

**OFFICIAL GAZETTE OF THE REPUBLIC OF CROATIA, No. 76,
ZAGREB, JULY 19, 1999**

**THE HOUSE OF REPRESENTATIVES OF
THE CROATIAN NATIONAL PARLIAMENT**

1359

Pursuant to Article 89 of the Constitution of the Republic of Croatia, I
pass the

D E C I S I O N

**ON THE PROMULGATION OF THE LAW ON
TELECOMMUNICATIONS**

I promulgate the Law on Telecommunications which was passed by the
House of Representatives of the Croatian National Parliament at its session
held on June 30, 1999.

Number: 01-081-99-1346/2
Zagreb, July 8, 1999

President of
the Republic of Croatia
Franjo Tudman, Ph.D., signed

LAW
ON TELECOMMUNICATIONS

I GENERAL PROVISIONS

Content and Purpose of the Law

Article 1

This Law shall regulate telecommunications, radio, television and cable
television, the relations between providers and users of telecommunications

services as well as the construction, maintenance and use of telecommunications facilities and equipment, and of radio stations.

Exemptions Regarding the Application of the Law

Article 2

(1) This Law shall not apply to telecommunications equipment installed and operated exclusively for the purposes of the army, police, diplomatic corps, financial police and customs, and the frequencies for the operation of such equipment shall be used pursuant to a contract (agreement) with the Croatian Institute of Telecommunications.

(2) This Law shall not apply to telecommunications equipment (in particular radio systems and terminal equipment) installed and operated exclusively for the purposes of the Croatian Institute of Telecommunications.

Terms

Article 3

For the purposes of this Law the terms used herein shall have the following meanings:

1. ***Amateur Radio Station***: A Radio Station operating in the frequency band allocated to radio-amateur service;
2. ***Cordless Telephone (CT)***: Two Radio Stations, one fixed and one mobile, which are connected to the public telephone network via a fixed Termination Point;
3. ***Service Provider***: Legal or natural person providing Telecommunications Services on the market in accordance with the provisions of this Law;
4. ***Citizens Band Radio Station (CB)***: A Radio Station operating in the frequency band allocated to citizens;
5. ***Infrastructure of the Telecommunications Facility, Capacity, Network or System***: The basic components of the telecommunications facility, capacity, network or system, such as land, structure or building, antenna

rod, access path, power supply, heating, water supply, cable canalization, cable galleries and other;

6. **Public Telecommunications:** The commercial provision of Telecommunications to any natural or legal persons;
7. **Public Telecommunications Network:** A Telecommunications Network used for the Public Telecommunications;
8. **Public Telecommunications Services:** Telecommunications Services provided on a commercial basis to any natural or legal persons;
9. **Public Voice Services:** Real-time speech transmission services provided by means of a Public Fixed Telecommunications Network;
10. **Cable Television:** The distribution of radio or television signals to the public by means of any wire-based and fiber optic-based infrastructure, which may also contain radio connections;
11. **Service Users:** Natural or legal persons using or requesting Public Telecommunications Services;
12. **Concessionaire:** A legal person who has been granted a specific concession and who has concluded a contract on concession;
13. **Interconnection:** Access to a network which establishes a physical and logical connection between Telecommunications Networks enabling direct and indirect communication between users connected to these networks;
14. **Ministry:** Ministry competent for Telecommunications;
15. **Minister:** Minister of the Ministry competent for Telecommunications;
16. **Fixed Network:** Telecommunications Network which does not include the Mobile Network;
17. **Operator:** Service provider, legal or natural person who exercises, de jure and de facto, control of all the functions necessary for the provision of Telecommunications Services via Telecommunications, Telecommunication System, facility or equipment or Radio Station;
18. **Universal Services:** Universal Telecommunications Services are a minimum set of Telecommunications Services of specified quality which

are available to all users in the Republic of Croatia, independent of their geographic location and at an affordable price;

19. **Private Telecommunications:** Telecommunications for members of closed user groups and only for own needs of legal and natural persons which do not include the provision of Telecommunications to the public, i.e. the commercial provision of Telecommunications to other legal and natural persons;
20. **Producer or Author of a Radio and Television Program:** The legal or natural person who produces, creates or writes programs for Radio and/or Television;
21. **Mobile Radiophone:** A Mobile Radio Station which is connected to the public telephone network as a mobile Termination Point;
22. **Termination Point:** All physical connections and their technical specifications for connection which are part of the Telecommunications Network and which are necessary for the connection to that network, and for the efficient establishing of connections via that network;
23. **Network Access:** The physical and logical connection of Terminal and other Equipment to a Telecommunications Network or parts thereof and the physical and logical connection of one Telecommunications Network to another Telecommunications Network or parts thereof for the purpose of using the functions of that network or for using the services provided thereby;
24. **Mobile Network:** Telecommunications Network which enables to establish connections even in the circumstances of physical movement of the Service User of that network;
25. **Mobile Radio Station:** A Radio Station which enables communication even in the circumstances of physical movement of the user of that Radio Station;
26. **Coverage Area:** The geographical area in which Radiocommunication of the prescribed quality is enabled (other term: service area);
27. **Subscriber:** Legal or natural person who has concluded a contract with the Provider of Public Telecommunications Services for the purpose of using such services;

28. **Radiocommunications**: Telecommunications by means of radio waves;
29. **Radio Service**: A type of Radiocommunication as defined by the Radio Regulations of the International Telecommunications Union (ITU);
30. **Radio**: General term applied to the use of radio waves and Public Telecommunications which transmit sound, voice or speech and other signals intended for direct reception by the public via transmitters on Earth or satellite (Sound Broadcasting);
31. **Radio Frequency Spectrum**: Electromagnetic waves in the frequency range from 3 kHz to 3000 GHz, which propagate without artificial conduction;
32. **Radio Station**: One or more transmitters or receivers or a combination of one or more transmitters and receivers, including the accessory equipment, necessary at a specific location for the performance of Radiocommunications;
33. **Radio Network**: The infrastructure of more than two Radio Stations for the performance of Radiocommunications;
34. **Radio Beacon Station**: A Radio Station in the radio-navigation service whose emissions enable a Mobile Radio Station to determine its bearing or direction of movement in relation to the Radio Beacon Station;
35. **Repeater**: A Radio Station or only the antenna system for the simultaneous reception and transmission of electromagnetic waves;
36. **Harmful Interference**: Interference which endangers the functioning of radio-navigation services or other security services or seriously deteriorates, obstructs, or repeatedly interrupts a Radiocommunications service operating in accordance with Radiocommunications regulations;
37. **Telecommunications**: The technical process of sending, transmitting and receiving any kind of intelligence or message in the form of signs, signals, voice or speech, images or sounds by means of the Telecommunication System;
38. **Telecommunications System**: Any technical equipment or systems, including wire, optical, wireless, or other electromagnetic systems, capable of sending, transmitting, switching, receiving, steering or controlling as intelligence or messages identifiable electromagnetic or optical signals;

39. **Television:** Public Telecommunications which transmit sound, picture and other signals intended for direct reception by the public via transmitters on Earth or satellite (Television Broadcasting). This service may include sound transmissions, television transmissions and other types of transmissions;
40. **Telecommunications Connection:** A connection established for transmission, emission or reception of signs, signals, written text, pictures, voice and sounds or intelligence of any nature;
41. **Telecommunications Network:** Transmission equipment and, where applicable, switching equipment and other resources which permit the conveyance of signals between defined Termination Points by wire, by optical, by radio, or by other electromagnetic means;
42. **Telecommunications Building:** Telecommunications facility which is built or set up and used or put into operation on the basis of an approval according to special regulations regulating construction;
43. **Terminal Equipment:** The equipment which is directly or indirectly connected to the Termination Points of a Public Telecommunications Network to transmit, process or receive correspondence or information. A connection is indirect if another equipment is placed between the terminal and the termination of the network. In either case (direct or indirect connection), the connection may be made by wire, optical fiber or electromagnetically;
44. **Telecommunications Service:** A service of transmission, emission or reception of signs, signals, written text, pictures, voice and sounds or intelligence of any nature which is provided through a wire, optical, wireless or other electromagnetic system, including the possibility of using all or part of these systems by leasing, sale or in any other manner;
45. **Telecommunications Line:** A transparent telecommunications transmission capacity among Termination Points of a network, without a mediating (switching) function;
46. **Teleshopping:** Sale, purchase or rent, i.e. lease of products and other movables or real estate and provision of services via Radio or Television;
47. **Mobile Network Service:** A Radiocommunications service between mobile and fixed stations, or between mobile stations;

48. ***Owner of the Telecommunications Means, Equipment, Facility, Network or System, or Radio Station:*** Legal or natural person who disposes, de jure and de facto, independently of the Telecommunications means, equipment, facility, Network or System, or Radio Station;
49. ***Common Antenna System:*** An array of technical equipment which is used for direct reception of radio and television emissions for a group of users of receivers in a residential or commercial building or on another smaller, limited, geographically non disrupted area via cables for the distribution of radio and television programs (KDS), with the condition that the distribution of programs is not performed commercially, i.e. with any fee from the users of receivers.

State Interest

Article 4

(1) The construction, maintenance and usage of the Telecommunications System as well as the usage of the Radio Frequency Spectrum and the provision of Telecommunications Services shall be of interest for the Republic of Croatia.

(2) The obligations of the Operators providing Public Voice Services shall be determined by general objectives which, upon the proposal of the Government of the Republic of Croatia, shall be adopted by the Croatian National Parliament.

(3) Within three months upon the expiry of the calendar year, the Government shall submit to the Croatian National Parliament a report on the achievement of the objectives as mentioned in paragraph (2) of this Article for the previous year.

II CROATIAN INSTITUTE OF TELECOMMUNICATIONS

Establishment of the Croatian Institute of Telecommunications

Article 5

(1) By this Law an independent regulatory authority in Telecommunications, the non-profit legal person Public Institution Croatian

Institute of Telecommunications (hereinafter: the Institute), shall be established.

(2) The founder of the Institute shall be the Republic of Croatia and the founder's rights, in accordance with the provisions of this Law, shall be exercised by the Croatian National Parliament and the Government of the Republic of Croatia.

(3) The Institute shall be independent in performing its activities and in operation and it shall be responsible for its operation to the Croatian National Parliament to which it shall submit an annual report on its operation. Acts and actions of the Institute's bodies shall be subject to the consent or approval by the Croatian National Parliament or by the Government of the Republic of Croatia or the Minister of the Ministry competent for Telecommunications (herein after: Minister), only when this is prescribed by this Law or when these bodies as determined by the Law pass them in the framework of exercising the founder's (ownership) authorizations. The Institute shall be independent in undertaking all organizational and other measures necessary for a non-disturbed performance of functions and fulfillment of obligations in international telecommunications associations in accordance with this and other laws.

(4) The activity of the Institute, as determined by this Law and by the Articles of Association of the Institute, shall be of interest for the Republic of Croatia and the Institute shall perform it as a public service.

(5) The resources for the commencement of the operation of the Institute shall be secured from the resources that are managed and utilized by the Ministry competent for Telecommunications (hereinafter: Ministry) in the manner as prescribed by this Law.

(6) The resources for the performance of the activities of the Institute shall be secured from the budget of the Republic of Croatia. The fees that are prescribed by this Law shall be the income of the budget of the Republic of Croatia.

(7) For the obligations toward other persons the Institute shall be liable with all its resources, and the Republic of Croatia shall be liable without limitation, and jointly and severally with the Institute.

(8) The Institute may not, without the consent of the Government of the Republic of Croatia, acquire, encumber or dispose of a real estate or another property, or conclude another legal transaction, if the value of the contract or

another legal transaction is in excess of the amount as determined by the Articles of Association of the Institute.

(9) The Institute shall be managed by the Administration Board, comprised of five members. The members of the Administration Board shall be appointed by the House of Representatives of the Croatian National Parliament upon the proposal of the Government of the Republic of Croatia for a period of five years, and they may be appointed for another five year period. The members of the Administration Board shall elect the President and Deputy President of the Administration Board among themselves. The members of the Administration Board shall gradually be replaced by new members in such a way that, during the initial five year period and timely, at the end of each of the first four years, the member of the Administration Board from the initial appointment who is subject to replacement or re-appointment for the subsequent five year period, shall be determined by ballot. The Institute shall enter into a labor contract with the members of the Administration Board for the period for which they shall be appointed, whereby the period for which the labor relationship shall be established, the salary and other rights on the basis of work, as well as other rights and obligations of the members of the Administration Board shall be regulated.

(10) The members of the Administration Board must be citizens of the Republic of Croatia, having permanent residence in the Republic of Croatia. They must have professional knowledge, ability and working experience in technical, legal and economic disciplines in the field of Telecommunications, and must be fluent in at least one of the world languages (English, German or French).

(11) The members of the Administration Board may not be owners, shareholders or holders of shares, members of Management Boards or Supervisory Boards or members of Administration Boards or other corresponding management bodies, Directors or other managers of business operations of legal persons which are subject to the provisions of this Law, nor may they have a material or other proprietary interest in the manufacturing or distribution of telecommunications equipment, except where this is a secondary activity to such legal person.

(12) The members of the Administration Board, the Director and other employees of the Institute may not be employees of, or may not enter into a contract or another relationship with, any legal person or other service which is connected with Telecommunications.

(13) The persons who:

1. May not be members of the Management Board of a joint stock company,
2. Have committed a gross violation of duty,
3. If it has been evaluated that they are incapable of ordinary performance of businesses,
4. If they are in breach of the provision referred to in paragraphs (12) and (13) of this Article,

may not be appointed as the members of the Administration Board, i.e., if they have been appointed, they may be removed from office.

(14) The Administration Board shall pass decisions by the majority vote of all members of the Administration Board.

(15) The Administration Board shall adopt the Articles of Association of the Institute, shall pass regulations for whose passing it shall be authorized pursuant to the provisions of this Law, it shall pass decisions on granting of concessions that shall be passed by the Institute pursuant to the provisions of this Law, it shall adopt the annual program of the Institute's operation, the calculation of income and expenditure and the annual account of the Institute, and it shall also perform other businesses as determined by this Law and by the Articles of Association of the Institute.

(16) The Government of the Republic of Croatia shall give its consent to the Articles of Association of the Institute.

(17) The head of the Institute shall be its Director who shall be appointed by the Government of the Republic of Croatia for a period of four years. The Government of the Republic of Croatia shall also appoint the Deputy Director for a period of four years who shall replace the Director in cases of his absence or inability to attend, and who shall also perform other businesses as determined by the Articles of Association of the Institute. The Director and Deputy Director may be removed from office prior to the expiry of their term of office for the reasons referred to in paragraph (13) of this Article and they must be removed from office for the reasons referred to in Article 44, paragraph (2) of the Law on Institutions.

(18) The registered office of the Institute shall be in Zagreb. Internal organizational units shall be established within the Institute as determined by this Law and by the Articles of Association of the Institute, as well as expert, supervisory and counseling bodies of the Institute whose composition, establishment and businesses shall be determined by the Articles of Association of the Institute.

(19) When, pursuant to the provisions of this Law, the regulations for the implementation thereof shall be passed by the Government of the Republic of Croatia or by the Minister upon the proposal of the Institute, the Government of the Republic of Croatia or the Minister shall not bound by the proposal of the Institute.

(20) When the Institute, in implementing this Law and the regulations passed pursuant this Law, shall pass acts that do not have characteristics of regulations, an appeal against such acts may not be submitted, however, an administrative proceeding may be instituted.

(21) The Government of the Republic of Croatia may also, by its decree, regulate other issues in connection with the establishment of the Institute, in accordance with this Law.

III TELECOMMUNICATIONS SYSTEM

Conditions for Construction

Article 6

(1) Facilities, technical equipment and installations of Telecommunications and Radiocommunications and Terminal Equipment, intended for use in the Republic of Croatia shall be designed, manufactured, constructed, maintained and used in accordance with Croatian standards, technical conditions and conditions of use, with the adopted standards of the European Telecommunications Standards Institute (ETSI), and with the regulations, decisions and recommendations of the International Telecommunication Union (ITU) and of the European Conference of Postal and Telecommunications Administrations (CEPT).

(2) Facilities, technical equipment and installations of Public Telecommunications shall be constructed in such a way that Telecommunications Services be also accessible to persons with certain

impairments and inability, in accordance with the corresponding recommendations of the International Telecommunications Union (ITU).

(3) The technical equipment and installations referred to in paragraph (1) of this Article may be imported, sold, leased, used, or installed or connected to telecommunications capacities, if the quality thereof is proved by a certificate (certificate) issued by the Institute or a declaration of conformity issued by the manufacturer of the equipment, subject to the filing of an application with the Institute, and if it is marked with the prescribed mark in accordance with the regulation referred to in paragraph (4) of this Article. The Institute may also designate foreign legal persons, whose quality certificates or declarations of conformity and marks shall be recognized in the Republic of Croatia as valid evidence of the quality of the technical equipment referred to in paragraph (1) of this Article.

(4) The technical conditions and conditions of use pursuant to the provision set forth in paragraph (1) of this Article, and the regulation on the method and procedure for measurement and testing for the purpose of issuing quality certificate (certificate) and on marking of the equipment and installations referred to in paragraph (1) of this Article, as well as on issuing the certificate (certificate) or declaration of conformity and for the purpose of marking of electrical and other equipment on electromagnetic compatibility (EMC) referred to in Article 69, paragraph (2) of this Law, shall be passed by the Director of the Institute.

