



PUBLIC NOTICE

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WIRELESS TELECOMMUNICATIONS BUREAU ANSWERS FREQUENTLY ASKED QUESTIONS CONCERNING REPORTING OF OWNERSHIP INFORMATION ON FCC FORM 602

Effective February 16, 1999, the Wireless Telecommunications Bureau commenced use of FCC Form 602 for collection of required ownership information from wireless applicants and licensees in auctionable wireless services.¹ This Public Notice responds to inquiries and requests received by the Bureau staff for guidance with respect to Form 602 filing procedures and the specific nature of information to be provided on the form. This Public Notice does not address issues that are the subject of pending reconsideration petitions in the Universal Licensing System proceeding (WT Docket No. 98-20).²

What is the purpose of Form 602?

Form 602 is used by applicants and licensees in auctionable wireless services to submit ownership information in conjunction with license applications, renewals, license assignments, and transfers of control. The disclosure requirements are set forth in Sections 1.919 and 1.2112(a) of the Commission's rules. See 47 CFR §§ 1.919, 1.2112(a).

Who is subject to Form 602 filing requirements?

All applicants and licensees in services that are subject to licensing by auction under Section 309(j) of the Communications Act and Section 1.2102 of the Commission's rules are subject to Form 602 filing requirements. Auctionable services include all wireless services other than those specifically exempted from competitive bidding procedures pursuant to Section 1.2102(b) and 1.2102(c) of the Commission's rules. These exempt services include public safety radio services, private land mobile services on shared spectrum, Amateur Radio, GMRS, Personal Radio Services (other than auctioned 218-219 MHz Service licenses), non-auctioned Maritime and Aviation services, Part 13 Commercial Radio Operators, and non-auctioned private microwave services. Applicants and licensees in these exempt services are not subject to Section 1.2112 or Form 602 filing requirements.

¹ "Wireless Bureau Announces New Universal Licensing System (ULS) Filing Procedures and Revised Application Forms Effective February 16, 1999," *Public Notice*, DA 99-314 (rel. February 10, 1999).

² See Amendment of Parts 0, 1, 13, 22, 24, 26, 27, 80, 87, 90, 95, 97 and 101 of the Commission's Rules to Facilitate the Development and Use of the Universal Licensing System in the Wireless Telecommunications Services, *Report and Order*, 13 FCC Rcd. 21027 (1998), *recon. pending*.

Must licensees in auctionable services file Form 602 even if they did not obtain their licenses by auction?

Yes. All applicants and licensees in auctionable services are subject to Form 602 filing requirements even if the particular application does not trigger an auction (e.g., because no mutually exclusive application is filed) or the license was granted by some means other than auction (e.g., lottery, first-come-first-serve procedures). For example, cellular and other common carrier licensees who obtained their licenses by lottery before the Commission obtained auction authority are subject to Form 602 filing requirements when they apply for assignment, transfer, or renewal of the license.

When must Form 602 be filed or updated?

The requirement to file or update Form 602 is triggered by the filing of 1) an initial license application, 2) a renewal application, or 3) an application for assignment of license or transfer of control (whether *pro forma* or non-*pro forma*), unless the applicant or licensee already has an updated Form 602 on file. An “initial” license application for this purpose is one that would result in issuance of a license with a separate call sign to the applicant if the application were granted. A modification application that would not result in the issuance of a new call sign does not trigger the Form 602 filing requirement.

If I am filing a short-form (Form 175) application for an auction, am I required to file Form 602?

No. Auction applicants should not file Form 602 at the short-form stage, although they may be subject to separate ownership disclosure requirements in conjunction with filing Form 175. In the auction context, only the auction winner is required to file Form 602, and the requirement applies at the time the winner files its long-form application.

Can I use Form 602 to establish eligibility for designated entity treatment?

No. Designated entity (DE) status (e.g., small business eligibility for bidding credits) must be established at the short-form stage by providing detailed information regarding the applicant’s ownership, control, and revenues as required by Section 1.2110. Form 602 does not collect this information and cannot be used to establish DE eligibility. At the long-form stage, both DE and non-DE applicants must file or update Form 602, but DE applicants must also provide additional information as required by Section 1.2112(b) of the rules that is not required of non-DE applicants and that is not collected on Form 602.

The rules require Form 602 to be filed in conjunction with an assignment application. Does this requirement apply to the assignor or the assignee?

