FCC NEWS from the Federal Communications Commission

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For Immediate Release

FCC STREAMLINES FOREIGN OWNERSHIP RULES & PROCEDURES FOR BROADCAST & COMMON CARRIER LICENSEES

Action Maintains Thorough Review of Foreign Ownership Above 25 Percent

WASHINGTON, September 29, 2016 – The FCC today adopted rules to extend to broadcast licensees the same streamlined rules and procedures that common carrier wireless licensees use to seek approval for foreign ownership, with appropriate broadcast-specific modifications. The FCC also reformed the methodology for publicly traded broadcast and common carrier licensees and controlling U.S. parents to assess compliance with the statutory foreign ownership limits.

The Communications Act establishes a 25 percent benchmark for foreign investment in U.S.-organized entities that control a U.S. broadcast, common carrier, or aeronautical fixed or en route radio licensee. Licensees must obtain FCC approval before foreign ownership exceeds 25 percent.

The substantive review by the Commission of proposed, aggregate foreign ownership above 25 percent will stay in place. As a result, the rules modernize the foreign ownership filing and review processes so they are better adapted to the current business environment.

Adopting a standardized filing and review process for broadcast licensees' requests for approval of foreign ownership will provide the broadcast sector with a clearer path for investment. The reformed methodology for ascertaining foreign ownership of publicly traded licensees and controlling U.S. parents will eliminate the need to perform surveys or random samples of shareholders, which the Commission finds are impractical for public companies in today's marketplace.

With this Report and Order, the Commission takes the following actions:

Extend Streamlined Common Carrier Foreign Ownership Procedures to Broadcast Licensees.

- The Commission replaces the *ad hoc* case-by-case procedures for requesting approval of foreign ownership of broadcast licensees with a standardized filing and review process.

- The streamlined rules and procedures allow a broadcast licensee to request in its Section 310(b)(4) petition for declaratory ruling:
    - approval of up to and including 100 percent aggregate foreign ownership of its controlling U.S. parent;
    - approval for a proposed, controlling foreign investor to increase its equity and/or voting interests in the U.S. parent up to and including 100 percent at some future time without filing a new petition—this applies where the foreign investor would acquire an initial controlling interest of less than 100 percent; and
    - approval for a non-controlling foreign investor named in the petition to increase its

equity and/or voting interests in the U.S. parent at some future time, up to and including a non-controlling 49.99 percent equity and/or voting interest.

- The new rules require broadcast petitioners to seek specific approval only of foreign individuals or entities with a greater than 5 percent ownership interest (or, in certain situations, an interest greater than 10 percent).

- The new rules allow broadcast licensees that have foreign ownership rulings to apply those rulings to all radio and television broadcast licenses then held or subsequently proposed to be acquired by the same licensee and its covered subsidiaries and affiliates, regardless of the broadcast service (e.g., AM, FM, or TV) or the geographic area in which the stations are located.

Reform Methodology for Assessing Compliance with Section 310(b).

- The reformed methodology provides a framework for a publicly traded licensee or controlling U.S. parent to ascertain its foreign ownership using information that is “known or reasonably should be known” to the company in the ordinary course of business.

- For publicly traded licensees and U.S. parent companies, the item formalizes the current equitable practice of recognizing a licensee’s good faith efforts to comply with 310(b) where the non-compliance was due solely to circumstances beyond the licensee’s control that were not known or reasonably foreseeable to the licensee.

Action by the Commission, September 29, 2016, by Report and Order (FCC 16-128). Chairman Wheeler, Commissioners Clyburn, Rosenworcel, Pai and O’Rielly approving and issuing separate statements.

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