minorities and women have the opportunity to compete for and obtain licenses for broadband personal communications services (broadband PCS) and to attract the investment capital needed to have meaningful involvement in building and managing this nation's broadband PCS infrastructure.

Need for Correction

As published, the final regulations contain errors which may prove to be misleading and are in need of clarification.

Correction of Publication

Accordingly, the publication on December 7, 1994 of the final regulations, which were the subject of PP Docket No. 93–253, is corrected as follows:

1. Paragraph 64 of the text on page 63221, col. 1 is corrected to read as follows:

64. Specifically, we will retain the 25 percent minimum equity requirement for the control group, but we will require only 15 percent (i.e., 60 percent of the control group's 25 percent equity holdings) to be held by qualifying, controlling principals in the control group (i.e., minorities, women or small/ entrepreneurial business principals).35 For example, if the applicant seeks minority or women-owned status, the 15 percent equity, as well as 50.1 percent of the voting stock of the control group and all of its general partnership interests, must be owned by control group members who are minorities and/ or women. If the applicant seeks small business status, 15 percent of the equity, as well as 50.1 percent of the control group's voting stock and all of its general partnership interests, must be held by control group members who, in the aggregate, qualify as a small business.35a With regard to establishing control of the applicant by qualified investors, where the control group is composed of both qualifying and nonqualifying members, the qualifying members in the control group must have 50.1 percent of the voting stock and all general partnership interests within the control group, and maintain de facto control of the control group. The control

group, in turn, must hold 50.1 percent of the voting stock and all general partnership interests of the PCS applicant. Thus, qualifying members of the control group will have de jure and de facto control of both the control group and, indirectly, the applicant. The composition of the principals of the control group and their legal and active control of the applicant determines whether the applicant qualifies for bidding credits, installment payments and reduced upfront payments. The 15 percent minimum equity amount may be held in the form of options, provided these options are exercisable at any time, solely at the holder's discretion, and at an exercise price equal to or less than the current market valuation of the underlying shares at the time of shortform filing. The remaining 10 percent (i.e., 40 percent of the control group's minimum equity holdings) may be held in the form of either stock options or shares, and we will allow certain investors that are not minorities, women, small businesses, or entrepreneurs to hold interests in such shares or options. Specifically, we will allow the 10 percent portion to be held in the form of shares or options by qualifying investors or by any of the following entities which may not comply with the entrepreneurs' block requirements (e.g. investors who are not minorities or women or investors, and/ or their affiliates, that exceed the entrepreneurs' block or small business size thresholds): (1) individuals who are members of an applicant's management team; (2) existing investors of businesses in the control group that were operating and earning revenues for two years prior to December 31, 1994; or (3) noncontrolling institutional investors.35b

2. Paragraph 65 of the text on page 63221, col. 2 is corrected to read as follows:

65. As discussed *supra* at paragraph 59, the Commission also adopted an alternative to the 25 percent minimum equity requirement for minority and women-owned businesses, which permits a single investor to hold as much as 49.9 percent of its equity, provided the control group holds at least 50.1 percent. Several petitioners have expressed similar concerns with respect to the need to revise the 50.1 percent requirement.^{35c} Therefore, in tandem with, and for the same reasons as, the modifications to the 25 percent equity requirement, we make similar

modifications to the rules governing the 50.1 percent minimum equity requirement. Accordingly, where a minority or women-owned business uses the 50.1 percent minimum equity option, we will require only 30 percent of the total equity to be held by the principals of the control group that are minorities or women. The 30 percent may be held in the form of options, provided these options are exercisable at any time, solely at the holder's discretion, and at an exercise price equal to or less than the current market valuation of the underlying shares at the time of short-form filing. The remaining 20.1 percent may be made up of shares and/or options held by investors that are not women or minorities under similar criteria described in paragraph 64 above. That is, the 20.1 percent portion of the control group's equity may be held in the form of shares or stock options by qualifying investors or by any of the following entities which may not comply with the entrepreneurs' block requirements (e.g. investors who are not minorities or women or investors, and/or their affiliates, that exceed the entrepreneurs' block or small business size thresholds): (1) individuals who are members of an applicant's management team; (2) existing investors of businesses in the control group that were operating and earning revenues for two years prior to December 31, 1994; or (3) noncontrolling institutional investors.36

³⁶ For our purposes, we define institutional investors in a manner that is similar to the definition that is used by the Commission in the attribution rules applied to assess compliance with the broadcast multiple ownership rules. We modify that definition slightly, however, to fit this service. Specifically, we expect that investment companies will be important sources of capital formation for designated entities. Accordingly, we adopt a definition that specifically includes venture capital firms and other smaller investment companies that may not be included in the definition of investment companies found in 15 U.S.C. 80a-3 (which is cited in our broadcast rules at 47 CFR Sec. 73.3555 Note 2(c)). Specifically, we define an institutional investor as an insurance company, a bank holding stock in trust accounts through its trust department, or an investment company as defined under 15 U.S.C. 80a-3(a). We include in the definition any entity that would otherwise meet the definition of investment company under 15 U.S.C. 80a-3(a), but is excluded by the exemptions set forth in 15 U.S.C. 80A-3(b) and (c) and we do so without regard to whether the entity is an issue of securities. However, if the investment company is owned, in whole or in part, by other entities, the investment company, other entities and affiliates of other entities, taken as a whole, must be primarily engaged in the business of investing, reinvesting or trading in securities or in distributing or providing investment management services for securities, See Section 24.720(h).

³⁵ See Media Communications Partners ex parte comments, filed Oct. 11, 1994, at 7–8.

^{35a} For instance, if a pre-existing company wants to qualify as a small business control group, its gross revenues and total assets will be added to the gross revenues and assets of each of its controlling shareholders and to those of all affiliates. The resulting sum must be under \$40 million in gross revenues and \$500 million in total assets. The gross revenues and total assets of the company's pre-existing, noncontrolling shareholders will be ignored, however.

^{35b}See note 162 *infra* (explaining definition of institutional investors).

^{35c} See, e.g., BET Petition at 16; Columbia PCS Petition at 2–3; Omnipoint Petition at 9.