The assignee must file or update Form 602 if it does not have a current Form 602 on file. The assignor may also file or update Form 602, but it is not required to do so.

When filing a Form 602 in conjunction with a transfer of control application, should the licensee provide information regarding its pre-transfer or its proposed post-transfer ownership structure?

When Form 602 is filed in conjunction with a transfer of control application, the licensee should

provide information on the form based on the anticipated post-transfer ownership structure that will exist after Commission approval (if necessary) has been obtained and the transaction has been completed.

Can I file Form 602 electronically?

Not at the present time. The Wireless Bureau is in the process of developing electronic filing capability for the Form 602. When electronic filing is available, details will be announced by Public Notice.

Where do I file Form 602 manually?

Applicants and licensees filing Form 602 manually should send it to:

Federal Communications Commission
1270 Fairfield Road
Gettysburg, PA 17325-7245

Can I get a stamp-and-return copy of Form 602?

Yes. To obtain a stamp-and-return copy, provide an original and one copy of the Form 602 with a self-addressed stamped return envelope. The Commission will date stamp and return the copy in the envelope provided.

Is a fee required to file or update Form 602?

No.

I have a Form 430 on file. Do I have to file updated ownership information?

You must file updated ownership information unless 1) the Form 430 on file is current, and 2) the form includes all ownership information required to be reported pursuant to Sections 1.919 and 1.2112(a) of the rules. If these conditions are met, no updated filing is required.

If I need to update a previously filed Form 430, can I file an updated Form 430 instead of Form 602?

Applicants and licensees may use Form 430 instead of Form 602 to provide updated ownership information until 1) August 12, 1999, or 2) 6 months from the date of conversion of their service to ULS, whichever is later. **Note:** Form 430 does not collect all ownership information required to be reported pursuant to Sections 1.919 and 1.2112(a) of the rules. Therefore, applicants and licensees using Form 430 should use attachments to provide the additional information.

Can I file Form 602 as an attachment to Form 603 or 601 instead of filing it separately in Gettysburg?

No. While a copy of Form 602 may be used as an attachment to provide supplementary information to Form 601 or 603 (see below), this is not a substitute for the requirement that the original Form 602 be filed separately accordance with the above procedures

In addition to filing Form 602 in Gettysburg, can I attach a copy of Form 602 as an attachment to Form 601 or 603?

Yes. Applicants submitting ownership information as an attachment to a Form 601 or Form 603 may do so by attaching a copy of their current FCC Form 602 as an exhibit. This may be done electronically by converting the form to an electronic text file that is uploaded with the application. **Note:** To avoid inadvertent disclosure of Taxpayer Identification Number (TIN) information, applicants submitting a copy of FCC Form 602 as an attachment to Form 601 or 603 should not include TIN information on the copy of FCC Form 602 or should block out this information.

Will the public be able to see Taxpayer Identification Number (TIN) information entered on Form 602?

No. TIN information entered on the form will be kept confidential, and copies of Form 602 made available to the public will have the TIN fields blocked out to prevent inadvertent disclosure. **Note:** To avoid inadvertent disclosure of TIN information, applicants should not include TIN information on attachments to Form 602.

Can I file a single Form 602 for multiple licenses?

Yes. An applicant or licensee is required to submit only a single FCC Form 602 for all applications submitted or licenses held. Once the applicant or licensee files Form 602 initially, it is not required to refile the form with subsequent applications, regardless of service, so long as the ownership information on the previously filed Form 602 has not changed.

A corporate entity holds licenses through multiple corporate subsidiaries. Must a separate Form 602 be filed for each subsidiary?

In general, a separate Form 602 must be filed for each entity that holds licenses and is identified by a separate TIN in ULS. Therefore, if a corporate entity holds licenses through multiple subsidiaries, and each subsidiary is registered under a separate TIN, a separate form should be filed for each. (As discussed below, information contained on one subsidiary's form may be incorporated by reference in the other forms.) However, if a parent entity holds licenses through multiple wholly owned subsidiaries, it may file a single Form 602 on behalf of the parent and list the subsidiary licensees, even if each subsidiary is registered in ULS under a separate TIN.

Example: Company P holds licenses through wholly owned Subsidiaries X, Y, and Z. Company P files a single Form 602, entering its name in Item 2 and its TIN in Item 3 of the form.

