

## **Pro Forma Transfer of Control**

This application (“Application”) seeks Commission consent to a *pro forma* transfer of control of Telesat Network Services, Inc. (“Network Services”), holder of the earth station licenses that are identified in the Application, from Telesat Holdings Inc. (“Telesat Holdings”) to Telesat Canada (“Telesat”). The *pro forma* transfer of control is the result of a corporate restructuring. As described below, because of an oversight, prior FCC consent for this transaction, which took place January 1, 2017, was not obtained.<sup>1</sup> For the reasons set forth below, waiver of the prior consent requirements of Section 25.119(a) of the Commission’s rules is hereby requested.

### **I. The Corporate Restructuring**

Network Services is a wholly owned subsidiary of Skynet Satellite Corporation, which is a wholly owned subsidiary of Telesat Satellite Holdings Corporation, which is a wholly owned subsidiary of Telesat Canada (“Telesat”). Prior to the corporate restructuring, Telesat had two holding companies above it in its corporate structure. Telesat was a wholly owned subsidiary of Telesat Interco Inc. (“Telesat Interco”), which, in turn, was a wholly owned subsidiary of Telesat Holdings.

As a result of the corporate restructuring, the former shareholders of Telesat Holdings became direct shareholders of Telesat, having the same interests and the same voting rights as they had held previously in Telesat Holdings.<sup>2</sup> The transfer of control, therefore, was entirely *pro forma*; there was no change in ultimate control. As before, Network Services is a wholly owned subsidiary of Skynet Satellite Corporation, which remains a wholly owned subsidiary of Telesat Satellite Holdings Corporation, which remains a wholly owned subsidiary of Telesat.

### **II. Oversight Relating to the Need for Prior Consent; Remedial Action**

Telesat takes seriously its regulatory obligations and is well aware of the need to obtain the Commission’s consent prior to a transfer of control. Unfortunately, in the present instance, this requirement was overlooked.

---

<sup>1</sup> Because Telesat Holdings no longer exists, the “Transferor” portion of the Application has been “signed” by an officer of Telesat, which is the successor in interest to Telesat Holdings.

<sup>2</sup> This restructuring was accomplished by merging Telesat Holdings and Telesat Interco into a new entity that was merged with Telesat.

This error was discovered in the course of preparing an ownership exhibit for an application Telesat filed with the Commission this month and brought to the attention of the Commission's staff, who advised filing this Application.

Telesat regrets its error and is taking remedial measures to ensure compliance in the future. Telesat will provide a memorandum summarizing the FCC's prior consent requirements for transfers of control and assignments of license to its corporate officers and senior management with responsibility for these matters and require each of them to sign a form acknowledging they have received the memorandum and have read and understand it.

### III. Public Interest Considerations

The Commission has exercised its authority to forbear from requiring its prior consent for *pro forma* transfers of control of common carrier space station and earth station licensees.<sup>3</sup> Because it concluded it lacks statutory authority to forbear as well in the case of non-common carrier licensees, the Commission instead provided that applications for *pro forma* transfer or assignment of non-common carrier space station and earth station licenses will be deemed granted one business day after filing.<sup>4</sup> The Commission took this action based upon its determination that "*pro forma* transfer applications do not raise public interest concerns."<sup>5</sup> The Commission recognized that for *pro forma* transfers, "the ultimate control of the licensee—which has already been subject to Commission review and approval—does not change as a result of the transaction."<sup>6</sup>

That analysis applies to Telesat's *pro forma* corporate restructuring. Accordingly, while Telesat takes full responsibility for not obtaining prior consent, Telesat asks the Commission to take into consideration its prior finding that transactions such as these "do not raise public interest concerns."

Telesat further notes that both it and its subsidiaries have a strong record of regulatory compliance. In this instance, once the oversight was recognized, the matter was promptly brought to the Commission's attention by Telesat, which then proceeded to prepare and file the instant Application. Telesat also has instituted remedial measures.

---

<sup>3</sup> *Second Report and Order, Comprehensive Review of Licensing and Operating Rules for Satellite Services*, \_\_ FCC Rd. \_\_, ¶ 304 (2015) ("*Second Report and Order*")

<sup>4</sup> *Id.* at ¶ 305; see 47 C.F.R. § 25.119(i).

<sup>5</sup> *Second Report and Order*, at ¶ 305.

<sup>6</sup> *Id.* at ¶ 302.

Finally, pursuant to Section 25.119(i) of the Commission's rules, Telesat hereby certifies that the transfer of control that is the subject of this Application is *pro forma* and that, together with all previous *pro forma* transactions, would not result in a change in the actual controlling party of the Commission licensee.

For the reasons stated above, Telesat respectfully requests that its Application be granted.