

# LICENSING FRAMEWORK FOR UNIFIED CARRIER LICENCE

## Statement of the Telecommunications Authority

9 May 2008

### EXECUTIVE SUMMARY

The concluded views of the Telecommunications Authority (“TA”) on the consultation in respect of the licensing framework for Unified Carrier Licence (“UCL”) are summarized below.

#### Rights under the UCL

2. A unified carrier licensee may be granted with rights commensurate with its scope of service, in particular in the following aspects:
  - The granting of licence and the assignment of spectrum right by the TA to a licensee are separate matters. While a unified carrier licensee will not be automatically granted spectrum right which shall be acquired separately, it should be able to acquire rights to use radio spectrum for deployment of wireless technologies by, depending on the circumstance, applying to the TA direct or bidding through an open and competitive process. Where a UCL is granted by conversion or replacement of an existing carrier licence, the spectrum right which is still valid for the remaining period of the original licence can be transferred to the new UCL, but it shall not operate to extend the remaining period of spectrum right assigned under the original licence.
  - A unified carrier licensee is entitled to apply for allocation of telecommunications numbers and codes for provision of telecommunications service in accordance with the established procedure followed by existing carrier licensees. The existing arrangement of number allocation applied to the fixed and mobile services will continue to apply under the UCL until the TA decides otherwise.

- Road opening right may be granted based on a streamlined approval procedure depending on the need to roll out a public wireline-based service. The new approval procedure will apply to all unified carrier licensees including the four FNOs licensed in 1995 when their licences are replaced by UCLs in future, and also to other fixed network operators (“FNOs”) licensed after 2003 under their existing fixed carrier licences.
- The TA will grant a blanket authorization to a unified carrier licensee if (a) it is authorized to provide fixed services and (b) it demonstrates a plan to roll out self-built customer access network to buildings based on deployment of technology which requires the laying of facilities in common parts of a building for serving only the residents and occupants of that building. FNOs licensed after 2003 may apply to the TA for similar authorizations if they meet the same criteria.

### **Obligations under the UCL**

3. A common set of special conditions (“SCs”) will be applied to all unified carrier licensees. The adopted SCs are the same as the original proposed ones in the consultation except that (a) the requirement in respect of tariff publication in the Government Gazette has been dropped; and (b) the proposed SC in respect of publication of accounting rates and settlement rates has been removed. The TA is prepared to accept application from existing carrier licensees to align their tariff publication requirement with that under the UCL.

### **Interconnection Regime**

4. Unified carrier licensees are free to negotiate interconnection agreements with other carriers in observance of the prevailing regulatory guidance. The existing regulatory arrangements on interconnection among carriers and service providers shall continue to apply to a unified carrier licensee depending on the services it provides until the regulatory guidance for fixed mobile interconnection charge (“FMIC”) and interconnection links are withdrawn when the two-years transition period ends on 27 April 2009. During the transition period, a unified carrier licensee providing fixed service

will be treated as a fixed carrier while one providing mobile service will be treated as a mobile carrier.

### **General Approach of Granting Unified Carrier Licence**

5. Once the UCL is in place, the TA will only grant UCL in lieu of the fixed and mobile carrier licences. The existing carrier licences will be replaced by UCLs when they expire, or they may be converted into UCLs before expiry on a voluntary basis.

### **Replacement of the Four Fixed Carrier Licences Issued in 1995**

6. The holders of the four fixed telecommunications network service / fixed carrier licences issued in June 1995 may apply to the TA for replacement of their licences by UCL when the licences expire in June 2010.

7. The current universal service provider, PCCW-HKT Telephone Limited ("PCCW"), will continue to have a universal service obligation upon replacement of its fixed carrier licence by UCL. Other special obligations under its existing licence which was granted in January 2005 for implementation of the ex post tariff regulatory regime are considered to remain relevant and will be maintained under the UCL. These include the special condition requiring ex ante approval of certain interconnection tariffs offered by PCCW. Since the present regulatory guidance for FMIC will be withdrawn on 27 April 2009, the ex ante approval requirement for FMIC will not apply after that day and such a requirement will also not appear under the UCL which may be granted to PCCW in 2010.

### **Conversion of Mobile Carrier Licences**

8. When an existing mobile carrier licensee applies to convert its licence into a UCL, its existing obligations associated with the spectrum rights will be maintained under the UCL to be granted including those in respect of payment of spectrum utilization fee, performance bond and open network access requirements.

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