

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

In the Matter of)	
)	
Partitioning, Disaggregation, and Leasing of)	WT Docket No. 19-38
Spectrum)	
)	

REPLY COMMENTS OF FEDERATED WIRELESS, INC.

Federated Wireless, Inc. (“Federated Wireless”) hereby replies to the comments submitted in response to the Notice of Proposed Rulemaking (“NPRM”) issued by the Federal Communications Commission (“Commission”) in the above-captioned proceeding.¹ Federated Wireless is pleased that the record in this proceeding demonstrates the immense potential for voluntary, database-enabled, automated tools to reduce transaction costs in the secondary market for spectrum access and thereby facilitate more streamlined access by those who need it. Federated Wireless thus encourages the Commission to further leverage these tools to incent greater use of the Commission’s secondary markets mechanisms, including in ways that enhance spectrum access for small and rural carriers.

I. THE RECORD DEMONSTRATES THAT AN AUTOMATED, VOLUNTARY SECONDARY MARKETS DATABASE TOOL WOULD REDUCE TRANSACTION COSTS AND FACILITATE MORE FRICTIONLESS SPECTRUM ACCESS FOR SMALL AND RURAL CARRIERS AND OTHER PROSPECTIVE USERS.

A broad cross-section of commenters agreed with Federated Wireless that there are significant transaction costs associated with the negotiation and implementation of secondary markets transactions today, which create disincentives to lease or sell spectrum use rights.² For example, as Google LLC (“Google”) explained, “Transaction costs in secondary spectrum markets take several forms. Simply

¹ *Partitioning, Disaggregation, and Leasing of Spectrum*, WT Docket No. 19-38, Notice of Proposed Rulemaking, FCC 19-22 (2019) (“NPRM”).

² See Comments of CTIA, WT Docket No. 19-38, at 6-10 (filed June 3, 2019) (“CTIA Comments”); Comments of Google LLC, WT Docket No. 19-38, at 7-10 (filed June 3, 2019) (“Google Comments”); Comments of Open Technology Institute at New America and Public Knowledge, WT Docket No. 19-38, at 3 (filed June 3, 2019) (“OTI/PK Comments”); Comments of Competitive Carriers Association, WT Docket No. 19-38, at 3 (filed June 3, 2019); Comments of Dynamic Spectrum Alliance, WT Docket No. 19-38, at 6 (filed June 3, 2019) (“DSA Comments”); Comments of the R Street Institute, WT Docket No. 19-38, at 2 (filed May 31, 2019).

finding what spectrum resources are available is often a challenge for potential buyers.”³ The Open Technology Institute at New America and Public Knowledge (together, “OTI/PK”) similarly noted that transaction costs are increased by “the difficulty potential buyers face in finding information about available spectrum where they need it. There is no database of available spectrum by geographic area” and further observed that “[a]nother obstacle exacerbated by the opaque and one-off nature of secondary market transactions are the administrative process and the complex and costly negotiations for secondary rights.”⁴ In light of the transaction costs presently deterring parties from entering into secondary market agreements, Federated Wireless agrees with CTIA that “reducing procedural burdens and creating additional flexibility in the Commission’s rules could further facilitate secondary market transactions to the benefit of smaller carriers, particularly in rural areas.”⁵ In particular, the record in this proceeding shows that the Commission could best provide this needed flexibility and reduce transaction costs by leveraging voluntary, automated, database-enabled solutions to streamline secondary market transactions while enabling the Commission to more efficiently execute its oversight responsibilities.

To provide such flexibility, commenters agreed with Federated Wireless that the Commission should leverage automated, database-enabled tools to facilitate more streamlined secondary markets transactions between licensees and prospective users. Google correctly observed that “[d]atabase systems and other modern spectrum management tools can be used to enable quick, low-cost, automated transactions, thereby reducing transaction costs and speeding the transfer of spectrum assets.”⁶ As the Dynamic Spectrum Alliance pointed out, such tools “can be used to identify usable spectrum, maintain detailed network information, and coordinate between different users.”⁷ Indeed, similar to the voluntary secondary markets database Federated Wireless proposed in its initial comments,⁸ Google notes that a

³ Google Comments at 8.

