

DEREGULATION FOR FIXED-MOBILE CONVERGENCE

Statement of the Telecommunications Authority

27 April 2007

EXECUTIVE SUMMARY

The Telecommunications Authority (TA)'s concluded views and the regulatory changes that will be adopted as a consequence of the review in relation to fixed mobile convergence are summarized below:

Fixed Mobile Interconnection Charge (FMIC)

- (1) The TA will de-regulate the existing FMIC arrangement. The regulatory guidance in favour of MPNP contained in the TA's Statement No.7 (Second Revision) on Interconnection and Related Competition Issues will be withdrawn, subject to a transition period.
- (2) The TA will also withdraw the regulatory guidance on interconnection links subject to the same transition period as for FMIC.
- (3) There will be a transition period of 2 years starting from the date of issue of this Statement before the changes in (1) and (2) are implemented.
- (4) The TA will not issue replacement regulatory guidance upon the withdrawal of the existing regulatory guidance. The TA will continue to monitor market developments and will re-consider the need for regulatory guidance should market conditions change and/or indications of likely market failure emerge.
- (5) For the avoidance of doubt, there will be no change to:
 - (a) the existing "Any-to-Any" ("A2A") regime which is preserved in its entirety by virtue of the relevant powers in the Telecommunications Ordinance ("Ordinance") and made a condition of all licences granted to operators. The TA will

intervene, on a case by case basis, where commercial negotiations between operators fail to achieve A2A connectivity; and

- (b) the TA's power under section 36A of the Ordinance as a last resort to intervene, on an ex post basis, if commercial negotiation fails to produce agreed terms of interconnection between FNOs and MNOs within a reasonable period of time.
- (6) The TA Statement No. 7 will be modified at the end of the transition period to reflect the above changes.

Local Access Charges (LAC)

- (7) The existing LAC arrangement will be maintained.
- (8) If and when there is a complete and valid application for a modification or withdrawal of the existing determination of LAC, the TA will consider the request in separate proceedings.

Unified Carrier Licence (UCL)

- (9) The TA will make a recommendation to the Secretary for Commerce, Industry and Technology (SCIT) concerning the creation of the UCL by subsidiary legislation which will cover the general conditions, period of validity and licence fee of the UCL.
- (10) If SCIT approves the creation of the UCL, the TA may carry out further consultation (if necessary) at the appropriate time to solicit views on the special conditions for issue of the UCL.

Fixed Mobile Number Portability (FMNP)

- (11) The TA will conduct market research to understand the extent of consumer demand for FMNP and thus facilitate an assessment of the costs and benefits of FMNP before deciding whether to implement FMNP.
- (12) If having made this assessment the TA decides to implement FMNP, a

FMNP Working Group, consisting of members from the stakeholders, will be formed to address:

- (a) the technical and operational issues arising from the introduction of FMNP
 - (b) the feasibility and detailed arrangements for a centralised database to support number portability
- (13) All carriers (fixed or mobile) should have access to all number porting data (fixed number porting and mobile number porting). OFTA will convene a technical working group to examine the technical issues arising from MNOs having access to the ONP database.
- (14) The TA will request the NAC to review the remaining availability of numbers with the prefix '6' and '9' for mobile services and any differential treatment for FNOs and MNOs in the distribution of new number blocks.

Road Opening and Building Access Rights

- (15) The existing arrangement for road opening will be maintained, i.e. the right will only be given to those operators that are authorized under their licence to provide public wireline-based services.
- (16) The existing arrangement for building access will be maintained.

The TA wishes to emphasize that nothing in this document should be taken to suggest that he is fettering his discretion in relation to his powers under sections 36A and 36B of the Ordinance. The TA will continue to exercise these powers where necessary.

Office of the Telecommunications Authority
27 April 2007