(5) The measurements and testing for the purpose of issuing quality certificate (certificate) or declaration of conformity and for the marking, referred to in paragraph (4) of this Article, shall be performed by the Institute or by the legal person authorized by the Institute. A fee shall be payable for such authorization in favor of the budget of the Republic of Croatia, according to the regulation referred to in Article 29, paragraph (6) of this Law. The Institute may revoke the authorization granted, in the event that the measurements and testing shall not be performed in accordance with the standards, conditions and recommendations referred to in paragraph (1) of this Article.

(6) The facilities, technical equipment and installations referred to in paragraph (1) of this Article for which a corresponding regulation referred to in that paragraph shall not have been passed, may, pursuant to the approval issued by the Institute, be used or installed or connected to telecommunications capacities for the purpose of testing their characteristics.

(7) The approval referred to in paragraph (6) of this Article shall be granted for a period of up to 2 years.

(8) The building permit for the Telecommunications Building, which shall be issued pursuant to a special law which shall regulate issues relating to the construction of buildings, may not be issued until the investor shall have obtained from the Institute the certificate of conformity of the main project with the special conditions of building as determined pursuant to this Law.

(9) An employee of the Institute shall participate in the work of the commission related to the technical inspection of the building for the purpose of issuing the use permit which shall be issued pursuant to a special law which shall regulate issues relating to the construction of buildings, such building having received the certificate issued by the Institute as referred to in paragraph (8) of this Article. During the technical inspection of the building, the investor shall produce evidence of the quality of the works being carried out, pursuant to the provisions set forth in paragraphs (1) and (3) of this Article. This provision shall also apply to the Cable Television systems in local networks.

(10) The provision set forth in paragraph (8) of this Article shall not apply to the Telecommunications Buildings in local Fixed Networks except those in Cable Television systems.

(11) In cities and urban areas, on the occasion of the construction of a commercial or residential building having a (gross) developed surface area in excess of 400 sq. m. and more than two apartments, the investor of such construction shall construct a cable canalization for Subscriber Telecommunications Lines and Cable Television lines, as necessary only for that building, which shall be described in the installations project – weak current project, which shall be made an integral part of the main project.

(12) In the buildings referred to in paragraph (11) of this Article, the investor shall install a complete telecommunications installation as appropriate to the intended use of the facility, including the lines for the Common Antenna System and Cable Television.

Installation and Operation

Article 7

(1) A concession shall not be necessary for the installation and operation of telecommunications equipment and networks for Private Telecommunications purposes. A concession granted by the Institute as well as a contract on concession concluded with the Institute shall be required for the installation of a Public Telecommunications Network and for the right to be the Operator of that network.

(2) Telecommunications equipment and networks intended to be connected to the Public Telecommunications Network or for the provision of Telecommunications Services must comply with the accepted technical and technological level in terms of the design and operation thereof, with particular emphasis on:

1. The safety of network usage,
2. Network integrity,
3. Interoperability of services,
4. Conditions for the connection of Terminal Equipment.

(3) In accordance with the currently accepted technical and technological developments, the Director of the Institute may pass more detailed regulations concerning the safety of network usage, network integrity, interoperability of services and the conditions for the connection of Terminal Equipment.

(4) The Operator shall give priority to the transmission of messages concerning the security and defense of the State, the safety of human life on land, at sea, in the air or in outer space and concerning the endangerment of property on a larger scale.

(5) The Operator and the owner of telecommunications capacities and of a Radio Station, shall be obliged, during wartime or a direct threat to the independence and unity of the State and in circumstances of major natural disasters, to give the telecommunications capacities and the Radio Station to the competent bodies for use in accordance with special regulations.

(6) The Operator shall put technical interfaces at the disposal of, and shall provide assistance to, the court, State Attorney's Office, police and army in the performance of their supervision of the communication of the Service User, at the request of the authorized person in the framework of the powers thereof as set forth under special regulations in accordance with the corresponding resolution of the Council of the European Community.

Use of Public Property and Possession of Others

Article 8

(1) Any Operator providing Public Voice Services as referred to in Article 12, Universal Telecommunications Services as referred to in Article 20 or Telecommunications Services open to competition for which the usage of the Radio Frequency Spectrum is necessary as referred in Article 26 of this Law and the Institute shall be entitled, with the consent to be obtained from the competent State Authority body which manages them, to use for the purpose of the performance of their activities the public property in public use owned by the Republic of Croatia, as well as forest and other land owned by the Republic of Croatia, and the air space above it, for the installation and maintenance of Telecommunications Lines and line equipment.

(2) The Operator referred to in paragraph (1) of this Article, the Institute and other Concessionaires and Service Providers, when that is necessary for the construction of facilities or performance of works which in accordance with this Law are of interest for the Republic of Croatia, may, pursuant to the Law on Expropriation, acquire ownership or servitude over real estate of legal or natural persons, including the real estate referred to in paragraph (1) of this Article, if the consent has not been obtained.

Joint Use of the Constructed Telecommunications Facilities Infrastructure

Article 9

(1) The Concessionaire of Universal Telecommunications Services and the Concessionaire of Radio or Television shall be entitled, provided that the technical possibilities shall be available, to use the Telecommunications Facilities Infrastructure owned by other legal or natural persons, subject to a compensation for actual costs according to a contract on direct agreement. Should the Owner of the Telecommunications Facility Infrastructure refuse to enter into the contract in connection with the compensation of actual costs, the

Institute shall, at the request of the Concessionaire, within 60 days, establish whether the conditions exist and pass the resolution on the method of utilization and payment of the compensation.

(2) The Director of the Institute may stipulate that the provision set forth in paragraph (1) of this Article, with respect to the exercise of the right of use of the constructed Telecommunications Facility Infrastructure owned by other legal and natural persons, shall also apply to Operators referred to in Article 8, paragraph (1) of this Law and to users of certain types of Radio Stations, depending on the frequency, power and purpose.

Exemptions from Concessions

Article 10

(1) The Institute may, upon request, grant a temporary approval for the installation and operation of radio systems and Terminal Equipment for the purpose of technical and market testing, provided that there shall be no obstacles from the technical point of view, particularly if no interference with other telecommunications equipment may be expected. Any such approval may be issued for the time limit of a maximum of 6 months.

(2) Upon the expiry of the time limit set forth in paragraph (1) of this Article, the services may continue to be provided only in accordance with the provisions of this Law, otherwise the provision of services shall cease.

(3) For the temporary approval referred to in paragraph (1) of this Article a fee shall be paid in favor of the budget of the Republic of Croatia, pursuant to the regulation referred to in Article 29, paragraph (6) of this Law.

Telecommunications Service Users Council

Article 11

(1) The Minister shall establish the Telecommunications Service Users Council, which, as an autonomous and independent body, shall participate in the resolving of issues of dispute arising between the Telecommunications Service Providers and Users. The number of the members of the Telecommunications Service Users Council, the term of office for which they shall be appointed and the manner of its operation shall be determined by the deed of foundation.

(2) The Telecommunications Service Users Council shall monitor the state in the field of Telecommunications Services, especially in relation to the quality and tariff of Services. The Telecommunications Service Users Council shall have the right to request from the Institute and from the Telecommunications Service Provider the information and documentation which is connected with its operation. If the need arises, the Telecommunications Service Users Council shall inform the Ministry, the Institute and other competent bodies on its findings and evaluations, with the proposal for undertaking measures in accordance with law.

(3) The Telecommunications Service Users Council shall operate within the Institute, which shall perform expert and administrative businesses for it.

IV PUBLIC VOICE SERVICES

Special Obligations of Public Voice Service Providers (Operators)

Article 12

(1) An Operator acquires the right to perform Public Voice Services in a Fixed Network pursuant to the decision on the grant of a concession which is passed by the Institute and pursuant to the concluded contract on concession.

(2) On their concession territory, the Providers of Public Voice Services must:

1. Ensure Interconnection with other Telecommunications Networks in the Republic of Croatia and abroad from and to these networks, according to international standards;
2. Enter into a written contract with the Subscriber or with another Telecommunications Service Provider on the connection to their network;
3. Make available to their Service Users, free of charge and in an appropriate way, a short and clear summary of the tariff referred to in Article 15, paragraph (2) of this Law;

4. Automatically record data on the services provided by them for their Service Users for the purpose of calculation of services and, at Service User request, make possible to the Service Users access into those records;
5. Deliver, within a reasonable period, business data, network data and traffic data, at the request of the Minister or of the Institute, including confidential data, if such data shall have been kept as confidential by the Telecommunications Service Provider.

(3) If on the occasion of transmission of the telecommunications correspondence in a prescribed way, in accordance with the Regulation referred to in Article 14 of this Law and in a permissible way, the Public Voice Service Provider shall learn of the content of the correspondence, being insulting for the dignity and honor of a person and public moral or aimed against the safety and defense of the Republic of Croatia and the safety of human lives, he shall not transmit such telecommunications correspondence

(4) The provision set forth in paragraph (3) of this Article shall also apply accordingly to other Telecommunications Service Providers in accordance with the contract on concession.

Functioning and Maintenance of the System for the Provision of Public Voice Services

Article 13

(1) Public Voice Service Providers must ensure proper and interference-free functioning of their system and ensure the provision of Telecommunications Services in accordance with the provisions of this Law, with regulations passed pursuant to this Law and with technical conditions and standards referred to in Article 6, paragraph (1) of this Law.

(2) Public Voice Service Providers must maintain their system in a working condition and timely undertake measures for the removal of interference and failures in their system.

(3) Public Voice Service Providers must, without any unnecessary delay, notify the Institute of the complete interruption in any international or interurban Telecommunications Connections.

Regulation on Voice Services

Article 14

(1) The Public Voice Service Provider must provide services in a way, within the time-limits and in accordance with the procedure defined by this Law, by the Regulation on General Conditions for the Provision of Public Voice Services (hereinafter: Regulation on Voice Services), and in accordance with laws and other regulations.

(2) The Regulation on Voice Services shall determine the conditions, time limits, method and procedure for the provision of services.

(3) The Regulation on Voice Services shall be passed by the Minister, upon the proposal of the Institute.

Tariffs for Public Voice Services

Article 15

(1) The principles of a tariff system for determining of the prices for Public Voice Services in domestic and international traffic during periods of weak and intensive traffic, as well as on weekends and holidays, shall be prescribed by the Director of the Institute.

(2) Any Provider of Public Voice Services with significant market power pursuant to Article 32 of this Law shall, with the consent of the Institute, pass and publish in an appropriate manner a uniform tariff for Public Voice Services for the entire area in which he shall provide such services.

(3) For the achievement of economic or marketing purposes, the Public Voice Service Providers referred to in paragraph (2) of this Article may provide particular services at prices lower than the prices determined in the tariff referred to in paragraph (2) of this Article, which shall be made known to the Service Users in a suitable way.

Confidentiality of Correspondence

Article 16

(1) In providing the services, the Public Voice Service Provider must ensure the confidentiality of telecommunications correspondence.

(2) Employees of the Service Provider referred to in paragraph (1) of this Article shall be prohibited from:

1. Learning the content of telecommunications correspondence in an unauthorized way;
2. Informing unauthorized persons on any data in connection with the telecommunications correspondence;
3. Enabling or assisting unauthorized persons in the performing of the actions described in items 1 and 2 of this paragraph.

(3) The prohibition referred to in paragraph (2), item 2 of this Article shall also apply to employees even after they are no longer employed with the Service Provider.

(4) The provisions set forth in paragraphs (1), (2) and (3) of this Article shall also apply in an appropriate manner to other Telecommunications Service Providers and their employees.

Subscriber Directory

Article 17

(1) Public Voice Service Providers must, at least once in two years, publish a Subscriber directory in which citizen Subscribers, and business and other Subscribers shall be listed separately.

(2) Public Voice Service Providers must perform the service of providing information on the numbers of their Subscribers, and the Subscriber may exercise his right not to have his number listed.

(3) The provision set forth in paragraph (1) of this Article shall also apply to the Providers of other Telecommunications Services in an appropriate

manner, about which the Director of the Institute may pass a special regulation, depending on the type of services.

Subscriber Relationship

Article 18

(1) Except as otherwise provided in the contract on concession, Public Voice Service Providers must, at the request of a legal or natural person, which must be submitted on the prescribed application form, connect the Subscriber Terminal Equipment to their system, provided that the technical conditions therefor shall exist, forthwith, and not later than within 30 days from the day when the opinion referred to in paragraph (2) of this Article was issued, under the condition that, by such opinion, the request was met.

(2) The request for the connection of Subscriber Terminal Equipment shall be submitted on the prescribed form, and the Service Provider must express its opinion about the request forthwith, and not later than within 30 days from the day of the receipt thereof, except as otherwise provided in the contract on concession of the Service Provider.

(3) For the purposes of this Law, the term Subscriber Terminal Equipment shall also mean the telecommunications capacities of legal and natural persons when connecting to Public Telecommunications.

(4) Public Voice Service Providers must keep a list of the requests referred to in paragraph (2) of this Article.

(5) Public Voice Service Providers must provide an explanation for rejecting a request, and obligatorily determine the final deadline for acceptance of the request.

(6) A Subscriber relationship shall be considered to be established after the Service Provider accepts the request by expressing its opinion as referred to in paragraph (2) of this Article.

(7) The rights and obligations arising from the Subscriber relationship shall become effective once the Subscriber Terminal Equipment is connected by the Service Provider to its system.

(8) A Subscriber relationship may be transferred to another legal or natural person if the new Subscriber shall continue to use the existing

Subscriber Terminal Equipment through the same Termination Point with an alteration of the name in the title of the Subscriber, about which the Subscriber shall be obliged to inform the Service Provider.

(9) The Subscriber relationship may be terminated if the Subscriber shall refuse to fulfill his obligation with regard to the correct functioning of the Subscriber Terminal Equipment or with regard to debt for the service rendered, if he shall not request the reconnection of the Subscriber Terminal Equipment which was temporarily disconnected at his request, if the Subscriber shall move from the residential or business premises and leave the Subscriber Terminal Equipment for use to the new user of the premises, or at the written request of the Subscriber.

(10) In case of death of the Subscriber or should the legal person acting as Subscriber cease to exist, the heir or the legal successor must request an alteration of the name in the title of the Subscriber in the sense of the provision set forth in paragraph (8) of this Article or must request the disconnection of the Subscriber Terminal Equipment from the network.

(11) The establishment and termination of a Subscriber relationship shall be conducted in a manner and according to the procedure determined by the Regulation referred to in Article 14 of this Law.

(12) In the event that the request referred to in paragraph (1) of this Article shall not have been accepted in the sense of the provision set forth in paragraph (5) of this Article, the Service Provider must, at the request of the legal or natural person, offer a special technical solution for the connection of the Subscriber Terminal Equipment with compensation of the actual costs. The request for connection may also be refused because, according to the reasonable opinion of the Service Provider, the applicant will not be able to settle his debts for the services rendered. Should the applicant provide an appropriate insurance for the payment of the services, such as, for example, payment of an appropriate deposit, the Service Provider must accept the request for connection.

(13) The Subscriber must ensure the maintenance of the Subscriber Terminal Equipment in a good working condition and that the use of the equipment shall not cause interference in the functioning of the Telecommunications Network into which it is connected.

(14) Public Voice Service Providers must, at the request of the Subscriber, transfer the location of the Subscriber Termination Point at the

same address or transfer it to a new address, should the technical possibilities therefor exist.

(15) Public Voice Service Providers must, at the request of the Subscriber, temporarily disconnect the Subscriber Terminal Equipment from the Telecommunications Network or, in accordance with the technical possibilities limit, i.e. completely disable outgoing calls, or do so only for specific traffic events or towards specific services.

(16) Public Voice Service Providers shall be authorized to conduct a direct inspection of the correct functioning of the Subscriber Terminal Equipment, with the exception of the Terminal Equipment of the army, police, diplomatic corps, financial police and customs.

(17) Public Voice Service Providers shall be authorized to temporarily disconnect the Subscriber Terminal Equipment from the Telecommunications Network in case of incorrect functioning of that equipment and/or if the Subscriber shall refuse to enable direct inspection of that equipment when there is a justifiable suspicion that this equipment does not function correctly, and in the case of work being carried out on the network, when the temporary disconnection may not be avoided, as well as in the event that the Subscriber shall not settle the debt for Telecommunications Services rendered and shall not have submitted the complaint referred to in Article 19, paragraph (2) of this Law.

(18) The relocation, inspection and temporary disconnection of the Subscriber Terminal Equipment or Termination Point, as well as the termination of the Subscriber relationship shall be conducted in the manner and according to the procedure established by the Regulation referred to in Article 14 of this Law.

(19) The Public Voice Service Provider shall determine the form and the content of the form referred to in paragraph (2) of this Article.

(20) The provisions set forth in paragraphs (1), (7), (8), (9), (10), (13), (14), (15), (16) and (17) of this Article shall also apply accordingly to the Providers of other Telecommunications Services and to the Users of their services.

Complaints and Claiming Compensation

Article 19

(1) The User of Public Voice Services may submit a complaint to the Service Provider on the amount charged to him for the performance of the Public Voice Service, as well as a complaint on the quality of the service performed. The complaint shall be submitted in writing.

(2) The Subscriber having submitted a complaint to the Service provider on the amount charged to him for the performance of the Public Voice Service, shall pay, until the complaint being resolved, at least the average amount charged to him during a three-month period prior to the period being subject to the complaint.

(3) The User of the Public Voice Service having submitted a complaint to the Service Provider regarding the quality of the performed service, may claim compensation for damages from the Service Provider in the amount of up to 2,000.00 Kunas, should the quality of the service performed be lower than the quality prescribed by the Regulation referred to in Article 14, paragraph (1) of this Law.

