

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20054**

In the Matter of)	
)	
Spectrum Policy Task Force on)	
Issues related to Commission's)	ET Docket No. 02-135
Spectrum Policies)	

**COMMENTS OF
CANTOR FITZGERALD TELECOM SERVICES, LLC**

Cantor Fitzgerald Telecom Services, LLC (“Cantor Telecom”) hereby submits its comments in response to the Commission’s Spectrum Policy Task Force Report of November 15, 2002 (“Task Force Report”), and the Commission’s Orders of November 25, 2002, and December 11, 2002, in the above-referenced docket.

As explained in greater detail in its earlier comments¹ in this proceeding and in WT Docket No. 00-230, Cantor Telecom is a subsidiary of Cantor Fitzgerald, L.P. For over 55 years, Cantor Fitzgerald, L.P. has been a market leader in the most efficient and cost-effective trading worldwide. As the leading broker-dealer in U.S. Government bonds and notes and a major participant in U.S. agency bonds, mortgage backed securities, European and Asian government bonds, corporates, eurobonds, U.S. municipals, repos, swaps and options, and all other major fixed income and credit market securities, the company employs more than 1,000 employees in offices throughout the U.S., Canada, Europe (London) and Asia (www.cantor.com). Cantor Fitzgerald, L.P. is also a majority owner in eSpeed, a publicly traded company (NASDAQ-ESPD).

¹ Comments of Cantor Fitzgerald Telecom Services, LLC, ET Docket 02-135, July 8, 2002 and its Ex Parte Submissions in WT Docket 00-230, March 18, 2002 and July 1, 2002 and in ET Docket 02-135, December 18, 2002.

eSpeed enables market participants to transact business instantaneously, more effectively and at a lower cost than traditional trading methods. The network is capable of transmitting 150 million bytes of information per second and completes thousands of transactions per day for its clients. With transactions clocked at up to 300 milliseconds on the private network and 150 transactions per second, per instrument/auction, the eSpeed trading network is 10 times faster than many contemporary markets. Detailed technical specifications can be found at <http://www.cantor.com/what/technology.html>.

Cantor Telecom remains very interested in being a major participant in making spectrum trading a success. After reviewing the Task Force Report, Cantor Telecom is even more convinced that the Commission should expeditiously facilitate the creation of a secondary spectrum market as proposed in its pending rulemaking, *Promoting Efficient Use of Spectrum Through Elimination of Barriers to the Development of Secondary Markets*, WT Docket No. 00-230.

Cantor Telecom wholeheartedly agrees with the Task Force Report that “[t]he Commission should explore ways to promote spectrum access and flexibility in rural areas, including flexible regulation of power levels, [and] secondary markets mechanisms to encourage leasing of spectrum usage rights.”² Indeed, these mechanisms should not be limited to rural areas, but should be extended to all areas. Cantor Telecom also applauds the statement of the Task Force in its Report that “[a]n efficient secondary markets regime should be in place to facilitate the negotiated movement of spectrum rights from one party to another. In more narrowly-defined services (*e.g.*, public safety), spectrum users should have the ability to lease

² Task Force Report at p. 6.

excess capacity for other uses through time sharing of spectrum or other mechanisms.”³ New technological developments such as software defined radio (“SDR”) and frequency-agile radio, allow dynamic uses of spectrum would make spectrum trading even more attractive.

As the Task Force Report recommends, the Commission should move forward quickly with the secondary market proceeding. In that proceeding, the Commission should in particular:

- Permit leasing arrangements between the licensees and the frequency users;
- Allow intermediaries to facilitate the making of the markets;
- Allow licensees to subdivide their spectrum as to duration, geographic scope and amount of frequency; and
- Allow licensees to determine what portion of their rights, as so subdivided, to lease down stream.⁴

Upon establishment of rules allowing for a secondary market, intermediaries such as Cantor Telecom, with tested trading tools and up-to-date databases, will make it easier to match up buyers and sellers on the basis of standardized terms and agreements.

Cantor Telecom also would point out that during the last few months it has become clear that several European countries are rapidly moving towards allowing spectrum trading, at least in specific bands. As recently as January 2003, the Spanish government announced a legislative initiative to allow Spain's UMTS telecommunications operators to trade radio spectrum; the legislative proposal will be sent to the Parliament within the next few weeks.⁵ Previously, the U.K. sought and received industry comments on its Radio Communications Agency's 80-page

³ Task Force Report at p. 17.

⁴ For further details see Cantor Telecom's Ex Parte Submission of July 1, 2002 in the proceeding WT 00-230.

⁵ See, Section 5 of the document “INFORME SOBRE EL ANTEPROYECTO DE LEY DE TELECOMUNICACIONES”, released by Spanish Ministry of Science and Technology on January 17, 2003. http://www.setsi.mcyt.es/inic_legisla/ley_tele.htm

report on implementing spectrum trading, issued last summer,⁶ and is now going to announce next steps to promote this goal. The President of France sent a letter to the European Commission's President last November, shortly after the EU summit, asking the European Commission to allow spectrum trading in the 3G/UMTS sector in Europe.⁷ The German government has issued a favorable expert report on spectrum trading on the website of the German Federal Ministry of Economics and Labor and is considering the introduction of a much more flexible regime for wireless licensees to transfer or lease frequencies.⁸ Other EU member states, such as the Netherlands and Italy, are also said to be interested in liberalizing their regime of spectrum allocation to allow for more flexibility in the use of spectrum. The Commission should bring the proceeding in Docket No. WT 00-230 to a rapid consummation that will allow the U.S. to maintain and even expand its role as a regulatory pace-setter in the wireless sector.

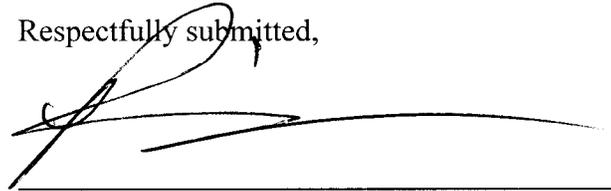
⁶ "Implementing Spectrum Trading –A Consultation Document, June 2002":
<http://www.radio.gov.uk/topics/spectrum-strat/consult/implementingspectrumtrading.pdf>

⁷ "Who's to blame for the state of European telcos?" November 6, 2002:
<http://www.europemedia.net/showfeature.asp?ArticleID=13503>

⁸ WIK Report on Spectrum Trading ("Frequenzhandel"), available at
http://www.bmwi.de/Homepage/Politikfelder/Telekommunikation%20&%20Post/Telekommunikations_Postpolitik.jsp – in German only.

For these reasons and the reasons set forth in its previous submissions, Cantor Telecom strongly encourages the Commission to establish market-oriented methods for increasing the efficient use of spectrum. To this end, the Commission should expeditiously adopt rules, as the Task Force has suggested, that facilitate the development of a secondary market in spectrum as outlined in WT Docket No. 00-230.

Respectfully submitted,



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January 27, 2003

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