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China Communications Infrastructure

FCC Equipment Authorisation Update: Headed for Federal Register

CITI'S TAKE

The Federal Register publication of FR Doc. 2026-18535 on 11-Sep-2026 marks the final procedural step before FCC 26-50's Third Report and Order takes legal effect — approximately 30 days after this publication. Note that the substantive rules summarized below originate from the FCC 26-50 order adopted on 22 Jul 2026; today's Federal Register filing introduces no new regulatory content and serves to trigger the compliance clock and satisfy the statutory public notice requirement. We reiterate that we believe **TFC** remains the most insulated as a passive component supplier with indirect impact only among the exports-focused optical transceiver chain. **Innolight, DSBJ** and **Eoptolink** are not on the Covered List, and there are no formal new policies enacted as of today, which should be slightly positive to sentiment. We believe investors are looking to the next FCC update and any update from the planned late-September summit between President Trump and President Xi.

Kyna Wong[AC]
+852-2868-7820
kyna.wong@citi.com

Karen Huang

Yiming Li, CFA

Kevin Chen

Further details from FCC 26-50

Component-Part Loophole Closed

Prior rules operated at the finished-device level, leaving a structural gap: a manufacturer not itself on the Covered List could embed chips or modules from a listed entity into its own branded product, effectively laundering the restricted technology through an assembly step. FCC 26-50 closes this by introducing the concept of "logic-bearing hardware components" — broadly defined as any digital or RF-processing element generating signals above 9,000 cycles per second, covering integrated circuits, modules, and sub-assemblies, ***but explicitly excluding passive or mechanical parts such as resistors, housings, wiring, and plain battery cells***. Software and firmware are not captured. Where such a component is produced by a Covered List entity, and where that entity producing the entire finished device would itself be barred from authorization, the finished device is equally prohibited — regardless of who assembles or brands it. The prohibition applies prospectively only and does not affect previously granted authorizations.

Online Marketplace Marketing Loophole Closed

Some platforms had argued that, as mere intermediaries, they fell outside the FCC's marketing rules. The order forecloses that position: any platform providing warehousing, fulfillment, labeling, billing, or inventory management services for third-party sellers is now treated as a distributor subject to the same compliance obligations as any direct seller. Platforms must also display a valid FCC ID at the online point of sale, with differentiated compliance deadlines — 1 March 2027 for marketplaces with physical access to or title over the device, and 1 Jun 2027 for

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those relying on third-party seller certifications. Exemptions apply to pre-existing unmodified listings, low-volume sellers, and used devices.

Re-Certification Required for All Covered List Entity Modifications

Any entity on the Covered List seeking to modify equipment must now submit a full re-certification application rather than using the streamlined permissive-change process. Previously granted waivers permitting Class I and Class II permissive changes for Covered List UAS equipment and covered routers remain in effect through 1 Jan 2029.

What Is Not in the FCC 26-50?

This order does not add any Chinese optical module manufacturers to the Covered List, nor does it establish a sector-wide ban on Chinese optical components. Adding a new entity or product category to the Covered List requires a prior national security determination by designated federal agencies — a procedural prerequisite the FCC explicitly acknowledged — before the Commission can act.

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Appendix A-1

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