

rules, including the 2005 prohibition on integrated devices.

3. Since Section 629 and the Commission's rules were adopted, the cable and consumer electronics industries have made, and continue to make, significant progress in the development of technical standards in this area. However, the commercial market for navigation devices used in conjunction with the distribution of digital video programming remains in its infancy. In an effort to spur the transition to digital television, the cable and consumer electronics industry recently reached a Memorandum of Understanding ("MOU") on a cable compatibility standard for a unidirectional digital cable television receiver with host device functionality, as well as other unidirectional digital cable products. This standard would allow consumers to directly attach their DTV receivers to cable systems using a point of deployment ("POD") module and receive one-way cable television services without the need for an external navigation device. The Commission issued a Further Notice of Proposed Rulemaking ("MOU FNPRM") seeking public comment on the MOU issued in the above-captioned proceeding and in the Compatibility Between Cable Systems and Consumer Electronics Equipment proceeding.

4. In its earlier Further Notice and Declaratory Ruling, the Commission had already sought comment, *inter alia*, on whether the 2005 date for the phase-out of integrated boxes remains appropriate, on what, if any, incentives the requirement creates for the development of a commercial retail market for navigation devices, and on the economic impacts and costs associated with the requirement. In response, the cable industry and set-top box manufacturers generally urged that the 2005 deadline should be eliminated in favor of the continued offering of integrated navigation devices for rent to consumers. Other equipment manufacturing and retail interests urged that the date should be advanced to ensure the timely development of a retail market in host devices. Given the equipment ordering and manufacturing cycles involved, it is necessary at this point to provide guidance as to the Commission's expectations with respect to the 2005 date. Other issues raised in the Further Notice and Declaratory Ruling will be addressed separately at a later time.

5. Commission action in response to the MOU FNPRM could have a significant impact upon the development of a commercial market in separate host devices. In addition, the

cable and consumer electronic industries are in the midst of negotiations on specifications for bidirectional digital cable receivers and products which would permit the receipt of advanced cable television services by direct connection to cable systems. This ongoing process, which we are hopeful will produce results in the near term, could impact the development of technical specifications relating to host devices and POD modules. In light of the ongoing notice and comment cycle relating to the MOU FNPRM, the evolving nature of technical specifications relating to navigation devices, and the imminent business ordering and manufacturing cycles facing MVPDs and consumer electronics manufacturers in anticipation of the pending 2005 prohibition, we hereby extend the deadline concerning the prohibition on integrated devices until July 1, 2006.

6. This eighteen month extension should provide adequate time for the parties to complete their ongoing negotiations and for the Commission to make a more knowledgeable decision as to any further changes in the compliance date. By January 1, 2005, the Commission shall complete a reassessment of the state of the navigation devices market and determine whether the designated time frame remains appropriate or whether the ban on integrated devices will no longer be necessary. In the interim, the cable and consumer electronics industries are requested to provide the Commission with status reports on their negotiations on specifications for bidirectional digital cable receivers and products at 90, 180 and 270 day intervals following release of this Order. Following submission of the last status report to the Commission, the public shall have thirty days to submit comments on the status reports and whether any further changes in the phase-out date for integrated devices are warranted.

7. Based upon the record in the above-captioned proceeding and ongoing industry developments, we have concluded that a limited deferral of the date is consistent with the ultimate objectives of this proceeding and our statutory directive to act "in consultation with appropriate industry standard-setting organizations." We are not persuaded at this point to eliminate the prohibition on integrated devices since future developments in both the marketplace and ongoing industry negotiations may yet dictate a need for this requirement in order to achieve the objectives of Section 629. However, the conclusion of the unidirectional MOU,

as well as the ongoing negotiations towards a bidirectional agreement, do reflect progress towards the development of a retail market for consumer electronics equipment with navigation device functionality. As such, we do not believe that advancing the prohibition date, as previously suggested by a number of equipment manufacturing and retail interests, is necessary to further these objectives or would provide sufficient lead time for ordering and manufacturing prior to completion of the next phase of the standardization process.

8. *Authority.* This FNPRM is issued pursuant to authority contained in Sections 4(i), 303(r), and 629 of the Communications Act of 1934, as amended.

9. *Ex Parte Rules—Non-Restricted Proceeding.* This is a non-restricted notice and comment rulemaking proceeding. Ex parte presentations are permitted, except during the Sunshine Agenda period, provided that they are disclosed as provided in the Commission's Rules. See generally 47 CFR 1.1202, 1.1203, and 1.1206(a).

10. *Accessibility Information.* Accessible formats of this FNPRM (computer diskettes, large print, audio recording and Braille) are available to persons with disabilities by contacting Brian Millin, of the Consumer & Governmental Affairs Bureau, at (202) 418-7426, TTY (202) 418-7365, or at [bmillin@fcc.gov](mailto:bmillin@fcc.gov).

11. *Comment Information.* Pursuant to §§ 1.415 and 1.419 of the Commission's rules, 47 CFR 1.415, 1.419, interested parties may file comments on or before February 19, 2004, and reply comments on or before March 10, 2004. Comments may be filed using the Commission's Electronic Comment Filing System (ECFS) or by filing paper copies. See Electronic Filing of Documents in Rulemaking Proceedings, 63 FR 24121 (1998).

12. Comments filed through the ECFS can be sent as an electronic file via the Internet to <http://www.fcc.gov/e-file/ecfs.html>. Generally, only one copy of an electronic submission must be filed. If multiple docket or rulemaking numbers appear in the caption of this proceeding, however, commenters must transmit one electronic copy of the comments to each docket or rulemaking number referenced in the caption. In completing the transmittal screen, commenters should include their full name, U.S. Postal Service mailing address, and the applicable docket or rulemaking number. Parties may also submit an electronic comment by Internet e-mail. To get filing instructions for e-mail comments, commenters