(4) In the event of a dispute regarding the amount of debt referred to in paragraph (2) of this Article or regarding the amount for the compensation of damages referred to in paragraph (3) of this Article, the Subscriber or the User or the Provider of the Public Voice Service must, prior to submitting the claim to the competent court, request that the issues of dispute be resolved before the Telecommunications Service Users Council.

(5) The Service Provider shall not be obliged to pay the compensation for damages referred to in paragraph (3) of this Article, if the quality of the performed service is lower than the prescribed quality due to actual causes which could not have been anticipated, avoided or eliminated (force majeure).

(6) The proceedings for the resolving of the complaints referred to in paragraph (1) and the claims referred to in paragraph (3) of this Article, as well as the deadline for expiry of the claims shall be determined by the Regulation referred to in Article 14, paragraph (1) of this Law.

V UNIVERSAL TELECOMMUNICATIONS SERVICES

Scope of Universal Telecommunications Services

Article 20

(1) Universal Telecommunications Services shall be a minimum set of Telecommunications Services of specified quality which shall be available to all users within the Republic of Croatia irrespective of their geographical location and at an affordable price. Operators holding a concession may acquire the right to perform Universal Telecommunications Services, i.e. the obligation of performing Universal Telecommunications Services may be imposed on such Operators, in accordance with the provisions set forth in Article 23 of this Law.

(2) Universal Telecommunications Services shall include the following:

1. Access to the Public Voice Service via a Fixed Network connection through which a facsimile and modem may also be operated, including the telecommunications data transmission at speeds compatible with transmission lines (channels) for Public Voice Service;
2. Free of charge and unrestricted calling for the purpose of accessing emergency services, including the identification of the caller's location, according to actual possibilities of calling in emergency;
3. Access to directory enquiry services;
4. Access to directories of participants in a Public Voice Service;
5. Setting up a sufficient number of public payphone booths in public locations accessible at all times.

(3) Upon the proposal of the Institute and with the prior opinion obtained from the ministry competent for economy, the Minister may also by a regulation determine other Telecommunications Services to be Universal Telecommunications Services, provided that they shall already be widespread and of importance for the participation in social and economic life.

(4) The quality level and the price referred to in paragraph (1) of this Article shall be prescribed by the Government of the Republic of Croatia at

the proposal of the Minister, upon the previously obtained opinion of the ministry competent for economy and of the Institute.

***Ensure the Quality of the Provision
of Universal Telecommunications Services***

Article 21

Should the Universal Telecommunications Service referred to in Article 20, paragraph (1) of this Law:

1. Not be adequate and not be provided in an adequate way; or
2. Whenever there shall be any suspicion that such provision of service will not be ensured;

the Operator exercising on the relevant market of services defined by the Institute for a particular Telecommunications Service subject to a concession, shall be obliged to contribute to the provision of Universal Services in a manner to be in accordance with the contract on concession for the performance of activities pursuant to the provisions set forth in Articles 23 and 24 of this Law.

Special Obligations of Universal Telecommunications Service Providers

Article 22

(1) On their concession territory, the Providers of Universal Telecommunications Services must:

1. Enable a connection to their network and utilization of such network to all Service Users under equal and non-discriminatory conditions;
2. Keep a separate accounting which shall enable separate calculation of the results of business operations relating to the provision of Universal Telecommunications Services from the results of business operations relating to the provision of other Telecommunications Services or other activities, and carry out an annual audit of the accounting statements.

(2) The Service Provider must respect the principle of equality of Service Users with regard to the accessibility of Telecommunications Services and affordability of prices and must ensure the availability and continuous adaptability of services to new technologies and to the needs of the Service Users.

(3) Should the Universal Telecommunications Service Provider be compelled, as a result of force majeure, to temporarily discontinue or limit a specific number or types of services, he shall then, forthwith, without delay and, if possible, in advance, in writing inform the Ministry, the Institute and Service Users about that in an appropriate manner, through public media.

(4) In the event that the limitations referred to in paragraph (4) of this Article shall arise, the Ministry shall, upon the proposal of the Institute, determine the Users having priority in using the services.

Obligation to Provide Universal Telecommunications Services

Article 23

(1) The Institute shall publish in the Official Gazette of the Republic of Croatia a list on which relevant markets of services the Universal Telecommunications Service is not being provided in a suitable and an appropriate manner, i.e. that there is a doubt that such service will be provided, under the condition that the Operator, within one month from the receipt of the notice of the Institute on the intention to publish such list, does not state its readiness in writing to render the aforementioned services in full.

(2) Should on the relevant market as referred to in paragraph (1) of this Article be more Operators, the Institute may oblige one or more Operators to perform the Universal Telecommunications Service, or, pursuant to bids collected to the announcement published in the Official Gazette of the Republic of Croatia, it may entrust the performance of such services to the bidder who, besides the fulfillment of other conditions, offers the lowest price.

Fund for Universal Telecommunications Services

Article 24

(1) Should there be more Universal Telecommunications Services Providers, the Minister may, upon the proposal of the Institute, within the Institute, establish the Fund for Universal Telecommunications Services (hereinafter: Fund).

(2) The costs of the Universal Telecommunications Service Provider incurred in the previous calendar year which could not have been avoided or decreased, notwithstanding a good management of business, and which may be checked and proven, shall be settled by the resources of the Fund, as well as the costs of the management of the Fund. The costs which arose in the business operations of the Universal Telecommunications Service Provider having, in terms of aggregate income, a share exceeding 80 % of the relevant market of Universal Telecommunications Services as determined by the Director of the Institute, may not be compensated by the resources of the Fund.

(3) The Fund realizes resources from the contributions of Universal Telecommunications Service Providers and of the Providers of Telecommunications Services open to competition as referred to in Articles 12, 20, 25 and 26 of this Law, which have realized an annual income exceeding 100 million Kunas based on such services. The amount of the contribution shall be proportionate to the ratio of the income of the Service Provider to the total income of all Service Providers who shall be obliged to contribute to the Fund.

(4) The Universal Service Provider shall be obliged to enclose to the request for the settlement of costs in accordance with the provision set forth in paragraph (2) of this Article, the evidence verifying whether the request is founded. The Institute shall be obliged to carry out, alone or through an authorized auditor, a review of the accounting books of the person having submitted the request and to make a comparison with business operations of other Universal Telecommunications Service Providers.

(5) The Minister shall, upon the proposal of the Institute, prescribe, by a regulation, the manner and procedure of submitting and resolving of the requests, the determining of the amount of compensation, the management of the Fund and other necessary issues.

(6) The Institute shall publish an annual report on the income and expenditure of the resources of the Fund and on the Fund's operation.

VI TELECOMMUNICATIONS SERVICES OPEN TO COMPETITION

Telecommunications Services Open to Competition in a Fixed Network

Article 25

(1) Telecommunications Services open to competition in a Fixed Network shall include:

1. The transmission of sounds, data, documents, images and other through the telecommunications capacities in a Fixed Network, excluding real-time speech transmission;
2. The lease of Telecommunications Lines;
3. The connection of Subscriber Terminal Equipment to the Telecommunications Network with respect to the services referred to in items 1 and 2 of this paragraph;
4. Other Telecommunications Services related to the services referred to in items 1, 2, and 3 of this paragraph, which shall be determined under the contract on concession.

(2) The right to perform Telecommunications Services open to competition shall be acquired pursuant to the decision on the grant of a concession, which shall be passed by the Institute, and pursuant to a concluded contract on concession.

Telecommunications Services Open to Competition with Usage of the Radio Frequency Spectrum

Article 26

(1) Telecommunications Services open to competition, subject to the use of the Radio Frequency Spectrum, shall include:

1. The transmission of speech, sounds, data, documents, images and other through the telecommunications capacities in a Mobile Network and via satellite in a mobile and fixed satellite service;
2. The connection of Subscriber Terminal Equipment to the Telecommunications Network with respect to the services referred to in item 1 of this paragraph;
3. Other Telecommunications Services related to the services referred to in items 1 and 2 of this paragraph, which shall be determined under the contract on concession.

(2) The right to perform Telecommunications Services open to competition, for which the usage of the Radio Frequency Spectrum is required, shall be acquired pursuant to the decision on the grant of a concession, which shall be passed by the Institute, and pursuant to a concluded contract on concession.

(3) The Service Provider providing the services referred to in paragraph (1) of this Article must keep separate accounting records which shall enable the separate calculation of the results of business operations relating to the provision of such services from the results of business operations relating to the provision of other Telecommunications Services or other activities, and must carry out an annual audit of the accounting statements.

Other Telecommunications Services Open to Competition

Article 27

(1) Other Telecommunications Services open to competition shall include:

1. The transmission of speech, sounds, data, documents, images and other through the Terminal Equipment connected to the Telecommunications Network of other Service Providers;
2. The lease and sale of telecommunications equipment, and, for the account of others, the setting up and maintenance of telecommunications facilities, installations and equipment, as well as the designing and supervision, pursuant to a special law which shall regulate the issues relating to the construction of buildings, in connection with the construction and setting up of

telecommunications facilities, installations and equipment, as well as the production of proof of the quality of the work performed in respect of the telecommunications portion of the Telecommunications Building referred to in Article 6, paragraph (8) of this Law and for the conduct of the technical inspection referred to in Article 91, paragraph (3) of this Law.

(2) Other Telecommunications Services open to competition referred to in paragraph (1) of this Article may be performed pursuant to a written application referred to in Article 29, paragraph (2) of this Law.

(3) The application referred to in paragraph (2) of this Article shall not be required for the simple further sale (resale) of the services, referred to in paragraph (1), item 1 of this Article, in inland and international traffic.

Tariffs for Telecommunications Services Open to Competition

Article 28

(1) The User shall pay the price for the service rendered according to the tariff of the Service Provider.

(2) The Service Provider may also agree with particular Service Users on a price of particular services lower than the price defined in the tariff, in accordance with the principle of non-discrimination.

(3) The Service Provider shall regularly and in an accessible way inform Service Users about new services, modalities and conditions under which the Users may use services, as well as about the prices of services.

(4) The prices of services being offered by only one Service Provider on the market shall be approved by the Institute upon the previously obtained opinion of the Ministry and the ministry competent for economy.

VII CONCESSION AND APPLICATION FOR THE PERFORMANCE OF TELECOMMUNICATIONS SERVICES AND OTHER TELECOMMUNICATIONS ACTIVITIES

Right to Perform Telecommunications Services and other Telecommunications Activities

Article 29

(1) The right to perform Telecommunications Services shall be acquired pursuant to a concession in accordance with the provisions of this Law. Anyone performing the Telecommunications Services referred to in Articles 12, 20, 25 and 26 of this Law and distributing radio and television programs by means of Cable Television pursuant to the provision set forth in Article 87 of this Law, must independently dispose of the required capital and the prevailing part of the required infrastructure, facilities, installations and equipment and business premises which includes the independent disposal pursuant to a contract on lease, and must have a concession by the Institute, depending on the type of service, and a contract on concession, i.e. on the exercise of activities concluded with the Institute.

(2) The right to perform Telecommunications Services referred to in Article 27 of this Law and other activities of Public Telecommunications of lesser technical and economical importance provided for in the regulation referred to in Article (30), paragraph (5) of this Law, shall be acquired upon the prior submission of a written application to the Institute, at least within 60 days before the commencement of operation, in which business premises and required equipment, as well as the type and scope of services or activities must be described in detail. The Institute may prohibit the performance of the activities and services indicated in the aforementioned application, should the performance of such activity or services not be in accordance with this Law and with regulations passed pursuant to this Law.

(3) The concession territory for the performance of the services and activities referred to in paragraph (1) of this Article may be defined at the State level, at the regional level covering two to five neighboring counties and at the local level, i.e. at the municipality, city or county level.

(4) As an exemption from the provision set forth in paragraph (3) of this Article, the concession territory for a Cable Television may also be defined at the level of a part of a city, a municipality, an urban housing area and a part of an urban housing area.

(5) Save for the performance of the services and activities referred to in paragraph (1) of this Article, the Institute may exceptionally, upon request, grant a concession for the re-broadcasting of radio and television programs of others, by way of Repeaters in limited smaller rural and other areas, where a Cable Television has not been built, provided that a public interest therefor shall exist and that this shall not create Harmful Interference in the operation of Radio Stations, the operation of which being coordinated at the national and international level.

(6) For the concession referred to in paragraph (1), the application referred to in paragraph (2) and the concession referred to in paragraph (5) of this Article, as well as for the concession referred to in Article 75, paragraph (1) and the authorization referred to in Article 6, paragraph (5), and for the authorization referred to in Article 91, paragraph (3) as well as for the temporary approval referred to in Article 10, paragraph (3) of this Law, a fee shall be paid in the amount and in the manner as prescribed by the regulation which shall be passed by the Minister, upon the proposal of the Institute, depending on the type of activity, the level and size of the area of performance of the activity. This fee shall be paid in favor of the budget of the Republic of Croatia.

Grant of the Concession for the Performance of Telecommunications Services and other Telecommunications Activities

Article 30

(1) The decision on the grant of the concession for the performance of Telecommunications Services referred to in Articles 12, 25 and 26 of this Law and for the re-broadcasting of programs referred to in Article 29, paragraph (5) of this Law, as well as for the performance of activities of Cable Television referred to in Article 87 of this Law, shall be passed by the Institute.

(2) The concessions referred to in paragraph (1) of this Article may be granted to a company which shall provide convincing evidence of its ability to fulfill, within a period of time reasonably determined, the conditions prescribed by this Law and subordinate legislation passed pursuant thereto, as well as the conditions set forth in special regulations applicable to companies, and if it shall provide guaranties that it will provide services and perform activities in accordance with the regulations, and more particularly with this Law and the regulations on labor and safety at work.

(3) The concessions referred to in paragraph (1) of this Article shall be granted for a period which may not be longer than 30 years. The validity of a concession shall be determined by the Institute, depending on the type and complexity of the service, and depending on the area in which the activity shall be performed. The Service Providers who provide services of the same type and importance, and in an approximately same area of performance of activities, shall be, as a rule, granted a concession for the same validity. A concession may, at the request of the Concessionaire, be renewed for the subsequent period prior to the expiry of its validity, if it has provided services and performed the activity in accordance with the regulations and with the contract on concession.

(4) The decision on the grant of a concession may also contain additional provisions setting forth special conditions and deadlines, as well as obligations serving the purpose of the best possible achievement of the objectives and enforcement of the provisions of this Law and the relevant regulations of the European Community. This shall comprise the provisions on the commencement of the performance of activities, the scope and quality of services as well as the cooperation with other Service Providers. Said provisions shall comply with the relevant regulations of the European Community, and must contain in particular:

- Description of services which will be performed,
- Geographical area on which the services may be performed,
- Scope, characteristics and level of failures, i.e. time of repair,
- Provisions on the publication of tariffs,
- Provisions on the resolving of issues of advantage or discrimination,
- Provisions on the monitoring of tariffs,
- Provisions on the method of calculation and audit,
- Provisions on the possible interruption in the provision of services,
- Rights in relation to the capital, connection with other networks and responsibility of the Concessionaire.

(5) The Minister, upon the proposal of the Institute, shall pass the regulation on the concessions for the performance of services in Public Telecommunications, by which he shall prescribe the principles to be used to determine the duration of a concession, the special conditions regarding the price and quality of services, the access of Users to the services and the availability of Telecommunications Systems, as well as regarding the quality and structure of programs, and regarding the modalities and conditions for the common usage of the same transmitters or same channels for the broadcast of a radio or television program (time-sharing), and regarding the modalities and

conditions for the broadcast or distribution of radio or television program of another Concessionaire, program Producer or program Author.

(6) If not in contravention of international obligations, the Institute may withhold a concession to a company incorporated under foreign regulations, should the right of reciprocity not be guaranteed.

(7) The concession for the performance of services referred to in Article 26 of this Law in a specific area is granted upon the carrying out of the procedure of the invitation for bids or the procedure of a public tender. The concession for the performance of services or activities referred to in Articles 12, 25, 29, paragraph (5) and Article 87 of this Law in a specific area shall be granted in the procedure relating to the request of the interested company.

(8) The decision on the announcement of a public tender or of the invitation for bids referred to in paragraph (7) of this Article shall be passed by the Institute with the consent of the Minister.

(9) The procedure of the invitation for bids and the procedure of the public tender shall be prescribed by the Institute, with the consent of the Minister.

(10) A prescribed fee shall be paid in favor of the budget of the Republic of Croatia for the participation in the procedure referred to in paragraph (7) of this Article and the procedure referred to in Article 76, paragraph (2) of this Law and for the delivery of the tender documentation and the submission of the request referred to in paragraph (7) of this Article and for the submission of the written application for the performance of the activity referred to in Article 29, paragraph (2) of this Law. The amount of the fee and modalities of payment thereof shall be prescribed by the Minister, upon the proposal of the Institute.

(11) The company referred to in paragraph (2) of this Article may begin to provide services and perform activities, upon the confirmation on the basis of a technical inspection carried out at the request of the company within a certain period of time, that said company shall have fulfilled the prescribed conditions, and upon the conclusion of a contract on concession with the Institute. The Institute shall conclude the contract on concession under equal relevant conditions with all companies which shall have obtained the concession for the performance of the same, i.e. similar Telecommunications Services or other telecommunications activities. Should it be established, at the request of the company and within a period of time appropriately extended, that said conditions shall not have been fulfilled or should the

company not have submitted a request for the technical inspection within said period of time, the Institute shall pass a resolution to revoke the concession, and the company shall not be entitled to any compensation.

