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in October 1965. This rule, we believe, will serve effectively to prevent siphoning of key sporting events that might prove desirable to STV entrepreneurs, and assure the continued free viewing of programs of that kind now being seen free. It will, however, permit STV to show programs such as "blacked out" games that presently do not appear on conventional television. Details of this rule are discussed in paras. 253-270 below. Finally, the rule will not permit STV to show programs common in free TV in which continuing characters are presented from week to week in a series using a common setting or central program concept. This type of programming constitutes a not inconsiderable portion of free TV programming.

114. In view of the indications that STV programming will consist mainly of feature films and sports events, we believe that the new rules will assure that, with regard to the major part of STV programming, there will be no siphoning. The restriction on week-to-week series should further prevent such effects. Admittedly, it is conceivable that this still leaves some types of programs open to siphoning, e.g., spectacular "one-shot" programs, but we believe that these rules represent the extent to which we should regulate at this time. As we have stated (see para. 77), although we consider the preservation of conventional television service and the continued availability of free programs to be important, we also believe that the competition between STV and free TV could result in improved and more varied programming for both services. We believe that the rules we adopt, in the light of the information now before us, strike a desirable balance in this area. We shall, of course, as stated in paragraph 107, continue to watch closely the development of the infant STV industry to detect any trends with regard to siphoning.

Other Information, Such as (1) Modus Operandi of the Service; (2) the Technical Performance of the Systems; (3) the Nature of the Programs Offered; (4) the Methods to be Employed; (5) the Role of Participating Broadcast Station Licensees; (6) the Possible Monopolistic Features of STV.

115. (1) Modus Operandi of the service; (4) the methods to be employed; (5) the role of participating broadcast station licensees. 34/ Since these three items are closely interrelated, they will be discussed together. Zenith and Teco say that there are three functional organizations in the operation of STV service: (1) A local franchise organization to scramble programs for stations; to provide for the installation, servicing and maintenance of unscrambling devices attached to television sets of subscribers; to provide information to subscribers so that they will know how to adjust the unscrambling device to obtain desired programs; and to collect and disburse revenues obtained from subscribers. (2) A TV station licensee over whose facilities the STV programs are broadcast. (3) Program sources which supply programs directly to broadcasters.

34/ Additional information about these subjects appears in Appendix B attached hereto.