

includes testing and self-certification standards. The final rules also require consumer information disclosures to purchasers of unidirectional digital cable televisions receivers in appropriate post-sale materials that describe the functionality of these devices and the need to obtain a security module from their cable operator. Cable operators with digital systems of 750 MHz or greater activated channel capacity will be required to support operation of unidirectional digital cable products on digital cable systems. Certain other technical support requirements apply to all digital cable systems, regardless of channel capacity, including those systems whose only digital programming comes from HITS. In addition, all cable operators will be required to supply digital subscribers with point-of-deployment modules ("PODs") and high definition set-top boxes that comply with certain technical standards by April 1, 2004 and July 1, 2005 deadlines. Finally, all MVPDs would be prohibited from encoding content to activate selectable output controls on consumer premises equipment, or the down-resolution of unencrypted broadcast television programming. MVPDs would also be limited in the levels of copy protection that could be applied to various categories of programming.

26. *Steps Taken to Minimize Significant Impact on Small Entities, and Significant Alternatives Considered.* 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.

27. Because the "digital cable ready" labeling regime does not require manufacturers to affix a label to devices, we do not anticipate that small manufacturers will be significantly affected. Although the consumer information disclosure in post-sale is mandatory, we do not believe that it will adversely affect small manufacturers since they already include owner's manuals and other documentation inside equipment packaging.

28. The record in this proceeding did not provide the Commission with detailed cost information on the digital cable system support requirements. In an effort to take into account the concerns of small cable systems, the Commission has indicated that it will consider waiver requests for these requirements on a case-by-case basis. As to the POD-provisioning mandate, cable operators are already required to provide PODs to subscribers by request. We therefore do not believe that the new provisioning requirements will have a significant impact on small cable systems. Likewise, we anticipate that the upcoming high definition set-top box deadlines will not negatively impact small operators since the 2004 deadline only applies to output upgrades upon subscriber request, and the 2005 deadline will only apply to inventory acquired after that date.

29. Finally, we anticipate that the encoding prohibitions on selectable output controls and the down-resolution of unencrypted broadcast programming will largely impact upon the DBS industry, which is primarily composed of large entities. While the caps on copy protection will affect all MVPDs, we do not believe they will negatively impact small entities.

30. *Federal Rules Which Duplicate, Overlap, or Conflict with the Commission's Proposals.* None.

31. *Report to Congress:* The Commission will send a copy of the Second Report and Order, including this FRFA, in a report to be sent to Congress pursuant to the Congressional Review Act. In addition, the Commission will send a copy of the Second Report and Order, including this FRFA, to the Chief Counsel for Advocacy of the SBA. A copy of the Second Report and Order and FRFA (or summaries thereof) will also be published in the **Federal Register**.

List of Subjects

47 CFR Part 15

Cable television, Incorporation by reference, Television.

47 CFR Part 76

Cable television, Incorporation by reference, Recordings, Television.
Federal Communications Commission.

Marlene H. Dortch,
Secretary.

■ For the reasons discussed in the preamble, the Federal Communications Commission amends 47 CFR parts 15 and 76 as follows:

PART 15—RADIO FREQUENCY DEVICES

■ 1. The authority for part 15 continues to read as follows:

Authority: 47 U.S.C. 154, 302, 303, 304, 307, 336, and 544a.

■ 2. Amend § 15.19 by revising paragraph (d) to read as follows:

§ 15.19 Labelling requirements.

* * * * *

(d) Consumer electronics TV receiving devices, including TV receivers, videocassette recorders, and similar devices, that incorporate features intended to be used with cable television service, but do not fully comply with the technical standards for cable ready equipment set forth in § 15.118, shall not be marketed with terminology that describes the device as "cable ready" or "cable compatible," or that otherwise conveys the impression that the device is fully compatible with cable service. Factual statements about the various features of a device that are intended for use with cable service or the quality of such features are acceptable so long as such statements do not imply that the device is fully compatible with cable service. Statements relating to product features are generally acceptable where they are limited to one or more specific features of a device, rather than the device as a whole. This requirement applies to consumer TV receivers, videocassette recorders and similar devices manufactured or imported for sale in this country on or after October 31, 1994.

■ 3. Add § 15.38 to subpart A to read as follows:

§ 15.38 Incorporation by reference.

(a) The materials listed in this section are incorporated by reference in this part. These incorporations by reference were approved by the Director of the Federal Register in accordance with 5 U.S.C. 552(a) and 1 CFR part 51. These materials are incorporated as they exist on the date of the approval, and notice of any change in these materials will be published in the **Federal Register**. The materials are available for purchase at the corresponding addresses as noted, and all are available for inspection at the Office of the Federal Register, 800 North Capitol Street, NW., suite 700, Washington, DC, and at the Federal Communications Commission, 445 12th St., SW., Reference Information Center, Room CY-A257, Washington, DC 20554.

(b) The following materials are available for purchase from at least one of the following addresses: Global