(12) The technical inspection referred to in paragraph (11) of this Article and the technical inspection referred to in Article 76, paragraph (6) of this Law, shall be performed by the Institute. The costs of conduct of the technical inspection shall be paid by the applicant, in accordance with the actual costs of the commission conducting said inspection.

(13) The Institute may pass a resolution on the revoking of a concession, for a specific period of time or permanently, in case of the following being established:

1. That the concession has been granted on the basis of incorrectly presented data important for the adoption of a decision on the grant of concession;
2. That, following the third warning issued by the Institute or the competent inspector, the Concessionaire continues intentionally and repeatedly to provide services and perform activities in contravention of the regulations, the decision on the grant of concession and of the contract on concession;
3. That, even upon the receipt of the warning, the Concessionaire fails to pay the concession fee in a specified period.

(14) A concession shall also cease:

1. Upon the expiry of the period for which it has been granted, except in case of the renewal of a concession for the subsequent period, in accordance with the provision set forth in paragraph (3) of this Article,
2. If the Concessionaire waives the concession,
3. Upon the termination of a legal person, if the legal successor thereof has not requested the transfer of the concession,
4. In case that the Concessionaire was, by a final decision of the court or of a competent administration body, prohibited from performing the activity for which the concession was granted,

5. Upon the termination of the contract on concession by consent.

(15) On the day when the resolution on the revoking of the concession (paragraph (13)) has become final and upon the termination of the concession (paragraph (14)), the contract on concession shall cease to be valid.

(16) After the conditions referred to in paragraph (11) of this Article have been met, the Concessionaire may, with the consent of the Institute, assign the concession to another legal person, together with the property, rights and obligations, being indispensable for the uninterrupted continuation of the performance of the activity, or the participation in the capital of the company of the Concessionaire may be changed, in accordance with the provisions of this Law. Prior to the commencement of the performance of activity, the new Concessionaire must conclude with the Institute a contract on concession.

VIII MARKET COMPETITION

Objectives of the Regulation

Article 31

- (1) The Institute shall:
1. Ensure efficient competition on the telecommunications market with equal opportunity for success;
 2. Encourage new Service Providers to enter the market;
 3. Prevent the abuse of a dominant position on the market and prevent abuses;
 4. Ensure compliance with the principle of open Network Access (ONP-Open Network Provision), which is applied in the European Union;
 5. Promote the application of the sector-specific competition rules of the European Community in accordance with this Law and other Croatian laws; and

6. Arbitrate in the disputes arising among Service Providers and also, through the Telecommunications Service Users Council, arbitrate in the disputes arising between Service Providers and Users.

(2) While performing the tasks referred to in paragraph (1) of this Article, the Institute shall cooperate with the State administration body or with the public institution competent for the implementation of a special law which shall regulate the issues of the protection of market competition, especially when the provisions of that law shall apply to legal and natural persons providing Telecommunications Services and performing another Telecommunications activity.

Company with Significant Market Power

Article 32

(1) A Provider or User of Telecommunications Services, shall have a significant market power on the actually and geographically relevant market, if:

- It is not exposed to significant competition or to any competition at all and
- It has a dominant position on the market in comparison with other participants due to its ability to influence market conditions, due to its income in proportion to the size of the market, its control over access to end users, its access to financial resources or its experience in providing products and services.

(2) It shall be assumed that the company referred to in paragraph (1) of this Article is such company which shall have a share on the actually and geographically relevant market exceeding 25 % of the aggregate income from Telecommunications Services of all Service Providers on that market.

(3) The Institute may, ex officio or upon the request of a Service Provider, by a resolution determine that a Service Provider has significant market power on a specified market if its share referred to in paragraph (2) of this Article is lower than 25 %, and it may also determine that a Service Provider does not have a significant market power although its share exceeds 25 %, taking into account the criteria as determined in paragraph (1) of this Article.

(4) The Institute shall, once a year, publish in the Official Gazette of the Republic of Croatia a list of the Service Providers who, on a specified geographical area have a significant market power, with the obligation to request an opinion from the Service Providers prior to publishing such list.

Open Network Provision (ONP) and Interfaces

Article 33

(1) A Provider of Telecommunications Services having a significant market power shall, in accordance with the principle of non-discrimination, provide participants on that market with services under comparable circumstances, under equal conditions and at the same level as those provided for his own needs or for the needs of affiliated companies.

(2) The Service Provider referred to in paragraph (1) of this Article may restrict access to the network only if such restriction shall be compatible with the essential requirements as laid down in the Council of Europe Directive on the realization of the internal market for Telecommunications Services through the introduction of open network provision (ONP) (hereinafter: the EEC Directive) in accordance with this Law and with other Croatian laws. The Institute shall, in an appropriate manner, inform market participants which of the essential requirements shall be used as the basis for the restriction.

(3) The Institute may impose a code of conduct on or prohibit certain behavior of a Service Provider infringing the provisions set forth in paragraph (1) of this Article, or declare contracts null and void and fully or partially out of effect, if said Service Provider shall abuse its significant market power. Prior to such action being taken, the Institute shall request from the Service Provider concerned to stop the abuse which is objected to in an appropriate deadline.

(4) Abuse shall be presumed in the event that a Service Provider having a significant market power shall provide himself or affiliated companies with the access to his internally offered services or to services offered by him on the market upon conditions being more favorable than the conditions upon which other competitors may use such services within their own ranges of services. The existence of such abuse may be challenged provided that the Service Provider having a significant market power shall present facts which shall actually justify the application of such less favorable conditions, particularly the imposition of restrictions on the access to his services.

(5) Companies having a significant market power and companies being obligated to provide Universal Telecommunications Services must offer interfaces in accordance with the Open Network Provision principles. They shall be free to offer other interfaces as an addition.

(6) Should a Service Provider having a significant market power not comply in his offer of Telecommunications Services with the standards adopted by the European Community or the Council of Europe as binding, in accordance with the EEC Directive and in accordance with this Law and other Croatian laws, the Institute may exercise the powers defined in paragraph (3) of this Article.

Restrictions and Special Network Access

Article 34

(1) The Operator may restrict Network Access and Interconnection only for reasons based on essential requirements, in accordance with the EEC Directive, and provided that such restriction shall comply with other European Community legislation in accordance with this Law and other Croatian laws.

(2) The Operator referred to in paragraph (1) of this Article shall provide to the Institute evidence of the rejection or restriction of Network Access or Interconnection being in accordance with the regulations.

(3) The request regarding special Network Access must be granted provided that this shall be technically feasible and that the costs shall be borne by the party submitting such request.

(4) The Minister shall, upon the proposal of the Institute, prescribe the modalities and the terms and conditions for Network Access, including Interconnection, in accordance with the rules which are applied in the European Community.

Obligation to Negotiate

Article 35

(1) Any Operator of a Telecommunications Network shall be obliged to make an Interconnection offer to other Operators at their request. All the

parties concerned shall be obligated to ensure and improve communication among users of different Telecommunications Networks.

(2) If an agreement on Interconnection can not be reached between Operators of Telecommunications Networks within six weeks upon receipt of the request, each of the parties involved in the Interconnection may apply to the Institute.

(3) In the case referred to in paragraph (2) of this Article, the Institute shall, within six weeks or, exceptionally, within a period not to exceed ten weeks upon receipt of the request, hear the participants of the Interconnection and decide on the modalities and terms and conditions of Interconnection in accordance with the EEC Directive, and shall pass a decision which shall supersede the contract between the participants of Interconnection, in the part giving rise to disagreement.

(4) The Institute shall have the right to request from the companies having a significant market power to produce a list of standard Interconnection offers for their networks.

(5) The standard Interconnection offer in accordance with paragraph (4) of this Article and an Interconnection agreement in accordance with paragraph (2) of this Article shall be submitted in writing to the Institute, and the Institute shall publish them as appropriate.

Minimum Requirements for Leased Lines

Article 36

Service Providers of leased lines having a significant market power shall be obliged, to offer publicly, on the market dominated by them, a minimum number of lines for lease presenting uniform technical features in accordance with a specified Council of Europe directive for the introduction of open Network Access for leased lines. In order to meet these requests they shall define general business conditions and cost-oriented tariffs.

Modalities of Network Access and Interconnection

Article 37

(1) The Operator of a Telecommunications Network offering Telecommunications Services and having a significant market power shall enable other Users to access his Telecommunications Network or unbundled parts of such network. The obligation related to Interconnection shall not apply provided that the Operator shall present evidence to substantiate that said obligation may not be appropriate in that particular case. The Institute shall pass a binding decision on such justifiability within six weeks and on whether an additional technical or economic outlay for the requested services would be reasonable from the point of view of the special regulations on market competition.

(2) Network Access shall be granted via Termination Points being generally available on the market (general Network Access). Network Access via special Termination Points (special Network Access) may also be granted, if the user shall so request.

(3) Agreements on Network Access and Interconnection shall be based on objective criteria, be comprehensible and provide non-discriminatory access with equal opportunity to the Telecommunications Networks of an Operator in accordance with paragraph (1) of this Article.

(4) The modalities, conditions and fee (price) for Network Access and Interconnection of Telecommunications Networks shall be the same as those applied internally by the Operators in their networks and those applied to their affiliated companies.

Scope of Interconnection

Article 38

- (1) Interconnection shall comprise at least these services:
 1. Access of the network of a new Service Provider to the network of a Service Provider having a significant market power through pre-programmed network selection or dialing of selection codes according to the numbering plan;

2. Data transmission needed to establish the connection of a certain Termination Point to the Service Provider, having its network interconnected with the network;
3. Switching of calls to Users of other interconnecting Operator;
4. Ensuring the accounting data in a form satisfactory to the Service Provider having its network interconnected with the network.

(2) By the regulation referred to in Article 34, paragraph (4) the safeguarding of effective market competition, the maintenance of consistent service quality and the compliance with binding international regulations shall be taken into account. A minimum offer range of unbundled network elements shall be determined by this regulation.

(3) In the event of disputes, the Institute shall decide on the appropriateness of the costs and the technical feasibility of Network Access and Interconnection.

Business Conditions and Tariffs

Article 39

(1) The Concessionaire shall present his business conditions, describe the services offered by him and specify the tariffs. The business conditions, description of services and tariffs shall be submitted to the Institute and published in a suitable form.

(2) Any change to the business conditions and tariffs shall be published in a suitable form at least two months prior to the effective date thereof. Any change to the content of a contract shall entitle the other contracting party to terminate the contract with the Concessionaire within four weeks as of the publication of the change.

(3) Everyone may make use of Telecommunications Services, particularly Universal Services and particularly agreed services having been brought in compliance with the business conditions and tariffs.

(4) As regards the business conditions of a Service Provider having significant market power, the approval of the Institute shall be obtained for the following Telecommunications Services:

1. Services of the transmission of speech in real time (in a Fixed and Mobile Network) and
2. Leasing of lines.

(5) In the event of a Service Provider having no significant market power, the business conditions and any material changes thereto shall be presented to the Institute prior to commencement of the provision of services or prior to the date on which such changes shall become effective. In the case of the services specified in paragraph (4), item 1 of this Article, the Institute may challenge the business conditions within eight weeks if these shall be in contravention of this Law or the regulations passed pursuant to this Law.

(6) Should it be necessary to amend the business conditions in order to settle a dispute, such amendments may be determined with the consent of the Institute.

(7) Tariffs of the following Telecommunications Services shall be subject to the approval of the Institute, in the event of a Service Provider having a significant market power:

1. Public Voice Service and
2. Leasing of lines.

(8) In the event of a Service Provider having no significant market power, the tariff, i.e. the tariffs of the services must be notified to the Institute prior to the commencement of the application thereof. The tariffs for the transmission of speech in real time via a Mobile Network must also be notified to the Institute. Tariffs not being subject to approval shall be specified, taking into account the relevant costs and requirements to be fulfilled. The tariffs shall be uniform within a tariff zone. Cross-subsidizing between tariff zones shall be prohibited.

(9) Once the approval expired, further approvals for tariffs shall be necessary only if a permanent adjustment of the tariff structure shall be needed. The intended changes shall be notified to the Institute at least eight weeks prior to the changes becoming effective. In approving the tariffs of Telecommunications Services, the Institute may determine the price cap.

(10) As regards the publication of the business conditions and the determination of the tariffs of Service Providers having a significant market power, the Institute may, by a regulation, determine the framework conditions

including the principles to be used to structure the tariffs. The following in particular shall be specified: the type and content of the obligation to render services, the basis on which the tariffs shall be calculated, the interface conditions, the quality of various transmission paths, the conditions for use, Network Access and Interconnection, as well as the time-limits for placing a ban on cross-subsidizing, which shall enable the introduction of new services and technologies. Individual tariff zones shall not have an advantage due to the tariff structure. The Institute shall take into consideration the obligations of the Republic of Croatia resulting from international regulations.

Structural Separating and Separate Accounting

Article 40

(1) Companies having a significant market power on markets other than telecommunications markets or exercising special or exclusive rights in other sectors shall be prohibited from cross-subsidizing the tariffs for their Telecommunications Services from the areas in which they shall have special or exclusive rights. The principle of cost basis must be applied to determine the level of the tariffs charged by companies having a significant market power.

(2) Companies having a significant market power on a telecommunications market shall be prohibited from cross-subsidizing the performance of Telecommunications Services among one another, or the cross-subsidizing between these and other Telecommunications Services.

(3) Providers of Telecommunications Services having a significant market power on markets other than telecommunications markets or exercising special or exclusive rights in other sectors shall adequately separate, with respect to organization and calculation, their business activities in the sector of Telecommunications from their other business activities, in order to ensure transparency in the flow of services and payments between these sectors in which they are active.

(4) Providers of Telecommunications Services having a significant market power on a telecommunications market shall adequately separate, with respect to organization and calculation, their business activities on various telecommunication markets, in order to ensure transparency in the flow of services and payments between these sectors in which they are active.

(5) The Institute may, ex officio or at the request of a market participant, initiate an investigation if there shall be a reasonable suspicion of an infringement to the provisions of this Article. It may inspect the books and records of the Service Provider concerned and request that details on the structure of costs be provided.

Assignment of Infrastructure

Article 41

(1) Should a company assign its infrastructure or free capacities to another company, and should that company provide Telecommunications Services later on, the costs on which the assignment shall be based shall not be cross-subsidized from the sectors of activity bearing special or exclusive rights.

(2) The company assigning the infrastructure or free capacities in accordance with paragraph (1) of this Article shall notify the Institute prior to commencement of the provision of the services. Evidence of the fulfillment of the obligation pursuant to paragraph (1) of this Article shall also be required. The Institute may lodge an objection to the assignment of the infrastructure or free capacities within eight weeks if it shall be considered as constituting an event of cross-subsidizing.

(3) In the event of the objection referred to in paragraph (2) of this Article, the assigned infrastructure or free capacities for Telecommunications Services may be used under the condition that cross-subsidizing shall have ceased.

(4) The objection referred to in paragraph (2) of this Article shall contain those conditions and requirements related to cross-subsidizing which shall be fulfilled retroactively, and shall contain an indication of an appropriate time-limit within which these conditions and requirements shall be complied with.

IX ADDRESSING AND NUMBERING

Definitions

Article 42

The terms used in this part shall have the following meaning:

1. “Addressing elements” - characters, letters, digits and signals used to select communication links;
2. “Address” - the totality of all addressing elements used to select a communication link;
3. “Numbers” - sequences of digits used for the purposes of addressing in Telecommunications Networks;
4. “Addressing plan” is defined as the totality of all possible combinations of addressing elements being used for the personal identification of persons, computer processes, machines, devices or telecommunications equipment involved in the telecommunications process;
5. “Numbering plan” is defined as the totality of all possible combinations of addressing elements that use digits for the personal identification of persons, computer processes, machines, devices or telecommunications equipment involved in the telecommunications process;
6. “Service Providers” - Operators or Service Providers to whom addressing elements are assigned for use;
7. “Number portability” - the possibility for Subscribers who request it to keep their number in a fixed telephone network on a special location, irrespective of the change of the Service Provider.

Purpose of Addressing

Article 43

(1) The purpose of addressing shall be the efficient structuring and the managing of addressing area in order to satisfy the requirements of Service Providers in a fair and non-discriminatory manner.

(2) In order to achieve the objectives referred to in paragraph (1) of this Article, the Institute shall create addressing plans and prescribe the conditions for the realization of a right to the assignment and use of addresses.

Numbering Plans

Article 44

(1) During the creation of numbering plans, the Institute shall take the international regulations into account, particularly with regard to their structure. It shall undertake adequate measures in order to ensure the availability of an adequate number of addresses. Space shall be left in numbering plans, whenever technically possible, for new national and international services and for the portability of numbers.

(2) The structure of the numbering plans and the regulations determining the number allocation shall guarantee an equal possibility and equal procedure to all Providers of Telecommunications Services.

(3) The Institute shall ensure that the necessary preparatory measures for the introduction of number portability for telephone numbers in the form of network Operator portability be initiated without delay and purposefully so that number portability be available in the Republic of Croatia at the earliest possible opportunity. The Institute shall prescribe the scheme and the dynamics of introducing number portability, taking into account the scheme which is being applied in the European Community in a manner that shall not present an obstacle to market competition on individual markets and shall not be in contravention of the interests of Service Users.

Changes to the Numbering Plans

Article 45

(1) The Institute may make changes to the numbering plans in order to enforce international obligations or recommendations and to safeguard the adequate availability of addressing elements according to the latest level achieved. Consideration shall be given to the effects produced on the parties concerned, in particular to the direct and indirect adjustment costs.

