

**MEMO# 6687**

February 22, 1995

## **FCC SEEKS COMMENT ON POSSIBLE CHANGES TO BROADCAST MEDIA ATTRIBUTION RULES**

February 22, 1995 TO: COMPLIANCE COMMITTEE No. 10-95 INVESTMENT ADVISERS  
COMMITTEE No. 15-95 SEC RULES COMMITTEE No. 27-95 UNIT INVESTMENT TRUST  
COMMITTEE No. 19-95 RE: FCC SEEKS COMMENT ON POSSIBLE CHANGES TO BROADCAST  
MEDIA ATTRIBUTION RULES

In the attached synopsis of a Notice of Proposed Rulemaking, the Federal Communications Commission seeks comment on a variety of issues concerning its broadcast media attribution rules. Those rules define a "cognizable interest" for purposes of the FCC's multiple ownership rules. The multiple ownership rules limit the number of broadcast stations that a single person or entity may own, operate, or control, in order to encourage programming diversity and maintain competition in the provision of broadcast services. Currently, application of the multiple ownership rules generally is triggered when a person or entity owns 5 percent or more of the voting shares of a broadcast company. In the case of certain passive institutional investors, including investment companies, the attribution benchmark is 10 percent. In 1992, the FCC proposed to increase the passive investor benchmark from 10 percent to 20 percent. The Institute filed a comment letter at that time supporting the proposal, which has not been adopted to date. The attached release (in paragraphs 21-23 on p. 6486) requests additional, more specific information to support such an increase. For example, commenters are asked "to delineate what specific assurances [the FCC] would have that passive investors that hold large stock interests cannot or would not exert influence or control over broadcast licenses . . . ." (See paragraph 21.) Also, information on the extent to which increased investment would result from liberalizing the attribution rules is sought. (See paragraph 22.) Finally, the release notes that on previous occasions several commenters have suggested that the category of passive investors subject to the higher attribution benchmark be expanded to include, among others, certain investment advisers. The release states that the FCC has concluded tentatively not to expand the passive investor category, but invites comments as to why this tentative conclusion is incorrect. (See paragraph 23.) An excerpt from the full Notice of Proposed Rulemaking discussing these matters in greater detail also is attached. Comments on the FCC's analysis of its broadcast attribution rules are due by April 17th. If there are issues you would like the Institute to consider addressing in its comment letter, please contact me at (202) 326-5822 by Monday, March 27th. Frances M. Stadler Associate Counsel Attachments

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