlling U.S. parent in foreign ownership analyses."

Importantly, identifying the controlling U.S. parent is the basis for assessing foreign ownership in all Section 310(b)(4) petitions. With the correctly identified controlling U.S. parent, entities can properly calculate the aggregate foreign ownership interests, ascertain all the disclosable interest holders, and determine which interests require specific and/or advance approval. As explained in the *Section 310*

[1] We refer to broadcast, common carrier wireless, aeronautical en route and aeronautical fixed radio station applicants and licensees (including broadcast permittees) and to common carrier spectrum lessees collectively as "licensees" unless the context warrants otherwise. We also use the term "common carrier" or "common carrier licensees" to encompass common carrier wireless, aeronautical en route and aeronautical fixed radio station applicants and licensees, and spectrum lessees. "Spectrum lessees" is defined in § 1.9003 of part 1, Subpart X ("Spectrum Leasing"). 47 CFR 1.9003.

NPRM, we have encountered mixed approaches where some petitions correctly identify the controlling U.S. parent as the first controlling entity organized in the United States that is directly above the licensee(s) in the vertical chain of control that does not itself hold a license subject to Section 310(b), while others incorrectly identify the entity higher up in the vertical ownership chain where there is first direct foreign ownership. By adopting the proposed controlling U.S. parent definition, we simply codify our existing practice to bring clarity to our rules. Finally, we remind petitioners that they continue to have the flexibilities provided in §§ 1.5004(c)(1) (insertion of new controlling foreign organized company), 1.5004(d)(1) (insertion of new non-controlling foreign organized company), 1.5001(e) and (f) (disclosable interest holders), 1.5001(i) (specific approvals), and 1.5001(k) (advance approval) —which all rely on properly identifying the controlling U.S. parent.

2. Deemed Voting Interest and Advance Approval

We adopt the proposals in the *Section 310 NPRM* and amend the rules to codify the Commission's existing practice regarding the treatment of entities that hold a deemed voting interest and are limited partners in a limited partnership (LP) or are members of a limited liability company (LLC). We adopt these rules to provide regulatory certainty to petitioners, streamline the review process, and ensure that the Commission's long-standing approach is reflected in the foreign ownership rules. As discussed in detail in the *Section 310 NPRM*, a foreign individual or entity that receives specific approval under § 1.5001(i) may request advance approval to increase the ownership interest in the future without the need to request additional authority. Limited partners and LLC members may be deemed to hold a greater voting interest in the controlling U.S. parent than their actual interests. Under the deemed voting interest analysis for voting interests held by limited partners and LLC members, the Commission assesses whether the interests held in the limited partnership and LLC are or are not insulated. The Commission determines whether interests are insulated for limited partnerships, limited liability partnerships, and LLCs in accordance with 47 CFR § 1.5003. If the limited partnership or LLC is considered to be insulated under the Commission's rules, the limited partner or LLC member is deemed to hold a voting interest equal to its equity interest. On the other hand, if the limited partnership or LLC is determined to be uninsulated, the limited partner or LLC member is deemed to hold the same voting interest as the limited partnership or LLC holds in the next lower tier in the licensee's vertical ownership chain. If the

limited partnership or LLC holds its interest directly in the controlling U.S. parent, it is deemed to hold a 100 percent voting interest. Although a foreign individual or entity with a *de jure* or *de facto* controlling interest in the controlling U.S. parent may request advance approval for 100 percent of the direct and/or indirect equity and/or voting interests in the controlling U.S. parent, a foreign individual or entity with a deemed voting interest of 50 percent or greater may only request advance approval for up to a non-controlling 49.99 percent direct and/or indirect equity and/or voting interests in the controlling U.S. parent. The Commission utilizes deemed voting interests to measure foreign influence separate from its analysis of whether a particular investor has actual decision-making power. As such, a determination that a foreign investor has deemed voting interests in the controlling U.S. parent does not necessarily mean that such foreign investor also has *de jure* or *de facto* control of the controlling U.S. parent. The current rules regarding advance approval under § 1.5001(k) do not specifically address deemed voting interests for limited partnerships and LLCs.

To provide certainty to petitioners and investors, we codify our long-standing practice concerning the amount of advance approval that interest holders with deemed voting interest may request for interest held in LPs and LLCs. Deemed voting interest is only used in a Section 310(b) review to determine which entities require specific approval, and for which advance approval may be requested. A finding of a deemed voting interest of 50 percent or more is not a finding of de jure or de facto control of the controlling U.S. parent. Rather, it is an indication of the potential influence of the limited partner or LLC member in the partnership or LLC. The new rules clarify that foreign individuals and/or entities, including LPs and LLCs, requesting specific approval pursuant to § 1.5001(i) of the Commission's rules that have a deemed voting interest but not an actual controlling voting interest, may request advance approval under § 1.5001(k) to increase their interest at a future time to a non-controlling 49.99 percent. However, if the Commission determines that there is an actual controlling interest then the petitioner may request advance approval of up to and including a controlling 100 percent interest. NCTA supports the proposals stating that "[c]odifying these current practices would add needed clarity to the Commission's rules." No commenter opposes the proposals.

Therefore, we adopt our proposal and codify our long-standing practice that under §§ 1.5001(i) and 1.5001(k) of the Commission's rules, a finding of deemed voting interest of 50 percent or more is not

a finding of control in and of itself. First, we amend the specific approval rule in § 1.5001(i) to codify our long-standing practice that a finding that a foreign individual or entity is deemed to hold a 100 percent voting interest in the controlling U.S. parent for purposes of § 1.5001(i)(4)(ii)(C)(*1*) or a 50 percent or greater voting interest in the controlling U.S. parent pursuant to § 1.5001(i)(4)(ii)(C)(*2*), does not indicate that the interest constitutes *de jure* control for purposes of compliance with section 310(d) of the Act. Second, we amend the advance approval rule in § 1.5001(k) to state that a foreign individual or entity that has a deemed voting interest of 100 percent pursuant to § 1.5001(i)(4)(ii)(C)(*1*) or a 50 percent or greater voting interest in the controlling U.S. parent pursuant to § 1.5001(i)(4)(ii)(C)(*2*), but that does not have *de jure* or *de facto* control of the controlling U.S. parent, may request advance approval for the foreign individual or entity to increase its interests, at some future time, up to any non-controlling amount not to exceed a 49.99 percent equity and/or voting interest.

3. Trust and Trustees Requirements

As proposed in the *Section 310 NPRM,* we amend the rules to codify the existing practice to require that petitioners identify the trustees of trusts that are disclosable interest holders in the controlling U.S. parent. The rule changes will provide clarity about the type of information required for trusts and trustees in a petition, streamline the filing process, and enable the Commission to more efficiently review petitions. In the *Section 310 NPRM*, the Commission proposed to amend our rules to conform with policy and practice that the trustees must be disclosed under § 1.5001(e), (f), and (i), as applicable. We received no comments on this proposal.

Under § 1.5001(e) and (f) of the rules, a petitioner must disclose trusts, as well as any other entity or individual, U.S. or foreign, as a disclosable interest holder, if the entity or individual holds, or would hold, a direct or indirect interest of 10 percent or more, or a controlling interest, in the controlling U.S. parent of the petitioning common carrier and broadcast applicant or licensee. In the broadcast context, the petitioner must utilize the attribution rules and policies applicable to broadcasters to determine the U.S. and foreign interests that must be disclosed in a section 310(b)(4) petition. To analyze whether a particular trust holds an equity and/or voting interest in the controlling U.S. parent for purposes of compliance with section 310(b), Commission staff have required the petitioners to provide the identity of trustees of a trust through supplemental filings. Therefore, we codify our practice and amend § 1.5001(e),

(f), and (i), to require petitioners to provide the name(s) of the trustee(s) in petitions.

4. Extending the Methodology and Remedial Process to Privately Held Entities

We amend the Commission's rules in § 1.5004(f)(3) and (f)(4) to extend the remedial process available for U.S. public companies to privately held entities for inadvertent non-compliance with the foreign ownership benchmarks. In the *Section 310 NPRM*, the Commission sought comment on extending the Commission's remedial process available to U.S. public companies for inadvertent non-compliance with the foreign ownership benchmarks to privately held U.S. companies for all services subject to section 310(b)(4). The Commission explained that since the *2016 Foreign Ownership Report and Order*, it has observed increasingly complex ownership structures of its licensees, including both U.S. public and privately held companies. Notably, licensees whose controlling U.S. parents are privately held companies have reported that they experience similar issues as public companies, including the "up-the-chain" ownership structures that include entities, such as equity funds, that may themselves either be public companies or have diverse ownership interests (including other funds). These licensees also have indicated that they have experienced difficulty in controlling or preventing changes in these funds, even when the entities are privately held. Absent the safe harbor available to U.S. public companies with existing foreign ownership, however, privately held U.S. companies are subject to potential enforcement action if there is an inadvertent violation of the foreign ownership benchmarks. NAB supports the Commission extending its remedial filing process to privately held companies, and welcomes this development to "modernize" the rules to "reflect the increasing complexity of ownership structures among regulated entities." NAB is "not aware of specific data to suggest that broadcasters are any more or less likely to have complex ownership structures," but asserts that the change would "reduce burdens on privately held licensees with complex ownership structures and lower their risk of enforcement actions from inadvertent violations of the foreign ownership limits." No other comments were received on this topic.

Accordingly, we amend our rules to allow privately held licensees to use the remedial filing process and will require them to adhere to the remedial filing requirements applicable to publicly held companies. We clarify that in the event that the licensee, regardless of whether its controlling U.S. parent is a privately held or U.S. public company, satisfies the elements of this safe harbor for remedial action in

the Commission's rules, the Commission would not expect to take enforcement action related to the non-compliance. This approach will provide privately held U.S. companies with a safe harbor for non-compliance with the rules for changes in ownership beyond the licensee's control and that were not reasonably foreseeable by, or known to, the licensee.

Finally, we find that no action is necessary on the separate issue of formally extending the blanket methodology used by U.S. public companies to privately held companies. As discussed in the *Section 310 NPRM*, the Commission has allowed privately held licensees to use the calculation methodology that is applicable to U.S. public companies on a case-by-case basis, when, for example, "there are significant impediments that prevent a privately held entity from conducting an up-the-chain analysis to ascertain all of its indirect ownership interests, including non-voting equity interests held by remote, insulated investors." Neither the record nor the Commission's own experience indicates a need to depart from this case-by-case approach. Accordingly, we find that it is appropriate to continue to allow privately held entities to use this methodology applicable to U.S. public companies on a case-by-case basis. We note that the Commission staff frequently works with private entities to address and resolve impediments to identifying ownership interests, and we expect that this collaborative process will continue as private entities explore whether it is appropriate to rely on the methodology available for U.S. publicly traded companies.

5. Contents of Remedial Petitions

We adopt the proposal in the *Section 310 NPRM* to add § 1.5004(f)(5) of the rules to clarify that, consistent with current practice, remedial petitions must contain all of the information required for an initial petition for declaratory ruling (§ 1.5001 of the Commission's rules sets out the required information to be disclosed by petitioners) and not just the information related to the newly discovered non-compliant interest(s) with respect to all services subject to Section 310(b). As the Commission explained in the *Section 310 NPRM*, the Commission's foreign ownership rules already require that remedial petitions must be filed as new petitions and set forth the required contents of petitions for declaratory ruling. Thus, when an eligible licensee opts to file a remedial petition under §§ 1.5004(f)(3) or (f)(4) to address an instance of non-compliance with the Commission's foreign ownership rules, the Commission has required that the remedial petition contain all the information required for an initial

petition and not just the information related to the non-compliant interest(s). And while the Commission has observed that most petitioners voluntarily submit a full petition, staff has observed instances where some petitioners initially provided only the information related to the non-compliant interest(s), resulting in added correspondence and coordination with staff and additional petitioner submissions. We believe that failure to provide all relevant information unduly delays and frustrates efficient processing of remedial petitions.

NCTA supports the Commission's proposal, asserting it would "reduce the need for follow-up questions from Commission staff and would align with the Commission's current practice." NCTA also suggests that since this proposal echoes similar requirements in other sections of the Commission's foreign ownership rules, this proposed rule change would result in a more streamlined process. In contrast, NAB asserts that even if this proposed amendment reflects current staff practice, NAB believes this practice "unnecessarily compounds filing burdens and increases processing timelines for petitioners that are subject to an existing Section 310(b) declaratory ruling that authorizes a certain level of foreign ownership and may approve individual foreign investors." NAB essentially takes issue with what our rules already require, suggesting that under the Commission's proposal, "*every* remedial petition would be considered a new petition that would need to include information concerning not only new foreign investor(s), but also foreign investor(s) that may already be authorized by the FCC through a declaratory ruling." NAB adds that "[t]he proposal would also require petitioners to re-justify existing foreign ownership that has already been carefully considered and approved by the FCC in a previous proceeding." As an alternative to the Commission's proposal, and to "alleviate filing burdens," NAB urges the Commission to codify an exception for petitioners subject to existing Section 310(b) rulings, requiring such petitioners to "provide information and public interest justifications in a remedial petition with respect to only new foreign investors for which Commission approval is required under Section 310(b)." Further, "NAB encourages the FCC to extend this exception to section 310(b) petitions seeking *prior* FCC consent for prospective new foreign investment where the petitioner is already subject to a Section 310(b) declaratory ruling."

We agree with NCTA's assertions and therefore, we adopt our proposal to codify the existing practice by adding § 1.5004(f)(5) to clarify that remedial petitions must contain all of the information

required for an initial petition and not just the information related to the newly discovered non-compliant interest(s) with respect to all services subject to Section 310(b). Consistent with our decision to extend the Commission's remedial process for inadvertent violations of the foreign ownership benchmarks to U.S. privately held companies, we clarify that our requirements regarding the contents of remedial petitions apply to both U.S. public companies and U.S. privately held companies. This approach allows us to view the comprehensive picture of foreign ownership at the outset of our review as opposed to solely the new foreign investors for which Commission approval is required. Further, as NCTA asserts, this approach will reduce the need for follow-up questions. We disagree with NAB's concern that the proposal would be burdensome because it would require that every remedial petition be re-justified as a new petition, including existing foreign ownership. While remedial petitions are filed as new petitions, the Commission staff's review will focus on the new, non-compliant interests in the context of the information submitted via the remedial petition, limiting the burden of that review on licensees participating in the proceeding. Furthermore, with respect to the filing of information regarding existing foreign ownership, we find that any burden would be mitigated by the fact that such information was filed previously and that NAB's comment has not quantified any additional burden from refiling such information. On the other hand, we believe that requiring that a remedial petition contain the same information as an initial petition is of significant value because it will enable staff to review a complete filing and to more efficiently and effectively make the appropriate determination under the Section 310(b) public interest analysis. Therefore, we reject NAB's proposed categorical exemption for reviewing and approving only the new foreign investors, as we find that this limitation could frustrate our ability to conduct a comprehensive analysis as required under Section 310(b). On balance, we find that the benefits of adopting the proposal to codify the existing practice outweigh any unquantified additional filing burdens. Obtaining complete information in the first instance, in turn, will streamline the review process for remedial petitions and reduce the processing timelines that are also of significant concern to NAB. Nonetheless, we encourage applicants to consult with Commission staff to discuss particular facts and circumstances if they believe that a different approach is warranted or if there are specific factors that will help facilitate staff's review of the petition.

6. Filing Amendments to Petitions for Declaratory Ruling

To ensure that the public and Commission staff can access accurate and complete ownership information without undue confusion about which filings or portions of filings are active and/or current, we reaffirm and codify existing amendment filing practices in § 1.5000(b)(1)-(2). In the *Section 310 NPRM*, the Commission sought comment on whether to codify Commission staff's practice of having petitioners file a complete restatement of the Section 310(b) petition in cases involving substantial changes to the petition along with a cover letter providing a narrative description of what is being amended. To further minimize burdens, the Commission sought comment on whether certain ministerial changes could be filed as an amendment or supplement rather than as a complete restatement.

No commenter opposes a requirement that any amendments to a pending petition must be filed as a complete restatement of the initial petition, but NAB urges that if the Commission does so, it should "codify an exception allowing for ministerial changes to be filed as a supplement in the relevant docket that details the minor amendments." NAB suggests that ministerial changes could include "changes made to: correct lists of attributable interest holders to remove duplicate entries; update such lists to add additional interest holders or revise identifying information; or update equity and voting interests to reflect slight changes to entities or individuals that have already been disclosed in the initial petitions consistent with the FCC's foreign ownership or attribution rules." NCTA is broadly supportive of requiring that amendments be filed as a complete restatement of the initial petition, agreeing with the Commission's reasoning for adopting such a requirement.