(2) The Operators of Telecommunications Networks and Providers of Telecommunications Services affected by such changes shall have the obligation to implement the necessary measures at their own cost.

(3) Changes to the numbering plans in whole or in part, or changes to regulations governing the allocation of numbers shall not in any way justify claims for damages.

Selection of the Operator

Article 46

The numbering plans will be designed in such a manner that they enable the Users of a Telecommunications Network to freely select the Operator they wish to be connected to.

Management of the Numbering System and Number Assignment

Article 47

(1) The Institute shall be competent for the efficient management of the numbering plans, particularly for the designing of the use thereof and for the assignment of addressing elements to Service Providers, who may be transferred the right to independently manage subordinate addressing elements.

(2) The Institute shall, in accordance with the requests, assign addressing elements to Providers of Telecommunications Services for the use thereof. The assignment shall follow objective, non-discriminatory and comprehensible principles, particularly, the principle of equal opportunities.

The right to assign subordinate addressing elements independently may be transferred to Service Providers.

Usage of Address and Usage Fee

Article 48

(1) Addressing elements assigned to a designated Service Provider may not become the property thereof. The Service Provider shall only have the right to use certain elements.

(2) A fee shall be paid in favor of the budget of the Republic of Croatia for each possible address within the addressing elements assigned to a particular Service Provider. The amount of the fee for each possible address shall be defined under a regulation to be passed by the Minister upon the proposal of the Institute, taking into account the economical benefits from the assignment of the addresses and the material and personnel costs required for the management of addressing space and for the assignment of addresses.

(3) Should an addressing element, assigned upon request, prevent the use of further addressing elements, the Service Provider shall pay a fee to compensate for the loss of the possible use of the further addressing elements. The amount of the fee shall also be defined under the regulation referred to in paragraph (2) of this Article.

(4) The provisions set forth in paragraphs (2) and (3) of this Article shall apply to the cases of addressing elements being used without assignment or being held in reserve at the time when the numbering plan shall have become effective.

X PROVISIONS ON RADIO STATIONS

Conditions for the Installation and Use of a Radio Station

Article 49

(1) A Radio Station may be procured, installed or used on the basis of a previously obtained license for a Radio Station or a temporary license for a Radio Station.

(2) A Radio Station may be sold, leased or assigned to a legal or natural person having previously obtained the prescribed license.

(3) As an exception to the provision referred to in paragraph (1) of this Article, in the event of a technically more complex fixed Radio Station, pursuant to the criteria passed by the Director of the Institute, a license may also be granted, prior to the issuance of the license for that Radio Station, for the installation of such Radio Station with a period of validity of up to two years, pursuant to which said Radio Station may be procured and installed.

(4) A Radio Station license shall be granted for the Radio Station referred to in paragraph (3) of this Article provided that a technical inspection shall confirm the fulfillment of the technical conditions and standards as specified by this Law, and the ability thereof to operate unhindered and not to cause Harmful Interference.

(5) The technical inspection referred to in paragraph (4) of this Article shall be conducted by the Institute with the costs actually incurred by the commission conducting the inspection.

(6) As an exception to the provision referred to in paragraph (1) of this Article, a license shall not be required for:

1. Radio and television receivers operating only in the frequency band allocated to the direct reception of radio and television broadcasts, including such broadcasts via satellite,
2. A Cordless Telephone (CT),
3. Radio Stations used to control toys and devices intended for operation within the frequency band allocated for this purpose,
4. Other Radio Stations according to a decision of the Institute, in accordance with international rules and regulations.

(7) A fee shall be paid for the use of radio frequencies in accordance with the Regulation on the Fees for Radio Frequency Use and Modalities of Payment, which shall be passed by the Minister upon the proposal of the Institute.

(8) The fee referred to in paragraph (7) of this Article shall be paid in favor of the budget of the Republic of Croatia.

(9) The form and content of the application forms referred to in paragraphs (1) and (3) of this Article shall be prescribed by the Institute.

Issuance of Licenses

Article 50

(1) A license for a Radio Station, a temporary license for a Radio Station and a license for the installation of a Radio Station shall be issued by the Institute.

(2) One license shall be issued for all Radio Stations on an aircraft, vessel and locomotive, in paging, for simultaneous translation systems and for all Radio Stations used by a radio amateur (individual), as well as for all Radio Stations in other systems or Radio Services, pursuant to the decision of the Institute, in accordance with the international rules and regulations.

(3) The Institute shall keep a list of the licenses granted as referred to in paragraphs (1) and (2) of this Article.

(4) During his temporary stay in the Republic of Croatia not exceeding three months or while in transit across the territory of the Republic of Croatia, a foreign national may, pursuant to a valid license issued in his state and translated into one of the languages used for the issuance of CEPT documents, and subject to abide by the provisions of this Law and use those radio frequencies being internationally coordinated and intended for specific applications, use an Amateur and Citizens Band Radio Station, Radio Stations on an aircraft or a vessel, as well as any other Mobile Radio Station according to a decision adopted by the Institute on the principle of reciprocity and according to the CEPT recommendations, as well as other radio equipment covered by a decision on free circulation adopted by the Institute, in accordance with international practice.

Right of Use

Article 51

(1) A Radio Station may be set up and used by a legal person and a citizen of the Republic of Croatia under the conditions prescribed by this Law.

(2) The license for the Radio Station referred to in Article 49, paragraph (1) of this Law, providing for the performance of a radio-amateur service, may be granted to a member of a radio-amateur association recognized by the International Radio Amateur Union (IARU) and, provided that he shall have passed the exam in accordance with the conditions of use of Amateur Radio Stations referred to in Article 6 of this Law.

(3) Foreign natural and legal persons exercising business, technical, informative, scientific, cultural, sport or other activities in the Republic of Croatia may use specific types of Radio Stations on the principle of reciprocity.

(4) Diplomatic missions may use specific types of Radio Stations exclusively for their own needs, based on the principle of reciprocity.

(5) The application form and procedure for the issuance of the license referred to in paragraph (2), and the types of Radio Stations referred to in paragraphs (3) and (4) of this Article shall be prescribed by the Institute.

Verification of Radio Station Quality

Article 52

A Radio Station produced, imported, sold or leased for use in the Republic of Croatia shall satisfy the prescribed technical conditions and standards which shall be verified through the certificate or declaration of conformity and the mark referred to in Article 6, paragraph (3) of this Law.

Import of a Radio Station

Article 53

(1) The Radio Station referred to in Article 49 of this Law and subject to the issuance of a license may be imported into the Republic of Croatia on the basis of a previously obtained license and a Radio Station not subject to the issuance of a license, other than the Radio Station imported by a foreign national pursuant to the provision set forth in Article 50, paragraph (4) of this Law, and a Radio Station pertaining to the system subject to the issuance of one license pursuant to Article 50, paragraph (2) of this Law, may be imported on the basis of a special approval previously obtained from the Institute.

(2) Any legal or natural person introducing a Radio Station into the Republic of Croatia shall register the Radio Station with the internal affairs service at the border crossing-point which shall verify the introduction of the Radio Station by affixing a seal on the reverse side of the license or approval.

(3) As an exception to the provision set forth in paragraph (1) of this Article, legal persons importing Radio Stations for the purpose of resale or lease, and being registered for the performance of such activities, may import Radio Stations on the basis of an approval issued by the Institute. The approval of the Institute shall also be required for the transport (transit) of Radio Stations across the territory of the Republic of Croatia.

(4) Any legal person and natural person maintaining Radio Stations, pursuant to the written application to the Institute referred to in Article 27, paragraph (2) of this Law, for the account of a client residing abroad may temporarily import a Radio Station for the purpose of repair, pursuant to the approval issued by the Institute.

(5) The approvals referred to in paragraphs (1), (3) and (4) of this Article shall be subject to the payment of an administrative fee as well as the license referred to in Article 49, paragraphs (1) and (3) of this Law, in proportion to the number of Radio Stations being imported, according to special regulations.

Regulation on the Radio Frequency Spectrum Allocation and Radio Frequency Assignment

Article 54

(1) The assignment and use of radio frequencies shall be coordinated on the international level, and shall be based on the Regulation on the Radio Frequency Spectrum Allocation and Radio Frequency Assignment, which shall be passed by the Minister upon the proposal of the Institute.

(2) The Regulation referred to in paragraph (1) of this Article shall determine the principles for Radio Frequency Spectrum allocation and radio frequency assignment, as a limited natural resource, in accordance with international Radiocommunications regulations and international agreements being binding for the Republic of Croatia.

(3) The decision on the assignment and use of a radio frequency in accordance with the Regulation referred to in paragraph (1) of this Article may be passed if:

1. The table of allocation of radio frequency bands has been established and if the plan of use of radio frequencies has been determined,
2. Enough of frequency bands have been ensured for:
 - Future new users of radio frequencies and for the foreseeable technological development,
 - An even development of Radiocommunications services and other use of the Radio Frequency Spectrum,
 - Requirements of public order, defense and security of the State.

(4) The table of allocation of radio frequency bands shall obligatorily be published in an appropriate manner at least once in two years.

(5) The Institute shall establish monitoring and measurement stations in Osijek, Rijeka, Split and Zagreb with the necessary measurement and computer equipment for the purpose of the international coordination of radio frequency use, for the purpose of inspection and monitoring of the Radio Frequency Spectrum referred to in Article 92 of this Law and in order to undertake measures for the protection from interference as referred to in Article 72 of this Law.

Limitations on the Use of Radio Frequencies

Article 55

(1) The duration of the use of radio frequencies may be limited, the right of use may be withheld, or the assigned radio frequency may be altered due to the purposeful use of frequencies as a limited natural resource, as necessary in order to coordinate the use of radio frequencies on the international level.

(2) The modalities and conditions under which the duration of the use of radio frequencies may be limited, or the right of use of radio frequencies withheld, or the assigned frequency altered shall be established by the Government of the Republic of Croatia upon the proposal of the Minister and upon the previously obtained opinion of the Institute.

(3) The provision set forth in paragraph (1) of this Article shall not apply to radio frequencies being used for the needs of agencies for air traffic safety, maritime and inland navigation safety, road and railroad traffic safety, information services, meteorological services, fire-fighting services and emergency medical assistance services.

Request for the Issuance of a License

Article 56

(1) A request for the issuance of a Radio Station license, a temporary license for a Radio Station and a license for the installation of a Radio Station and for the issuance of the special approval referred to in Article 53, paragraph (1) of this Law, shall be submitted on the appropriate application form.

(2) If the Radio Station shall be used in a certain Radio Network, a short technical description of said network with an indication of the location of individual Radio Stations in the network and a short description of the mode of use of the network shall be submitted together with the request for the issuance of a license or of an installation license.

(3) The Institute may request that specific radio measurements and other tests be carried out prior to the issuance of a license, in order to determine the technical, geographic and other conditions for the efficient and unhindered operation of the Radio Station, and that the operation thereof will not cause interference to the operation of other Radio Stations.

(4) When required, the procedure for international coordination of radio frequency use shall be performed by the Institute prior to the issuance of a license for a Radio Station or a license for the installation of a Radio Station. The actual expenses of the international coordination shall be paid by the applicant up to a maximum amount of 10,000.00 Kunas.

(5) The Institute may reject a request for the issuance of a Radio Station license in accordance with the regulation referred to in Article 54, paragraph (1) of this Law, if the use of such Radio Station would not be purposeful with regard to the used radio frequency as a limited natural resource, or if it shall be proved to be technically and economically justified to replace the communication via said Radio Station with a Telecommunications Service of adequate quality offered on the market.

(6) The form and content of application forms referred to in paragraph (1) of this Article shall be prescribed by the Institute.

License Period of Validity

Article 57

(1) As a general rule, a license for a Radio Station shall be issued for a period of up to 10 years, which shall comply with the allocation of a Radio Station and the limitation of the duration referred to in Article 55 of this Law.

(2) A license for a Radio Station on an aircraft or vessel shall be valid as long as the aircraft or vessel shall remain in service.

(3) A license for the installation of a Radio Station shall be issued with a specific period of validity not to exceed two years.

(4) A temporary license for a Radio Station for the purpose of sporting and other events shall be issued for a period of validity of up to 30 days, and a temporary license for a Radio Station for the purpose of testing, research, or design making shall be issued for a period of up to one year.

(5) The validity period of the license for a Radio Station referred to in paragraph (1) of this Article may be extended in accordance with the regulation referred to in Article 54, paragraph (1) of this Law, provided that the request for extension shall be submitted at least 30 days prior to the expiry of the validity period of the license.

Alteration of License Conditions

Article 58

(1) Should it be established that a Radio Station shall be suffering or causing Harmful Interference in spite of the fulfillment of the technical conditions and standards as well as the conditions defined in the license or installation license, the Institute shall alter the license conditions.

(2) Expenses incurred as a result of the alteration of the conditions referred to in paragraph (1) of this Article shall be borne by the Radio Station Owner, i.e. user.

Certificate for Radio Stations on Newly-Constructed Vessels

Article 59

(1) At the request of a foreign owner, the legal person authorized for the registration of vessels shall issue a certificate for any newly constructed vessel in the Republic of Croatia confirming the compliance of the Radio Stations available on the vessel with international regulations.

(2) The certificate referred to in paragraph (1) of this Article shall be issued for the purpose of the navigation to the country in which such vessel shall be registered.

(3) The certificate referred to in paragraph (1) of this Article shall be valid for a maximum of three months.

Termination of the License Validity

Article 60

- (1) A license for a Radio Station shall cease to be valid:
1. Upon the expiration of the validity period,
 2. Upon the cessation of payment of radio frequency usage fees,
 3. Upon the permanent prohibition of the use of a Radio Station,
 4. Upon the cancellation of the use of a Radio Station by the Owner,
 5. When the Owner, i.e. user, of a Radio Station in a radio amateur service shall cease to be a member of the radio amateur association referred to in Article 51, paragraph (2) of this Law,
 6. Upon the disposal or the termination of the use of a Radio Station due to its worn-out state,
 7. Upon the expiry or revoking of the concession issued to the Owner of a Radio Station, used by him for the performance of telecommunication activities or the provision of services pursuant to said concession.

(2) Upon the expiry of the validity of a license for a Radio Station, the Owner of such station, or his successor or heir, shall undertake effective measures in order to ensure that the Radio Station shall no longer operate and he shall inform the Institute thereof in writing, within eight days as of the date of expiry of the period of validity.

(3) The provision set forth in paragraph (2) of this Article shall also apply to any legal and any natural person who shall, in any other way, have entered into possession of a Radio Station without holding the prescribed license.

Obligations of Radio Station Owners and Users

Article 61

(1) While using a Radio Station, the Radio Station Owner or user shall abide by the technical conditions and standards for Radio Stations, and the conditions specified by this Law, the regulations passed on the basis of this Law, and the license for the Radio Station.

(2) The Radio Station Owner or user shall ensure that the use of his Radio Station shall not cause any Harmful Interference or interference in the operation and use of other Radio Stations and Telecommunications.

(3) Should the Radio Station not be used in the manner and under the conditions set forth in paragraphs (1) and (2) of this Article, the Institute may annul the license for such Radio Station.

(4) Should it be established that the Radio Station shall not have been used for the performance of the designated service, the license for such Radio Station may be annulled and the license may be issued to another user for the purpose of the protection of the Radio Frequency Spectrum in the Republic of Croatia.

(5) The Radio Station Owner or user shall conduct measurements on the Radio Station at least once a year, for the purpose of verifying the technical parameters, which measurements shall be kept in the records.

(6) The provision set forth in paragraph (5) of this Article shall not apply to Mobile Radiotelephones, Cordless Telephones (CT), a Citizens Band Radio Stations (CB) and Radio Stations in the radio amateur service, as well

as to other Radio Stations pursuant to the decision of the Institute, in accordance with international practice and regulations.

(7) A Radio Station may be used only for the performance of such Radio Service for which the Radio Station shall have been intended upon the issuance of the license.

Limitation on the Use of Radio Stations on a Vessel and in an Aircraft

Article 62

(1) As long as a vessel shall be in a port or quay, the Radio Station aboard the vessel may be used exclusively for Radiocommunications for piloting, maneuvering, loading and unloading and for Radiocommunications aboard the vessel.

(2) As long as an aircraft shall be in an airport, the Radio Station aboard the aircraft may be used exclusively for Radiocommunications with air traffic control and with passenger and cargo services.

(3) The provisions set forth in paragraphs (1) and (2) of this Article shall not apply to a Radio Station operating on a frequency outside of the band allocated to maritime or aeronautical services.

Identification of a Radio Station

Article 63

(1) During transmission, all types of Radio Stations shall identify themselves in accordance with the regulation on the identification of Radio Stations.

(2) The Institute shall pass the regulation referred to in paragraph (1) of this Article.

(3) The provision set forth in paragraph (1) of this Article shall not apply to a Radio Station in a radio-relay link, an Earth satellite station, a Radio Station transmitting automatically a specific warning signal, a Radio Beacon, and the like, as well as other Radio Stations pursuant to the decision of the Institute, in accordance with international practice and regulations.

Prohibition of Reception and Transmission

Article 64

(1) The Radio Station Owner or user shall be prohibited from transmitting:

1. False and erroneous signals and correspondence, particularly regarding danger, emergency, safety or identification,
2. Signals and correspondence not being related to his activity.

(2) The Radio Station Owner or user shall be prohibited from receiving signals and correspondence which shall not have been intended for him and shall not be intended for general reception.