Subsidiaries X, Y, and Z (and their TINs) should be listed in Item 4. On Schedule A, Company P should list all disclosable interestholders in Company P.

The Form 602 main form (Item 4) requires the licensee/applicant to list “Related FCC Regulated Businesses” of the applicant/licensee. What information should be listed here, and what should be listed on Schedule A, which requests similar information?

The purpose of this section on the main form is to identify other FCC-regulated businesses in which the applicant/licensee itself has a 10 percent or greater ownership interest. Schedule A collects the same information concerning “disclosable interestholders,” i.e., persons and entities above the applicant/licensee in the ownership chain.

Example: Licensee L, a corporation, is a 20 percent shareholder in Company B, which holds FCC broadcast licenses. John is a 20 percent shareholder in Licensee L and a 20 percent shareholder in Company C, a wireline common carrier. On Licensee L’s Form 602, Company B would be listed on Item 4 of the main form. John would be listed on Schedule A as a disclosable interestholder in Licensee L, and John’s ownership interest in Company C would be listed on Schedule A, Item 11.

What is an “FCC regulated business” that must be identified on Form 602? Does it include entities other than FCC licensees?

The term “FCC regulated business” includes but is not limited to FCC licensees. It also includes entities that are not licensed by the FCC under Title III of the Communications Act but that provide communications services that are subject to FCC regulation under other provisions of the Act (e.g., wireline common carriers, cable television companies).

What is a “disclosable interestholder” for purposes of Form 602, Schedule A?

A disclosable interestholder is any person or entity that has an interest in a licensee that is required to be disclosed under Section 1.2112(a) of the Commission’s rules, 47 CFR § 1.2112(a). A disclosable interest is any of the following:

- A 10 percent or greater ownership interest in the licensee, whether the interest is direct or indirect.
- A 10 percent or greater interest in any stock, warrants, options, or debt securities of the applicant.
- A general partnership interest, regardless of level of ownership (a limited partnership interest is attributable if the ownership interest in the licensee is 10 percent or greater, whether the interest is direct or indirect).
- A membership in a limited liability corporation.
- Any other interest (whether an ownership or a non-ownership interest) that gives the holder actual control over the licensee, based on the particular facts and circumstances.

How are indirect interests calculated for purposes of determining whether the 10 percent ownership threshold is met?

Indirect interests are determined by successive multiplication of the ownership percentages in each link of the ownership chain, except that if the ownership percentage for any link in the chain exceeds 50 percent or represents actual control (e.g., general partners and limited liability corporation members are presumed to have actual control), it shall be calculated as a 100 percent interest. If the product of the multiplication process is 10 percent or greater, the interest is disclosable.

Example 1: John is a 10 percent shareholder and Jane is a 50 percent shareholder in Company B. Company B owns 60 percent of Company C, which owns 25 percent of Licensee L. Company B's indirect interest in L is 25 percent, the same as Company C's interest. This is because Company B's interest in Company C exceeds 50 percent, so that it is calculated as 100 percent for purposes of the multiplier (i.e., $100\% \times 25\% = 25\%$). Company B is therefore a disclosable interestholder in Licensee L that must be reported on Form 602. Jane's interest in L is also disclosable because it exceeds 10 percent when the multiplier is used (i.e., $50\% \times 100\% \times 25\% = 12.5\%$). John's interest in Licensee L is not disclosable, however, because it is less than 10 percent (i.e., $10\% \times 100\% \times 25\% = 2.5\%$). Therefore, Jane must be listed as a disclosable interestholder on Licensee L's Form 602, but John need not be reported.

Example 2: Same as Example 1, except that Company B is a partnership, and John and Jane are general partners. In this example, both John and Jane are deemed to have 100 percent control of Company B. Therefore, both are disclosable interestholders in Licensee L. However, if John and Jane were limited partners in Company B (with 10 percent and 50 percent equity interest in the partnership, respectively), their actual percentage interests would be used to calculate their interest in Licensee L and the result would be the same as in Example 1.

Are corporate officers and directors who hold no direct or indirect ownership interest in the licensee considered "disclosable interestholders" that must be listed on Form 602?