Based on the record, we codify our existing practices. Specifically, for substantial changes, an amendment to a pending petition must be filed as a complete restatement in the International Communications Filing System (ICFS) (for common carriers) or Electronic Comment Filing System (ECFS) (for broadcasters) of the initial petition with a cover letter providing a narrative description of the substantial change. The ICFS homepage is located at https://www.fcc.gov/icfs. The ECFS homepage is located at https://www.fcc.gov/ecfs. Also, consistent with existing practice, in the case of ministerial change(s), petitioners must file an amendment in ICFS (for common carriers) or in ECFS (for broadcasters) under the relevant application or docket detailing only the relevant change(s). Similar to what NAB suggests, we provide as guidance the following non-exhaustive list of ministerial changes: (1)

correcting lists of attributable interest holders to remove duplicate entries; (2) updating such lists to revise identifying information; (3) correcting equity and voting interests amounts to reflect any changes to entities or individuals that have already been disclosed in the initial petition consistent with the Commission's foreign ownership or attribution rules; or (4) correcting misspellings or incorrect addresses. For all other types of changes not covered by this list, we encourage applicants to contact Commission staff to review whether a particular change is substantial or ministerial in nature. For such ministerial changes, we expect that petitioners will submit a new version of the relevant exhibit or attachment with the necessary corrections and provide a brief explanation of the ministerial change in the corrected exhibit/attachment or by cover letter. For common carriers, petitioners will submit amendments to a petition under Form 235, ISP-AMD via ICFS. Ministerial changes to fields in the online application form can be submitted by changing the response in the application form itself. Ministerial changes to attachments can be submitted by uploading a new attachment to the amendment application. We find that this flexible approach will reduce undue filing burdens on applicants and promote prompt processing. We caution applicants that filing multiple amendments or supplements for ministerial changes may increase Commission staff processing time and/or create undue confusion about which aspects of the filings are active and/or current. Therefore, in those instances, we urge applicants to detail the totality of the ministerial change(s) in a complete restatement of the initial petition.

7. U.S. Residency Requirements

We affirm the proposed clarification in the *Section 310 NPRM* that there is no Commission requirement that foreign investors in companies seeking a petition must maintain U.S. residency. We received no comments on this topic and therefore adopt our proposed clarification. As we stated in the *Section 310 NPRM*, a foreign investor's lack of a U.S. residence is not a factor in the Commission's assessment of whether a petition is in the public interest. We find that requiring a foreign investor to maintain U.S. residency would be antithetical to the Commission's policy of allowing certain levels of foreign ownership that are not contrary to the public interest. As proposed in the *Section 310 NPRM*, this clarification applies to all services subject to Section 310(b).

C. Broadcast Licensees Only

As discussed below, regarding broadcast licensees only, we: (1) direct the Media Bureau to issue

processing guidelines as appropriate detailing how the Commission will process applications filed by a broadcast licensee during the pendency of a remedial petition under Section 310(b)(4); and (2) clarify other foreign ownership considerations related to processing applications for NCE and LPFM stations.

1. Processing Broadcast Licensee Applications During the Remedial Process

We adopt our tentative conclusion in the *Section 310 NPRM* that the broadcast industry will be best informed by processing guidelines establishing how the Commission will process broadcast applications during the pendency of a remedial petition filed pursuant to § 1.5004(f) of the Commission's rules. We therefore direct and delegate authority to the Media Bureau to specify such processing guidelines.

In the *Section 310 NPRM*, the Commission explained that when an eligible licensee files a remedial Section 310(b)(4) petition seeking approval of above-benchmark, aggregate foreign ownership interests or new specific approval not covered under the licensee's existing Section 310(b)(4) ruling, the Commission does not, as a general rule, expect to take enforcement action related to the licensee's non-compliance with the foreign ownership rules, provided the licensee satisfies certain requirements. Nonetheless, the Commission may ultimately determine that the licensee was not actually entitled to use the remedial process, or the Commission may ultimately reject the proposed foreign ownership. Therefore, as the Commission further explained in the *Section 310 NPRM*, the existence of the remedial process, on its own, does not necessarily resolve the issue of whether the broadcast licensee is in compliance with the Commission's rules during the pendency of a remedial petition or following remedy of the non-compliance. This is significant because it has been the Media Bureau's practice, often in consultation with the Enforcement Bureau, to place a hold on certain types of applications while a broadcast licensee is subject to an investigation for a potential violation of the Commission's rules. As a result, any unresolved foreign ownership questions presented by non-compliance with our rules or the terms of a prior declaratory ruling may impede the processing of pending license applications. The Commission therefore sought comment in the *Section 310 NPRM* on whether the Commission should grant the licensee new authorizations or allow a licensee to dispose of certain authorizations while the remedial petition is pending. The Commission also sought comment on whether any grant of an authorization should be explicitly conditioned on the grant of the pending remedial petition or subject to

any enforcement action that may be warranted if the remedial petition is deemed inadequate, or, alternatively, if staff should hold pending applications until review of a remedial petition is complete. Also, the Commission asked if there are certain types of applications that should or should not be processed in the ordinary course during the pendency of the remedial process. Finally, the Commission sought comment on whether to adopt processing guidelines for this purpose or instead adopt rules.

In a written *ex parte*, NAB states that it "anticipates that the establishment of specific standards for the processing of broadcast applications during the pendency of a remedial petition may benefit, not burden, broadcast licensees." No other commenters addressed this issue.

We find that processing guidelines would benefit the Commission's treatment of broadcast license applications, and we direct and delegate authority to the Media Bureau to specify processing guidelines for applications filed by a broadcast licensee during the pendency of the remedial process. Consistent with our decision to extend the Commission's remedial process for inadvertent violations of the foreign ownership benchmarks to privately held entities, we consider "broadcast licensees" to encompass broadcast station licensees and permittees that are controlled by U.S. public companies as well as broadcast station licensees and permittees that are controlled by U.S. privately held entities. The processing guidelines will provide guidance on the topics discussed in the *Section 310 NPRM*, including: (1) routine types of applications that should continue to be processed in the normal course during the pendency of the remedial process, such as applications related to the continued operations of currently authorized broadcast facilities (e.g., applications for special temporary authority or minor modifications); and (2) non-routine applications such as major modifications, license renewals, and assignments/transfers of control, that would require heightened scrutiny during the pendency of a remedial petition. We find that guidelines are preferable to rules for this purpose, as guidelines will provide the necessary flexibility to permit individualized approaches to specific cases as warranted by the facts and circumstances.

2. Assessing Foreign Ownership of Noncommercial Educational (NCE) and Low Power FM (LPFM) Stations

To better incorporate the governance structures of NCE and LPFM licensees seeking approval for proposed foreign ownership into our Section 310(b) reviews and to provide regulatory certainty to such licensees, we clarify how we determine the foreign ownership levels of these particular stations. In the

Section 310 NPRM, the Commission sought comment on changes to the Commission's foreign ownership rules that would assess the foreign ownership levels of NCE stations, including full-service FM radio and television stations and LPFM stations, by considering their unique governance structures. The Commission noted that while there have been relatively few requests for proposed foreign ownership of NCE and LPFM stations, several applications were pending before the Media Bureau involving NCE applicants with foreign ownership. We received no comments on this issue.

As the Commission explained in the *Section 310 NPRM*, the ownership of NCE and LPFM stations is subject to the provisions of Section 310(b), just like commercial stations. As such, the Commission's foreign ownership rules are not limited to commercial stations, though the rules discuss ownership in terms of the voting and equity shares of individuals and entities. This characterization of ownership, however, is rarely applicable in the NCE/LPFM context, as these entities are often governed by a board of directors or an unincorporated association without traditional voting or equity shares in the entity. The Commission's rules and policies, however, have long recognized that these governing bodies—and, by extension, the individual board members—direct the operations of these stations. The Commission has addressed this in the broadcast ownership report context, for attribution purposes, by looking to the composition of the respondent's governing board or other governing entity, and whether it is directly or indirectly under the control of another entity.

Consistent with our approach in the broadcast ownership reporting context, for purposes of determining the voting shares of NCE stations in the course of our Section 310(b) review, we adopt the proposal in the *Section 310 NPRM* to consider the composition of the governing board or other governing entity, and whether it is directly or indirectly under the control of another entity for purposes of assessing compliance with the foreign ownership limits set forth in the Act and the Commission's rules. For example, if an NCE station licensee (or applicant) is governed by a board with five members, each member of the governing board would be deemed to hold a 20 percent voting interest in the licensee absent provisions in the bylaws or other governance document that formally allocates voting power to governing board members on something other than a pro rata basis, only if such voting arrangements are permitted under the laws of the state where the licensee or applicant was incorporated. In any such cases, each governing board member would be deemed to hold the voting interest designated in the governing

documents. If the record indicates that the governing documents are inconsistent with state law, we will consider the relevance of this information in light of facts and circumstances presented by the case and any applicable precedent or policies. If there are four governing board members, each member would be deemed to hold a 25 percent voting interest, and so forth, absent provisions in the governing document allocating voting power to governing board members on a non-pro rata basis. In the event that greater than 25 percent of the controlling interest holders in the licensee's controlling U.S. parent would be non-U.S. citizens, the licensee would first need to seek approval for such foreign ownership consistent with Section 310(b)(4) and the Commission's foreign ownership rules. Direct and indirect foreign interests in the licensee, other than those held through a controlling U.S. parent, remain subject to the 20 percent limits in Section 310(b)(3).

We also acknowledge that, as with the broadcast ownership context, there may be station-specific agreements or circumstances that could impact how the ownership percentages are calculated. For example, the governing board could cede its decision-making authority over the station to an executive in the operating organization. Such circumstances will continue to be subject to individual, case-by-case review under Section 310(b). In addition, while governing board members in NCE entities do not typically have equity interests in the licensee, any such equity interests specific to a particular licensee are subject to the 310(b) benchmarks. We will recognize weighted governance structures (i.e., non pro rata) to the extent they are permitted by applicable federal and state laws regarding the incorporation and governance of NCE entities. In the course of our review of the structures referenced in this paragraph, applicants, upon request, must file a copy of the bylaws, or other written organizational document as appropriate, to accompany their Section 310(b) analysis, either in a Section 310(b)(4) petition or when certifying compliance with Section 310(b). The Commission reserves the right to ask for such other information as necessary to verify that the documentation is consistent with the relevant state law requirements. We caution applicants that should it be determined that sham agreements are being filed, the Commission will act within its enforcement authority. Such organizational documents must substantiate the entity's governance structure, as well as establish that the structure is permitted under relevant state law.

3. NCE/LPFM Application Processing Issues

As discussed below, to promote regulatory consistency, we make several clarifications to address various foreign ownership considerations in the context of filing windows for construction permits for NCE authorizations. In the *Section 310 NPRM*, the Commission sought comment on whether and how to clarify the Commission's rules and procedures related to filing windows for NCE construction permits with respect to the application of Section 310(b). No commenters addressed these issues.

As discussed in the *Section 310 NPRM*, entities with foreign interest holders above the statutory benchmarks in Section 310(b)(4) are eligible to apply for new construction permits that are available for application during a filing window, including NCE filing windows, provided they are covered by an existing foreign ownership declaratory ruling, or have filed a Section 310(b)(4) petition. While the Commission observes it to be a rare occurrence for such entities to apply for new construction permits, to offer some further clarity, we adopt the clarification proposed in the *Section 310 NPRM* that, with respect to construction permit applications, under the current requirements in § 1.5000(b), entities with foreign ownership in excess of the statutory benchmarks in Section 310(b)(4) and *without* an existing declaratory ruling can participate in an NCE/LPFM filing window so long as they file a Section 310(b)(4) petition seeking approval of the foreign ownership interest at the *same time* they file the application required for participation in the filing window. Moreover, for participants in these windows with foreign ownership above the benchmarks in Section 310(b)(4), we clarify that we will apply the same processing guidelines we use in the commercial context for applications that include a Section 310(b)(4) petition for declaratory ruling, which we will specify in any subsequent procedures public notice for an NCE window, while allowing for a tailored approach, if appropriate, in the context of a particular filing window. Accordingly, we find that we need not consider at this time the other issues raised in the *Section 310 NPRM* regarding how we will process applications from entities with foreign ownership in excess of the benchmarks, to the extent relevant, as those issues will be resolved in the context of a particular filing window. In addition, because the Commission's forbearance authority, and thus its Section 310(b)(3) forbearance approach, does not extend to broadcast licensees, all NCE and LPFM filing window participants are subject to the 20 percent limits on foreign ownership under Section 310(b)(3) of the Act.

D. Other Improvements to the Foreign Ownership Rules

In the *Section 310 NPRM*, the Commission sought comment generally on other opportunities to improve the foreign ownership rules or reduce regulatory burdens. The Commission also sought comment on opportunities to alleviate unnecessary regulatory burdens consistent with the *Delete, Delete, Delete Proceeding*. We received several proposals from NAB and an individual commenter, Erik Cudd. Although, as discussed more fully below, we do not accept certain specific proposals offered by NAB and Erik Cudd that those commenters assert could reduce burdens, we note that nevertheless the decisions in this *Report and Order* reduce regulatory burdens overall. Specifically, in this *Report and Order*, we find that clarifying our rules, codifying existing requirements and practices related to foreign ownership, and providing guidance with respect to filing of petitions will reduce uncertainty for applicants, which in turn should reduce the need to revise or refile requests and thus will reduce regulatory burdens.

NAB Suggestions. NAB urges the Commission to establish a limit on the amount of time from the filing of a Section 310(b) petition to the Commission's issuance of a public notice announcing that the Section 310(b) petition has been accepted for filing, as well as a timeline for ruling on a petition. NAB also urges the Commission to consider exempting certain applications from Executive Branch review, for example those involving applicants that have been approved in the recent past, and to adopt expedited or streamlined Executive Branch reviews for known foreign investors or for foreign interest holders from countries allied with the United States." NAB states that this approach "would be consistent with other Administrative initiatives" such as the Treasury Department's Committee on Foreign Investment in the United States (CFIUS) fast-track pilot program, which has "a 'known investor' portal where CFIUS can collect information from foreign investors prior to a filing" that is "intended to help effectuate the President's America First Investment Policy." NAB also urges the Commission to consider "excluding certain applications from referral to the [Committee for the Assessment of Foreign Participation in the United States Telecommunications Services Sector (Committee)] if they involve applicants that have been approved in the recent past, as well as streamlining the Commission's own review under such circumstances." We did not receive any reply comments on NAB's suggestions.

We decline to adopt NAB's proposals at this time. First, we decline to specify a timeframe to place petitions on accepted for filing public notice. While we strive to adhere to the Commission's 180-

day transaction review timeline, our review of petitions depends on the complexity of the underlying transaction, the completeness of the information provided, and the timeliness of the petitioner in responding to staff inquires. Second, we reject NAB's proposal for the Commission to adopt a streamlined process for known foreign investors or from allied countries. This proposal raises many complex issues, including determining who would qualify as known foreign investors, defining what constitutes an allied country, and establishing a Commission 'known foreign investor portal' similar to that of the Treasury Department's known investor portal. We note that the CFIUS fast-track pilot program is still in its nascent stages. Third, we decline to exclude certain petitions from referral to the Committee as we currently exclude referral of petitions to the Committee when the only foreign ownership is through intermediate holding companies and U.S. individuals or entities that have ultimate control. NAB states that it "understands from members and their counsel that the amount of time from the filing of petitions to their placement on public notice varies significantly. Petitioners would benefit from greater predictability in the initial stages of processing." We note that we have, on a discretionary basis, excluded petitions with only minor ownership changes after consultation with Committee staff. We will continue to use our discretion to exclude petitions from referral to the Committee when appropriate. We believe that our current approach is adequate to alleviate burdens and expedite review of Section 310(b) petitions.

Individual Commenter Suggestions. Erik Cudd, an individual commenter opposes any foreign ownership of U.S. broadcasters and favors stricter broadcast ownership limitations. Erik Cudd states that foreign ownership of U.S. broadcasters "poses serious risks to national interests," including potential foreign influence over content and editorial direction, lack of transparency regarding ownership and controlling parties, and "[i]ncreased [difficulty] in holding parties accountable to the American public and legal standards." We did not receive any comments on these suggestions. We decline to adopt these suggestions. The summary comment without any analysis or data has not persuaded us that it is necessary to prohibit all foreign ownership of broadcasters in the context of this rulemaking which is focused specifically on streamlining, clarifying, and codifying procedures and processing requirements. Erik Cudd's views about ownership concentration among broadcasters are not relevant to this proceeding. As explained at the outset, our decisions carefully balance the dual public interest objectives of prohibiting potentially harmful foreign investment and promoting non-harmful foreign investment. Instead of

prohibiting foreign ownership outright, our rules, as improved herein, provide transparency regarding ownership and controlling parties so that we can hold relevant individuals and entities accountable for compliance with our rules and the Act. Our foreign ownership review process includes Executive Branch review aimed at identifying and addressing potential harms to national security. Erik Cudd has not provided any evidence or particularized reasons for his concerns.

