



May 15, 2026

Chairman Paul Atkins
United States Securities and Exchange Commission
100 F St. N.E.
Washington, DC 20549

RE: Material Financial Risks and Disclosure Deficiencies in the SpaceX S-1 Registration Statement Regarding Federal Broadband Subsidies

Dear Chairman Atkins,

I am writing to you as President of the Communications Workers of America (CWA), the largest U.S. union of workers in the telecommunications and technology sectors. Our members' retirement security is inextricably linked to the stability of the capital markets, which face unprecedented risks as SpaceX—a company whose valuation reportedly nears \$1.7 trillion—prepares for what would be the largest initial public offering (IPO) in U.S. history.

CWA urges the Commission to demand more robust disclosures regarding SpaceX's reliance on the \$42.45 billion Broadband Equity, Access, and Deployment (BEAD) program. While SpaceX has positioned its Starlink service as a primary solution for closing the digital divide, the limitations of Starlink's technology and recent regulatory developments suggest that the company's ability to capture these public funds is not certain. These risks are material to any reasonable investor and must be addressed with specificity in the S-1 filing.

The Materiality of the BEAD Funding Risk

Under the "Total Mix" standard of materiality, information is material if there is a substantial likelihood that a reasonable investor would consider it important. The following factors demonstrate why SpaceX's BEAD eligibility is a critical valuation driver:

- **Reliance on Non-Dilutive Capital for Infrastructure:** At a valuation reportedly exceeding 200 times cash flow, SpaceX's business model depends on aggressive, low-cost expansion into rural markets. Federal subsidies like BEAD represent billions in non-dilutive capital. If SpaceX is disqualified or unable to meet the performance standards required to secure these funds, it must either pivot to more expensive private financing or abandon significant segments of its domestic growth strategy.
- **The "Rider" as a Material Admission of Technical Limitations:** In early 2026, SpaceX aggressively lobbied states to "relax" BEAD rules regarding performance testing and labor standards through a proposed contract rider. The National Telecommunications and Information Administration (NTIA) has made clear that states should reject this

request.¹ SpaceX's own assertion that the program might be "untenable" without these exemptions constitutes a material admission that its current technology or operating model may not meet the mandatory 100/20 Mbps speed and latency benchmarks required by law. Telecom mapping experts have documented these limitations through an analysis of Starlink's capabilities, finding that in areas with more than 6.66 households per square mile within a Starlink beam's coverage area, Starlink may fail to deliver the minimum service to qualify as broadband.²

- **Regulatory Precedent and Revenue Volatility:** Investors should be alerted to the material precedent of the Federal Communications Commission's (FCC) 2022 rescission of \$885 million in Rural Digital Opportunity Fund (RDOF) subsidies.³ The FCC determined that Starlink failed to prove it could deliver the promised service. A recurrence of such a rescission within the BEAD program would not only result in a direct loss of revenue but would also signal a systemic failure to meet federal performance requirements, impacting the company's long-term competitive position.

Given the unprecedented scale of this offering and its high degree of marketing to retail investors, the SEC must ensure that SpaceX does not rely on speculative projections of "universal connectivity" that are decoupled from the reality of federal funding requirements. If SpaceX cannot meet the standards that every other broadband provider has accepted, that fact is material to the valuation of the company and the safety of our members' investments.

We respectfully request that the Commission require SpaceX to provide a detailed accounting of its BEAD-related revenue assumptions and the specific financial impact of the NTIA's recent rejection of its proposed regulatory exemptions.

Sincerely,



Claude Cummings Jr.

President

Communications Workers of America (CWA)

¹ <https://statescoop.com/spacex-starlink-bead-state-exemptions-ntia/>

² https://thexlab.org/wp-content/uploads/2025/07/Starlink_Analysis_Working_Paper_v0.2-1.pdf

³ <https://docs.fcc.gov/public/attachments/DA-24-883A1.pdf>