

Media Contact:

Janice Wise (202) 418-8165
janice.wise@fcc.gov

For Immediate Release**FCC MOVES TO “UNLOCK THE BOX” TO SPUR COMPETITION, CHOICE,
& INNOVATION IN SET-TOP BOX AND APP MARKETPLACE**

Proposal will protect copyright agreements, channel-lineups while giving consumers options

WASHINGTON, February 18, 2016 – The Federal Communications Commission today approved a proposal that would tear down anti-competitive barriers and pave the way for software, devices, and other innovative solutions to compete with the set-top boxes that a majority of consumers lease from pay-TV providers today. The Notice of Proposed Rulemaking (NPRM) will create a framework for providing innovators, device manufacturers, and app developers the information they need to develop new technologies, reflecting the many ways consumers access their subscription video programming today.

Ninety-nine percent of pay-TV subscribers have limited choices today and lease set-top boxes from their cable and satellite operators. Lack of competition has meant few choices and high prices for consumers – on average, \$231 in rental fees annually for the average American household. Altogether, U.S. consumers spend \$20 billion a year to lease these devices. Since 1994, according to a recent analysis, the cost of cable set-top boxes has risen 185 percent while the cost of computers, televisions, and mobile phones has dropped by 90 percent. Congress recognized the importance of a competitive marketplace and directed the Commission to adopt rules that will ensure consumers will be able to use the device they prefer for accessing programming they’ve paid for.

Today’s NPRM provides the framework to “unlock the box” for innovators to create competitive solutions – either hardware or software-based apps — that give consumers freedom of choice. Specifically, it recommends that pay-TV providers be required to deliver three core information streams:

- *Service discovery:* Information about what programming is available to the consumer, such as the channel listing and video-on-demand lineup, and what is on those channels.
- *Entitlements:* Information about what a device is allowed to do with content, such as recording.
- *Content delivery:* The video programming itself.

Instead of mandating a government-specific standard that might impede innovation, the Commission recommends that these three streams be available to the creators of competitive solutions using any published, transparent format that conforms to specifications set by an independent, open standards body. Consumers who enjoy their current set-up through their pay-TV provider do not have to take any action. The proposal would instead provide an option for consumers looking for a competitive device or app to access the pay-TV content to which they currently subscribe.

The Notice of Proposed Rulemaking also recommends content protection rules that provide MVPDs flexibility. The proposed rules do not mandate a single security system but simply require MVPDs to offer at least one content protection system that is openly licensed on reasonable and non-discriminatory terms. This gives MVPDs the ability to create their own content protection system to prevent theft and misuse, while ensuring that manufacturers will be able to build devices that can access protected content from a variety of MVPDs.

The proposal seeks to maintain programmers' existing agreements with MVPDs and full copyright protections and remedies. The proposal tentatively concludes that new device or app developers should certify compliance with similar privacy protections to those that MVPDs comply with today.

Additionally, the NPRM proposes to:

- Ensure that children's programming advertising limits and emergency alerts apply regardless of whether the consumer leases the MVPD's set-top box or uses a competitive solution to access video programming;
- Include a billing transparency rule to ensure that consumers understand their monthly charges for both programming services and equipment lease fees in accordance with section 629; and
- Retain the Commission's rules adopted in a 2010 Report and Order to improve support for consumer-owned CableCARD devices.
- It also includes a Memorandum Opinion and Order removing the so-called "integration ban" language from the Code of Federal Regulations, as required under Section 106 of the STELA Reauthorization Act of 2014.

Action by the Commission February 18, 2016, by Notice of Proposed Rulemaking (FCC 16-18). Chairman Wheeler, Commissioners Clyburn and Rosenworcel approving with Commissioners Pai and O'Rielly dissenting. Chairman Wheeler, Commissioners Clyburn, Rosenworcel, Pai and O'Rielly issuing statements.

(MB Docket No. 16-42)

###

Office of Media Relations: (202) 418-0500
TTY: (888) 835-5322
Twitter: @FCC
www.fcc.gov/office-media-relations

This is an unofficial announcement of Commission action. Release of the full text of a Commission order constitutes official action. See MCI v. FCC. 515 F 2d 385 (D.C. Circ 1974).