Use of a Radio Station in Case of Emergency

Article 65

(1) Warning signals, distress calls, distress messages and correspondence transmitted in cases of emergency for vessels and aircraft, or in cases of natural disasters and during the rescue of human lives shall be given priority in transmission by all Radio Stations.

(2) In the cases mentioned in paragraph (1) of this Article it shall be permitted, besides the assigned frequencies and specified conditions for Radio Stations, to use other frequencies and operate in the most appropriate manner.

(3) The Radio Station Owner or user receiving the warning signals referred to in paragraph (1) of this Article, shall immediately cease to operate, respond to the call and make his Radio Station available or take the most appropriate action as dictated by such a situation.

Radio Stations of the Army, Police, Diplomatic Corps, and Financial Police and Customs

Article 66

(1) In the construction and use of their Radiocommunications, the army, police, diplomatic corps, financial police and customs shall abide by the

provisions of this Law and the regulations passed on the basis of this Law, and applicable to the Radio Frequency Spectrum allocation and the class of emission, as well as to the undertaking of measures for the prevention of Harmful Interference and to providing assistance in cases of emergency.

(2) Should the Radio Stations of the army, police, diplomatic corps, financial police and customs participate in the Radio Services of other systems, the use thereof shall be brought in compliance with the provisions of this Law and the regulations passed on the basis of this Law.

(3) The conditions for the installation, use, maintenance and monitoring of emissions and supervision of the Radio Stations of the army, police, diplomatic corps, financial police and customs, as well as the detection and elimination of Harmful Interference between these and other Radio Stations, shall be established by the Minister of Defense, the Minister of Internal Affairs or the Minister of Foreign Affairs in agreement with the Director of the Institute.

XI MEASURES FOR THE PROTECTION FROM INTERFERENCE

Setting Up and Maintenance of Facilities and Equipment

Article 67

(1) Telecommunications facilities, installations and equipment shall be set up, used and maintained in such a manner that the operation thereof shall not cause interference in the operation and use of Telecommunications above the level which is permitted by standards, technical conditions, regulations, decisions and recommendations referred to in Article 6, paragraph (1) of this Law.

(2) Legal and natural persons may, pursuant to the written application referred to in Article 27, paragraph (2) of this Law and filed with the Institute, acquire the right to perform, for the account of others, the installation and maintenance of the facilities, installations and equipment as referred to in paragraph (1) of this Article. A written application to the Institute is not required for the repair of radio and television receivers.

***Performance of Work in the Vicinity
of Telecommunications Facilities and Equipment***

Article 68

(1) In the vicinity of telecommunications facilities, equipment and links the performance of work or the construction of new buildings, susceptible of causing damage to or interfering with the operation of those telecommunications facilities, equipment and links, shall not be permitted.

(2) Should it be indispensable to perform certain works or to construct a new building as referred to in paragraph (1) of this Article, the investor shall obtain the prior consent from the Owner of said telecommunications facility, equipment and link in view of taking the measures to protect and ensure the unhindered operation thereof.

(3) The costs referred to in paragraph (2) of this Article shall be borne by the investor.

(4) Works, construction of new buildings or installation of technical equipment which, due to their position, organization or operation could prevent the propagation of radio waves or cause interference in Radiocommunications shall not be permitted within the protected zone or radio corridor of Radio Stations.

(5) The regulation on the size of the protected zone and radio corridor referred to in paragraph (1) of this Article shall be passed by the Director of the Institute.

(6) The planting of seedlings below aerial and above underground Telecommunications Lines, or in their immediate vicinity or in the directions of the propagation of radio waves, which could hinder or interfere with the operation of said lines or Telecommunications, shall not be permitted.

(7) Should it be necessary to protect or move a facility, technical equipment or telecommunications link because of the construction or reorganization of a building, the protection or moving shall be performed in accordance with the technical conditions for such Telecommunications.

(8) The costs for the protection or moving referred to in paragraph (7) of this Article shall be borne by the investor.

Interference from Electrical Equipment

Article 69

(1) Electrical and other technical equipment shall not cause electromagnetic interference in the operation of Telecommunications or of a Radio Station, nor in the reception of radio and television broadcasts.

(2) Electrical and other technical equipment, other than telecommunications equipment, being produced, imported or sold for use in the Republic of Croatia, shall have a certificate of electromagnetic compatibility (EMC) and shall be marked according to the regulation referred to in Article 6, paragraph (4) of this Law.

Limitation on the Power of a Radio Station

Article 70

(1) In cities and urban housing areas, Radio Stations exceeding the specified level of radiation power, depending upon the frequency band, shall not be set up.

(2) The radiation power of the Radio Station referred to in paragraph (1) of this Article shall be determined by the Director of the Institute.

Interference Caused by a Constructed Facility

Article 71

Should the construction of a residential, commercial or other building lead to interference in the reception of radio or television broadcasts of Common Antenna System Users, the investor of such building shall, within an appropriate deadline and at the latest within 60 days, ensure that reception of radio and television broadcasts be of the equal quality as that enjoyed by the Users prior to the construction of said building.

Detection of the Sources of Interference

Article 72

(1) The detection of the sources of the interference and the undertaking of measures for their elimination shall be performed by:

1. The Provider of Telecommunications Services, for the interference in his own Telecommunications System,
2. The Croatian Radio and Television (*Hrvatska radio televizija*, hereinafter: HRT), for interference in the reception of its own radio and television programs,
3. The Institute, for interference in the Radiocommunications in systems other than those mentioned in items 1 and 2 of this paragraph.

(2) A fee equal to the amount of the actual costs shall be paid for the measurement and testing conducted by the Institute upon the request of a network Operator or a Radio Station Owner or user.

Elimination of the Interference

Article 73

(1) The owners or users of electrical and other equipment and devices shall enable authorized employees of the legal persons referred to in Article 72 of this Law to perform inspection and the necessary measuring in order to determine the causes of interference, and shall provide them with data and enable them to review the documentation requested for the performance of the inspection.

(2) Should the legal person referred to in Article 72 of this Law determine that the electrical and other equipment and devices shall have been causing interference above the level permitted by regulations, it shall request, in writing, the owner or user of said equipment and devices to eliminate the noticed defects within a specified period, which shall not exceed 30 days.

(3) Should the owner or user of electrical or other equipment or device, Telecommunications or a Radio Station, which shall have been causing the interference referred to in paragraph (2) of this Article, not eliminate the

noticed defects within the specified period, the legal person referred to in Article 72 of this Law having determined the cause of interference, shall propose to the inspector for Telecommunications the administrative measures, as provided for by the regulations, to be taken within the scope of his authority.

(4) The measurement and elimination of interference caused by electrical or other equipment or devices of the army, police, diplomatic corps, or financial police and customs shall be conducted by their employees at the request of the inspector for Telecommunications.

XII RADIO AND TELEVISION

Council for Radio and Television

Article 74

(1) The Council for Radio and Television (hereinafter: the Council) shall be competent to grant concessions for the performance of Radio and Television activities. The Council shall be independent in the performance of the activities within the competence thereof.

(2) The Council shall consist of nine members to be appointed from the ranks of public, educational, cultural, expert and religious professionals.

(3) The members of the Council for Radio and Television shall be appointed by the House of Representatives of the Croatian National Parliament, upon the proposal of the Government of the Republic of Croatia, for a period of 5 years, and they may be re-appointed. For the initial composition of the Council, three members shall be appointed for a period of 3 years, three members for a period of 4 years and 3 members for a period of 5 years. The members of the Council must be citizens of the Republic of Croatia, having permanent residence in the Republic of Croatia. They must have professional knowledge, abilities and experience in the field of Radio or Television, or in the field of a publishing or cultural or a similar activity.

(4) The members of the Council may not be owners, shareholders or holders of shares, members of Management Boards or Supervisory Boards or members of Administration Boards or other corresponding management bodies, Directors or other managers of business operations of legal persons

which are subject to the provisions of this Law, and which relate to Radio and Television.

(5) A member of the Council may not be a representative in the Croatian National Parliament, an official of executive or judicial authorities, nor an official of a political party represented in the Parliament, as determined by special regulations.

(6) Members of the Council may not be employees in, or in a contractual or another relationship with, any legal person or other service which is connected with Radio or Television.

(7) The following persons may not be appointed as members of the Council, or, if they have been appointed, they may be removed from office:

1. If it is evaluated that they are incapable of an ordinary performance of the businesses within the framework of the Council,
2. If they are in breach of the provision set forth in paragraph (4), (5) or (6) of this Article.

(8) The Council shall pass decisions by the majority vote of all members of the Council.

(9) The Council shall adopt its Rules of Procedure.

(10) The Council shall publish and submit an annual activity report to the Croatian National Parliament.

(11) Decisions adopted by the Council with respect to concession grants shall be published in the Official Gazette of the Republic of Croatia.

(12) Administrative, expert and technical activities for the Council shall be carried out by the Institute.

(13) The expenses of the Council and remuneration for the work performed and expenses incurred by the members of the Council shall be settled out of the funds of the State budget.

(14) An appeal against the decision of the Council on the granting or refusing to grant a concession shall not be permitted, an administrative proceeding may, however, be instituted.

***Right to Construct and Use Infrastructure
for Programs Broadcasting***

Article 75

(1) Anyone broadcasting a radio or television program must independently dispose of the required capital, of the prevailing part of the required infrastructure, facilities, installations and equipment, as well as business premises, which includes the independent disposal pursuant to a contract on lease, and must have a concession by the Council and must have the contract on concession concluded with the Institute.

(2) The territory of the concession for the exercise of an activity as referred to in paragraph (1) of this Article may be defined at the State level, at the regional level covering two to five neighboring counties and at the local level, i.e. at the city and county level.

(3) As an exception to the provision set forth in paragraph (2) of this Article, the concession territory for Radio and Television may also be another limited area in accordance with the Regulation on the Radio Frequency Spectrum Allocation and Radio Frequency Assignment referred to in Article 54 of this Law, provided that no interference shall be caused thereby in the operation of Radio Stations, the operation thereof being coordinated at the national and international level.

(4) On account of the concession referred to in paragraph (1) of this Article, a fee shall be paid as prescribed by the regulation referred to in Article 29, paragraph (6) of this Law. This fee shall be paid in favor of the budget of the Republic of Croatia.

Grant of Concessions for Radio and Television

Article 76

(1) The Institute shall determine the frequency plan and, with the consent of the Council, publish it in an appropriate way and an appropriate form together with the plan of Radio and Television concession grants, as well as any alterations to such plans.

(2) The Council shall publicly solicit bids or launch a public tender procedure in view of the grant of a concession for the performance of Radio and Television activities, on a technical basis, which shall be granted by the

Institute in accordance with the Regulation on the Frequency Radio Spectrum Allocation and Radio Frequency Assignment referred to in Article 54 of this Law and with the Regulation on Concessions for the Performance of Activities in Public Telecommunications referred to in Article 30, paragraph (5) of this Law. The participation in the procedure and the issuance of the tender documentation shall be subject to the payment of a fee pursuant to the provision set forth in Article 30, paragraph (10) of this Law.

(3) A bid or a submission for the tender procedure referred to in paragraph (2) of this Article in view of the grant of a concession for the performance of a Radio and Television activity shall consist of a program scheme to be as detailed as possible and in accordance with the published conditions.

(4) A concession for Radio and Television may be granted to the legal person having presented in its bid convincing evidence of its ability to meet the program, technical, technological, spatial, financial and personnel conditions for the performance of Radio and Television activities and the domestic program offered shall also appear to have the prospect of satisfying the public interest in the best possible way. The decision on the grant of a concession shall obligatorily contain the criteria and terms and conditions pursuant to which such concession shall have been granted.

(5) A concession shall be granted for a period that may not be longer than 10 years, subject to the level of the concession, pursuant to the regulation set forth in Article 30, paragraph (5) of this Law.

(6) Pursuant to the decision on the grant of a concession adopted by the Council, the Institute shall, provided that the fulfillment of the conditions referred to in paragraph (4) of this Article by a legal person shall have been established as a result of a technical inspection, enter into a contract on concession. The contract on concession for Radio and Television shall also contain the program scheme offered as referred to in paragraph (3) of this Article, which shall also become a condition governing the exploitation of the concession. Should the legal person referred to in paragraph (4) of this Article not fulfill the conditions prescribed within the specified period of time, the provision set forth in Article 30, paragraph (11) of this Law shall apply in an appropriate manner.

(7) Amendments and alterations to the program scheme referred to in paragraph (3) of this Article as well as minor corrections to the concession territory, if technically feasible, shall be approved by the Council. Technical feasibility shall be determined by the Institute.

(8) Prior to the expiry of the validity of a concession and at the request of the Concessionaire, the concession may be renewed for a subsequent period without conducting a tendering procedure and soliciting bids for said concession, provided that the Concessionaire has performed the activity in accordance with the regulations and in accordance with the contract on concession.

(9) The Council may, upon the proposal of the Institute, pass a resolution on the revoking of a concession, for a limited period of time or permanently, in events referred to in Article 30, paragraph (13) of this Law. A concession shall also cease in events referred to in Article 30, paragraph (14) of this Law. In these events the contract on concession shall cease to be valid.

(10) Upon the commencement of the exploitation of the concession pursuant to the contract referred to in paragraph (6) of this Article, the concession may be transferred to another legal person, together with the property, rights and obligations, indispensable for the uninterrupted continuation of the exploitation of the concession, and the participation in the capital of the Concessionaire company may be altered upon the prior approval of the Council, in accordance with this Law. An annex to the contract on concession or an appropriate new contract shall be concluded in such case.

Property Relations

Article 77

(1) The Radio and Television Concessionaire may be a company in which one member, a legal or natural person, may hold, at most, a share of 1/3 in the share capital of the Concessionaire in such a manner that one natural person may not participate in the capital of the Concessionaire with more than 1/3. Should there be, among the members of the company, family members subject to a mutual obligation of support pursuant to a special law which shall regulate the issues of marriage and family, then all such members may hold together no more than 1/3 of the share capital of the Concessionaire. One legal or natural person may hold a share in the share capital of only one Concessionaire operating at the State or regional level or, at most, a share in the share capital of one Radio and one Television Concessionaire operating at the local level and located, however, on different non-adjacent concession territories.

(2) A Radio and Television concession territory shall be the area of emission of an electromagnetic field of the prescribed strength by the

transmitters of a Concessionaire, pursuant to the Regulation on the Radio Frequency Spectrum Allocation and Radio Frequency Assignment referred to in Article 54 of this Law.

(3) The Concessionaire referred to in paragraph (1) of this Article shall have its registered office in the Republic of Croatia. Members of the company of the Concessionaire shall be Croatian citizens and have permanent residence in the Republic of Croatia, with the exception of foreign nationals and Croatian citizens having permanent residence abroad and a participation in the share capital of the Concessionaire in compliance with the provisions set forth in paragraph (5) of this Article.

(4) The Concessionaire referred to in paragraph (1) of this Article may only have one Radio or Television concession at the State or regional level, or, at most, two concessions, one for Radio and one for Television at the local level, however, on different non-adjacent concession territories.

(5) A Radio and Television Concessionaire shall present to the Institute information on the capital disposed of and foreign capital participating therein may not exceed 1/3 of the share capital of the company.

(6) As an exception to the provision set forth in paragraph (1) of this Article, should up to 5,000 inhabitants be living on the territory covered by the concession, the Concessionaire may have only one member, and should 5,000 to 10,000 inhabitants be living on the territory covered by the concession, a member of the Concessionaire may have, at most, a 1/2 share in the share capital of the Concessionaire.

(7) For the purposes of the provision set forth in paragraph (2) of this Article, the Radio and Television concession territory at the State or regional level shall cover at least 60 % of the population of the Republic of Croatia or 70 % of the population of a specified region.

(8) A political party, State administration bodies and advertising companies may not be Concessionaires or members of a Radio and Television Concessionaire.

(9) As an exception to the provision set forth in paragraph (1) of this Article, a legal person in the capacity of Concessionaire of a non-profit Radio or non-profit Television operating on a non-profit basis, shall not be requested to be a company.

(10) For every two concessions for commercial Radio and for every two concessions for commercial Television, one concession for a non-profit Radio or one concession for a non-profit Television may be granted at an appropriate level and on an appropriate concession territory, provided that the technical basis therefor as referred to in Article 76, paragraph (2) of this Law shall exist.

(11) The Concessionaire of a non-profit Radio or non-profit Television may not broadcast commercials or programs under sponsorship.

Purpose of a Program

Article 78

(1) The program of a Radio and Television Concessionaire shall in particular:

1. Respect the dignity and fundamental rights of human beings, and contribute to the respect of different ideas and beliefs,
2. Contribute to the free formation of opinions, universal and objective informing of listeners and viewers, as well as to the education and entertainment thereof,
3. Promote Croatian cultural achievements and encourage listeners and viewers to participate in cultural life,
4. Promote international understanding and public feeling for justice, defend democratic freedoms, serve the protection of the environment, struggle for the equality of women and men and publish the truth,
5. Promote understanding for members of national minorities.

(2) The entire program offer may not serve a particular party, interest or opinion on a one-sided basis.

Program Conditions

Article 79

(1) The program of a Radio and Television Concessionaire shall fulfill the following conditions:

1. Events shall be presented accurately and different approaches and opinions shall be properly represented,
2. News shall truthfully and correctly present the facts and events, be impartial and professionally correct, and shall encourage the free formation of opinions,
3. Opinions and commentaries shall be easily recognizable as an opinion or commentary, and it shall be clear whose opinion or commentary is being publicized.