Corrections and Updates. Additionally, we hereby adopt as proposed in the *Section 310 NPRM* various ministerial, non-substantive changes reflected throughout Appendix A, including shifting the language in existing notes and examples into the text of the relevant rules as subsections, which practice conforms to the publishing conventions of the National Archives and Records Administration's Office of the *Federal Register*. These changes also include, among other things, revisions to language and terms to ensure consistency of references used in §§ 1.5000 through 1.5004 of the Commission's rules. Appendix A contains a complete republication of Subpart T (47 CFR 1.5001 through 1.5004).

E. Pending Proceedings

In the *Section 310 NPRM*, the Commission noted that applications were pending before the Media Bureau that might be affected by the outcome of this proceeding and sought comment on how to treat such pending applications. No commenter addressed this issue, nor the larger issue of the potential impact of our *Report and Order* on any other pending applications or petitions, if any. Accordingly, we determine that the rules we adopt herein will apply to petitions and applications filed on or after the effective date of the *Report and Order*. Petitions and applications that have not been the subject of any staff decision as of the effective date of this *Report and Order* and that are still pending on the effective date will be decided based on the rules in existence at the time the respective petition or application was filed.

F. Cost/Benefit Analysis

In the Section 310 NPRM we sought comment on the costs and benefits associated with the proposals made in the NPRM. The record reflects that the commenters generally support the proposals in the Section 310 NPRM and no commenters addressed or opposed the cost and benefit assessments. As such, in this Report and Order, we find that clarifying our rules, codifying existing requirements and

practices related to foreign ownership, and providing guidance with respect to filing of petitions will reduce uncertainty for applicants, which in turn should reduce the need to revise or refile requests and thus will reduce regulatory burdens. Overall, the rules and policies adopted will expedite the application approval process without creating additional burdens for petitioners. More broadly, by clarifying the rules and potentially streamlining processes, we find that the adopted rules, clarifications, and processing guidelines will ensure continued robust investment in the U.S. market, while simultaneously reducing any risks to national security, law enforcement, foreign policy, and trade policy interests. Additionally we find that the costs associated with the adopted rules are likely negative as a result of an anticipated reduction in application revisions and enforcement, thus enabling potential increased investment in the U.S. economy.

PROCEDURAL MATTERS

A. Paperwork Reduction Act.

This document does not contain new or substantively modified information collections subject to the Paperwork Reduction Act of 1995 (PRA), 44 U.S.C. 3501-3521. Therefore it also does not contain any new or modified information collection burden for small business concerns with fewer than 25 employees, pursuant to the Small Business Paperwork Relief Act of 2002, 44 U.S.C. 3506(c)(4). This document may contain non-substantive modifications to approved information collections. Any such modifications will be submitted to OMB for review pursuant to OMB's non-substantive modification process.

Congressional Review Act. The Commission has determined, and the Administrator of the Office of Information and Regulatory Affairs, Office of Management and Budget concurs, that this rule is "non-major" under the Congressional Review Act, 5 U.S.C. 804(2). The Commission will send a copy of this *Report and Order* to Congress and the Government Accountability Office pursuant to the Congressional Review Act, *see* 5 U.S.C. 801(a)(1)(A).

B. Legal Basis

The proposed action is authorized pursuant to sections 1, 2, 4(i), 4(j), 303, 307, 308, 309, 310, of the Communications Act of 1934, as amended, 47 U.S.C. 151, 152, 154(i), 154(j), 303, 307, 308, 309,

and 310.

FINAL REGULATORY FLEXIBILITY ANALYSIS

As required by the Regulatory Flexibility Act of 1980, as amended (RFA), the Federal Communications Commission (Commission) incorporated an Initial Regulatory Flexibility Analysis (IRFA) in the 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 (*Section 310 NPRM*), released in April 2025. The Commission sought written public comment on the proposals in the *Section 310 NPRM*, including comment on the IFRA. No comments were filed addressing the IRFA. This Final Regulatory Flexibility Analysis (FRFA) conforms to the RFA and it (or summaries thereof) will be published in the *Federal Register*.

A. Need for, and Objectives of, the Rules

In the *Report and Order*, the Commission seeks to balance promoting technical innovation, creating jobs, and strengthening the U.S. economy with national security risks and other concerns by streamlining and clarifying the Commission's foreign ownership rules for broadcast and common carrier wireless and aeronautical licensees under Section 310(b)(4) of the Communications Act of 1934, as amended (the Act). Over the past decade, the Commission developed policies to ensure entities with foreign ownership comply with Section 310(b) and adopted precedent for evaluating complex ownership structures. The Commission adopts in the *Report and Order* rules to largely codify existing practices, including relevant definitions and concepts, clarify the information required in filings, minimize the need for additional filings, and promote efficient and shorter processing times of Section 310(b) petitions for declaratory ruling (petitions). Overall, these actions further the Commission's efforts to encourage investment in the United States while preserving the Commission's ability to comprehensively review foreign investment in its licensees "to protect the United States from new and evolving threats."

B. Summary of Significant Issues Raised by Public Comments in Response to the IRFA

No comments were filed addressing the impact of the proposed rules on small entities.

C. Response to Comments by the Chief Counsel for the Small Business Administration Office of Advocacy

Pursuant to the Small Business Jobs Act of 2010, which amended the RFA, the Commission is required to respond to any comments filed by the Chief Counsel for the Small Business Administration (SBA) Office of Advocacy, and also provide a detailed statement of any change made to the proposed rules as a result of those comments. The Chief Counsel did not file any comments in response to the proposed rules in this proceeding.

D. Description and Estimate of the Number of Small Entities to Which the Rules Will Apply

Our actions, over time, may affect small entities that are not easily categorized at present. We therefore describe three broad groups of small entities that could be directly affected by our actions. In general, a small business is an independent business having fewer than 500 employees. These types of small businesses represent 99.9% of all businesses in the United States, which translates to 34.75 million businesses. Next, "small organizations" are not-for-profit enterprises that are independently owned and operated and are not dominant in their field. While we do not have data regarding the number of non-profits that meet that criteria, over 99 percent of nonprofits have fewer than 500 employees. Finally, "small governmental jurisdictions" are defined as cities, counties, towns, townships, villages, school districts, or special districts with populations of less than fifty thousand. Based on the 2022 U.S. Census of Governments data, we estimate that at least 48,724 out of 90,835 local government jurisdictions have a population of less than 50,000.

The rules adopted in the *Report and Order* will apply to small entities in the industries identified in the chart below by their six-digit North American Industry Classification System (NAICS) codes and corresponding SBA size standard. Based on currently available U.S. Census data regarding the estimated number of small firms in each identified industry, we conclude that the proposed rules will impact a substantial number of small entities. Where available, we also provide additional information regarding the number of potentially affected entities in the identified industries below.

TABLE 1. 2022 U.S. CENSUS BUREAU DATA BY NAICS CODE

Regulated Industry (Footnotes specify potentially affected entities within a regulated industry where applicable)	NAICS Code	SBA Size Standard	Total Firms	Total Small Firms	% Small Firms
Radio Broadcasting Stations	516110	$47 million	2,616	2,136	81.65%
Television Broadcasting Stations	516120	$47 million	413	316	76.51%
Wireless Telecommunications Carriers (except Satellite)	517112	1,500 employees	1,184	1,081	91.30%
Telecommunications Resellers	517121	1,500 employees	955	847	88.69%

TABLE 2. TELECOMMUNICATIONS SERVICE PROVIDER DATA

2024 Universal Service Monitoring Report Telecommunications Service Provider Data (Data as of December 2023)	SBA Size Standard (1500 Employees)		
Affected Entity	Total # FCC Form 499A Filers	Small Firms	% Small Entities
Local Resellers	222	217	97.75
Toll Resellers	411	398	96.84

E. Description of Economic Impact and Projected Reporting, Recordkeeping and Other Compliance Requirements for Small Entities

The RFA directs agencies to describe the economic impact of proposed rules on small entities, as well as projected reporting, recordkeeping and other compliance requirements, including an estimate of the classes of small entities which will be subject to the requirement and the type of professional skills necessary for preparation of the report or record.

The Commission finds that the costs associated with the adopted rules and clarifications are likely negative as a result of an anticipated reduction in application revisions and enforcement, thus enabling potential increased investment in the U.S. economy. As a result, we cannot estimate the cost of complying with the rules, or compare such costs for large and small entities. The Commission believes that these clarifications will make the rules more transparent and accessible to small entities and reduce the time and cost associated with compliance and reporting requirements related to Section 310(b) petitions.

In determining the economic impact and projected compliance requirements for small and other entities, in the *Section 310 NPRM*, the Commission sought comment on the costs and benefits associated with the proposals made in the Section *310 NPRM*. As discussed above, the record reflected some comments supporting the Commission's proposals to clarify the foreign ownership rules and reduce burdens on petitioners and other comments opposing certain aspects of the proposals. No commenters addressed or opposed the cost and benefit assessments. As such, in the *Report and Order*, the Commission finds that clarifying its rules, codifying existing requirements and practices related to foreign ownership, and providing guidance with respect to filing of petitions will reduce uncertainty for applicants, and, in turn, these actions should reduce the need to revise or refile requests. Overall, the rules and policies adopted will expedite the application approval process without significantly burdening petitioners. We estimate that the rule changes discussed in this *Report and Order* will result in a reduction in the time and expense associated with filing petitions and will not result in significant, material changes to reporting, recordkeeping, or compliance obligations for small and other Commission licensees. For example, the *Report and Order* clarifies and streamlines the Section 310(b) foreign ownership rules as applied to both broadcast and common carrier licensees by defining the terms "controlling U.S. parent" to make the Commission's rules consistent with its longstanding practices without disturbing or contradicting the substantive requirements in Section 310(b)(4). Other amendments to the rules clarify, for example, the disclosure requirements for trusts and trustees and the treatment of deemed voting interests for specific and advance approval requests to avoid duplicative filings and reduce the burdens imposed on petitioners subject to Section 310(b).

In addition, for all licensees subject to Section 310(b), the *Report and Order* amends the Commission's rules to clarify that, consistent with current practice, remedial petitions must contain all of the information required for an initial petition and not be limited to the information related to the newly discovered non-compliant interest(s). We do not expect this existing procedure to result in any additional burdens for small businesses entities. In addition, the *Report and Order* clarifies that, with respect to petitions that request approval for certain foreign investors to increase their equity and/or voting interests in the controlling U.S. parent, for both common carrier and broadcast licensees, there is no Commission requirement that such foreign investors must reside within the United States, which would have no

regulatory burden on small entities. Although U.S. residency status has not previously been required or expected under the Commission's foreign ownership rules, the *Report and Order* clarifies that a foreign investor's lack of a U.S. residence is not a factor in the Commission's assessment of whether a granting a petition in the public interest. We therefore believe that this rule clarification will not have an impact on any small business entities.

The *Report and Order* also extends the Commission's remedial process for inadvertent violations of the foreign ownership rules to privately-held entities for licensees subject to Section 310(b), which would significantly ease the regulatory and enforcement burdens on small entities. The *Report and Order* also formalizes the existing petition amendment filing practices by codifying a requirement that an amendment to a pending petition must be a complete restatement of the initial petition and filed in the International Communications Filing System (ICFS) (for common carrier licensees) or Electronic Comment Filing System (ECFS) (for broadcast licensees) with a cover letter providing a narrative description of the substantial change. We do not expect this existing procedure for substantial amendments to result in any additional paperwork obligations for small business entities. In the case of ministerial change(s), the Commission will continue to allow petitioners to instead file an amendment in ICFS (for common carriers) or in ECFS (for broadcasters) under the relevant application or docket detailing only the relevant change(s). We believe that the guidance in the *Report and Order* regarding what counts as "ministerial" may reduce the burdens on small entities by providing regulatory certainty.

With respect to potentially affected small entities within the radio and television broadcasting station industries, the *Report and Order* directs the Media Bureau to issue processing guidelines as appropriate detailing how the Commission will process applications filed by a broadcast licensee during the pendency of a remedial petition under Section 310(b)(4); and clarifies other foreign ownership considerations related to calculating foreign ownership interests of NCE and LPFM stations and in the context of filing windows for construction permits for NCE authorizations.

F. Discussion of Steps Taken to Minimize the Significant Economic Impact on Small Entities, and Significant Alternatives Considered

The RFA requires an agency to provide, "a description of the steps the agency has taken to minimize the significant economic impact on small entities…including a statement of the factual, policy,

and legal reasons for selecting the alternative adopted in the final rule and why each one of the other significant alternatives to the rule considered by the agency which affect the impact on small entities was rejected."

In the *Section 310 NPRM*, the Commission considered alternatives such as extending the remedial process to privately owned entities to provide a clearer path for foreign investment in licensees by aligning Commission rules with developments in the market, which will minimize the impact of the regulations on small entities by reducing burdens associated with noncompliance. In addition, the Commission sought comment on whether there are certain ministerial changes to petitions for declaratory ruling that could be filed by an amendment without filing a complete restatement. In the *Report and Order*, to minimize the impact on small and other entities, in the case of ministerial change(s) to a petition, the Commission decided to codify the existing practice of allowing petitioners to file an amendment in ICFS (for common carrier licensees) or in ECFS (for broadcaster licensees) under the relevant application or docket detailing only the relevant change(s).

The Commission sought comment on whether any of the burdens associated with the filing, recordkeeping and reporting requirements described in the *Section 310 NPRM* could be minimized for small entities. As noted above, the Commission did not receive any comments on the IRFA.

G. Report to Congress

The Commission will send a copy of the *Report and Order*, including this Final Regulatory Flexibility Analysis, in a report to Congress pursuant to the Congressional Review Act. In addition, the Commission will send a copy of the *Report and Order*, including this Final Regulatory Flexibility Analysis, to the Chief Counsel for Advocacy of the SBA and will publish a copy of the *Report and Order*, and this Final Regulatory Flexibility Analysis (or summaries thereof) in the *Federal Register*.

ORDERING CLAUSES

Accordingly, IT IS ORDERED that, pursuant to the authority found in sections 1, 2, 4(i), 4(j), 303, 307, 308, 309, 310 of the Communications Act of 1934, as amended, 47 U.S.C. 151, 152, 154(i), 154(j), 303, 307, 308, 309, 310, this Report and Order IS ADOPTED.

IT IS FURTHER ORDERED that, pursuant to the authority found in sections 1, 2, 4(i), 4(j), 303, 307, 308, 309, 310 of the Communications Act of 1934, as amended, 47 U.S.C. 151, 152, 154(i), 154(j), 303, 307, 308, 309, 310, the Commission's rules ARE AMENDED as set forth in Appendix A of the *Report and Order*.

IT IS FURTHER ORDERED that the Report and Order SHALL BECOME EFFECTIVE 30 days after publication in the *Federal Register*. Such publication which will not occur until after the Office of Management and Budget (OMB) has completed review, pursuant to the Paperwork Reduction Act of 1995, Public Law 104-13, of any non-substantive changes to current information collection requirements contained in §§ 1.5000 through 1.5004, 47 CFR 1.5000 through 1.5004.

IT IS FURTHER ORDERED that the Commission's Office of the Secretary, SHALL SEND a copy of this *Report and Order*, including the Final Regulatory Flexibility Analysis, to the Chief Counsel for the Small Business Administration (SBA) Office of Advocacy.

IT IS FURTHER ORDERED that the Office of the Managing Director, Performance Program Management SHALL SEND a copy of the Report and Order in a report to be sent to Congress and the Government Accountability Office pursuant to the Congressional Review Act, *see* 5 U.S.C. 801(a)(1)(A).

IT IS FURTHER ORDERED that should no petitions for reconsideration or petitions for judicial review be timely filed, GN Docket No. 25-149 SHALL BE TERMINATED, and the docket closed.

List of Subjects in 47 CFR Part 1

Administrative practice and procedure, Authority delegations (government agencies), Communications, Communications common carriers, Organization and functions (Government agencies). Federal Communications Commission.

Marlene Dortch,

Secretary,

Office of the Secretary.

Final Rules

For the reasons discussed in the preamble, the Federal Communications Commission amends 47 CFR part 1 to read as follows:

PART 1 – PRACTICE AND PROCEDURE

1. The authority citation for part 1 continues to read as follows:

Authority: 47 U.S.C. chs. 2, 5, 9, 13; 28 U.S.C. 2461 note; 47 U.S.C. 1754, unless otherwise noted.

2. Revise and republish subpart T, consisting of §§ 1.5000 through 1.5004, to read as follows:

Subpart T-- Foreign Ownership of Broadcast, Common Carrier, Aeronautical En Route, and Aeronautical Fixed Radio Station Licensees

Sec.

