

**Before the  
Federal Communications Commission  
Washington, D.C. 20554**

In the Matter of	)	
	)	
Teleglobe USA, Inc.	)	File No. SCL-T/C-20000330-00012
OPTEL Telecommunications, Inc.	)	File No. SCL-T/C-20000330-00013
	)	
Application for Authority, Pursuant to	)	
Submarine Cable Landing License Act,	)	
To Transfer Control of Cable Landing	)	
Licenses to BCE, Inc.	)	

**MEMORANDUM OPINION AND ORDER**

**Adopted:** August 8, 2000

**Released:** August 9, 2000

By the Associate Chief, Telecommunications Division, International Bureau:

**I. INTRODUCTION**

1. In this Order, we grant the application of Teleglobe USA, Inc. ("Teleglobe USA"), OPTEL Telecommunications, Inc. ("OPTEL") (collectively, "Licensees"), and BCE, Inc. ("BCE") (collectively, "Applicants") seeking authority to transfer control of the Licensees to BCE.<sup>1</sup> On March 30, 2000, Applicants filed the instant application pursuant to the Cable Landing License Act,<sup>2</sup> and Section 1.767 of the Commission's rules.<sup>3</sup> The Applicants agree to comply with the dominant carrier regulations under Section 63.10(c) of the Commission's rules<sup>4</sup> with respect to

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<sup>1</sup> Application for Transfer of Control, File Nos . SCL-T/C-20000330-00012, SCL-T/C-20000330-00013, filed by Teleglobe USA, Inc., OPTEL Telecommunications, Inc., and BCE, Inc., dated March 30, 2000 ("Application").

<sup>2</sup> An Act Relating to the Landing and Operation of Submarine Cables in the United States, 47 U.S.C. §§ 34-39 (Cable Landing License Act). We also note that each of the cable landing licenses granted to Teleglobe USA and OPTEL contain an ordering clause stating that "[n]either this license, nor the rights granted herein, shall be transferred, assigned, or in any manner either voluntarily or involuntarily disposed of or disposed of indirectly by transfer of control of the Licensee to any persons, unless the Federal Communications Commission shall give prior consent in writing." *See., e.g., Optel Communications, Application for a license to land and operate in the United States a submarine cable extending between Canada and the United States*, File No. S-C-L-92-004, Final Cable Landing License, 9 FCC Rcd 6153, 6154 ¶ 6(4) (1994), *recon.* 11 FCC Rcd 1878 (1996).

<sup>3</sup> 47 C.F.R. § 1.767.

<sup>4</sup> 47 C.F.R. § 63.10(c).

common carrier cable facilities on the U.S.-Canada route.<sup>5</sup> We placed the application on public notice on April 17, 2000.<sup>6</sup> We did not receive any comments. For the reasons discussed below we grant the Applicants' request.

## II. BACKGROUND

2. Teleglobe USA, a Delaware corporation, operates primarily as a facilities-based international carrier providing voice and data, private line, and other services on a wholesale basis to carriers in the United States and Canada. OPTEL, a Delaware corporation, operates a non-common carrier undersea cable system providing telecommunications capacity on a wholesale basis to carriers in the United States. The Licensees are both subsidiaries of Teleglobe, Inc. (Teleglobe), which is a Canadian corporation publicly traded on the New York and Toronto Stock Exchanges. Teleglobe USA holds cable landing licenses for the Japan-US, Columbus III, CHINA-US, AMERICAS-II, TAT-14, and MAYA I cable systems, and OPTEL holds a cable landing license for the CANUS-1 cable system.<sup>7</sup>

3. BCE is a Canadian holding company which is publicly traded on the New York Stock Exchange, and, according to the Applicants, there are no shareholders of BCE who directly or indirectly own 10 percent or more of the equity of BCE.<sup>8</sup> BCE's investments include a 23 percent ownership of Teleglobe through Bell Canada. BCE has an 80 percent interest in Bell Canada, with SBC Corporation holding the other 20 percent.<sup>9</sup> Outside of the U.S. and Canada, BCE has indirect investments in affiliates that develop and operate telecommunications systems in various markets, primarily in Latin America and the Asia-Pacific region.