(2) The Radio and Television Concessionaire shall be obligated to promote impartiality in its program, respecting the differences of opinions on political or economical issues or with respect to current public politics.

Program Independence of the Concessionaire

Article 80

(1) State bodies and representatives thereof, as well as trade unions and various interest groups may not influence Radio and Television Concessionaires with regard to the creation of programs.

(2) No provision of this Law may be construed such as entitling to censorship or restriction of the rights to freedom of speech and expression of opinions.

Special Program Conditions

Article 81

(1) Broadcasts being detrimental to the defense, security of the State and constitutional order shall not be permitted.

(2) The program of a Radio and Television Concessionaire may not be indecent and may not show pornography, it may not emphasize violence or provoke racial, religious and national hatred, and it may not abuse the credulity of listeners or viewers.

(3) A Radio and Television Concessionaire may not broadcast a program which could impair the physical, mental or moral development of children and adolescents of up to 18 years.

(4) The program of a Radio and Television Concessionaire may not contain a technical editing of pictures or sounds which could, over a very short time or in any other manner, convey messages or influence the thinking of listeners and viewers being either unaware or only partially aware thereof.

(5) A Radio and Television Concessionaire shall free of charge, and for the purpose of protection of public interest, immediately and without delay, broadcast warnings and other information of the Ministry of Internal Affairs or of another competent State administration body.

(6) Should a Radio and Television Concessionaire operating at the regional and local level acquire exclusively for itself the right to broadcast a program about an event being of interest to the whole population of Croatia or to the population on other territories of other Concessionaires, it shall, under equal conditions and subject to compensation of actual expenses, assign the acquired right to other interested Radio and Television Concessionaires, or to the Croatian Radio and Television (HRT).

(7) Upon the proposal of the Council, the Director of the Institute may also prescribe under a regulation other program conditions and standards with respect to the right to reply, to the public access to information and events of major importance, and with respect to cultural objectives as well as to ownership right (copyrights), in accordance with the European Convention on Transfrontier Television.

Program Standards

Article 82

(1) A Radio Concessionaire operating at the State and regional level and at the county level as well as at the level of the City of Zagreb, shall broadcast at least 12 hours of program daily, and a Radio Concessionaire operating at a level lower than the county level shall broadcast at least 6 hours of program daily.

(2) A Television Concessionaire operating at the State and regional level and at the county level as well as at the level of the City of Zagreb, shall broadcast at least 6 hours of program daily, and a Television Concessionaire

operating at a level lower than the county level, shall broadcast at least 3 hours of program daily.

(3) Radio and Television Concessionaires may broadcast the same program content at the same time, under the condition that the scope of such common program not be longer than 5 hours per day, which program shall not be included in the scope of the minimum prescribed duration of the program of a Concessionaire as referred to in paragraph (2) of this Article. Concessionaires, in the case provided for in this paragraph, are obliged to regulate their relations by a contract and to notify the Institute thereof.

(4) A broadcast being repeated cyclically or consisting of motionless images may not be calculated in the duration of the program for the purposes of the provision set forth in paragraph (2) of this Article.

(5) A Radio and Television Concessionaire shall broadcast the same program on its entire concession territory in accordance with the program scheme referred to in Article 76, paragraph (3) of this Law.

(6) A Radio and Television Concessionaire shall keep records of the entire program broadcast and maintain recordings of the entire program broadcast for at least one month upon the transmission thereof, and in the event of a complaint or dispute the recordings of the program subject to such dispute shall be kept until such dispute shall be settled.

(7) A Radio and Television Concessionaire operating at the local level shall dedicate at least 20 % of its entire weekly program to informing about local news and announcements regarding local events on the concession territory.

(8) A Radio and Television Concessionaire operating at the State and regional level shall broadcast at least one news program daily.

(9) During the pre-election campaigning a Radio and Television Concessionaire must enable to all parties the possibility of commercial political advertising under equal conditions, in accordance with election regulations and directions of the competent body which supervises or performs the elections.

Provisions on the Use of Language

Article 83

(1) A Radio and Television Concessionaire shall broadcast its program in the standard Croatian language.

(2) As an exception to the provision set forth in paragraph (1) of this Article, a Radio and Television Concessionaire shall also be permitted to broadcast a program in the dialects of the Croatian language and in the languages of national minorities, except for the standard Croatian language, if that is provided in the program scheme referred to in Article 76, paragraph (3) of this Article.

(3) As an exception to the provision set forth in paragraph (1) of this Article, a Radio and Television Concessionaire may broadcast a news program and service information to meet the needs of foreign guests, in the languages correlating to the representation of foreign guests on the concession territory thereof.

(4) The provision set forth in paragraph (1) of this Article shall not apply to film or musical reproductions, the broadcast of religious, theatrical and musical events and to educational programs dedicated to the study of a foreign language.

Commercials and Teleshopping

Article 84

(1) Commercials and Teleshopping shall be fair and honest, shall not be misleading and shall not be in contravention of consumer interest.

(2) Commercials and Teleshopping addressed to children or featuring the participation of children may not be detrimental to their interests and the children's sensitivity shall be taken into account.

(3) Teleshopping shall not induce minors to purchase or lease goods or services.

(4) Any person ordering a commercial may not exercise any influence over the content and production of the program in a way that may reduce the

independence and responsibility of the Concessionaire with regard to the program.

(5) The duration of commercials may not exceed 12 minutes per hour of program broadcast and 15 % of the total daily duration of the program which is broadcast at the State and regional level, and may not exceed 18 minutes per hour of program broadcast and 25 % of the total daily duration of the program which is broadcast at the local level.

(6) The duration of commercials, such as commercials offering directly to the public the sale, purchase or lease of products or the provision of services (Teleshopping), shall be calculated into the duration of commercials referred to in paragraph (5) of this Article but in the proportion of 50 %.

(7) Commercials and Teleshopping shall be clearly recognizable as such and distinctly separated from the other parts of the program by visual or acoustic means. In principle, they shall be broadcast in blocks.

(8) Commercials and Teleshopping exercising an influence on the subconscious mind shall not be permitted.

(9) Hidden and surreptitious commercials and Teleshopping shall not be permitted, in particular the presentation of products or services in a program when used for advertising purposes.

(10) Commercials and Teleshopping may not, visually or acoustically, remind of persons presenting news or current affairs programs, weather forecasts, sports and similar on a regular basis.

(11) Commercials and Teleshopping shall be inserted between programs. Should the conditions set forth in paragraphs (12), (13), (14) and (15) of this Article be fulfilled, commercials and Teleshopping may be inserted during programs in a way that shall not be detrimental to the integrity and value of the program or the rights of holders of copyrights.

(12) In programs consisting of independent parts, or in sports programs and in similarly arranged events and performances containing breaks, commercials and Teleshopping may be inserted only between such parts or during the breaks in the program.

(13) The broadcasting of audio-visual realizations such as feature films, films produced for Television and artistic documentaries (excluding series, serials, entertainment programs and documentaries which do not have artistic

values), having a duration exceeding forty-five minutes, may be interrupted once in each complete period of forty-five minutes. The interruption for the broadcasting of commercials may not last longer than one minute. A further interruption shall be allowed provided that the duration of feature films, films produced for Television and artistic documentaries shall be at least twenty minutes longer than two or more complete periods of forty-five minutes.

(14) Should the programs, other than those referred to in paragraph (12) of this Article, be interrupted by commercials or Teleshopping a period of at least fifteen minutes shall elapse between each successive commercial or Teleshopping break within the program.

(15) Commercials and Teleshopping may not be inserted in programs of a religious service.

(16) In the event of news, current affairs programs, documentaries and programs for children, lasting less than thirty minutes, they may not be interrupted by commercials or Teleshopping. Whenever lasting thirty minutes or longer, the provision set forth in paragraph (14) of this Article shall apply.

(17) Commercials and Teleshopping for tobacco products shall not be allowed.

(18) Commercials and Teleshopping for alcoholic beverages of all varieties shall comply with the following rules:

- They may not be addressed to minors in particular and no one associated with the consumption of alcoholic beverages may look like a minor in commercials and Teleshopping;
- They may not associate the consumption of alcohol with physical activities or with the driving of a vehicle;
- They may not claim alcohol to have therapeutic qualities, to a stimulative or sedative effect or to be susceptible of solving personal problems;
- They may not encourage immoderate consumption of alcohol or present abstinence or sobriety in a negative sense;
- They may not over-emphasize the alcohol content of beverages.

(19) Commercials and Teleshopping for medicines and medical treatments being available only on medical prescription shall not be allowed.

(20) Commercials and Teleshopping for all other medicines and medical treatments shall be clearly recognizable as such, honest, truthful and subject to verification and they shall comply with the requirements of protection of the individuals against any harmful effects.

(21) Upon the proposal of the Council, the Director of the Institute may also prescribe under a regulation other conditions for the broadcast of commercials and Teleshopping and programs under sponsorship referred to in Article 85 of this Law, in accordance with the European Convention on Transfrontier Television.

Program under Sponsorship

Article 85

(1) In the event of a program being entirely or partially under sponsorship, this shall be clearly identified as such in an appropriate manner at the beginning and/or end of the program.

(2) The content and schedule of sponsored programs may under no circumstances be influenced by the sponsor in a way such as to affect the responsibility and editorial independence of the Concessionaire in respect to the programs.

(3) During a program under sponsorship by which products or services are advertised a designation that it is a program under sponsorship must continuously be broadcast.

(4) The sponsor of a program may not be natural or legal person having for basic activity the manufacture or sale of products, or the provision of services, provided that the advertising and Teleshopping thereof shall be prohibited under Article 84, paragraphs (17), (18) and (19) of this Law.

Provisions on Croatian Radio and Television (HRT)

Article 86

(1) The provisions of this Law regulating the program of a Radio and Television Concessionaire, shall also apply accordingly to the program of HRT. As an exception to the provision set forth in Article 84, paragraph (5) of this Law, HRT may broadcast commercials in all of its programs, provided that the duration thereof shall not exceed 4 minutes per hour at most.

(2) HRT may produce, transmit and broadcast radio and television programs without any special concession.

(3) As an exception to the provisions set forth in Article 29, paragraph (1) of this Law, the Institute may grant a concession to HRT for the performance of the service of lease of transmission lines, Repeaters and transmitters for the broadcast and transmission of programs to other program Producers and Concessionaires, and for the performance, for the account thereof, of the service of broadcast and transmission of the programs thereof, in accordance with the provisions of this Law and in accordance with the contract on concession concluded by HRT and the Institute.

(4) HRT may be neither a Radio and Television Concessionaire, nor a Cable Television Operator, nor a member or shareholder of a Radio and Television Concessionaire and of a Cable Television Operator.

(5) HRT must not transmit broadcasts under sponsorship and Teleshopping.

XIII CABLE TELEVISION

Conditions for the Performance of Activity

Article 87

(1) The performance of Cable Television activities shall require a concession by the Institute and a contract on concession concluded with the Institute.

(2) A Cable Television owner may not distribute its own program or its own commercials, and it may, via its cable system, transmit to Users a visual

test image with the correct time, weather information and communications concerning the functioning and use of its cable system, and it may not be a Radio or Television Concessionaire nor a member or shareholder of a Radio or Television Concessionaire.

(3) In accordance with the provision set forth in Article 89, paragraph (2) of this Law, a Cable Television owner may distribute a domestic program.

Network Access

Article 88

(1) Should the technical possibility therefore be at hand, the Cable Television owner may neither deny connection to its system to a User within the concession territory, if the User shall request such connection and pay the subscription fee, nor force the User to accept the connection or to participate in the costs of construction of the system. The owner of residential or business premises shall allow the installation of the Termination Point for Cable Television whenever a tenant or lessee of said premises shall request such Termination Point and pay the costs of construction of the appropriate installations in said premises.

(2) The Cable Television owner or the owner of a leased residential or business premises may seal the unused Termination Points and inspect them.

Special Obligations of the Cable Television Owner

Article 89

(1) The Cable Television owner shall distribute the programs being broadcast in the Republic of Croatia and consisting of broadcasts of the prescribed electromagnetic field strength in the area of network thereof.

(2) The programs referred to in Article 90, paragraph (1), items 2 and 3 of this Law, may not be distributed, if they shall not comply with the provision set forth in Article 81 of this Law.

(3) The Cable Television owner shall distribute radio and television programs simultaneously, in their entirety and without any changes, in accordance with the concession granted and the contract on concession concluded as referred to in Article 30, paragraph (11) of this Law.

(4) Copyrights for programs which are distributed by the Cable Television Operator shall be regulated by special regulations.

Subscription and Fee for the Reception of Distributed Programs

Article 90

(1) In addition to the radio and television subscription fee prescribed under another special law, the User of a Cable Television Termination Point shall pay to the Cable Television Operator a special subscription fee and a fee:

1. A subscription fee for the reception of the programs referred to in Article 89, paragraph (1) of this Law;
2. A subscription fee for the reception of the programs distributed to all of its Subscribers without any restrictions, without being subject to the obligation to distribute them in the sense of the provision set forth in Article 89, paragraph (1) of this Law (satellite programs, foreign programs, etc.);
3. A subscription fee for the reception of a specific program (channel) distributed by the Operator to an individual User at the request thereof;
4. A fee for each reception of a program received by the User by decoding the security code, by transmitting a certain code or in any other similar way.

(2) The provision set forth in paragraph (1), item 2 of this Article shall not apply to domestic programs not protected by a special code.

(3) The subscription amount and modalities of payment as referred to in paragraph (1) of this Article are approved by the Institute with the consent of the Minister.

(4) The User of a Cable Termination Point shall not be obliged to participate in the costs of construction of the network and shall only pay the actual costs of labor and materials used to perform its own individual Termination Point.

***Obligations of the Owner and User of Residential and Business Premises
(Common Antenna System)***

Article 91

(1) A Common Antenna System and the installations required for the distribution of radio and television programs in a residential, commercial or other building to the User of a radio or television receiver in such building (Cable Television), shall be constructed in accordance with the prescribed technical conditions and standards referred to in Article 6, paragraph (1) of this Law.

(2) The investor shall perform the technical inspection of the constructed system and installations referred to in paragraph (1) of this Article.

(3) The technical inspection referred to in paragraph (2) of this Article shall be performed by the Institute or by a legal person authorized by the Institute. The authorization shall be subject to the payment of a fee in favor of the Institute pursuant to the regulation referred to in Article 29, paragraph (6) of this Law, and the conduct of a technical inspection to the payment of the costs of the commission conducting such inspection. Should the technical inspection not be conducted in accordance with the regulations, standards and recommendations, the Institute may revoke the authorization granted.

(4) The user or owner of the building referred to in paragraph (1) of this Article, shall maintain the system and installations referred to in paragraph (1) of this Article in a good working condition, and shall in due time undertake measures required in order to eliminate the interference and disturbances in the operation of said systems and installations.

XIV SUPERVISION

Performance of the Supervision

Article 92

(1) The Ministry shall perform the administrative supervision over the Institute.

(2) The supervision over the implementation of the provisions of this Law which regulate the provision of services and other activities in Telecommunications, designing, construction, maintenance and use of telecommunications facilities, equipment and installations and Radio Stations, the proving of the quality thereof (issuing of certificates), the protection from interference and electromagnetic compatibility (EMC), as well as the monitoring of the Radio Frequency Spectrum, shall be performed by the Institute. The supervision of the Institute shall be carried out by inspectors for Telecommunications, and the monitoring of the Radio Frequency Spectrum shall be performed by the authorized employees of the Institute. Inspectors for Telecommunications and authorized employees of the Institute shall be appointed and recalled by the Administration Board of the Institute.

(3) Supervision of the implementation of the provisions of this Law, regulating the possession of Radio Station licenses and the declaration of the Radio Station when crossing the state border, as well as the undertaking of measures with respect to said supervision shall also be performed by the ministry competent for internal affairs. An authorized official person of the ministry competent for internal affairs shall undertake the measures required to efficiently prevent the operation of a Radio Station without a license and shall inform the inspector for Telecommunications about the measures undertaken.

(4) The ministry competent for internal affairs shall perform the supervisory activities referred to in paragraph (3) of this Article ex officio or upon the proposal of the inspector for Telecommunications.

(5) Supervision of the implementation of the provisions of this Law, regulating the possession of a quality certificate, a declaration of conformity and a certificate of electromagnetic compatibility (EMC) shall also be performed by authorized employees of the customs and of the State administration bodies competent for the activities of market inspection.

(6) The provisions of a special law on the State administration system which shall regulate the issue of inspection supervision shall apply to the supervision conducted by inspectors for Telecommunications.

(7) An Operator, Service Provider or Owner of Telecommunications System, equipment, facility, network or system or a Radio Station, must enable the inspector for Telecommunications and the authorized employee of the Institute who performs the activities of supervision and monitoring referred to in paragraph (2) of this Article to perform the on-site investigation of the telecommunications means, equipment, network or system, as well as

Radio Stations and, at their request, without delay, give or deliver the required information and documentation in connection with the supervision and monitoring.