§ 1.5000 Citizenship and filing requirements under section 310(b) of the Communications Act of 1934, as amended.

The rules in this subpart establish the requirements and conditions for obtaining the Commission's prior approval of foreign ownership in broadcast, common carrier, aeronautical en route, and aeronautical fixed radio station licensees and common carrier spectrum lessees that would exceed the 25 percent benchmarks in section 310(b)(4) of the Act. These rules also establish the requirements and conditions for obtaining the Commission's prior approval of foreign ownership in common carrier (but not broadcast, aeronautical en route or aeronautical fixed) radio station licensees and spectrum lessees that would exceed the 20 percent limit in section 310(b)(3) of the Act. These rules also establish the methodology applicable

to eligible U.S. public companies for purposes of determining and ensuring their compliance with the foreign ownership limitations set forth in sections 310(b)(3) and 310(b)(4) of the Act.

(a)(1) *Section 310(b)(4).* A broadcast, common carrier, aeronautical en route or aeronautical fixed radio station licensee or common carrier spectrum lessee shall file a petition for declaratory ruling to obtain Commission approval under section 310(b)(4) of the Act, and obtain such approval, before the aggregate foreign ownership of any controlling U.S. parent exceeds, directly and/or indirectly, 25 percent of the controlling U.S. parent's equity interests and/or 25 percent of its voting interests. An applicant for a broadcast, common carrier, aeronautical en route or aeronautical fixed radio station license or common carrier spectrum leasing arrangement shall file the petition for declaratory ruling required by this paragraph at the same time that it files its application.

(i) Paragraph (a)(1) of this section implements the Commission's foreign ownership policies under section 310(b)(4) of the Act, 47 U.S.C. 310(b)(4), for broadcast, common carrier, aeronautical en route, and aeronautical fixed radio station licensees and common carrier spectrum lessees. It applies to foreign equity and/or voting interests that are held, or would be held, directly and/or indirectly in a controlling U.S. parent that itself directly or indirectly controls a broadcast, common carrier, aeronautical en route, or aeronautical fixed radio station licensee or common carrier spectrum lessee. A foreign individual or entity that seeks to hold a controlling interest in such a licensee or spectrum lessee must hold its controlling interest indirectly, in a controlling U.S. parent that itself directly or indirectly controls the licensee or spectrum lessee. Such controlling interests are subject to section 310(b)(4) and the requirements of paragraph (a)(1) of this section. The Commission assesses foreign ownership interests subject to section 310(b)(4) separately from foreign ownership interests subject to section 310(b)(3).

(ii) [Reserved]

(2) *Section 310(b)(3).* A common carrier radio station licensee or spectrum lessee shall file a petition for declaratory ruling to obtain approval under the Commission's section 310(b)(3) forbearance approach, and obtain such approval, before aggregate foreign ownership, held through one or more intervening U.S.- organized entities that hold non-controlling equity and/or voting interests in the licensee, along with any foreign interests held directly in the licensee or spectrum lessee, exceeds 20 percent of its equity interests and/or 20 percent of its voting interests. An applicant for a common carrier radio station license

or spectrum leasing arrangement shall file the petition for declaratory ruling required by this paragraph at the same time that it files its application. Foreign interests held directly in a licensee or spectrum lessee, or other than through U.S.-organized entities that hold non-controlling equity and/or voting interests in the licensee or spectrum lessee, shall not be permitted to exceed 20 percent.

(i) Paragraph (a)(2) of this section implements the Commission's section 310(b)(3) forbearance approach adopted in the First Report and Order in IB Docket No. 11-133, FCC 12-93 (released Aug. 17, 2012), 77 FR 50628 (Aug. 22, 2012). The section 310(b)(3) forbearance approach applies only to foreign equity and voting interests that are held, or would be held, in a common carrier licensee or spectrum lessee through one or more intervening U.S.-organized entities that do not control the licensee or spectrum lessee. Foreign equity and/or voting interests that are held, or would be held, directly in a licensee or spectrum lessee, or indirectly other than through an intervening U.S.-organized entity, are not subject to the Commission's section 310(b)(3) forbearance approach and shall not be permitted to exceed the 20 percent limit in section 310(b)(3) of the Act, 47 U.S.C. 310(b)(3). The Commission's forbearance approach does not apply to broadcast, aeronautical en route or aeronautical fixed radio station licenses.

(ii) [Reserved]

(3) *Examples under paragraphs (a)(1) and (2) of this section—* (i) *Example 1*. U.S.-organized Corporation A is preparing an application to acquire a common carrier radio license by assignment from another licensee. U.S.-organized Corporation A is wholly owned and controlled by U.S.-organized Corporation B. U.S.-organized Corporation B is 51 percent owned and controlled by U.S.-organized Corporation C, which is, in turn, wholly owned and controlled by foreign-organized Corporation D. The remaining non-controlling 49 percent equity and voting interests in U.S.-organized Corporation B are held by U.S.-organized Corporation X, which is, in turn, wholly owned and controlled by U.S. citizens. Paragraph (a)(1) of this section requires that U.S.-organized Corporation A file a petition for declaratory ruling to obtain Commission approval of the 51 percent foreign ownership of its controlling U.S. parent, Corporation B, by foreign-organized Corporation D, which exceeds the 25 percent benchmarks in section 310(b)(4) of the Act for both equity interests and voting interests. Corporation A is also required to identify and request specific approval in its petition for any foreign individual or entity, or "group," as defined in paragraph (d) of this section, that holds directly and/or indirectly more than 5 percent of

Corporation B's total outstanding capital stock (equity) and/or voting stock, or a controlling interest in Corporation B, unless the foreign investment is exempt under § 1.5001(i)(3).

(ii) *Example 2*. U.S.-organized Corporation A is preparing an application to acquire a common carrier radio license by assignment from another licensee. U.S.-organized Corporation A is 51 percent owned and controlled by U.S.-organized Corporation B, which is, in turn, wholly owned and controlled by U.S. citizens. The remaining non-controlling 49 percent equity and voting interests in U.S.-organized Corporation A are held by U.S.-organized Corporation X, which is, in turn, wholly owned and controlled by foreign-organized Corporation Y. Paragraph (a)(2) of this section requires that U.S.-organized Corporation A file a petition for declaratory ruling to obtain Commission approval of the non-controlling 49 percent foreign ownership of U.S.-organized Corporation A by foreign-organized Corporation Y through U.S.-organized Corporation X, which exceeds the 20 percent limit in section 310(b)(3) of the Act for both equity interests and voting interests. U.S.-organized Corporation A is also required to identify and request specific approval in its petition for any foreign individual or entity, or "group," as defined in paragraph (d) of this section, that holds an equity and/or voting interest in foreign-organized Corporation Y that, when multiplied by 49 percent, would exceed 5 percent of U.S.-organized Corporation A's equity and/or voting interests, unless the foreign investment is exempt under § 1.5001(i)(3).

(iii) *Example 3*. U.S.-organized Corporation A is preparing an application to acquire a common carrier radio license by assignment from another licensee. U.S.-organized Corporation A is 51 percent owned and controlled by U.S.-organized Corporation B, which is, in turn, wholly owned and controlled by foreign-organized Corporation C. The remaining non-controlling 49 percent equity and voting interests in U.S.-organized Corporation A are held by U.S.-organized Corporation X, which is, in turn, wholly owned and controlled by foreign-organized Corporation Y. Paragraphs (a)(1) and (a)(2) of this section require that U.S.-organized Corporation A file a petition for declaratory ruling to obtain Commission approval of foreign-organized Corporation C's 100 percent ownership interest in U.S.-organized parent, Corporation B, and of foreign-organized Corporation Y's noncontrolling, 49 percent foreign ownership interest in U.S.-organized Corporation A through U.S–organized Corporation X, which exceed the 25 percent benchmark and 20 percent limit in sections 310(b)(4) and 310(b)(3) of the Act, respectively, for both equity interests and voting interests. U.S–organized Corporation A's petition also must identify and

request specific approval for ownership interests held by any foreign individual, entity, or "group," as defined in paragraph (d) of this section, to the extent required by § 1.5001(i).

(b) [Reserved]

(1) Except for petitions involving broadcast stations only, the petition for declaratory ruling required by paragraph (a) of this section, or any amendments thereto, shall be filed electronically through the International Communications Filing System (ICFS) or any successor system thereto. For information on filing a petition through ICFS, see subpart Y of this part and the ICFS homepage at https://www.fcc.gov/icfs. Petitions for declaratory ruling required by paragraph (a) of this section, or any amendments thereto, involving broadcast stations only shall be filed electronically on the Internet through the Media Bureau's Licensing and Management System (LMS) or any successor system thereto when submitted to the Commission as part of an application for a construction permit, assignment, or transfer of control of a broadcast license; if there is no associated construction permit, assignment or transfer of control application, petitions for declaratory ruling should be filed with the Office of the Secretary via the Commission's Electronic Comment Filing System (ECFS).

(2) Amendments to petitions for declaratory ruling required by paragraph (a) of this section must be filed in the following form:

(i) Substantial amendments to pending petitions for declaratory ruling shall be filed as a complete restatement of the initial petition, with a cover letter providing a narrative description of the substantial change(s).

(ii) Ministerial amendments to pending petitions for declaratory ruling shall be filed as an amendment to the petition, detailing only the relevant change(s).

(c)(1) Each applicant, licensee, or spectrum lessee filing a petition for declaratory ruling required by paragraph (a) of this section shall certify to the information contained in the petition in accordance with the provisions of § 1.16 and the requirements of this paragraph. The certification shall include a statement that the applicant, licensee and/or spectrum lessee has calculated the ownership interests disclosed in its petition based upon its review of the Commission's rules and that the interests disclosed satisfy each of the pertinent standards and criteria set forth in the rules.

(2) Multiple applicants and/or licensees shall file jointly the petition for declaratory ruling required by paragraph (a) of this section where the entities are under common control and contemporaneously hold, or are contemporaneously filing applications for, broadcast, common carrier licenses, common carrier spectrum leasing arrangements, or aeronautical en route or aeronautical fixed radio station licenses. Where joint petitioners have different responses to the information required by § 1.5001, such information should be set out separately for each joint petitioner, except as otherwise permitted in § 1.5001(h)(2).

(i) Each joint petitioner shall certify to the information contained in the petition in accordance with the provisions of § 1.16 with respect to the information that is pertinent to that petitioner. Alternatively, the controlling parent of the joint petitioners may certify to the information contained in the petition.

(ii) Where the petition is being filed in connection with an application for consent to transfer control of licenses or spectrum leasing arrangements, the transferee or its ultimate controlling parent may file the petition on behalf of the licensees or spectrum lessees that would be acquired as a result of the proposed transfer of control and certify to the information contained in the petition.

(3) Multiple applicants and licensees shall not be permitted to file a petition for declaratory ruling jointly unless they are under common control.

(d) The following definitions shall apply to this section and §§ 1.5001 through 1.5004.

Aeronautical radio licenses refers to aeronautical en route and aeronautical fixed radio station licenses only. It does not refer to other types of aeronautical radio station licenses.

Affiliate refers to any entity that is under common control with a licensee, defined by reference to the holder, directly and/or indirectly, of more than 50 percent of total voting power, where no other individual or entity has *de facto* control.

Control includes actual working control in whatever manner exercised and is not limited to majority stock ownership. Control also includes direct or indirect control, such as through intervening subsidiaries.

Controlling U.S. parent is the first controlling entity organized in the United States that is directly above the licensee(s) in the vertical chain of control and that does not itself hold a license subject to section 310(b).

Entity includes a partnership, association, estate, trust, corporation, limited liability company, governmental authority or other organization.

Group refers to two or more individuals or entities that have agreed to act together for the purpose of acquiring, holding, voting, or disposing of their equity and/or voting interests in the relevant licensee, controlling U.S. parent, or entity holding a direct and/or indirect equity and/or voting interest in the licensee or controlling U.S. parent.

Individual refers to a natural person as distinguished from a partnership, association, corporation, or other organization.

Licensee as used in §§ 1.5000 through 1.5004 includes a spectrum lessee as defined in § 1.9003.

Privately held company refers to a U.S.- or foreign-organized company that has not issued a class of equity securities for which beneficial ownership reporting is required by security holders and other beneficial owners under sections 13(d) or 13(g) of the Securities Exchange Act of 1934, as amended, 15 U.S.C. 78a et seq. (Exchange Act), and corresponding Exchange Act Rule 13d-1, 17 CFR 240.13d-1, or a substantially comparable foreign law or regulation.

Public company refers to a U.S.- or foreign-organized company that has issued a class of equity securities for which beneficial ownership reporting is required by security holders and other beneficial owners under sections 13(d) or 13(g) of the Securities Exchange Act of 1934, as amended, 15 U.S.C. 78a et seq. (Exchange Act) and corresponding Exchange Act Rule 13d-1, 17 CFR 240.13d-1, or a substantially comparable foreign law or regulation.

Subsidiary refers to any entity in which a licensee owns or controls, directly and/or indirectly, more than 50 percent of the total voting power of the outstanding voting stock of the entity, where no other individual or entity has *de facto* control.

Voting stock refers to an entity's corporate stock, partnership or membership interests, or other equivalents of corporate stock that, under ordinary circumstances, entitles the holders thereof to elect the entity's board of directors, management committee, or other equivalent of a corporate board of directors.

Would hold as used in §§ 1.5000 through 1.5004 includes interests that an individual or entity proposes to hold in an applicant, licensee, or spectrum lessee, or their controlling U.S. parent, upon consummation of any transactions described in the petition for declaratory ruling filed under paragraphs (a)(1) or (2) of this section.

(e)(1) This section sets forth the methodology applicable to broadcast, common carrier, aeronautical en route, and aeronautical fixed radio station licensees and common carrier spectrum lessees that are, or are directly or indirectly controlled by, an eligible U.S. public company for purposes of monitoring the license's or spectrum lessee's compliance with the foreign ownership limits set forth in sections 310(b)(3) and 310(b)(4) of the Act and with the terms and conditions of a licensee's or spectrum lessee's foreign ownership ruling issued pursuant to paragraph (a)(1) or (2) of this section. For purposes of this section:

(i) An "eligible U.S. public company" is a company that is organized in the United States; whose stock is traded on a stock exchange in the United States; and that has issued a class of equity securities for which beneficial ownership reporting is required by security holders and other beneficial owners under sections 13(d) or 13(g) of the Securities Exchange Act of 1934, as amended, 15 U.S.C. 78a et seq. (Exchange Act) and corresponding Exchange Act Rule 13d–1, 17 CFR 240.13d–1;

(ii) A "beneficial owner" of a security refers to any person who, directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise has or shares voting power, which includes the power to vote, or to direct the voting of, such security; and

(iii) An "equity interest holder" refers to any person or entity that has the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, a share.

(2) An eligible U.S. public company shall use information that is known or reasonably should be known by the company in the ordinary course of business, as described in this paragraph, to identify the beneficial owners and equity interest holders of its voting and non-voting stock:

(i) Information recorded in the company's share register;

(ii) Information as to shares held by officers, directors, and employees;

(iii) Information reported to the Securities and Exchange Commission (SEC) in Schedule 13D (17 CFR 240.13d–101) and in Schedule 13G (17 CFR 240.13d–102), including amendments filed by or on behalf of a reporting person, and company specific information derived from SEC Form 13F (17 CFR 249.325);

(iv) Information as to beneficial owners of shares required to be identified in a company's annual reports (or proxy statements) and quarterly reports;

(v) Information as to the identify and citizenship of a beneficial owner and/or equity interest holder where such information is actually known to the public company as a result of shareholder litigation, financing transactions, and proxies voted at annual or other meetings; and

(vi) Information as to the identity and citizenship of a beneficial owner and/or equity interest holder where such information is actually known to the company by whatever source.

(3) An eligible U.S. public company shall use information that is known or reasonably should be known by the company in the ordinary course of business to determine the citizenship of the beneficial owners and equity interest holders, identified pursuant to paragraph (e)(2) of this section, including information recorded in the company's shareholder register, information required to be disclosed pursuant to rules of the Securities and Exchange Commission, other information that is publicly available to the company, and information received by the company through direct inquiries with the beneficial owners and equity interest holders where the company determines that direct inquiries are necessary to its compliance efforts.

(4) A licensee or spectrum lessee that is, or is directly or indirectly controlled by, an eligible U.S. public company, shall exercise due diligence in identifying and determining the citizenship of such public company's beneficial owners and equity interest holders.