⁴ OTI/PK Comments at 6.

⁵ CTIA Comments at 6-7.

⁶ Google Comments at 2.

⁷ DSA Comments at 4.

⁸ Comments of Federated Wireless, Inc., WT Docket No. 19-38, at 3-7 (filed June 3, 2019) (“Federated Wireless Comments”).

database-enabled secondary markets tool could “draw on actual usage information submitted by licensees and lessees in accordance with Commission rules, and be algorithmically programmed to recognize priority spectrum rights and/or sharing rules, as well as possible complementary uses. Furthermore, licensees interested in placing additional spectrum in the secondary market could provide the exchange administrator with information for inclusion in the database, such as protection/availability criteria or conditions like a term of years or other reversion criteria under which the licensee could retake the spectrum.”⁹ In this way, the administrator of the database could calculate what spectrum is available in what locations, and publish aggregated, anonymized and obfuscated spectrum availability information that would not reveal any radio- or licensee-specific data. In so doing, the administrator of such an automated, voluntary secondary markets database would significantly reduce transaction costs by providing transparency to both licensees and prospective users as to the availability of suitable secondary markets transaction partners in a given area.¹⁰

Such an approach would be far more effective in reducing transaction costs and incenting increased use of the Commission’s secondary markets mechanisms than standalone updates to certain Commission systems, as advocated by some commenters. CTIA argues that the Commission should “consider, as it continues to modernize ULS, ways to make licensing information already available in its database more accessible to small and rural carriers.”¹¹ While enhancing the accuracy and transparency of information housed in Commission databases is a laudable goal and may simplify the process of identifying where spectrum is licensed and to whom, it is likely to have little effect on the transaction costs currently stifling the secondary market for spectrum access. This is the case because improvements to ULS would provide no additional information to prospective users about where and on what terms spectrum rights are *available* for lease or transfer in accordance the Commission’s secondary markets rules. Prospective users would therefore continue to be burdened with the need to locate a licensee that is

⁹ Google Comments at 12.

¹⁰ Federated Wireless Comments at 3.

¹¹ CTIA Comments at 21.

potentially willing to make some of its spectrum available for use, initiate and successfully conclude negotiations to obtain rights to such use, and thereafter file and prosecute the necessary applications for Commission consent to the transaction. By contrast, a voluntary secondary markets database of the type described by Federated Wireless in its initial comments would effectively automate the process of identifying counterparties and negotiating an appropriate agreement, helping licensees monetize their unused or little-used spectrum with little corresponding cost and significantly reducing the burdens on prospective users associated with assessing the availability of spectrum to meet their needs. Moreover, an voluntary secondary markets database could enable the Commission to execute its oversight obligations on an expedited basis, by collecting transaction information—such as counterparty identification, spectrum and geographic areas covered by the transaction—and provide such information to the Commission via an interface with ULS. Just as the database could automate modifications to the secondary market agreements—e.g., in terms of the covered geography or spectrum—so, too, could it automatically report updated information reflecting such modifications to the Commission. It is thus clear that an automated, voluntary secondary markets database would be the most efficient and effective means of reducing the administrative burdens on licensees, prospective users, and the Commission that are currently associated with secondary markets transactions. The Commission should therefore leverage such database-enabled tools to facilitate far more robust, streamlined use of the Commission’s secondary markets mechanisms to make spectrum access available to prospective users, including small and rural carriers.

II. CONCLUSION.

For the foregoing reasons, the Commission should act expeditiously to leverage the capabilities of automated, database-enabled tools to reduce transaction costs, increase transparency for both licensees and prospective users, and facilitate secondary market spectrum access for small, rural, and other users.

Respectfully submitted,

/s/ Jennifer M. McCarthy
Vice President, Legal Advocacy
Federated Wireless, Inc.
3865 Wilson Boulevard
Suite 200
Arlington, VA 22203

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