

**STATEMENT OF  
COMMISSIONER AJIT PAI**

Re: *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*, GN Docket No. 15-236.

Four years ago, I called for the FCC to relax its restrictions on foreign investment in the broadcast industry.<sup>1</sup> At the time, I said that this could give broadcasters greater access to capital. And I noted that the Commission's rules with respect to foreign investment did not make sense in today's marketplace. For example, our approach allowed a foreign company to own a majority interest in one of our country's nationwide wireless carriers. But it did not allow that same company to own a single AM radio station in rural Kansas.

In 2013, the Commission took action. We ended our *de facto* ban on any foreign investment in U.S. broadcast holding companies exceeding 25%. That was a step in the right direction, and I was pleased to support it. But I also noted that that we still had "to develop additional procedures for applicants seeking to take advantage of" the Commission's policy change.<sup>2</sup>

In this *Order*, the Commission does just that. We decide to streamline the procedures that apply to foreign investment in broadcasters. These same streamlined procedures have worked well in the common carrier context, and I'm confident they'll work well in the broadcast context. They'll make it easier for broadcasters to access capital while at the same time still ensuring that any foreign ownership above the 25% benchmark set forth in Section 310(b)(4) of the Communications Act does not compromise our national security or any other public interest. They will also promote regulatory parity and ensure that different sectors of the communications industry can compete for investment on a level playing field.

We also modernize in this *Order* the Commission's methodology for assessing compliance with the foreign ownership limits set forth in Section 310. Our prior approach, which broadly focused on all shareholders, might have made sense given the way that the stock market operated decades ago. But today, about 85% of shares are held by an institution or individual on behalf of someone else. This makes it very difficult for companies to figure out the identity, let alone the citizenship, of many of their shareholders. And that was a particular problem given the Commission's presumption that any unknown shareholders are not U.S. citizens.

Thankfully, the Commission ends that presumption today. And our new methodology focuses only on ownership information that is known or reasonably should be known to a public company. This reform makes sense because these are the ownership interests that could actually influence a company's operations. Furthermore, this reform will eliminate the need for companies to conduct costly and often unreliable surveys of individual shareholders. I am therefore optimistic that this *Order* will reduce the regulatory burdens placed on public companies and make it easier for them to comply with our rules.

At the end of the day, the Commission's rules in this area need to strike a balance. On the one hand, we should promote investment in the United States and make it easier for communications companies to access capital. But on the other hand, we must ensure that any specific foreign investment in this sector of our economy is in the public interest. Because this *Order* generally strikes the right

---

<sup>1</sup> Remarks of Commissioner Ajit Pai before the Radio Show at 5–6 (Sept. 19, 2012), *available at* [https://apps.fcc.gov/edocs\\_public/attachmatch/DOC-316374A1.pdf](https://apps.fcc.gov/edocs_public/attachmatch/DOC-316374A1.pdf).

<sup>2</sup> *Commission Policies and Procedures Under Section 310(b)(4) of the Communications Act, Foreign Investment in Broadcast Licensees*, MB Docket No. 13-50, Declaratory Ruling, 28 FCC Rcd 16244, 16258 (2013) (Statement of Commissioner Ajit Pai).

balance, I am pleased to support it and would like to thank the staff of the International Bureau and the Media Bureau for their hard work in this proceeding.