Authority of the Inspector

Article 93

(1) The supervisory activities referred to in Article 92, paragraph (2) of this Law, shall be performed by the inspector for Telecommunications having authority to:

1. Prohibit the import, sale, lease and use of technical equipment to be installed or connected to Public Telecommunications in the absence of the prescribed certificate or declaration of conformity stating the compliance of said equipment with the technical conditions and standards, or if said equipment shall not have been marked with the prescribed mark, and determine the measures in order to prevent the sale, lease and use of such technical equipment;
2. Prohibit the import, sale, lease and use of electrical and other technical equipment referred in to Article 69, paragraph (2) of this Law, in the absence of the prescribed certificate of electromagnetic compatibility (EMC), or if said equipment shall not have been marked with the prescribed mark, and determine the measures in order to prevent the sale, lease and use of such electrical and other technical equipment;
3. Prohibit the import, sale, lease and use of a Radio Station in the absence of the prescribed certificate stating the compliance thereof with the technical conditions and standards, or if it shall not have been marked with the prescribed mark, and determine the measures in order to prevent the sale, lease and use of such Radio Station;
4. Prohibit the performance of Public Telecommunications activities if the prescribed concession shall not have been granted, or if the prescribed application shall not have been previously submitted to the Institute, or if the prescribed contract on concession shall not have been concluded, or if the prescribed fee shall not have been paid for the concession, application or for the authorization constituting the basis for the performance of such activity, and

determine the measures in order to prevent the performance of such activity;

5. Prohibit the operation of a Radio Station which shall not have the prescribed license or for which the payment of the prescribed fee for the use of the radio frequencies shall not have been effected, and determine the measures in order to prevent the operation thereof;
6. Prohibit on a permanent basis the use of a Radio Station, in the event of the failure thereof to comply with the prescribed conditions and standards being repeatedly established, and determine the measures in order to prevent the operation thereof;
7. Prohibit the performance of works and the construction of new buildings in a protected zone or in the radio corridor of Radio Stations;
8. Prohibit on a temporary basis the operation of a Radio Station causing Harmful Interference, until such interference shall have been eliminated;
9. Suspend on a temporary basis the performance of works in the vicinity of telecommunications facilities, equipment or links, which could damage or interfere with the operation of said facilities, equipment or links, in the event that the consent of the owner or Operator of such telecommunications capacities shall not have been previously obtained, as long as said consent shall not have been obtained;
10. Order the elimination of defects in electrical or other technical equipment causing electromagnetic interference in the operation of Telecommunications or of a Radio Station or in the reception of radio or television programs, and prohibit on a temporary basis the use of such equipment in case of Harmful Interference, as long as such Harmful Interference shall not have been eliminated;
11. Order the elimination of defects if, during the construction, maintenance or use of telecommunications capacities or a Radio Station, and during the provision of services or the performance of activities, this Law, the regulations adopted pursuant to this Law and the technical conditions and standards shall not have been applied;

12. In the framework of the measures referred to in items 1 to 6 of this paragraph, may seal or confiscate on a temporary basis all or part of said technical and other equipment and a Radio Station, about which he shall issue a certificate.

(2) The inspector for Telecommunications shall have the authority to perform personally or order the performance of the necessary measurements and testing of the telecommunications equipment and Radio Stations, and may, for the purpose of supervision, use the appropriate technical means and aids of the Operator or Owner of the telecommunications and Radio Station means.

(3) Should it be established that a Radio Station shall be causing Harmful Interference, or that the license prescribed for the Radio Station shall not have been obtained, the authorized employee performing the activities of monitoring of the Radio Frequency Spectrum shall have the authority referred to in paragraph (1), item 12 and in paragraph (2) of this Article, and shall have the authority to report the criminal offence or misdemeanor committed to the competent authorities. He shall inform in writing the inspector for Telecommunications about the measures undertaken.

(4) The inspector for Telecommunications and the employee referred to in paragraph (3) of this Article shall keep records of the supervision performed and shall have the prescribed identification card.

(5) The form and the content of the identification card referred to in paragraph (4) of this Article, and the seal for sealing referred to in paragraph (1), item 12 of this Article shall be prescribed and issued by the Director of the Institute, as well as the modalities of keeping the records referred to in paragraph (4) of this Article.

Implementation of the Resolutions of the Inspector

Article 94

(1) An appeal against the resolution adopted by the inspector for Telecommunications may not be submitted, however, an administrative proceeding may be instituted.

(2) Should the final resolution of the inspector for Telecommunications not be observed, the inspector for Telecommunications may impose to the person which is referred to in the resolution an administrative measure of a

fine amounting to twenty times the average salary in the Republic of Croatia during the previous quarter.

(3) The administrative measure referred to in paragraph (2) of this Article shall be enforced by the authorities competent for the collection of the fines imposed for misdemeanors, and said amount shall be paid in for the benefit of the State budget.

XV PENALTY PROVISIONS

Article 95

(1) A fine of up to 400,000.00 Kunas shall be imposed for a misdemeanor on a legal person, in case of act in contravention of the provisions referred to in:

1. Article 6, paragraph (1) or (3), or
2. Article 7, paragraph (4), (5), or (6), or
3. Article 12, paragraph (1), or
4. Article 16, paragraph (1), or (2), item 1, 2 or 3, or
5. Article 20, paragraph (1), or
6. Article 25, paragraph (2), or
7. Article 26, paragraph (2) or
8. Article 29, paragraph (1) or (6), or
9. Article 49, paragraph (1), or
10. Article 64, paragraph (1), item 1, or
11. Article 65, paragraph (3), or
12. Article 73, paragraph (1), or
13. Article 75, paragraph (1), or
14. Article 81, paragraph (1), (2), (3) or (5), or
15. Article 84, paragraph (15), (16) or (17), or
16. Article 87, paragraph (1), or
17. Article 92, paragraph (7).

(2) For the misdemeanor referred to in paragraph (1) of this Article a fine of up to 200,000.00 Kunas shall also be imposed on the responsible person of a legal person.

(3) If the misdemeanor referred to in paragraph (1) of this Article is committed by a natural person, a fine of up to 200,000.00 Kunas shall be imposed on that person.

(4) For the misdemeanor referred to in paragraph (1), item 9 of this Article the protective measure of the confiscation of a Radio Station may also be imposed.

(5) In the event of the same misdemeanors, as referred to in paragraph (1) of this Article, committed for the second time within a two-year period, the maximum fine shall be imposed, and for the same misdemeanor, as referred to in paragraph (1), item 9 of this Article, committed for the second time within a two-year period, the protective measure of the confiscation of a Radio Station shall also be obligatorily imposed.

Article 96

(1) A fine of up to 200,000.00 Kunas shall be imposed for a misdemeanor on a legal person, in case of act in contravention of the provisions referred to in:

1. Article 6, paragraph (2) or (6), or
2. Article 12, paragraph (2), item 1, 2, 4 or 5, or paragraph (3), or
3. Article 13, paragraph (1), or
4. Article 14, paragraph (1), or
5. Article 17, paragraph (1), or
6. Article 22, paragraph (1), item 1 or 2, or paragraph (2), or
7. Article 26, paragraph (3), or
8. Article 27, paragraph (2), or
9. Article 29, paragraph (2) or (5), or
10. Article 30, paragraph (16), or
11. Article 33, paragraph (2), or
12. Article 37, paragraph (4), or
13. Article 40, paragraph (1), or
14. Article 49, paragraph (2) or (7), or
15. Article 50, paragraph (4), or
16. Article 52, or
17. Article 53, paragraph (1), (2) or (3), or
18. Article 61, paragraph (1), (2) or (3), or
19. Article 64, paragraph (1), item 2, or
20. Article 67, paragraph (2), or
21. Article 68, paragraph (1) or (4), or
22. Article 69, paragraph (2), or
23. Article 70, paragraph (1), or
24. Article 73, paragraph (3), or
25. Article 75, paragraph (4), or

- 26. Article 76, paragraph (7) or (10), or
- 27. Article 77, paragraph (1), or
- 28. Article 78, paragraph (2), or
- 29. Article 79, paragraph (1), item 1, 2 or 3, or paragraph (2), or
- 30. Article 81, paragraph (4) or (6), or
- 31. Article 82, paragraph (1), (2), (5), (6), (7) or (8), or
- 32. Article 84, paragraph (1), (2), (4), (5), (6), (7), (8), (9), (10), (11), (12), (13), (14) or (18), or
- 33. Article 85, paragraph (1), (2), (3) or (4), or
- 34. Article 86, paragraph (1), (2) or (3), or
- 35. Article 87, paragraph (2) or (3), or
- 36. Article 88, paragraph (1), or
- 37. Article 89, paragraph (1), (2) or (3), or
- 38. Article 94, paragraph (2).

(2) For the misdemeanor referred to in paragraph (1) of this Article a fine of up to 100,000.00 Kunas shall also be imposed on the responsible person of a legal person.

(3) If the misdemeanor referred to in paragraph (1) of this Article is committed by a natural person, a fine of up to 100,000.00 Kunas shall be imposed on that person.

(4) In the event of the same misdemeanor, as referred to in paragraph (1), item 17 of this Article, committed for the second time within a two-year period, the maximum fine referred to in paragraphs (1), (2) and (3) of this Article shall be imposed, and the protective measure of the confiscation of a Radio Station may also be imposed.

Article 97

(1) A fine of up to 100,000.00 Kunas shall be imposed for a misdemeanor on a legal person, in case of act in contravention of the provisions referred to in:

- 1. Article 6, paragraph (11) or (12), or
- 2. Article 12, paragraph (2), item 3, or
- 3. Article 13, paragraph (2) or (3), or
- 4. Article 15, paragraph (1) or (2), or
- 5. Article 18, paragraph (1), (2), (4), (5), (12), (13), (14) or (15), or
- 6. Article 22, paragraph (3), or
- 7. Article 33, paragraph (5), or

8. Article 34, paragraph (3), or
9. Article 35, paragraph (1) or (4), or
10. Article 36, or
11. Article 37, paragraph (1), or
12. Article 39, paragraph (1), (2), (4), (5), (7) or (8), or
13. Article 41, paragraph (1), or
14. Article 48, paragraph (2), or
15. Article 60, paragraph (2) or (3), or
16. Article 61, paragraph (5) or (7), or
17. Article 62, paragraph (1) or (2), or
18. Article 63, paragraph (1), or
19. Article 64, paragraph (2), or
20. Article 67, paragraph (1), or
21. Article 68, paragraph (6), or
22. Article 69, paragraph (1), or
23. Article 83, paragraph (1) or (2), or
24. Article 90, paragraph (3), or
25. Article 91, paragraph (1), (2), (3) or (4).

(2) For the misdemeanor referred to in paragraph (1) of this Article a fine of up to 50,000.00 Kunas shall also be imposed on the responsible person of a legal person.

(3) If the misdemeanor referred to in paragraph (1) of this Article is committed by a natural person, a fine of up to 50,000.00 Kunas shall be imposed on that person.

XVI TRANSITIONAL AND FINAL PROVISIONS

Transitional Provisions on the Performance of Telecommunications Activity and on the Use of Radio Stations

Article 98

(1) A person who shall have been performing, on the effective date of this Law, Public Telecommunications activity on the basis of a concession or authorization granted pursuant to the regulations which shall have been in effect until the effective date of this Law shall continue to perform such activity pursuant to the provisions of this Law until the expiry of the period of validity of such concession or authorization.

(2) An approval or license for a Radio Station, granted on the basis of the regulations which shall have been in effect until the effective date of this Law, shall be valid until the expiry of the period of validity applied when issued, and such Radio Station may be used until the expiry of said period in accordance with the conditions specified in the approval or authorization, pursuant to the provisions of this Law.

(3) Any legal person who shall have been performing, on the effective date of this Law, Public Telecommunications activities without any concession, in accordance with the regulations which shall have been in effect until the effective date of this Law, shall, at the latest by January 1, 2000, bring the performance of such activities in compliance with the provisions of this Law and shall, except for the compliance with the provision set forth in Article 40, paragraphs (3) and (4) of this Law, for which the deadline shall be December 31, 2000, obtain the prescribed concession and conclude the prescribed contract on concession at the latest by January 1, 2001.

(4) HT-Hrvatske telekomunikacije d.d. (hereinafter: HT d.d.) shall have the following exclusive rights up to December 31, 2002 :

1. The right to be the Operator of a Fixed Public Telecommunications Network;
2. The right to provide Public Voice Services over a Fixed Network;
3. The right to provide international Telecommunications Services.

(5) The Government of the Republic of Croatia shall grant the concession and enter into the contract on concession with HT d.d. Such a contract on concession must:

1. Establish the exclusive right of HT d.d. to be the Operator of a Fixed Public Telecommunications Network up to December 31, 2002;
2. Establish the exclusive right of HT d.d. to provide Public Voice Services over a Fixed Network up to December 31, 2002;
3. Establish the exclusive right of HT d.d. to provide international Telecommunications Services up to December 31, 2002;
4. Provide for Interconnection rights and obligations, and requirements regarding Universal Service provision, network modernization, network build-out, quality of service and User protection, taking into account the exclusive rights mentioned at items 1, 2 and 3 of this paragraph;
5. Establish a price capping procedure based on a published User price index for the Telecommunications Services provided in accordance with the exclusive rights mentioned at items 1, 2 and 3 of this paragraph, to the extent required to ensure cost-orientation of tariffs and

User protection. Any such procedure shall replace any individual tariff approval or tariff setting requirements established by this Law.

(6) Except as provided within the contract on concession, during the period of exclusive rights, the contract on concession referred to in paragraph (5) of this Article shall not be modified by any subordinate legislation, including any regulation, except the subordinate legislation adopted in order to comply with the international obligations of the Republic of Croatia.

(7) The contract on concession referred to in paragraph (5) of this Article shall be brought in compliance with the provisions of this Law with effect from January 1, 2003, in such a way that any special rights and obligations within the contract on concession as stated at items 4 and 5 of paragraph (5), and in paragraph (6) of this Article shall cease to be valid.

(8) The Government of the Republic of Croatia shall grant concessions and enter into contracts on concession with HT d.d. regarding the performance of Telecommunications Services which HT d.d. performed or had the right to perform without a concession pursuant to the regulations which shall have been in effect until the effective date of this Law. In particular, the Government of the Republic of Croatia shall grant a concession to HT d.d. for the construction and use of Public Telecommunications in the global Mobile Network system GSM, under equal and non-discriminatory conditions.

Administrative Proceedings Instituted on the Basis of Previous Regulations

Article 99

Proceedings instituted prior to the effective date of this Law shall be completed pursuant to the regulations which shall have been in effect until the effective date of this Law, provided that this shall not be in contravention of this Law, and pursuant to this Law, should that be more favorable for a party.

Subordinate Legislation

Article 100

(1) The Minister shall pass the regulations which he shall be authorized to pass pursuant to the provisions of this Law, at the latest within a year from the effective date thereof.

(2) The Director of the Institute shall pass the regulations which he shall be authorized to pass pursuant to the provisions of this Law, at the latest within a year from the effective date thereof.

(3) The provisions of the regulations passed pursuant to the Law on Telecommunications (Official Gazette of the Republic of Croatia, No. 53/94), unless in contravention with this Law, shall be applied until the adoption of the subordinate legislation referred to in paragraphs (1) and (2) of this Article.

(4) The Government of the Republic of Croatia shall submit the general objectives referred to in Article 4, paragraph (2) of this Law to the Croatian National Parliament at the latest within a year from the effective date of this Law.

Law Ceasing to be Valid

Article 101

The Law on Telecommunications (Official Gazette of the Republic of Croatia, No. 53/94) shall cease to be valid on the day of the commencement of application of this Law.

Commencement of the Operation of the Croatian Institute of Telecommunications

Article 102

(1) The Institute shall commence to operate on January 1, 2000.

(2) The Government of the Republic of Croatia shall, forthwith upon the effective date of this Law, appoint a temporary Director of the Institute, who shall undertake preparations for the commencement of the operation of the Institute, and if it shall be necessary, obtain the required permits for the commencement of the operation, and submit the application for the entry in the court register of institutions.

(3) The Government of the Republic of Croatia shall be obligated, at the latest until September 1, 1999, to propose to the House of Representatives of the Croatian National Parliament the members of the Administration Board of the Institute.

(4) The Administration Board of the Institute shall be obligated to, at the latest until December 1, 1999, adopt the Articles of Association of the Institute.

(5) The Minister shall, at the latest until December 1, 1999, pass the act by which he shall determine which resources and equipment that are used by the Ministry of Maritime Affairs, Transport and Communications shall become the property of the Institute, and shall, together with the temporary Director of the Institute, determine which employees of the Ministry of Maritime Affairs, Transport and Communications, who have been performing jobs which, pursuant to this Law, shall fall within the scope of the Institute, shall become the employees of the Institute as of December 1, 1999.

(6) Until the commencement of the operation of the Institute the activities within its scope shall be performed by the Ministry.

Commencement of the Application of the Provisions on the Performance of Telecommunications Services in a Fixed Network

Article 103

(1) As an exception to the provision set forth in Article 98, paragraph (3) and Article 104 of this Law, the provisions on the grant of the concession for the services set forth in Article 98, paragraph (4) of this Law to legal persons which have not been performing those services on the effective date of this Law pursuant to the previous regulations, and the provisions of Part V of this Law, shall commence to be applied as of January 1, 2003.

(2) The fulfillment of the obligation referred to in Article 7, item 6 and Article 12, paragraph (2), item 4 of this Law shall be conditioned, until December 31, 2002, by the existence of the technical possibility for the fulfillment of that obligation. Until that deadline the Public Voice Services Provider must create technical possibilities for the fulfillment of that obligation for all Users of its Services.

Effective Date and the Commencement of Application of the Law

Article 104

This Law shall become effective and shall commence to be applied as of the eighth day upon the publication thereof in the Official Gazette of the Republic of Croatia.

Class: 344-01/99-02/01
Zagreb, June 30, 1999

HOUSE OF REPRESENTATIVES
OF THE CROATIAN NATIONAL PARLIAMENT

President
of the House of Representatives
of the Croatian National Parliament
Academician Vlatko Pavletic, signed