(5) To calculate aggregate levels of foreign ownership, a licensee or spectrum lessee that is, or is directly or indirectly controlled by, an eligible U.S. public company, shall base its foreign ownership calculations on such public company's known or reasonably should be known foreign equity and voting interests as described in paragraphs (e)(2) and (3) of this section. The licensee shall aggregate the public company's known or reasonably should be known foreign voting interests and separately aggregate the public company's known or reasonably should be known foreign equity interests. If the public company's known or reasonably should be known foreign voting interests and its known or reasonably should be known foreign equity interests do not exceed 25 percent (20 percent in the case of an eligible publicly traded licensee subject to section 310(b)(3)) of the company's total outstanding voting shares or 25 percent (20 percent in the case of an eligible publicly traded licensee subject to Section 310(b)(3)) of the company's total outstanding shares (whether voting or non-voting), respectively, the company shall be deemed compliant, under this section, with the applicable statutory limit.

(i) *Example*. Assume that a licensee's controlling U.S. parent is an eligible U.S. public company. The publicly traded controlling U.S. parent has one class of stock consisting of 100 total outstanding shares of common voting stock. The licensee (and/or the controlling U.S. parent on its behalf) has exercised the required due diligence in following the methodology described in paragraph (e) for identifying and determining the citizenship of the controlling U.S. parent's "known or reasonably should be known" interest holders and has identified one foreign shareholder that owns 6 shares (i.e., 6 percent of the total outstanding shares) and another foreign shareholder that owns 4 shares (i.e., 4 percent of the total outstanding shares). The licensee would add the controlling U.S. parent's known foreign shares and divide the sum by the number of the controlling U.S. parent's total outstanding shares. In this example, the licensee's controlling U.S. parent would be calculated as having an aggregate 10 percent foreign equity interests and 10 percent foreign voting interests (6 + 4 foreign shares = 10 foreign shares; 10 foreign shares divided by 100 total outstanding shares = 10 percent). Thus, in this example, the licensee would be deemed compliant with Section 310(b)(4).

(ii) [Reserved]

§ 1.5001 Contents of petitions for declaratory ruling under section 310(b) of the Communications Act of 1934, as amended.

The petition for declaratory ruling required by § 1.5000(a)(1) and/or (2) shall contain the following information:

(a) *Applicant or licensee information*. With respect to each petitioning applicant or licensee, provide its name; FCC Registration Number (FRN); mailing address; place of organization; telephone number; facsimile number (if available); electronic mail address (if available); type of business organization (e.g., corporation, unincorporated association, trust, general partnership, limited partnership, limited liability company, other (include description of legal entity)); name and title of officer certifying to the information contained in the petition.

(b) *Third party information*. If the petitioning applicant or licensee is represented by a third party (e.g., legal counsel), specify that individual's name, the name of the firm or company, mailing address and telephone number/electronic mail address.

(c) *Services covered*. (1) For each named licensee, list the type(s) of radio service authorized (e.g., broadcast service, cellular radio telephone service; microwave radio service; mobile satellite service; aeronautical fixed service). In the case of broadcast licensees, also list the call sign, facility identification number (if applicable), and community of license or transmit site for each authorization covered by the petition.

(2) If the petition is filed in connection with an application for a radio station license or a spectrum leasing arrangement, or an application to acquire a license or spectrum leasing arrangement by assignment or transfer of control, specify for each named applicant:

(i) The File No(s). of the associated application(s), if available at the time the petition is filed; otherwise, specify the anticipated filing date for each application; and

(ii) The type(s) of radio services covered by each application (e.g., broadcast service, cellular radio telephone service; microwave radio service; mobile satellite service; aeronautical fixed service).

(d) *Type of Declaratory Ruling*. With respect to each petitioner, include a statement as to whether the petitioner is requesting a declaratory ruling under § 1.5000(a)(1) and/or (2).

(e) *Disclosable interest holders—direct U.S. or foreign interests in the controlling U.S. parent*. Paragraphs (e)(1) through (4) of this section apply only to petitions filed under § 1.5000(a)(1) and/or (2) for common carrier, aeronautical en route, and aeronautical fixed radio station applicants or licensees, as applicable. Petitions filed under § 1.5000(a)(1) for broadcast licensees shall provide the name of any individual or entity that holds, or would hold, directly, an attributable interest in the controlling U.S. parent of the petitioning broadcast station applicant(s) or licensee(s), as defined in the Notes to § 73.3555 of this chapter. Where no individual or entity holds, or would hold, directly, an attributable interest in the controlling U.S. parent (for petitions filed under § 1.5000(a)(1)), the petition shall specify that no individual or entity holds, or would hold, directly, an attributable interest in the controlling U.S. parent, applicant(s), or licensee(s).

(1) *Direct U.S. or foreign interests of ten percent or more or a controlling interest*. With respect to petitions filed under § 1.5000(a)(1), provide the name of any individual or entity that holds, or would hold, directly 10 percent or more of the equity interests and/or voting interests, or a controlling interest, in

the controlling U.S. parent of the petitioning common carrier or aeronautical radio station applicant(s) or licensee(s) as specified in paragraphs (e)(4)(i) through (iv) of this section.

(2) *Direct U.S. or foreign interests of ten percent or more or a controlling interest*. With respect to petitions filed under § 1.5000(a)(2), provide the name of any individual or entity that holds, or would hold, directly 10 percent or more of the equity interests and/or voting interests, or a controlling interest, in each petitioning common carrier applicant or licensee as specified in paragraphs (e)(4)(i) through (iv) of this section.

(3) *No direct U.S. or foreign interests of ten percent or more or a controlling interest.* Where no individual or entity holds, or would hold, directly 10 percent or more of the equity interests and/or voting interests, or a controlling interest, in the controlling U.S. parent (for petitions filed under § 1.5000(a)(1)) or in the applicant or licensee (for petitions filed under § 1.5000(a)(2)), the petition shall state that no individual or entity holds or would hold directly 10 percent or more of the equity interests and/or voting interests, or a controlling interest, in the controlling U.S. parent, applicant or licensee.

(4) *Organization of controlling U.S. parent.* (i) Where a controlling U.S. parent, applicant, or licensee is organized as a corporation, provide the name of any individual or entity that holds, or would hold, 10 percent or more of the outstanding capital stock and/or voting stock, or a controlling interest.

(ii) Where a controlling U.S. parent, applicant, or licensee is organized as a general partnership, provide the names of the partnership's constituent general partners.

(iii) Where a controlling U.S. parent, applicant, or licensee is organized as a limited partnership or limited liability partnership, provide the name(s) of the general partner(s) (in the case of a limited partnership), any uninsulated partner, regardless of its equity interest, and any insulated partner with an equity interest in the partnership of at least 10 percent (calculated according to the percentage of the partner's capital contribution). With respect to each named partner (other than a named general partner), the petitioner shall state whether the partnership interest is insulated or uninsulated, based on the insulation criteria specified in § 1.5003.

(iv) Where a controlling U.S. parent, applicant, or licensee is organized as a limited liability company, provide the name(s) of each uninsulated member, regardless of its equity interest, any insulated member with an equity interest of at least 10 percent (calculated according to the percentage of its capital

contribution), and any non-equity manager(s). With respect to each named member, the petitioner shall state whether the interest is insulated or uninsulated, based on the insulation criteria specified in § 1.5003, and whether the member is a manager.

(5) *Information about trustee.* With respect to trusts holding equity and/or voting or controlling interests in the petitioner, applicant/licensee, a non-controlling intervening U.S. entity, or the controlling U.S. parent, provide the name(s) of the trustee(s) regardless of the amount of equity and/or voting or controlling interests.

(6) *General partner interest.* The Commission presumes that a general partner of a general partnership or limited partnership has a controlling (100 percent) voting interest in the partnership. A general partner shall in all cases be deemed to hold an uninsulated interest in the partnership.

(f) *Disclosable interest holders — indirect U.S. or foreign interests in the controlling U.S. parent*. Paragraphs (f)(1) through (3) of this section apply only to petitions filed under § 1.5000(a)(1) and/or § 1.5000(a)(2) for common carrier, aeronautical en route, and aeronautical fixed radio station applicants or licensees, as applicable. Petitions filed under § 1.5000(a)(1) for broadcast licensees shall provide the name of any individual or entity that holds, or would hold, indirectly, an attributable interest in the controlling U.S. parent of the petitioning broadcast station applicant(s) or licensee(s), as defined in the Notes to § 73.3555 of this chapter. Where no individual or entity holds, or would hold, indirectly, an attributable interest in the controlling U.S. parent (for petitions filed under § 1.5000(a)(1)), the petition shall specify that no individual or entity holds, or would hold, indirectly, an attributable interest in the controlling U.S. parent, applicant(s), or licensee(s).

(1) *Indirect U.S. or foreign interests of 10 percent or more or a controlling interest*. With respect to petitions filed under § 1.5000(a)(1), provide the name of any individual or entity that holds, or would hold, indirectly, through one or more intervening entities, 10 percent or more of the equity interests and/or voting interests, or a controlling interest, in the controlling U.S. parent of the petitioning common carrier or aeronautical radio station applicant(s) or licensee(s). Equity interests and voting interests held indirectly shall be calculated in accordance with the principles set forth in § 1.5002.

(2) *Indirect U.S. or foreign interests of 10 percent or more or a controlling interest*. With respect to petitions filed under § 1.5000(a)(2), provide the name of any individual or entity that holds, or would

hold, indirectly, through one or more intervening entities, 10 percent or more of the equity interests and/or voting interests, or a controlling interest, in the petitioning common carrier radio station applicant(s) or licensee(s). Equity interests and voting interests held indirectly shall be calculated in accordance with the principles set forth in § 1.5002.

(3) *No indirect U.S. or foreign interests of 10 percent or more or a controlling interest*. Where no individual or entity holds, or would hold, indirectly 10 percent or more of the equity interests and/or voting interests, or a controlling interest, in the controlling U.S. parent (for petitions filed under § 1.5000(a)(1)) or in the petitioning applicant(s) or licensee(s) (for petitions filed under § 1.5000(a)(2)), the petition shall specify that no individual or entity holds indirectly 10 percent or more of the equity interests and/or voting interests, or a controlling interest, in the controlling U.S. parent, applicant(s), or licensee(s).

(4) *Information about trustee.* With respect to trusts, provide the name(s) of the trustee(s) of the trust regardless of the trustee(s)' equity interests and/or voting interests, or a controlling interest in the petitioner or applicant/licensee, or any interest in a non-controlling intervening U.S. entity, or the controlling U.S. parent.

(5) *General partner interest.* The Commission presumes that a general partner of a general partnership or limited partnership has a controlling interest in the partnership. A general partner shall in all cases be deemed to hold an uninsulated interest in the partnership.

(g) *Citizenship and other information*— (1) *Citizenship and other information for disclosable interests in common carrier, aeronautical en route, and aeronautical fixed radio station applicants and licensees*. For each 10 percent interest holder named in response to paragraphs (e) and (f) of this section, specify the equity interest held and the voting interest held (each to the nearest one percent); in the case of an individual, his or her citizenship; and in the case of a business organization, its place of organization, type of business organization (e.g., corporation, unincorporated association, trust, general partnership, limited partnership, limited liability company, other (include description of legal entity)), and principal business(es).

(2) *Citizenship and other information for disclosable interests in broadcast station applicants and licensees*. For each attributable interest holder named in response to paragraphs (e) and (f) of this section, describe the nature of the attributable interest and, if applicable, specify the equity interest held and the

voting interest held (each to the nearest one percent); in the case of an individual, his or her citizenship; and in the case of a business organization, its place of organization, type of business organization (e.g., corporation, unincorporated association, trust, general partnership, limited partnership, limited liability company, other legal entity (include description)), and a description of the principal business(es).

(h) *Ownership information*— (1) *Estimate of aggregate foreign ownership*. For petitions filed under § 1.5000(a)(1), attach an exhibit that provides a percentage estimate of the controlling U.S. parent's aggregate direct and/or indirect foreign equity interests and its aggregate direct and/or indirect foreign voting interests. For petitions filed under § 1.5000(a)(2), attach an exhibit that provides a percentage estimate of the aggregate foreign equity interests and aggregate foreign voting interests held directly in the petitioning applicant(s) and/or licensee(s), if any, and the aggregate foreign equity interests and aggregate foreign voting interests held indirectly in the petitioning applicant(s) and/or licensee(s). The exhibit required by this paragraph must also provide a general description of the methods used to determine the percentages, and a statement addressing the circumstances that prompted the filing of the petition and demonstrating that the public interest would be served by grant of the petition.

(2) *Ownership and control structure*. Attach an exhibit that describes the ownership and control structure of the applicant(s) and/or licensee(s) that are the subject of the petition, including an ownership diagram and identification of the real party-in-interest disclosed in any companion applications. The ownership diagram should illustrate the petitioner's vertical ownership structure, including the controlling U.S. parent named in the petition (for petitions filed under § 1.5000(a)(1)) and either:

(i) For common carrier, aeronautical en route, and aeronautical fixed radio station applicants and licensees, the direct and indirect ownership (equity and voting) interests held by the individual(s) and/or entity(ies) named in response to paragraphs (e) and (f) of this section; or

(ii) For broadcast station applicants and licensees, the attributable interest holders named in response to paragraphs (e) and (f) of this section. Each such individual or entity shall be depicted in the ownership diagram and all controlling interests labeled as such. Where the petition includes multiple petitioners, the ownership of all petitioners may be depicted in a single ownership diagram or in multiple diagrams.

(i) *Requests for specific approval*. Provide, as required or permitted by this paragraph, the name of each foreign individual and/or entity for which each petitioner requests specific approval, if any, and the

respective percentages of equity and/or voting interests (to the nearest one percent) that each such foreign individual or entity holds, or would hold, directly and/or indirectly, in the controlling U.S. parent of the petitioning broadcast, common carrier or aeronautical radio station applicant(s) or licensee(s) for petitions filed under § 1.5000(a)(1), and in each petitioning common carrier applicant or licensee for petitions filed under § 1.5000(a)(2).

(1) Each petitioning broadcast, common carrier or aeronautical radio station applicant or licensee filing under § 1.5000(a)(1) shall identify and request specific approval for any foreign individual, entity, or group of such individuals or entities that holds, or would hold, directly and/or indirectly, more than 5 percent of the equity and/or voting interests, or a controlling interest, in the petitioner's controlling U.S. parent unless the foreign investment is exempt under paragraph (i)(3) of this section. Equity and voting interests held indirectly in the petitioner's controlling U.S. parent shall be calculated in accordance with the principles set forth in §§ 1.5002 and 1.5003. Equity and voting interests held directly in a petitioner's controlling U.S. parent that is organized as a partnership or limited liability company shall be calculated in accordance with paragraph (i)(4)(ii)(C)(*1*) of this section.

(2) Solely for the purpose of identifying foreign interests that require specific approval under this paragraph (i), broadcast station applicants and licensees filing petitions under § 1.5000(a)(1) should calculate equity and voting interests in accordance with the principles set forth in §§ 1.5002 and 1.5003 and *not* as set forth in the Notes to § 73.3555 of this chapter, to the extent that there are any differences in such calculation methods. Notwithstanding the foregoing, the insulation of limited partnership, limited liability partnership, and limited liability company interests for broadcast applicants and licensees *shall* be determined in accordance with Note 2(f) of § 73.3555 of this chapter.

(3) Each petitioning common carrier radio station applicant or licensee filing under § 1.5000(a)(2) shall identify and request specific approval for any foreign individual, entity, or group of such individuals or entities that holds, or would hold, directly, and/or indirectly through one or more intervening U.S.-organized entities that do not control the applicant or licensee, more than 5 percent of the equity and/or voting interests in the applicant or licensee unless the foreign investment is exempt under paragraph (i)(3) of this section. Equity and voting interests held indirectly in the applicant or licensee shall be calculated in accordance with the principles set forth in §§ 1.5002 and 1.5003. Equity and voting interests held directly

in an applicant or licensee that is organized as a partnership or limited liability company shall be calculated in accordance with paragraph (i)(4)(ii)(C)(*1*) of this section.

(i) *Foreign interests of 5 percent or less.* Certain foreign interests of 5 percent or less may require specific approval under paragraphs (i)(1) and (2). See paragraph (i)(4)(ii)(C)(*2*) of this section.

(ii) *Interest held by a "group."* Two or more individuals or entities will be treated as a "group" when they have agreed to act together for the purpose of acquiring, holding, voting, or disposing of their equity and/or voting interests in the licensee and/or controlling U.S. parent of the licensee or in any intermediate company(ies) through which any of the individuals or entities holds its interests in the licensee and/or controlling U.S. parent of the licensee.