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<sup>5</sup> Application at 1-2. The Applicants retain the right to petition for reclassification at a later date. *Id.* at 2. Bell Canada, a majority-owned subsidiary of BCE, has pending before the Commission a petition for declaratory ruling seeking its removal from the Commission's "List of Foreign Telecommunications Carriers That Are Presumed to Possess Market Power in Foreign Telecommunications Markets." *See International Bureau Seeks Comment on Bell Canada Request for Removal from the Commission's List of Foreign Telecommunications Carriers that are Presumed to Possess Market Power in Foreign Telecommunications Markets*, Public Notice, DA 99-2981 (rel. Dec. 22, 1999).

<sup>6</sup> *Teleglobe USA, Et Al., and BCE Seek Consent for Transfer Control of Applications and Foreign Carrier Affiliation*, Public Notice, DA 00-871 (rel. Apr. 17, 2000).

<sup>7</sup> *See* Appendix A, which lists the specific cable landing licenses held by Teleglobe USA and OPTEL.

<sup>8</sup> Application at 7.

<sup>9</sup> According to the Applicants, SBC holds no ownership interest in BCE, and its indirect ownership of Teleglobe Inc. is approximately 4.6 percent. Thus the Applicants argue that SBC is not an "affiliate" of Teleglobe Inc. under 47 U.S.C. § 153(1). Application at 4 n. 5.

4. BCE proposes to acquire the 77 percent of Teleglobe that it does not already own through Bell Canada. At the conclusion of a three-step process, BCE will directly own 80 percent of Teleglobe with the other 20 percent to be owned by Bell Canada, which is itself 80 percent owned by BCE.<sup>10</sup> Consequently, BCE will control Teleglobe and through Teleglobe will control the Licensees.

5. Pursuant to Section 1.767(b) of the Commission's rules,<sup>11</sup> the Cable Landing License Act,<sup>12</sup> and Executive Order No. 10530,<sup>13</sup> we informed the Department of State of the application.<sup>14</sup> The Department of State, after coordinating with the National Telecommunications and Information Administration and the Department of Defense, has no objection to the proposed ownership change.<sup>15</sup>

### III. DISCUSSION

6. Applicants argue that the proposed transaction will serve the U.S. public interest by enhancing competition, increasing consumer choices, and stimulating service and technological innovations without causing any undue concentration in any one market segment.<sup>16</sup> They state that the combined company will offer a full range of services and will provide increased choice to consumers for competitively priced international telecommunications and Internet services.<sup>17</sup>

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<sup>10</sup> See Application at 4-5, Exhibit A. According to the Applicants, as a result of the proposed transaction, SBC's indirect ownership interest in Teleglobe will be reduced to less than 4 percent. Application at 4 n. 5.

<sup>11</sup> 47 C.F.R. § 1.767(b).

<sup>12</sup> 47 U.S.C. §§ 34-39.

<sup>13</sup> Exec. Ord. No. 10530 *reprinted as amended in* 3 U.S.C. § 301.

<sup>14</sup> See Letter from Rebecca Arbogast, Chief, Telecommunications Division, International Bureau, Federal Communications Commission, to Steven W. Lett, Deputy U.S. Coordinator, Office of International Communications and Information Policy, U.S. Department of State, dated April 18, 2000.

<sup>15</sup> See Letter from Malcom R. Lee, United States Coordinator, Office of International Communications and Information, U.S. Department of State, to Donald Abelson, Chief, International Bureau, Federal Communications Commission, dated Aug. 3, 2000.

<sup>16</sup> Application at 5-6.

<sup>17</sup> *Id.* at 5.

They contend that neither Teleglobe nor BCE controls any bottleneck facilities in the United States or has market power in any U.S. market sector.<sup>18</sup> They also agree to comply with the dominant carrier regulations under Section 63.10(c)<sup>19</sup> with respect to common carrier cable facilities on the U.S.-Canada route.<sup>20</sup> No comments were filed on the application.

7. Pursuant to Section 1.767(a)(8) of the Commission's rules,<sup>21</sup> BCE is required to disclose its affiliations with foreign carriers. According to the Application, BCE is affiliated with foreign carriers in Canada, Colombia, India, Mexico, Venezuela, and Brazil.<sup>22</sup> Because Canada, Colombia, India, Mexico, Venezuela, and Brazil are Members of the World Trade Organization, it is presumed that the BCE's affiliations with these carriers do not pose any concerns that would justify conditioning or denying this applications.<sup>23</sup> Moreover, with respect to the carriers in Colombia, India, Mexico, Venezuela, and Brazil, the Applicants have certified that these carriers do not have market power in their respective markets or the ability to discriminate against unaffiliated U.S. carriers on the foreign end of routes through the control of bottleneck facilities or services.<sup>24</sup>

8. We conclude that grant of the application would be consistent with the Cable Landing License Act. We therefore consent to the transfer of control of Teleglobe and OPTTEL to BCE. We modify the conditions of the initial authorizations to reflect this transfer of control. We do not modify any of the other conditions of the authorizations.

