

conditional waiver or a pending waiver request concerning newspaper/broadcast or television/radio cross-ownership situations. These parties must notify the Commission as to whether or not the combinations are in at-risk markets or whether the combinations would otherwise be prohibited pursuant to the Commission's Cross-Media Limits.

522. The R&O addresses issues relating to existing combinations that may not comply with the modified rules. The R&O grandfathers existing holdings. The R&O requires that parties come into compliance with the modified rules upon sale of the grandfathered combination, except when such transfers are made to, or by, "eligible entities." The R&O defines an eligible entity as a small business consistent with SBA standards for industry groupings. The R&O prohibits an eligible entity from selling a grandfathered combination acquired after the adoption date of the R&O unless it has held the combination for a minimum of three years. The R&O adopts processing guidelines for pending broadcast assignment and transfer of control applications. Applicants with pending long-form applications (FCC Forms 314 and 315) that require a multiple ownership showing may amend applications by submitting a new multiple ownership showing demonstrating compliance with the rules adopted in the R&O. Applicants may begin filing such amendments once notice has been published by the Commission in the **Federal Register** that OMB has approved the information collection requirements contained in such amendments. Applications pending as of the effective date of the rules adopted in the R&O will be processed under the new rules.

523. Finally, the R&O establishes a freeze on the filing of new broadcast assignment and transfer of control applications that require the use of FCC Form 314 or 315.

524. The freeze began on the adoption date of the R&O and ends on the date that notice has been published by the Commission in the **Federal Register** that OMB has approved the revised forms. The Commission will continue to process short-form (FCC 316) applications. The Commission is modifying and releasing revised forms 301, 314, and 315 based on the changes in the R&O, and these revised forms will be effective upon OMB approval.

#### *F. Steps Taken To Minimize Significant Impact on Small Entities and Significant Alternatives Considered*

525. The RFA requires an agency to describe any significant alternatives that it has considered in reaching its proposed approach, which may include the following four alternatives (among others): (1) The establishment of differing compliance or reporting requirements or timetables that take into account the resources available to small entities; (2) the clarification, consolidation, or simplification of compliance or reporting requirements under the rule for small entities; (3) the use of performance, rather than design, standards; and (4) an exemption from coverage of the rule, or any part thereof, for small entities.

526. Any discussion of alternatives which were available to the Commission in reviewing these broadcast ownership rules must begin with an understanding that section 202(h) mandates that the Commission review these rules to determine whether they remain "necessary in the public interest." Section 202(h) carries with it a presumption in favor of repealing or modifying the ownership rules if the Commission finds the rules are not "necessary in the public interest." Thus, the Commission has three chief alternatives available in analyzing each of these rules—to eliminate the rule, modify it, or, if the Commission determines that the rule is "necessary in the public interest," retain the rule. As discussed in paragraphs 10–16 of the R&O, the Commission in reviewing the broadcast ownership rules is acting under its legislative mandate and, guided by recent court decisions, finds that section 202(h) carries with it a presumption in favor of repealing or modifying the ownership rules. Given these limitations, the Commission is limited in the relief it can offer small entities.

527. The Commission received more than 500,000 brief comments and form letters from individual citizens. These commenters expressed general concerns about the potential consequences of media consolidation, including concerns that such consolidation would result in a significant loss of viewpoint diversity, and affect competition from all entities, including small entities. The Commission shares these concerns and believes that the rules adopted in the R&O serve our public interest goals, take account of and protect the vibrant media marketplace, including the continued viability of small entities, and comply with our statutory responsibilities and limits.

528. The decisions made in the R&O reduce or remove regulatory restrictions for all entities, including small entities. The Commission also adopts waiver processes that will enable licensees to seek relief from the impact of the rules in appropriate circumstances. Additionally, we are grandfathering existing combinations, both intra- and inter-media, that would not comply with the new regulations. This will prevent the harmful economic impact of forced divestiture at fire-sale prices that would have been burdensome to all affected licensees, including small entities. Also, the Commission generally elects to establish bright-line ownership rules rather than case-by-case determinations. This will reduce the delay, cost, and uncertainty that sometimes accompanies case-by-case reviews. This is of special interest to small entities as such costs could weigh disproportionately on small businesses if the subject matter of the proposed transaction is a substantial portion of the small business's total assets. Generally speaking, by adopting bright-line rules rather than a case-by-case approach, the Commission takes action that will benefit small businesses by lowering transaction costs and increasing regulatory certainty.

529. *Local TV Multiple Ownership Rule (Paragraphs 132–234).* The R&O modifies the current local TV multiple ownership rule to permit an entity to have an attributable interest in two television stations in markets with 17 or fewer stations; and up to three stations in markets with 18 or more stations, provided that no more than one of the stations in the combination is ranked among the top four in terms of audience share. As a result of the top four-ranked standard, combinations in markets with fewer than five stations are not permitted. The R&O eliminates the provision of the current rule that permits combinations of two television stations that do not have overlapping signal contours. Because of mandatory carriage of television broadcast stations by multichannel video programming distributors, the geographic market in which a station competes is generally its Nielsen Designated Market Area (DMA), rather than its over-the-air service area. Therefore all proposed stations combinations will be subject to the restrictions described above, without regard to contour overlap.

530. Commenters proposing elimination or relaxation of the local TV multiple ownership rule argue that the rule is no longer "necessary in the public interest" because it prevents broadcasters from achieving efficiencies that will allow them to compete more