(iii) *Example*. Assume a common carrier ("Petitioner") is preparing a petition for declaratory ruling to request Commission approval for foreign ownership of its controlling U.S. parent to exceed the 25 percent benchmarks in section 310(b)(4) of the Act and section 1.5000(a)(1) of the Commission's rules. The Petitioner identifies that Trust A, a U.S. entity, will indirectly hold 40 percent equity and voting interests in the Petitioner's controlling U.S. parent. Trust A has three trustees, each with equal interests in the trust, one of which is a foreign citizen. None of the trustees have a controlling interest in the trust. In such a case, the Applicant must disclose all the name(s) of the trustees to Trust A and provide the information required under § 1.5001(e) for each trustee. Pursuant to § 1.5001(i), if the foreign trustee(s) holds or will hold more than five percent equity and/or voting interests, as is the case in this example, the trustee(s) must request specific approval for its equity and/or voting interests in the Applicant's controlling U.S. parent prior to its interests exceeding five percent.

(4) A foreign investment is exempt from the specific approval requirements of paragraphs (i)(1) and (2) of this section where:

(i) The foreign individual or entity holds, or would hold, directly and/or indirectly, no more than 10 percent of the equity and/or voting interests of the controlling U.S. parent (for petitions filed under § 1.5000(a)(1)) or the petitioning applicant or licensee (for petitions filed under § 1.5000(a)(2)); and

(ii) The foreign individual or entity does not hold, and would not hold, a controlling interest in the petitioner or any controlling parent company, does not plan or intend to change or influence control of the petitioner or any controlling parent company, does not possess or develop any such purpose, and does not

take any action having such purpose or effect. The Commission will presume, in the absence of evidence to the contrary, that the following interests satisfy this criterion for exemption from the specific approval requirements in paragraphs (i)(1) and (2) of this section:

(A) Where the petitioning applicant or licensee, controlling U.S. parent, or entity holding a direct or indirect equity and/or voting interest in the applicant/licensee or controlling U.S. parent is a "public company," as defined in § 1.5000(d), provided that the foreign holder is an institutional investor that is eligible to report its beneficial ownership interests in the company's voting, equity securities in excess of 5 percent (not to exceed 10 percent) pursuant to Exchange Act Rule 13d-1(b), 17 CFR 240.13d-1(b), or a substantially comparable foreign law or regulation. This presumption shall not apply if the foreign individual, entity or group holding such interests is obligated to report its holdings in the company pursuant to Exchange Act Rule 13d-1(a), 17 CFR 240.13d-1(a), or a substantially comparable foreign law or regulation.

(*1*) *Example*. Common carrier applicant ("Applicant") is preparing a petition for declaratory ruling to request Commission approval for foreign ownership of its controlling U.S. parent to exceed the 25 percent benchmarks in section 310(b)(4) of the Act. Applicant does not currently hold any FCC licenses. Shares of controlling U.S. parent trade publicly on the New York Stock Exchange. Based on a review of its shareholder records, controlling U.S. parent has determined that its aggregate foreign ownership on any given day may exceed an aggregate 25 percent, including a 6 percent common stock interest held by a foreign-organized mutual fund ("Foreign Fund"). Controlling U.S. parent has confirmed that Foreign Fund is not currently required to report its interest pursuant to Exchange Act Rule 13d-1(a) and instead is eligible to report its interest pursuant to Exchange Act Rule 13d-1(b). Controlling U.S. parent also has confirmed that Foreign Fund does not hold any other interests in controlling U.S. parent's equity securities, whether of a class of voting or non-voting securities. Applicant may, but is not required to, request specific approval of Foreign Fund's 6 percent interest in controlling U.S. parent.

(*2*) *Example*. Where an institutional investor holds voting, equity securities that are subject to reporting under Exchange Act Rule 13d-1, 17 CFR 240.13d-1, or a substantially comparable foreign law or regulation, in addition to equity securities that are not subject to such reporting, the investor's total capital stock interests may be aggregated and treated as exempt from the 5 percent specific approval requirement

in paragraphs (i)(1) and (2) of this section so long as the aggregate amount of the institutional investor's holdings does not exceed 10 percent of the company's total capital stock or voting rights and the investor is eligible to certify under Exchange Act Rule 13d-1(b), 17 CFR 240.13d-1(b), or a substantially comparable foreign law or regulation that it has acquired its capital stock interests in the ordinary course of business and not with the purpose nor with the effect of changing or influencing the control of the company. In calculating foreign equity and voting interests, the Commission does not consider convertible interests such as options, warrants and convertible debentures until converted, unless specifically requested by the petitioner, i.e., where the petitioner is requesting approval so those rights can be exercised in a particular case without further Commission approval.

(B) Where the petitioning applicant or licensee, controlling U.S. parent, or entity holding a direct and/or indirect equity and/or voting interest in the applicant/licensee or controlling U.S. parent is a "privately held" corporation, as defined in § 1.5000(d), provided that a shareholders' agreement, or similar voting agreement, prohibits the foreign holder from becoming actively involved in the management or operation of the corporation and limits the foreign holder's voting and consent rights, if any, to the minority shareholder protections listed in paragraph (i)(6) of this section.

(C) Where the petitioning applicant or licensee, controlling U.S. parent, or entity holding a direct and/or indirect equity and/or voting interest in the licensee or controlling U.S. parent is "privately held," as defined in § 1.5000(d), and is organized as a limited partnership, limited liability company ("LLC"), or limited liability partnership ("LLP"), provided that the foreign holder is "insulated" in accordance with the criteria specified in § 1.5003.

(*1*) For purposes of identifying foreign interests that require specific approval, where the petitioning applicant, licensee, or controlling U.S. parent is itself organized as a partnership or LLC, a general partner, uninsulated limited partner, uninsulated LLC member, and non-member LLC manager shall be deemed to hold a controlling (100 percent) voting interest in the applicant, licensee, or controlling U.S. parent.

(*2*) For purposes of identifying foreign interests that require specific approval, where interests are held indirectly in the petitioning applicant, licensee, or controlling U.S. parent through one or more intervening partnerships or LLCs, a general partner, uninsulated limited partner, uninsulated LLC members, and non-

member LLC managers shall be deemed to hold the same voting interest as the partnership or LLC holds in the company situated in the next lower tier of the petitioner's vertical ownership chain and, ultimately, the same voting interest as the partnership or LLC is calculated as holding in the controlling U.S. parent (for petitions filed under § 1.5000(a)(1)) or in the applicant or licensee (for petitions filed under § 1.5000(a)(2)). See § 1.5002(b)(2)(ii)(A) and (b)(2)(iii)(A). Where a limited partner or LLC member is insulated, the limited partner's or LLC member's voting interest in the controlling U.S. parent (for petitions filed under § 1.5000(a)(1)), or in the applicant or licensee (for petitions filed under § 1.5000(a)(2)) is calculated as equal to the limited partner's or LLC member's equity interest in the controlling U.S. parent or in the applicant or licensee, respectively. See § 1.5002(b)(2)(ii)(B) and (b)(2)(iii)(B). Thus, depending on the particular ownership structure presented in the petition, a foreign general partner, uninsulated limited partner, LLC member, or non-member LLC manager of an intervening partnership or LLC may be deemed to hold an indirect voting interest in the controlling U.S. parent or in the petitioning applicant or licensee that requires specific approval because the voting interest exceeds the 5 percent amount specified in paragraphs (i)(1) and (2) of this section and, unless the voting interest is otherwise insulated at a lower tier of the petitioner's vertical ownership chain, the voting interest would not qualify as exempt from specific approval under this paragraph (i)(4)(ii)(C) even in circumstances where the voting interest does not exceed 10 percent.

(*3*) A finding that a foreign individual or entity is deemed to hold a 100 percent voting interest in the controlling U.S. parent for purposes of § 1.5001(i)(4)(ii)(C)(*1*) or a 50 percent or greater voting interest in the controlling U.S. parent pursuant to §1.5001(i)(4)(ii)(C)(*2*), does not indicate that the interest constitutes *de jure* control for purposes of compliance with Section 310(d) of the Act.

(5) A petitioner may, but is not required to, request specific approval for any other foreign individual or entity that holds, or would hold, a direct and/or indirect equity and/or voting interest in the controlling U.S. parent (for petitions filed under § 1.5000(a)(1)) or in the petitioning applicant or licensee (for petitions filed under § 1.5000(a)(2)).

(6) The minority shareholder protections referenced in paragraph (i)(3)(ii)(B) of this section consist of the following rights:

(i) The power to prevent the sale or pledge of all or substantially all of the assets of the corporation or a voluntary filing for bankruptcy or liquidation;

(ii) The power to prevent the corporation from entering into contracts with majority shareholders or their affiliates;

(iii) The power to prevent the corporation from guaranteeing the obligations of majority shareholders or their affiliates;

(iv) The power to purchase an additional interest in the corporation to prevent the dilution of the shareholder's pro rata interest in the event that the corporation issues additional instruments conveying shares in the company;

(v) The power to prevent the change of existing legal rights or preferences of the shareholders, as provided in the charter, by-laws or other operative governance documents;

(vi) The power to prevent the amendment of the charter, by-laws or other operative governance documents of the company with respect to the matters described in paragraph (i)(6)(i) through (v) of this section.

(7) The Commission reserves the right to consider, on a case-by-case basis, whether voting or consent rights over matters other than those listed in paragraph (i)(6) of this section shall be considered permissible minority shareholder protections in a particular case.

(j) *Specific approval information*. For each foreign individual or entity named in response to paragraph (i) of this section, provide the following information:

(1) In the case of an individual, his or her citizenship and principal business(es);

(2) In the case of a business organization:

(i) Its place of organization, type of business organization (e.g., corporation, unincorporated association, trust, general partnership, limited partnership, limited liability company,

other legal entity (include description)), and a description of the principal business(es);

(ii)(A) For common carrier, aeronautical en route, and aeronautical fixed radio station applicants and licensees, the name of any individual or entity that holds, or would hold, directly and/or indirectly, through one or more intervening entities, 10 percent or more of the equity interests and/or voting interests, or a controlling interest, in the foreign entity for which the petitioner requests specific approval. Specify

for each such interest holder, his or her citizenship (for individuals) or place of legal organization (for entities). Equity interests and voting interests held indirectly shall be calculated in accordance with the principles set forth in § 1.5002.

(B) For broadcast applicants and licensees, the name of any individual or entity that holds, or would hold, directly and/or indirectly, through one or more intervening entities, an attributable interest in the foreign entity for which the petitioner requests specific approval. Specify for each such interest holder, his or her citizenship (for individuals) or place of legal organization (for entities). Attributable interests shall be calculated in accordance with the principles set forth in the Notes to § 73.3555 of this chapter.

(iii)(A) For common carrier, aeronautical en route, and aeronautical fixed radio station applicants and licensees, where no individual or entity holds, or would hold, directly and/or indirectly, 10 percent or more of the equity interests and/or voting interests, or a controlling interest, the petition shall specify that no individual or entity holds, or would hold, directly and/or indirectly, 10 percent or more of the equity interests and/or voting interests, or a controlling interest, in the foreign entity for which the petitioner requests specific approval.

(B) For broadcast applicants and licensees, where no individual or entity holds, or would hold, directly and/or indirectly, an attributable interest in the foreign entity, the petition shall specify that no individual or entity holds, or would hold, directly and/or indirectly, an attributable interest in the foreign entity for which the petitioner requests specific approval.

(k) *Requests for advance approval*. The petitioner may, but is not required to, request advance approval in its petition for any foreign individual or entity named in response to paragraph (i) of this section to increase its direct and/or indirect equity and/or voting interests in the controlling U.S. parent of the broadcast, common carrier or aeronautical radio station licensee, for petitions filed under § 1.5000(a)(1), and/or in the common carrier licensee, for petitions filed under § 1.5000(a)(2), above the percentages specified in response to paragraph (i) of this section. Requests for advance approval shall be made as follows:

(1) *Petitions filed under § 1.5000(a)(1)*. Where a foreign individual or entity named in response to paragraph (i) of this section holds, or would hold upon consummation of any transactions described in the petition, a *de jure* or *de facto* controlling interest in the controlling U.S. parent, the petitioner may request

advance approval in its petition for the foreign individual or entity to increase its interests, at some future time, up to any amount, including 100 percent of the direct and/or indirect equity and/or voting interests in the controlling U.S. parent. The petitioner shall specify for the named controlling foreign individual(s) or entity(ies) the maximum percentages of equity and/or voting interests for which advance approval is sought or, in lieu of a specific amount, state that the petitioner requests advance approval for the named controlling foreign individual or entity to increase its interests up to and including 100 percent of the controlling U.S. parent's direct and/or indirect equity and/or voting interests.

(2) *Petitions filed under § 1.5000(a)(1) and/or (2).* Where a foreign individual or entity named in response to paragraph (i) of this section holds, or would hold upon consummation of any transactions described in the petition, a non-controlling interest in the controlling U.S. parent of the licensee, for petitions filed under § 1.5000(a)(1), or in the licensee, for petitions filed under § 1.5000(a)(2), the petitioner may request advance approval in its petition for the foreign individual or entity to increase its interests, at some future time, up to any non-controlling amount not to exceed 49.99 percent. The petitioner shall specify for the named foreign individual(s) or entity(ies) the maximum percentages of equity and/or voting interests for which advance approval is sought or, in lieu of a specific amount, shall state that the petitioner requests advance approval for the named foreign individual(s) or entity(ies) to increase their interests up to and including a non-controlling 49.99 percent equity and/or voting interest in the licensee, for petitions filed under § 1.5000(a)(2), or in the controlling U.S. parent of the licensee, for petitions filed under § 1.5000(a)(1).

(3) *Request for advance approval.* Foreign individuals or entities that are deemed to hold 100 percent voting interest pursuant to § 1.5001(i)(4)(ii)(C)(*1*) or a 50 percent or greater voting interest in the controlling U.S. parent pursuant to § 1.5001(i)(4)(ii)(C)(*2*), but do not have *de jure* or *de facto control* of the controlling U.S. parent, may request advance approval in the petition for declaratory ruling for the foreign individual or entity to increase its interests, at some future time, up to any non-controlling amount not to exceed 49.99 percent.

(l) *Certification.* Each applicant, licensee, or spectrum lessee filing a petition for declaratory ruling shall certify to the information contained in the petition in accordance with the provisions of § 1.16 and the requirements of § 1.5000(c)(1).

(m) *Submission of petition and responses to standard questions to the Committee for the Assessment of Foreign Participation in the United States Telecommunications Services Sector*. For each petition subject to a referral to the executive branch pursuant to § 1.40001, the petitioner must submit:

(1) Responses to standard questions, prior to or at the same time the petitioner files its petition with the Commission, pursuant to subpart CC of this part, directly to the Committee for the Assessment of Foreign Participation in the United States Telecommunications Services Sector (Committee). The standard questions and instructions for submitting the responses are available on the FCC website. The required information shall be submitted separately from the petition and shall be submitted directly to the Committee.

(2) A complete and unredacted copy of its FCC petition(s), including the file number(s) and docket number(s), to the Committee within three (3) business days of filing it with the Commission. The instructions for submitting a copy of the FCC petition(s) to the Committee are available on the FCC website.

(n) *Certifications*. (1) Broadcast applicants and licensees shall make the following certifications by which they agree:

(i) To designate a point of contact who is located in the United States and is a U.S. citizen or lawful U.S. permanent resident, for the execution of lawful requests and as an agent for legal service of process;

(ii)(A) That the petitioner is responsible for the continuing accuracy and completeness of all information submitted, whether at the time of submission of the petition or subsequently in response to either the Commission or the Committee's request, as required in § 1.65(a), and that the petitioner agrees to inform the Commission and the Committee of any substantial and significant changes while a petition is pending; and

(B) After the petition is no longer pending for purposes of § 1.65, the petitioner must notify the Commission and the Committee of any changes in petitioner information and/or contact information promptly, and in any event within thirty (30) days; and

(iii) That the petitioner understands that if the petitioner or an applicant or licensee covered by the declaratory ruling fails to fulfill any of the conditions and obligations in the certifications set out in paragraph (n)(1) of this section or in the grant of an application, petition, license, or authorization

associated with the declaratory ruling and/or that if the information provided to the United States Government is materially false, fictitious, or fraudulent, the petitioner, applicants, and licensees may be subject to all remedies available to the United States Government, including but not limited to revocation and/or termination of the Commission's declaratory ruling, authorization or license, and criminal and civil penalties, including penalties under 18 U.S.C. 1001.

