

of satellite applicants currently file their applications electronically on a voluntary basis.

None of the other rules adopted in this *First Report and Order* are expected to increase the reporting, record keeping and other compliance requirements of any licensee.

Steps Taken to Minimize Significant Economic Impact on Small Entities, and Significant Alternatives Considered. The RFA requires an agency to describe any significant alternatives that it has considered in developing its 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 and reporting requirements under the rule for such 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 such small entities.”¹⁵

In this proceeding, we adopt rule revisions designed to allow the Commission to issue satellite licenses faster than is now possible, which will enable satellite operators to provide service faster, and to attract investors faster. This will have a positive economic impact on all satellite licensees, including small entities.

In the *NPRM*, the Commission proposed applying a first-come, first-served procedure to all satellite applications, including non-geostationary satellite applications. In the *First Report and Order*, the Commission concluded that applying a first-come, first-served procedure to non-geostationary satellite applications could enable one applicant to unreasonably exclude others, including small entities, from the market. Accordingly, the Commission rejected this proposal.

Report to Congress: The Commission will send a copy of the *First Report and Order*, including this FRFA, in a report to be sent to Congress pursuant to the Congressional Review Act, see 5 U.S.C. 801(a)(1)(A). In addition, the Commission will send a copy of the *First Report and Order*, including FRFA, to the Chief Counsel for Advocacy of the Small Business Administration. A copy of the *First Report and Order* and FRFA (or summaries thereof) will also be published in the **Federal Register**. See 5 U.S.C. 604(b).

Summary of Report and Order: In this document, the Commission adopts new

satellite licensing procedures, intended to enable the Commission to issue satellite licenses more quickly. First, the Commission establishes a queue for satellite applications, based on the date and time they are filed. If an application is filed before a needed international frequency allocation is adopted, the application will be returned as premature. If an application is filed before a needed domestic frequency allocation is adopted, the application will be considered only pursuant to a waiver of the Table of Frequency Allocations, 47 CFR 2.106. If an application is filed after international and domestic frequency allocations are adopted, but before the Commission adopts service-band specific service rules, the application will be considered only subject to default service rules adopted in the *First Report and Order*. Included in those default service rules is a requirement for the applicant to disclose its orbital debris mitigation proposals, if any. This requirement is based on the record in IB Docket No. 02–54. In addition, as explained further below, the Commission adopts different procedures for non-geostationary satellite orbit (NGSO) satellite system applications and geostationary satellite orbit (GSO) applications. If an applicant files an application before there are GSO/NGSO sharing criteria for that band, then we will consider only GSO applications or NGSO applications, depending on which is filed first, until the Commission adopts sharing criteria. If a GSO application and an NGSO application are filed at the same time, the band will be split proportionally between GSOs and NGSOs.

Second, the Commission adopts different procedures for different types of satellite applications. When a non-geostationary satellite orbit (NGSO) application or a geostationary satellite orbit (GSO) Mobile Satellite Service (MSS) application (together, “NGSO-like”) reaches the front of the queue, the Commission starts a modified processing round, and divides the available spectrum equally among all the qualified applicants. If a licensee loses or surrenders its license, the spectrum assigned to that licensee will be reassigned to the remaining licensees, unless the number of remaining licensees is sufficient to make reasonably efficient use of the frequency band. The Commission presumes that this number is three. In this case, the Commission will announce another processing round for the newly available spectrum. Similarly, the Commission will start another processing round if there are fewer than

three qualified applicants in the initial processing round.

When a non-geostationary satellite (GSO) application other than a GSO MSS application reaches the front of the queue, the Commission considers it on a first-come, first-served basis. The Commission will grant each of those applications if the applicant is qualified, and the proposed satellite would not conflict with any other previously licensed satellite. If two or more qualified GSO-like applications are filed at the same thousandth of a second, the Commission will divide the spectrum equally among the qualified applicants at that orbit location. If a GSO-like licensee loses its license, that orbit location will become available for another GSO-like applicant on a first-come, first-served basis.

For both the modified processing round and first-come, first-served procedures, the Commission revises its rules for amendments to satellite applications and modifications to satellite licenses.

In addition, the Commission eliminates the anti-trafficking rule for satellites, together with new safeguards to protect against speculation. By eliminating the anti-trafficking rule, the Commission will no longer review transfer of control applications to determine whether the transaction is the sale of a bare license for profit. The Commission will still review such applications to determine whether the transaction will further the public interest, convenience, and necessity.

Together with the elimination of the anti-trafficking rule, the Commission adopts safeguards to protect against speculation. First, the Commission replaces the financial qualification rules with a bond requirement. Formerly, the Commission required satellite license applicants to show that they have financing available to construct and launch the satellite and operate it for one year. Here, the Commission replaces that requirement with a requirement that licensees post a bond within 30 days of grant of the license, payable upon missing a milestone. The bond amount is \$7.5 million for NGSO-like applications, and \$5 million for GSO-like applications. The amount of the bond may be reduced when the licensee meets each of its milestones.

The Commission also adopts new milestones. The NGSO-like milestones are now: (1) Contract execution; (2) critical design review; (3) commencement of construction; (4) launch; and (5) bring entire system into operation. The GSO-like milestones are (1) contract execution; (2) critical design review; (3) commencement of

¹⁵ 5 U.S.C. 603(c)(1)–(c)(4).