expected to accomplish the proposed operation by the use of the smallest number of channels required to provide the needed service.

(c) [Reserved]

(d) This paragraph applies to EBS licensees and applications licensed or filed pursuant to the provisions of §27.1201(c) contained in the edition of 47 CFR parts 20 through 39, revised as of October 1, 2005, or §§74.990 through 74.992 contained in the edition of 47 CFR parts 70 through 79, revised as of October 1, 2004, and that do not meet the eligibility requirements of paragraph (a) of this section. Such licensees may continue to operate pursuant to the terms of their existing licenses, and their licenses may be renewed, assigned, or transferred, so long as the licensee is otherwise in compliance with this chapter. Applications filed pursuant to the provisions of §27.1201(c) contained in the edition of 47 CFR parts 20 through 39, revised as of October 1, 2004 may be processed and granted, so long as such applications were filed prior to July 19, 2006. The provisions of §§27.1203(b) through (d) and 27.1214 of this subpart do not apply to licenses governed by this paragraph.

§ 27.1202 Cable/BRS cross-ownership.

(a) Initial or modified authorizations for BRS stations may not be granted to a cable operator if a portion of the BRS station’s protected services area is within the portion of the franchise area actually served by the cable operator’s cable system and the cable operator will use the BRS station as a multichannel video programming distributor (as defined in §76.64(d) of this chapter). No cable operator may acquire such authorization either directly, or indirectly through an affiliate owned, operated, controlled by, or under common control with a cable operator, if a portion of the BRS station’s protected services area is within the portion of the franchise area actually served by the cable operator’s cable system the cable operator will use the BRS station as a multichannel video programming distributor.

(b) No licensee of a station in this service may lease transmission time or capacity to a cable operator either directly, or indirectly through an affiliate owned, operated, controlled by, or under common control with a cable operator, if a portion of the BRS station’s protected services area is within the portion of the franchise area actually served by the cable operator’s cable system the cable operator will use the BRS station as a multichannel video programming distributor.

(c) Applications for new stations, station modifications, assignments or transfers of control by cable operators of BRS stations shall include a showing that no portion of the GSA of the BRS station is within the portion of the franchise area actually served by the cable operator’s cable system, or of any entity indirectly affiliated, owned, operated, controlled by, or under common control with the cable operator. Alternatively, the cable operator may certify that it will not use the BRS station to distribute multichannel video programming.

(d) In applying the provisions of this section, ownership and other interests in BRS licensees or cable television systems will be attributed to their holders and deemed cognizable pursuant to the following criteria:

(1) Except as otherwise provided herein, partnership and direct ownership interests and any voting stock interest amounting to 5% or more of the outstanding voting stock of a corporate BRS licensee or cable television system will be cognizable;

(2) Investment companies, as defined in 15 U.S.C. 80a–3, insurance companies and banks holding stock through their trust departments in trust accounts will be considered to have a cognizable interest only if they hold 20% or more of the outstanding voting stock of a corporate BRS licensee or cable television system, or if any of the officers or directors of the BRS licensee or cable television system are representatives of the investment company, insurance company or bank concerned. Holdings by a bank or insurance company will be aggregated if the bank or insurance company has any right to determine how the stock will be voted. Holdings by investment companies will be aggregated if under common management.
(3) Attribution of ownership interests in a BRS licensee or cable television system that are held indirectly by any party through one or more intervening corporations will be determined by successive multiplication of the ownership percentages for each link in the vertical ownership chain and application of the relevant attribution benchmark to the resulting product, except that wherever the ownership percentage for any link in the chain exceeds 50%, it shall not be included for purposes of this multiplication. For purposes of paragraph (d)(9) of this section, attribution of ownership interests in a BRS licensee or cable television system that are held indirectly by any party through one or more intervening corporations will be determined by successive multiplication of the ownership percentages for each link in the vertical ownership chain and application of the relevant attribution benchmark to the resulting product, except that wherever the ownership percentage for any link in the chain exceeds 50%, it shall not be included for purposes of this multiplication. For example, except for purposes of paragraph (d)(9) of this section, if A owns 10% of company X, which owns 60% of company Y, which owns 25% of “Licensee,” then X’s interest in “Licensee” would be 25% (the same as Y’s interest because X’s interest in Y exceeds 50%), and A’s interest in “Licensee” would be 2.5% (0.1 x 0.25). Under the 5% attribution benchmark, X’s interest in “Licensee” would be cognizable, while A’s interest would not be cognizable. For purposes of paragraph (d)(9) of this section, X’s interest in “Licensee” would be 15% (0.6 x 0.25) and A’s interest in “Licensee” would be 1.5% (0.1 x 0.15). Neither interest would be attributed under paragraph (d)(9) of this section.

(4) Voting stock interests held in trust shall be attributed to any person who holds or shares the power to vote such stock, to any person who has the sole power to sell such stock, and to any person who has the right to revoke the trust at will or to replace the trustee at will. If the trustee has a familial, personal or extra-trust business relationship to the grantor or the beneficiary, as appropriate, will be attributed with the stock interests held in trust. An otherwise qualified trust will be ineffective to insulate the grantor or beneficiary from attribution with the trust’s assets unless all voting stock interests held by the grantor or beneficiary in the relevant BRS licensee or cable television system are subject to said trust.

(5) Subject to paragraph (d)(9) of this section, holders of non-voting stock shall not be attributed an interest in the issuing entity. Subject to paragraph (d)(9) of this section, holders of debt and instruments such as warrants, convertible debentures, options or other non-voting interests with rights of conversion to voting interests shall not be attributed unless and until conversion is effected.