(2) Common carrier applicants, licensees, or spectrum lessees shall make the following certifications by which they agree:

(i) To comply with all applicable Communications Assistance for Law Enforcement Act (CALEA) requirements and related rules and regulations, including any and all FCC orders and opinions governing the application of CALEA, pursuant to the Communications Assistance for Law Enforcement Act and the Commission's rules and regulations in subpart Z of this part;

(ii) To make communications to, from, or within the United States, as well as records thereof, available in a form and location that permits them to be subject to a valid and lawful request or legal process in accordance with U.S. law, including but not limited to:

(A) The Wiretap Act, 18 U.S.C. 2510 et seq.;

(B) The Stored Communications Act, 18 U.S.C. 2701 et seq.;

(C) The Pen Register and Trap and Trace Statute, 18 U.S.C. 3121 et seq.; and

(D) Other court orders, subpoenas, or other legal process;

(iii) To designate a point of contact who is located in the United States and is a U.S. citizen or lawful U.S. permanent resident, for the execution of lawful requests and as an agent for legal service of process;

(iv)(A) That the petitioner is responsible for the continuing accuracy and completeness of all information submitted, whether at the time of submission of the petition or subsequently in response to either the Commission or the Committee's request, as required in § 1.65(a), and that the petitioner agrees to inform the Commission and the Committee of any substantial and significant changes while a petition is pending; and

(B) After the petition is no longer pending for purposes of § 1.65 of the rules, the petitioner must notify the Commission and the Committee of any changes in petitioner information and/or contact information promptly, and in any event within thirty (30) days; and

(v) That the petitioner understands that if the petitioner or an applicant or licensee covered by the declaratory ruling fails to fulfill any of the conditions and obligations set forth in the certifications set out in paragraph (n)(2) of this section or in the grant of an application, petition, license, or authorization associated with this declaratory ruling and/or that if the information provided to the United States Government is materially false, fictitious, or fraudulent, the petitioner, applicants, and licensees may be subject to all remedies available to the United States Government, including but not limited to revocation and/or termination of the Commission's declaratory ruling, authorization or license, and criminal and civil penalties, including penalties under 18 U.S.C. 1001.

§ 1.5002 How to calculate indirect equity and voting interests.

(a) *Calculating indirect equity and voting interests.* The criteria specified in this section shall be used for purposes of calculating indirect equity and voting interests under § 1.5001.

(b) *Indirect equity and voting interests—* (1) *Equity interests held indirectly in the licensee and/or controlling U.S. parent*. Equity interests that are held by an individual or entity indirectly through one or more intervening entities shall be calculated by successive multiplication of the equity percentages for each link in the vertical ownership chain, regardless of whether any particular link in the chain represents a controlling interest in the company positioned in the next lower tier.

(i) *Example (for rulings issued under § 1.5000(a)(1))*. Assume that a foreign individual holds a non-controlling 30 percent equity and voting interest in U.S.-organized Corporation A which, in turn, holds a non-controlling 40 percent equity and voting interest in U.S.-organized Parent Corporation B. The foreign individual's equity interest in U.S.-organized Parent Corporation B would be calculated by multiplying the foreign individual's equity interest in U.S.-organized Corporation A by that entity's equity interest in U.S.-organized Parent Corporation B. The foreign individual's equity interest in U.S.-organized Parent Corporation B would be calculated as 12 percent (30% × 40% = 12%). The result would be the same even if U.S.-organized Corporation A held a *de facto* controlling interest in U.S.-organized Parent Corporation B.

(ii) [Reserved]

(2) *Voting interests held indirectly in the licensee and/or controlling U.S. parent*. Voting interests that are held by any individual or entity indirectly through one or more intervening entities will be determined

depending upon the type of business organization(s) in which the individual or entity holds a voting interest as follows:

(i) Voting interests that are held through one or more intervening corporations shall be calculated by successive multiplication of the voting percentages for each link in the vertical ownership chain, except that wherever the voting interest for any link in the chain is equal to or exceeds 50 percent or represents actual control, it shall be treated as if it were a 100 percent interest.

(A) Example (for rulings issued under § 1.5000(a)(1)). Assume that a foreign individual holds a non-controlling 30 percent equity and voting interest in U.S.-organized Corporation A which, in turn, holds a *controlling* 70 percent equity and voting interest in U.S.-organized Parent Corporation B. Because U.S.-organized Corporation A's 70 percent voting interest in U.S.-organized Parent Corporation B constitutes a *controlling* interest, it is treated as a 100 percent interest. The foreign individual's 30 percent voting interest in U.S.-organized Corporation A would flow through in its entirety to U.S. Parent Corporation B and thus be calculated as 30 percent (30% × 100% = 30%).

(B) [Reserved]

(ii) Voting interests that are held through one or more intervening partnerships shall be calculated depending upon whether the individual or entity holds a general partnership interest, an uninsulated partnership interest, or an insulated partnership interest as specified in paragraphs (b)(2)(ii)(A) and (B) of this section.

(A) *General partnership and other uninsulated partnership interests*. A general partner and uninsulated partner shall be deemed to hold the same voting interest as the partnership holds in the company situated in the next lower tier of the vertical ownership chain. A partner shall be treated as uninsulated unless the limited partnership agreement, limited liability partnership agreement, or other operative agreement satisfies the insulation criteria specified in § 1.5003.

(B) *Insulated partnership interests*. A partner of a limited partnership (other than a general partner) or partner of a limited liability partnership that satisfies the insulation criteria specified in § 1.5003 shall be treated as an insulated partner and shall be deemed to hold a voting interest in the partnership that is equal to the partner's equity interest.

(C) *General partner interests.* The Commission presumes that a general partner of a general partnership or limited partnership has a controlling interest in the partnership. A general partner shall in all cases be deemed to hold an uninsulated interest in the partnership.

(iii) Voting interests that are held through one or more intervening limited liability companies shall be calculated depending upon whether the individual or entity is a non-member manager, an uninsulated member or an insulated member as specified in paragraphs (b)(2)(iii)(A) and (B) of this section.

(A) *Non-member managers and uninsulated membership interests*. A non-member manager and an uninsulated member of a limited liability company shall be deemed to hold the same voting interest as the limited liability company holds in the company situated in the next lower tier of the vertical ownership chain. A member shall be treated as uninsulated unless the limited liability company agreement satisfies the insulation criteria specified in § 1.5003.

(B) *Insulated membership interests*. A member of a limited liability company that satisfies the insulation criteria specified in § 1.5003 shall be treated as an insulated member and shall be deemed to hold a voting interest in the limited liability company that is equal to the member's equity interest.

§ 1.5003 Insulation criteria for interests in limited partnerships, limited liability partnerships, and limited liability companies.

(a) A limited partner of a limited partnership and a partner of a limited liability partnership shall be treated as uninsulated within the meaning of § 1.5002(b)(2)(ii)(A) unless the partner is prohibited by the limited partnership agreement, limited liability partnership agreement, or other operative agreement from, and in fact is not engaged in, active involvement in the management or operation of the partnership and only the usual and customary investor protections are contained in the partnership agreement or other operative agreement. These criteria apply to any relevant limited partnership or limited liability partnership, whether it is the licensee, a controlling U.S. parent, or any partnership situated above them in the vertical chain of ownership. Notwithstanding the foregoing, the insulation of limited partnership and limited liability partnership interests for broadcast applicants and licensees shall be determined in accordance with Note 2(f) of § 73.3555 of this chapter.

(b) A member of a limited liability company shall be treated as uninsulated for purposes of § 1.5002(b)(2)(iii)(A) unless the member is prohibited by the limited liability company agreement from,

and in fact is not engaged in, active involvement in the management or operation of the company and only the usual and customary investor protections are contained in the agreement. These criteria apply to any relevant limited liability company, whether it is the licensee, a controlling U.S. parent, or any limited liability company situated above them in the vertical chain of ownership. Notwithstanding the foregoing, the insulation of limited liability company interests for broadcast applicants and licensees shall be determined in accordance with Note 2(f) of § 73.3555 of this chapter.

(c) The usual and customary investor protections referred to in paragraphs (a) and (b) of this section shall consist of:

(1) The power to prevent the sale or pledge of all or substantially all of the assets of the limited partnership, limited liability partnership, or limited liability company or a voluntary filing for bankruptcy or liquidation;

(2) The power to prevent the limited partnership, limited liability partnership, or limited liability company from entering into contracts with majority investors or their affiliates;

(3) The power to prevent the limited partnership, limited liability partnership, or limited liability company from guaranteeing the obligations of majority investors or their affiliates;

(4) The power to purchase an additional interest in the limited partnership, limited liability partnership, or limited liability company to prevent the dilution of the partner’s or member’s pro rata interest in the event that the limited partnership, limited liability partnership, or limited liability company issues additional instruments conveying interests in the partnership or company;

(5) The power to prevent the change of existing legal rights or preferences of the partners, members, or managers as provided in the limited partnership agreement, limited liability partnership agreement, or limited liability company agreement, or other operative agreement;

(6) The power to vote on the removal of a general partner, managing partner, managing member, or other manager in situations where such individual or entity is subject to bankruptcy, insolvency, reorganization, or other proceedings relating to the relief of debtors; adjudicated insane or incompetent by a court of competent jurisdiction (in the case of a natural person); convicted of a felony; or otherwise removed for cause, as determined by an independent party;

(7) The power to prevent the amendment of the limited partnership agreement, limited liability partnership agreement, or limited liability company agreement, or other organizational documents of the partnership or limited liability company with respect to the matters described in paragraph (c)(1) through (c)(6) of this section.

(d) The Commission reserves the right to consider, on a case-by-case basis, whether voting or consent rights over matters other than those listed in paragraph (c) of this section shall be considered usual and customary investor protections in a particular case.

§ 1.5004 Routine terms and conditions.

Foreign ownership declaratory rulings issued pursuant to §§ 1.5000 through 1.5004 shall be subject to the following terms and conditions, except as otherwise specified in a particular declaratory ruling:

(a)(1) *Aggregate allowance for declaratory rulings issued under § 1.5000(a)(1).* In addition to the foreign ownership interests approved specifically in a licensee's declaratory ruling issued pursuant to § 1.5000(a)(1), the controlling U.S. parent named in the declaratory ruling (or a U.S.-organized successor-in-interest formed as part of a pro forma reorganization) may be 100 percent owned, directly and/or indirectly through one or more U.S- or foreign-organized entities, on a going-forward basis (i.e., after issuance of the declaratory ruling) by other foreign investors without prior Commission approval. This "100 percent aggregate allowance" is subject to the requirement that the licensee seek and obtain Commission approval before any foreign individual, entity, or "group" not previously approved acquires, directly and/or indirectly, more than 5 percent of the controlling U.S. parent's outstanding capital stock (equity) and/or voting stock, or a controlling interest, with the exception of any foreign individual, entity, or "group" that acquires an equity and/or voting interest of 10 percent or less, provided that the interest is exempt under § 1.5001(i)(3).

(2) *Aggregate allowance for declaratory rulings issued under § 1.5000(a)(2).* In addition to the foreign ownership interests approved specifically in a licensee's declaratory ruling issued pursuant to § 1.5000(a)(2), the licensee(s) named in the ruling (or a U.S.-organized successor-in-interest formed as part of a pro forma reorganization) may be 100 percent owned on a going forward basis (i.e., after issuance of the declaratory ruling) by other foreign investors holding interests in the licensee indirectly through U.S.-organized entities that do not control the licensee, without prior Commission approval. This "100 percent

aggregate allowance" is subject to the requirement that the licensee seek and obtain Commission approval before any foreign individual, entity, or "group" not previously approved acquires directly and/or indirectly, through one or more U.S.-organized entities that do not control the licensee, more than 5 percent of the licensee's outstanding capital stock (equity) and/or voting stock, with the exception of any foreign individual, entity, or "group" that acquires an equity and/or voting interest of 10 percent or less, provided that the interest is exempt under § 1.5001(i)(3). Foreign ownership interests held directly in a licensee shall not be permitted to exceed an aggregate 20 percent of the licensee's equity and/or voting interests.

(3) *Obligation to monitor foreign ownership.* Licensees have an obligation to monitor and stay ahead of changes in foreign ownership of their controlling U.S. parent (for declaratory rulings issued pursuant to § 1.5000(a)(1)) and/or in the licensee itself (for declaratory rulings issued pursuant to § 1.5000(a)(2)), to ensure that the licensee obtains Commission approval before a change in foreign ownership renders the licensee out of compliance with the terms and conditions of its declaratory ruling(s) or the Commission's rules. Licensees, their controlling parent, and other entities in the licensee's vertical ownership chain may need to place restrictions in their bylaws or other organizational documents to enable the licensee to ensure compliance with the terms and conditions of its declaratory ruling(s) and the Commission's rules.

(4) *Example 1 (for declaratory rulings issued under § 1.5000(a)(1))*. U.S. Corp. files an application for a common carrier license. U.S. Corp. is wholly owned and controlled by U.S. Parent, which is a newly formed, privately held Delaware Corporation in which no single shareholder has *de jure* or *de facto* control. A shareholder's agreement provides that a five-member board of directors shall govern the affairs of the company; five named shareholders shall be entitled to one seat and one vote on the board; and all decisions of the board shall be determined by majority vote. The five named shareholders and their respective equity interests are as follows: Foreign Entity A, which is wholly owned and controlled by a foreign citizen (5 percent); Foreign Entity B, which is wholly owned and controlled by a foreign citizen (10 percent); Foreign Entity C, a foreign public company with no controlling shareholder (20 percent); Foreign Entity D, a foreign pension fund that is controlled by a foreign citizen and in which no individual or entity has a pecuniary interest exceeding one percent (21 percent); and U.S. Entity E, a U.S. public company with no controlling shareholder (25 percent). The remaining 19 percent of U.S. Parent's shares

are held by three foreign-organized entities as follows: F (4 percent), G (6 percent), and H (9 percent). Under the shareholders' agreement, voting rights of F, G, and H are limited to the minority shareholder protections listed in § 1.5001(i)(6). Further, the agreement expressly prohibits G and H from becoming actively involved in the management or operation of U.S. Parent and U.S. Corp.

(i) As required by the rules, U.S. Corp. files a section 310(b)(4) petition concurrently with its application. The petition identifies and requests specific approval for the ownership interests held in U.S. Parent by Foreign Entity A and its sole shareholder (5 percent equity and 20 percent voting interest); Foreign Entity B and its sole shareholder (10 percent equity and 20 percent voting interest), Foreign Entity C (20 percent equity and 20 percent voting interest), and Foreign Entity D (21 percent equity and 20 percent voting interest) and its fund manager (20 percent voting interest). The Commission's declaratory ruling specifically approves these foreign interests. The declaratory ruling also provides that, on a going-forward basis, U.S. Parent may be 100 percent owned in the aggregate, directly and/or indirectly, by other foreign investors, subject to the requirement that U.S. Corp. seek and obtain Commission approval before any previously unapproved foreign investor acquires more than 5 percent of U.S. Parent's equity and/or voting interests, or a controlling interest, with the exception of any foreign investor that acquires an equity and/or voting interest of ten percent or less, provided that the interest is exempt under § 1.991(i)(3).

(ii) In this case, foreign entities F, G, and H would each be considered a previously unapproved foreign investor (along with any new foreign investors). However, prior approval for F, G and H would only apply to an increase of F's interest above 5 percent (because the ten percent exemption under § 1.5001(i)(3) does not apply to F) or to an increase of G's or H's interest above 10 percent (because G and H do qualify for this exemption). U.S. Corp. would also need Commission approval before Foreign Entity D appoints a new fund manager that is a non-U.S. citizen and before Foreign Entities A, B, C, or D increase their respective equity and/or voting interests in U.S. Parent, unless the petition previously sought and obtained Commission approval for such increases (up to non-controlling 49.99 percent interests). (See § 1.5001(k)(2).) Foreign shareholders of Foreign Entity C and U.S. Entity E would also be considered previously unapproved foreign investors. Thus, Commission approval would be required before any foreign shareholder of Foreign Entity C or U.S. Entity E acquires (1) a controlling interest in either company; or (2) a non-controlling equity and/or voting interest in either company that, when

multiplied by the company's equity and/or voting interests in U.S. Parent, would exceed 5 percent of U.S. Parent's equity and/or voting interests, unless the interest is exempt under § 1.5001(i)(3).

(5) *Example 2 (for declaratory rulings issued under § 1.5000(a)(2))*. Assume that the following three U.S.-organized entities hold non-controlling equity and voting interests in common carrier Licensee, which is a privately held corporation organized in Delaware: U.S. corporation A (30 percent); U.S. corporation B (30 percent); and U.S. corporation C (40 percent). Licensee's shareholders are wholly owned by foreign individuals X, Y, and Z, respectively. Licensee has received a declaratory ruling under § 1.5000(a)(2) specifically approving the 30 percent foreign ownership interests held in Licensee by each of X and Y (through U.S. corporation A and U.S. corporation B, respectively) and the 40 percent foreign ownership interest held in Licensee by Z (through U.S. corporation C). On a going-forward basis, Licensee may be 100 percent owned in the aggregate by X, Y, Z, and other foreign investors holding interests in Licensee indirectly, through U.S.-organized entities that do not control Licensee, subject to the requirement that Licensee obtain Commission approval before any previously unapproved foreign investor acquires more than 5 percent of Licensee's equity and/or voting interests, with the exception of any foreign investor that acquires an equity and/or voting interest of 10 percent or less, provided that the interest is exempt under § 1.5001(i)(3). In this case, any foreign investor other than X, Y, and Z would be considered a previously unapproved foreign investor. Licensee would also need Commission approval before X, Y, or Z increases its equity and/or voting interests in Licensee unless the petition previously sought and obtained Commission approval for such increases (up to non-controlling 49.99 percent interests). (See § 1.5001(k)(2).)