9. In addition to the application for the transfer of control of the cable landing licenses, as part of BCE's planned acquisition of Teleglobe, the Applicants and their affiliates filed a request for transfer of control of several Section 214 authorizations.<sup>25</sup> Grant of those

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<sup>18</sup> *Id.*

<sup>19</sup> 47 C.F.R. § 63.10(c).

<sup>20</sup> Application at 1-2.

<sup>21</sup> 47 C.F.R. § 1.767(a)(8).

<sup>22</sup> Application at 8.

<sup>23</sup> *See Rules and Policies on Foreign Participation in the U.S. Telecommunications Market*, IB Docket Nos. 97-142 and 95-22, Report and Order and Order on Reconsideration, 12 FCC Rcd 23,891, 23912 at ¶ 50, 23933-34 at ¶ 93 (1997) (*Foreign Participation Order*), recon. pending.

<sup>24</sup> Application at 8.

<sup>25</sup> *See Streamlined International Applications Accepted for Filing*, Public Notice, Report No. TEL-00224S

applications was conditioned on issuance of written Order granting transfer of cable landing licenses.<sup>26</sup> As we are granting the transfer of control of the cable landing licenses by this Order, the release of this Order also makes effective the grant of the transfer of control of the Section 214 authorizations.

#### IV. Ordering Clauses

10. In consideration of the foregoing, IT IS ORDERED that the applications, File Nos. SCL-T/C-20000330-00012 and SCL-T/C-20000330-00013, ARE GRANTED, and the Applicants are authorized to transfer control of Teleglobe USA Inc. and OPTEL Telecommunications, Inc. to BCE, Inc. The cable landing licenses set forth in Appendix A ARE MODIFIED to reflect this transfer of control.

11. This Order is issued under Section 0.261 of the Commission's rules, 47 C.F.R. § 0.261, and is effective upon release. Petitions for reconsideration under Section 1.106 or applications for review under Section 1.115 of the Commission's rules, 47 C.F.R. §§ 1.106, 1.115, may be filed within 30 days of the date of public notice of this order (see 47 C.F.R. § 1.4(b)(2)).

FEDERAL COMMUNICATIONS COMMISSION

Jacquelynn Ruff  
Associate Chief, Telecommunications Division  
International Bureau

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(rel. May 3, 2000) at 2-3.

<sup>26</sup> See *International Authorizations Granted*, Public Notice, DA No. 00-1080 (rel. May 18, 2000) corrected, DA 00-1080 (rel. May 25, 2000).

## APPENDIX A

## CABLE LANDING LICENSES OF TELEGLOBE INC. AND ITS SUBSIDIARIES

Licensee	FCC File Number	Description
Teleglobe USA Inc.	SCL-LIC-19981117-00025*	Japan-US Cable Landing License
	SCL-LIC-19980527-00007*	Columbus III Cable Landing License
	SCL-LIC-19980309-00005*	Authority to land and operate in the United States a digital submarine cable system (CHINA-US) extending between the United States, China, Taiwan, Japan, South Korea, and Guam
	SCL-LIC-19980430-00006* SCL-AMD-19980430-00006*	Authority to land and operate a digital submarine cable system (AMERICAS-II) among Florida, Puerto Rico, the U.S. Virgin Islands, Martinique, Curacao, Trinidad, Venezuela, French Guinea, and Brazil
	SCL-LIC-19990303-00004*	TAT-14 Cable Landing License
	SCL-LIC-19990325-00006*	MAYA I Cable Landing License
OPTEL Telecommunications Inc.	SCL-LIC-19930503-00004	Final Cable Landing License for CANUS-1
	SCL-T/C-19980115-00001	Transfer of control of CANUS-1 from OPTEL Telecommunications Inc. to Teleglobe Inc.

\* These licenses were acquired by group applications filed by AT&T and others.