(6)(i) A limited partnership interest shall be attributed to a limited partner unless that partner is not materially involved, directly or indirectly, in the management or operation of the BRS or cable television activities of the partnership and the licensee or system so certifies. An interest in a Limited Liability Company (“LLC”) or Registered Limited Liability Partnership (“RLLP”) shall be attributed to the interest holder unless that interest holder is not materially involved, directly or indirectly, in the management or operation of the BRS or cable television activities of the partnership and the licensor or system so certifies. An interest in a Limited Liability Company (“LLC”) or Registered Limited Liability Partnership (“RLLP”) shall be attributed to the interest holder unless that interest holder is not materially involved, directly or indirectly, in the management or operation of the BRS or cable television activities of the partnership and the licensor or system so certifies.

(ii) For a licensee or system that is a limited partnership to make the certification set forth in paragraph (d)(6)(i) of this section, it must verify that the partnership agreement or certificate of limited partnership, with respect to the particular limited partner exempt from attribution, establishes that the exempt limited partner has no material involvement, directly or indirectly, in the management or operation of the BRS or cable television activities of the partnership. For a licensee or system that is an LLC or RLLP to make the certification set forth in paragraph (d)(6)(i) of this section, it must verify that the organizational document, with respect to the particular limited partner exempt from attribution, establishes that the exempt limited partner has no material involvement, directly or indirectly, in the management or operation of the
BRS or cable television activities of the LLC or RLLP. Irrespective of the terms of the certificate of limited partnership or partnership agreement, or other organizational document in the case of an LLC or RLLP, however, no such certification shall be made if the individual or entity making the certification has actual knowledge of any material involvement of the limited partners, or other interest holders in the case of an LLC or RLLP, in the management or operation of the BRS or cable television businesses of the partnership or LLC or RLLP. Irrespective of the terms of the certificate of limited partnership or partnership agreement, or other organizational document in the case of an LLC or RLLP, however, no such certification shall be made if the individual or entity making the certification has actual knowledge of any material involvement of the limited partners, or other interest holders in the case of an LLC or RLLP, in the management or operation of the BRS or cable television businesses of the partnership or LLC or RLLP.

(iii) In the case of an LLC or RLLP, the licensee or system seeking installation shall certify, in addition, that the relevant state statute authorizing LLCs permits an LLC member to insulate itself as required by our criteria.

(7) Officers and directors of a BRS licensee or cable television system are considered to have a cognizable interest in the entity with which they are so associated. If any such entity engages in businesses in addition to its primary business of BRS or cable television service, it may request the Commission to waive attribution for any officer or director whose duties and responsibilities are wholly unrelated to its primary business. The officers and directors of a parent company of a BRS licensee or cable television system, with an attributable interest in any such subsidiary entity, shall be deemed to have a cognizable interest in the subsidiary unless the duties and responsibilities of the officer or director involved are wholly unrelated to the BRS licensee or cable television system subsidiary, and a statement properly documenting this fact is submitted to the Commission. The officers and directors of a sister corporation of a BRS licensee or cable television system shall not be attributed with ownership of these entities by virtue of such status.

(8) Discrete ownership interests will be aggregated in determining whether or not an interest is cognizable under this section. An individual or entity will be deemed to have a cognizable investment if:

(i) The sum of the interests held by or through “passive investors” is equal to or exceeds 20 percent; or

(ii) The sum of the interests other than those held by or through “passive investors” is equal to or exceeds 5 percent; or

(iii) The sum of the interests computed under paragraph (d)(8)(i) of this section plus the sum of the interests computed under paragraph (d)(8)(ii) of this section equal to or exceeds 20 percent.

(9) Notwithstanding paragraphs (d)(5) and (d)(6) of this section, the holder of an equity or debt interest or interests in a BRS licensee or cable television system subject to the BRS/cable cross-ownership rule (“interest holder”) shall have that interest attributed if:

(i) The equity (including all stockholdings, whether voting or nonvoting, common or preferred) and debt interest or interests, in the aggregate, exceed 33 percent of the total asset value (all equity plus all debt) of that BRS licensee or cable television system; and

(ii) The interest holder also holds an interest in a BRS licensee or cable television system that is attributable under this section (other than this paragraph) and which operates in any portion of the franchise area served by that cable operator’s cable system.

(10) The term “area served by a cable system” means any area actually passed by the cable operator’s cable system and which can be connected for a standard connection fee.

(11) As used in this section “cable operator” shall have the same definition as in §76.5 of this chapter.

(e) The Commission will entertain requests to waive the restrictions in paragraph (a) of this section where necessary to ensure that all significant portions of the franchise area are able to obtain multichannel video service.

(f) The provisions of paragraphs (a) through (e) of this section will not apply to one BRS channel used to provide locally-produced programming to cable headends. Locally-produced programming is programming produced in or near the cable operator’s franchise area and not broadcast on a television station available within that franchise area. A cable operator will be permitted one BRS channel for this purpose, and no more than one BRS channel may be used by a cable television
§ 27.1203 EBS programming requirements.

(a) Except as provided in paragraphs (b), (c), and (d) of this section, BRS and EBS licensees are authorized to provide fixed or mobile service, except aeronautical mobile service, subject to the technical requirements of subparts C and M of this part.

(b) Educational Broadband Service stations are intended primarily through video, data, or voice transmissions to further the educational mission of accredited public and private schools, colleges and universities providing a formal educational and cultural development to enrolled students. Authorized educational broadband channels must be used to further the educational mission of accredited schools offering formal educational courses to enrolled students.