(b) *Subsidiaries and affiliates*. A foreign ownership declaratory ruling issued to a licensee shall cover it and any U.S.-organized subsidiary or affiliate, as defined in § 1.5000(d), whether the subsidiary or affiliate existed at the time the declaratory ruling was issued or was formed or acquired subsequently, provided that the foreign ownership of the licensee named in the declaratory ruling, and of the subsidiary and/or affiliate, remains in compliance with the terms and conditions of the licensee's declaratory ruling and the Commission's rules.

(1) The subsidiary or affiliate of a licensee named in a foreign ownership declaratory ruling issued under § 1.5000(a)(1) may rely on that declaratory ruling for purposes of filing its own application for an initial

broadcast, common carrier or aeronautical license or spectrum leasing arrangement, or an application to acquire such license or spectrum leasing arrangement by assignment or transfer of control provided that the subsidiary or affiliate, and the licensee named in the declaratory ruling, each certifies in the application that its foreign ownership is in compliance with the terms and conditions of the foreign ownership declaratory ruling and the Commission's rules.

(2) The subsidiary or affiliate of a licensee named in a foreign ownership declaratory ruling issued under § 1.5000(a)(2) may rely on that declaratory ruling for purposes of filing its own application for an initial common carrier radio station license or spectrum leasing arrangement, or an application to acquire such license or spectrum leasing arrangement by assignment or transfer of control provided that the subsidiary or affiliate, and the licensee named in the declaratory ruling, each certifies in the application that its foreign ownership is in compliance with the terms and conditions of the foreign ownership declaratory ruling and the Commission's rules.

(3) The certifications required by paragraphs (b)(1) and (2) of this section shall also include the citation(s) of the relevant declaratory ruling(s) (i.e., the DA or FCC Number, FCC Record citation when available, and release date).

(c) (1) *Insertion of new controlling foreign-organized companies*. Where a licensee's foreign ownership declaratory ruling specifically authorizes a named, foreign investor to hold a controlling interest in the licensee's controlling U.S. parent, for declaratory rulings issued under § 1.5000(a)(1), or in an intervening U.S.-organized entity that does not control the licensee, for declaratory rulings issued under § 1.5000(a)(2), the declaratory ruling shall permit the insertion of new, controlling foreign-organized companies in the vertical ownership chain above the controlling U.S. parent, for declaratory rulings issued under § 1.5000(a)(1), or above an intervening U.S.-organized entity that does not control the licensee, for declaratory rulings issued under § 1.5000(a)(2), without prior Commission approval only where the foreign investor approved in the declaratory ruling maintains 100 percent ownership and control of any new foreign-organized company(ies).

(2) *Notification to Office of International Affairs of insertion of new previously unapproved controlling foreign-organized companies without prior Commission approval*. Where a previously unapproved foreign-organized entity is inserted into the vertical ownership chain of a licensee, or its controlling U.S.

parent, without prior Commission approval pursuant to paragraph (c)(1) of this section, the licensee shall file a letter to the attention of the Chief, Office of International Affairs, within 30 days after the insertion of the new, foreign-organized entity. The letter must include the name of the new, foreign-organized entity and a certification by the licensee that the entity complies with the 100 percent common ownership and control requirement in paragraph (c)(1) of this section. The letter must also reference the licensee's foreign ownership declaratory ruling(s) by ICFS File No. and FCC Record citation, if available. This letter notification need not be filed if the ownership change is instead the subject of a *pro forma* application or *pro forma* notification already filed with the Commission pursuant to the relevant broadcast service rules, wireless radio service rules or satellite radio service rules applicable to the licensee.

(3) *Pro forma filing required for insertion of new previously unapproved controlling foreign-organized companies in broadcast licensee without prior Commission approval*. For broadcast stations, in order to insert a previously unapproved foreign-organized entity in which the foreign investor approved in the declaratory ruling maintains 100 percent common ownership and control into the vertical ownership chain of the licensee's controlling U.S. parent, as described in paragraph (c)(1) of this section, the licensee must always file a *pro forma* application requesting prior consent of the FCC pursuant to section 73.3540(f) of this chapter.

(4) *No affect on forbearance from the requirements of 47 U.S.C. 310(d).* Nothing in this section is intended to affect any requirements for prior approval under 47 U.S.C. 310(d) or conditions for forbearance from the requirements of 47 U.S.C. 310(d) pursuant to 47 U.S.C. 160.

(5) *Example (for declaratory rulings issued under § 1.5000(a)(1))*. Licensee of a common carrier license receives a foreign ownership declaratory ruling under § 1.5000(a)(1) that authorizes its controlling, U.S. parent ("U.S. Parent A") to be wholly owned and controlled by a foreign-organized company ("Foreign Company"). Foreign Company is minority owned (20 percent) by U.S.-organized Corporation B, with the remaining 80 percent controlling interest held by Foreign Citizen C. After issuance of the declaratory ruling, Foreign Company forms a wholly-owned, foreign-organized subsidiary ("Foreign Subsidiary") to hold all of Foreign Company's shares in U.S. Parent A. There are no other changes in the direct or indirect foreign ownership of U.S. Parent A. The insertion of Foreign Subsidiary into the vertical ownership chain between Foreign Company and U.S. Parent A would not require prior Commission

approval, except for any approval otherwise required pursuant to section 310(d) of the Communications Act and not exempt therefrom as a pro forma transfer of control under § 1.948(c)(1).

(6) *Example (for rulings issued under § 1.5000(a)(2))*. An applicant for a common carrier license receives a foreign ownership ruling under § 1.5000(a)(2) that authorizes a foreign-organized company ("Foreign Company") to hold a non-controlling 44 percent equity and voting interest in the applicant through Foreign Company's wholly-owned, U.S.-organized subsidiary, U.S. Corporation A, which holds the non-controlling 44 percent interest directly in the applicant. The remaining 56 percent of the applicant's equity and voting interests are held by its controlling U.S.-organized parent, which has no foreign ownership. After issuance of the ruling, Foreign Company forms a wholly-owned, foreign-organized subsidiary to hold all of Foreign Company's shares in U.S. Corporation A. There are no other changes in the direct or indirect foreign ownership of U.S. Corporation A. The insertion of the foreign-organized subsidiary into the vertical ownership chain between Foreign Company and U.S. Corporation A would not require prior Commission approval.

(d) *Insertion of new non-controlling foreign-organized companies*. (1) Where a licensee's foreign ownership declaratory ruling specifically authorizes a named, foreign investor to hold a non-controlling interest in the licensee's controlling U.S. parent, for declaratory rulings issued under § 1.5000(a)(1), or in an intervening U.S.-organized entity that does not control the licensee, for declaratory rulings issued under § 1.5000(a)(2), the declaratory ruling shall permit the insertion of new, foreign-organized companies in the vertical ownership chain above the controlling U.S. parent, for declaratory rulings issued under § 1.5000(a)(1), or above an intervening U.S.-organized entity that does not control the licensee, for declaratory rulings issued under § 1.5000(a)(2), without prior Commission approval where the foreign investor approved in the declaratory ruling maintains 100 percent ownership and control of any new foreign-organized company(ies).

(i) *Insertion of new, foreign-organized companies in the vertical ownership chain* Where a licensee has received a foreign ownership declaratory ruling under § 1.5000(a)(2) and the declaratory ruling specifically authorizes a named, foreign investor to hold a non-controlling interest directly in the licensee (subject to the 20 percent aggregate limit on direct foreign investment), the declaratory ruling shall permit the insertion of new, foreign-organized companies in the vertical ownership chain of the approved foreign

investor without prior Commission approval where the approved foreign investor maintains 100 percent ownership and control of any new foreign-organized company(ies).

(ii) *Example (for declaratory rulings issued under § 1.5000(a)(1))*. Licensee receives a foreign ownership declaratory ruling under § 1.5000(a)(1) that authorizes a foreign-organized company ("Foreign Company") to hold a non-controlling 30 percent equity and voting interest in Licensee's controlling, U.S. parent ("U.S. Parent A"). The remaining 70 percent equity and voting interests in U.S. Parent A are held by U.S.-organized entities which have no foreign ownership. After issuance of the declaratory ruling, Foreign Company forms a wholly-owned, foreign-organized subsidiary ("Foreign Subsidiary") to hold all of Foreign Company's shares in U.S. Parent A. There are no other changes in the direct or indirect foreign ownership of U.S. Parent A. The insertion of Foreign Subsidiary into the vertical ownership chain between Foreign Company and U.S. Parent A would not require prior Commission approval.

(iii) *Example (for declaratory rulings issued under § 1.5000(a)(2))*. Licensee receives a foreign ownership declaratory ruling under § 1.5000(a)(2) that authorizes a foreign-organized entity ("Foreign Company") to hold approximately 24 percent of Licensee's equity and voting interests, through Foreign Company's non-controlling 48 percent equity and voting interest in a U.S.-organized entity, U.S. Corporation A, which holds a non-controlling 49 percent equity and voting interest directly in Licensee. (A U.S. citizen holds the remaining 52 percent equity and voting interests in U.S. Corporation A, and the remaining 51 percent equity and voting interests in Licensee are held by its U.S.-organized parent, which has no foreign ownership. After issuance of the declaratory ruling, Foreign Company forms a wholly-owned, foreign-organized subsidiary ("Foreign Subsidiary") to hold all of Foreign Company's shares in U.S. Corporation A. There are no other changes in the direct or indirect foreign ownership of U.S. Corporation A. The insertion of Foreign Subsidiary into the vertical ownership chain between Foreign Company and U.S. Corporation A would not require prior Commission approval.

(2) Where a previously unapproved foreign-organized entity is inserted into the vertical ownership chain of a licensee, or its controlling U.S.- parent, without prior Commission approval pursuant to paragraph (d)(1) of this section, the licensee shall file a letter to the attention of the Chief, Office of International Affairs, within 30 days after the insertion of the new, foreign-organized entity; or in the case of a broadcast licensee, the licensee shall file a letter to the attention of the Chief, Media Bureau, within 30

days after the insertion of the new, foreign-organized entity. The letter must include the name of the new, foreign-organized entity and a certification by the licensee that the entity complies with the 100 percent common ownership and control requirement in paragraph (d)(1) of this section. The letter must also reference the licensee's foreign ownership declaratory ruling(s) by ICFS File No. and FCC Record citation, if available; or, if a broadcast licensee, the letter must reference the licensee's foreign ownership declaratory ruling(s) by LMS File No., Docket No., call sign(s), facility identification number(s), and FCC Record citation, if available. This letter notification need not be filed if the ownership change is instead the subject of a pro forma application or pro forma notification already filed with the Commission pursuant to the relevant broadcast service, wireless radio service rules or satellite radio service rules applicable to the licensee.

(e) *New petition for declaratory ruling required*. A licensee that has received a foreign ownership declaratory ruling, including a U.S.-organized successor-in-interest to such licensee formed as part of a pro forma reorganization, or any subsidiary or affiliate relying on such licensee's declaratory ruling pursuant to paragraph (b) of this section, shall file a new petition for declaratory ruling under § 1.5000 to obtain Commission approval before its foreign ownership exceeds the routine terms and conditions of this section, and/or any specific terms or conditions of its declaratory ruling.

(f) *Continuing compliance*. (1) Except as specified in paragraph (f)(3) of this section, if at any time the licensee, including any successor-in-interest and any subsidiary or affiliate as described in paragraph (b) of this section, knows, or has reason to know, that it is no longer in compliance with its foreign ownership declaratory ruling or the Commission's rules relating to foreign ownership, it shall file a statement with the Commission explaining the circumstances within 30 days of the date it knew, or had reason to know, that it was no longer in compliance therewith. Subsequent actions taken by or on behalf of the licensee to remedy its non-compliance shall not relieve it of the obligation to notify the Commission of the circumstances (including duration) of non-compliance. Such licensee and any controlling companies, whether U.S.- or foreign-organized, shall be subject to enforcement action by the Commission for such non-compliance, including an order requiring divestiture of the investor's direct and/or indirect interests in such entities.

(2) Any individual or entity that, directly or indirectly, creates or uses a trust, proxy, power of attorney, or any other contract, arrangement, or device with the purpose or effect of divesting itself, or preventing the vesting, of an equity interest or voting interest in the licensee, or in a controlling U.S. parent, as part of a plan or scheme to evade the application of the Commission's rules or policies under section 310(b) shall be subject to enforcement action by the Commission, including an order requiring divestiture of the investor's direct and/or indirect interests in such entities.

(3) Where the controlling U.S. parent of a broadcast, common carrier, aeronautical en route, or aeronautical fixed radio station licensee or common carrier spectrum lessee is an eligible U.S. public company within the meaning of § 1.5000(e), or where the controlling U.S. parent of a broadcast, common carrier, aeronautical en route, or aeronautical fixed radio station licensee or common carrier spectrum lessee is a U.S. privately held company within the meaning of § 1.5000(d), the licensee may file a remedial petition for declaratory ruling under § 1.5000(a)(1) seeking approval of particular foreign equity and/or voting interests that are non-compliant with the licensee's foreign ownership declaratory ruling or the Commission's rules relating to foreign ownership; or, alternatively, the licensee may remedy the non-compliance by, for example, redeeming the foreign interest(s) that rendered the licensee non-compliant with the licensee's existing foreign ownership declaratory ruling. In either case, the Commission does not expect to take enforcement action related to the non-compliance subject to the requirements specified in paragraphs (f)(3)(i) and (ii) of this section and except as otherwise provided in paragraph (f)(3)(iii) of this section.

(i) The licensee shall notify the relevant Bureau by letter no later than 10 days after learning of the investment(s) that rendered the licensee non-compliant with its foreign ownership ruling or the Commission's rules relating to foreign ownership and specify in the letter that it will file a petition for declaratory ruling under § 1.5000(a)(1) or, alternatively, take remedial action to come into compliance within 30 days of the date it learned of the non-compliant foreign interest(s).

(ii) The licensee shall demonstrate in its petition for declaratory ruling (or in a letter notifying the relevant Bureau that the non-compliance has been timely remedied) that the licensee's non-compliance with the terms of the licensee's existing foreign ownership ruling or the foreign ownership rules was due solely to

circumstances beyond the licensee's control that were not reasonably foreseeable to or known by the licensee with the exercise of the required due diligence.

(iii) Where the licensee has opted to file a petition for declaratory ruling under § 1.5000(a)(1), the Commission will not require that the licensee's controlling U.S. parent redeem the non-compliant foreign interest(s) or take other action to remedy the non-compliance during the pendency of the licensee's petition. If the Commission ultimately declines to approve the petition, however, the licensee must have a mechanism available to come into compliance with the terms of its existing declaratory ruling within 30 days following the Commission's decision. The Commission reserves the right to require immediate remedial action by the licensee where the Commission finds in a particular case that the public interest requires such action — for example, where, after consultation with the relevant Executive Branch agencies, the Commission finds that the non-compliant foreign interest presents national security or other significant concerns that require immediate mitigation.

(4) Where a publicly traded common carrier licensee is an eligible U.S. public company within the meaning of § 1.5000(e), or where a common carrier licensee is a U.S. privately held company within the meaning of § 1.5000(d), the licensee may file a remedial petition for declaratory ruling under § 1.5000(a)(2) seeking approval of particular foreign equity and/or voting interests that are non-compliant with the licensee's foreign ownership declaratory ruling or the Commission's rules relating to foreign ownership; or, alternatively, the licensee may remedy the non-compliance by, for example, redeeming the foreign interest(s) that rendered the licensee non-compliant with the licensee's existing foreign ownership declaratory ruling. In either case, the Commission does not, as a general rule, expect to take enforcement action related to the non-compliance subject to the requirements specified in paragraphs (f)(3)(i) and (f)(3)(ii) of this section and except as otherwise provided in paragraph (f)(3)(iii) of this section.

(i) For purposes of this paragraph, the provisions in paragraphs (f)(3)(i) through (f)(3)(iii) that refer to petitions for declaratory ruling under § 1.5000(a)(1) shall be read as referring to petitions for declaratory ruling under § 1.5000(a)(2).

(ii) [Reserved]

(5) For all remedial petitions for declaratory ruling, as specified in paragraphs (f)(3) and (f)(4) of this section, the licensee must include all applicable information required by § 1.5001 for all interest holders

in addition to identifying the non-compliant interest(s).

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