Not necessarily. Corporate officers and directors are not considered disclosable interestholders *per se*. The only circumstances under which an officer or director must be identified on Form 602 are: 1) the officer or director also holds a disclosable ownership interest in the licensee, as defined in Section 1.2112(a); or 2) the officer or director has no disclosable ownership interest, but nonetheless exercises actual control over the licensee. This rule applies to disclosure of officers and directors of the licensee, if the licensee is a corporation, and to disclosure of officers and directors of corporations in the ownership chain of the licensee.

If an entity holds a license or a disclosable interest in a license through a vertical chain of subsidiaries, must each intermediate subsidiary in the chain be listed as a disclosable interestholder on Form 602?

Intermediate subsidiaries need not be listed under these circumstances so long as the parent entity is listed on Form 602, Schedule A as a disclosable interestholder and all required information concerning the parent is fully disclosed.

Example: Licensee L is a wholly owned subsidiary of Company Y, which is in turn a wholly-owned subsidiary of Company Z, the parent company. On Form 602, information regarding Company Y is not required, but Company Z must be identified as a disclosable interestholder of Licensee L on Schedule A. Item 10 should also specify that Company Z owns Licensee L indirectly through an intervening subsidiary.

Where the ownership structure of an applicant or licensee is particularly complex, can the applicant/licensee attach a chart to the Form 602 in lieu of filling out information on the form?

Yes. Items 5-10 on Schedule A request information from each disclosable interestholder regarding the type of interest held in the applicant/licensee and the position of the interestholder in the ownership chain. In lieu of filling out these items, Form 602 filers may provide this information in a chart as an attachment to the form if this would simplify or clarify the presentation of the required information.

Note: Filers providing charts must still answer Items 1-4 on Schedule A with respect to each disclosable interestholder. **In particular, to avoid inadvertent disclosure, TIN information should not be put on the chart or any other attachment.**

If I am filing Form 602s on behalf of related entities, can I incorporate information by reference from one Form 602 to another?

Yes. For example, when filing multiple Form 602s on behalf of licensees that partially share a common ownership structure, a filer may designate one form as the “lead” form on which the common information is provided, and cross-reference the lead form on other forms.

Example: Company X is 70 percent owned by John and 30 percent owned by Jane. Company X holds a 51 percent interest in both Licensee A and Licensee B, but A and B have different minority owners. Licensee A’s Form 602 lists Company X as a disclosable interestholder, and also lists John and Jane as disclosable interestholders through their ownership interests in Company X. On Company B’s Form 602, Company B should list Company X in Item 2 of Form 602, and should list the percentage interest in Item 7, but may incorporate additional information regarding Company X, John, and Jane by cross-referencing Company A’s Form 602. [Item 2 should read: “Company X (for further ownership information concerning Company X, see Form 602 of Company B.)”]

When a person or entity is identified as a disclosable interestholder in an applicant/licensee, what level of detail is required on Form 602, Schedule A concerning “other FCC-regulated businesses” in which that person or entity has an interest?

Item 11 on Schedule A requires the filer to identify “other FCC-regulated businesses” (besides the licensee) in which a disclosable interestholder has a 10 percent or greater interest. For each identified business, the following information should be provided:

- Name and address: If the interestholder has an interest in a company that operates its FCC-regulated businesses through subsidiaries, it is sufficient to identify the parent company

Example: Licensee L is a cellular licensee 20 percent owned by Company X. Company X also owns 20 percent of Company Y, which operates other cellular systems through multiple

subsidiaries. On Licensee L's Form 602, Company X is listed on Schedule A as a disclosable interestholder, and Company Y is listed in Item 11. It is not necessary to identify each of the subsidiaries through which Company Y operates its cellular systems.

- **Principal business:** This refers to the business that is subject to FCC regulation, not other businesses in which the entity may be engaged that are not subject to FCC regulation. The description should be sufficient to identify the FCC-licensed services or other types of FCC-regulated activity involved, but it is not necessary to list information at the market or callsign level.

Example: In the above example, Company Y can be described as a “cellular carrier” or “cellular operator.” Company Y's specific cellular markets and callsigns need not be identified.

- **Taxpayer ID Number:** If possible, the TIN of the identified business should be provided. If the Form 602 filer does not have access to this information because it is kept confidential by the business and the filer does not have control over that entity, the filer should enter “unavailable” in the TIN field.
- **Interestholder's percentage interest in the business:** The percentage interest should be calculated using the same methodology described above for calculating direct and indirect interests in the licensee.

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