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FEDERAL COMMUNICATIONS COMMISSION UPDATES **MERGER REVIEW PROCESS**

Commission Establishes Expedited Review for Qualifying Transactions

Washington, D.C. – Today, the Federal Communications Commission (FCC) adopted rules to streamline review of applications for section 214 authorization to transfer control of domestic transmission lines. Specifically, the streamlining procedures approved today will allow domestic telecommunications carriers to qualify for expedited review of their merger applications. By adopting these rules, the FCC will eliminate unnecessary regulatory burdens on carriers and increase the efficiency and transparency of the FCC review process.

Under section 214 of the Communications Act, carriers must obtain a certificate of public convenience and necessity from the Commission before constructing, acquiring, operating or engaging in transmission over lines of communication, or before discontinuing, reducing or impairing service to a community. While the Commission established streamlined transfer of control processes for other types of authorizations and licenses, it had not yet done so for transfers of control of domestic transmission lines.

The following is a summary of the Order adopted today to eliminate unnecessary regulations, increase transparency of the FCC's review process, and provide more clarity regarding the FCC's procedures.

- **30-Day Review Process** – Applications meeting specified criteria - such as certain small incumbent local exchange carrier (LEC) transactions, or transactions involving only non-facilities-based carriers, or those in which the acquiring party is not a telecommunications provider – are automatically granted 30 days after public notice unless applicants are otherwise notified by the Commission. By doing so, the Commission establishes, for the first time, specific rules limiting the amount of time it will take to review transactions that do not normally raise public interest concerns.
- **Combined Applications** – Provides carriers with domestic and international operations the option of filing one document that combines both of their section 214 transfer applications.

- **Consistent Information** – Sets forth the information that applicants must provide in their domestic section 214 applications, whether filed separately or in combination with an international section 214 application.
- **Asset Acquisitions** – Harmonizes the treatment of asset acquisitions with the treatment of corporate acquisitions. The Commission previously treated acquisition of a carrier’s assets as a “discontinuance” of service by the selling carrier rather than an acquisition, and will now treat them as transfers of control and subject to the rules set forth in this item.
- **Deleted Rules** – Deletes sections of the Commission’s rules that are obsolete, such as those referring to telegraph carriers or consolidation of telephone companies under repealed sections of the Communications Act.

The FCC has reviewed 25 merger applications involving domestic carriers in the last 15 months, and approximately 85 percent of those applications would have qualified for the expedited review process. The Commission anticipates that going forward, 80 to 90 percent of carrier transactions would be subject to streamlined treatment under the new rules.

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Docket No.: CC 01-150

Action by the Commission March 14, 2002 by Report and Order (FCC 02-78). Chairman Powell and Commissioners, Abernathy, and Martin. Commissioner Copps concurring in part and dissenting in part and issuing a statement.

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