Regulatory trends for adapting licensing frameworks to a converged environment

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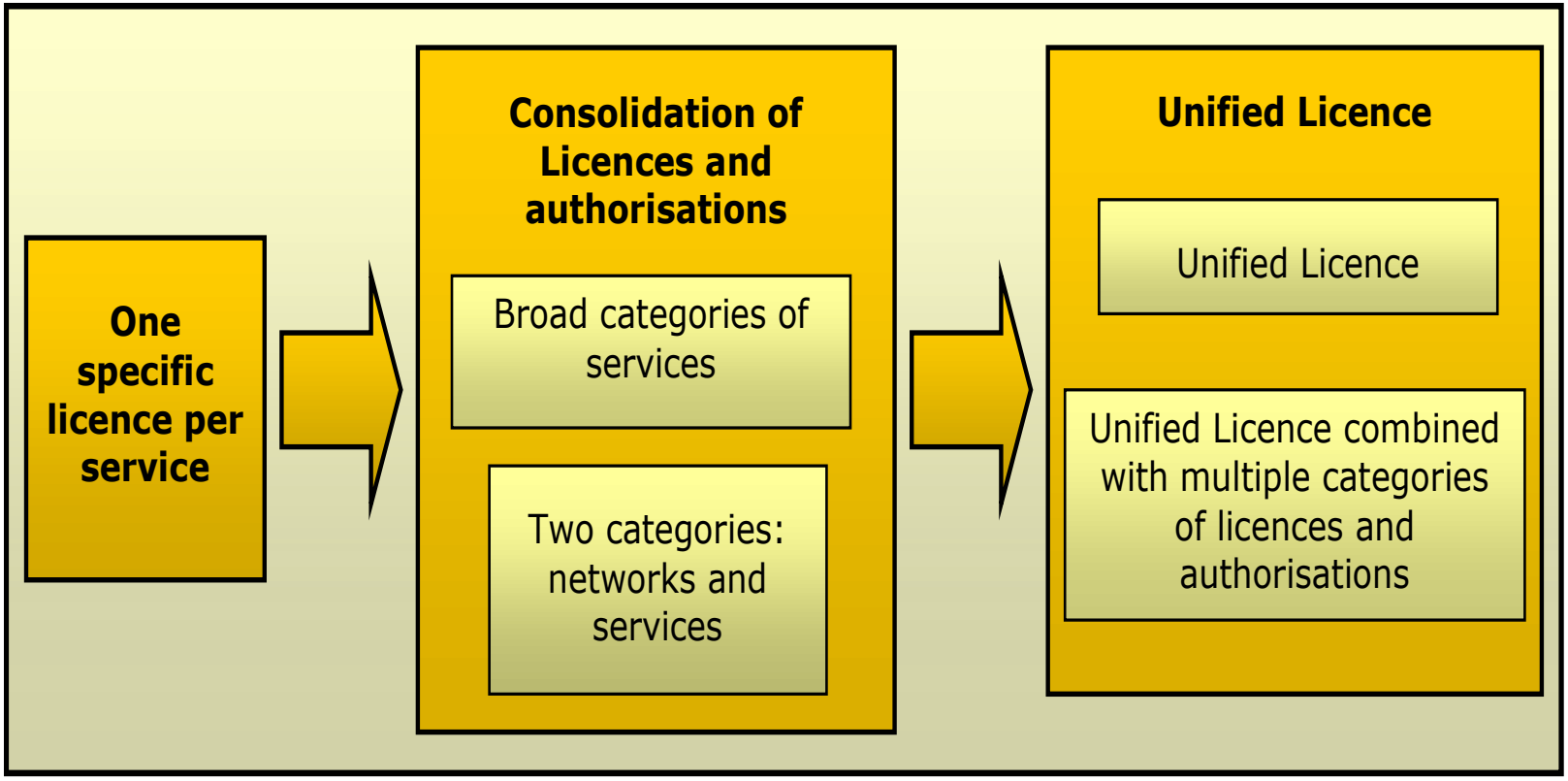
Traditional Regulatory Frameworks

- Often based on wireline, wireless or broadcasting services
- Also divided into local and long distance markets
- But these distinctions are now impractical so reforms have been directed at adapting traditional regulatory systems to convergence focused on two key elements
  - Introduction of the principles of technology and service neutrality
  - Establishment of greater flexibility in existing frameworks

Trends in Licensing Reform

- Service licensing reform towards convergence has followed two main trends that have been implemented both separately and jointly
- The first consists of **simplification of licences** that traditionally have been established for individual services, which would generally mean that a single telecommunications operator would have to hold as many licences as the different services it provided
  - Simplification involves the consolidation of different services in a generic categorisation or the unification of all services under a single licence or concession, what is often called a unified licence

Simplification of Licences



Trends in Licensing Reform

- The second trend is the **reduction or elimination of the administrative and formal requirements** to enter the market and provide a service
- This trend involves modifying the general authorisation category to allow more services to be provided or the establishment of notification or registration systems that replace licences or general authorisations altogether, therefore simplifying the process of obtaining them and, in some cases, making the authorisation automatic
- Some countries have even opted for deregulation of services, which comprises the elimination of licences or concessions and even of the need to notify or register with the regulator

Approaches to Authorisations

- **The Rapporteur Group identified three main types of authorisations:**
  - **Service-specific authorisations**
  - **Unified (or global) authorisations**
  - **Multi-service authorisations**

Licensing schemes around the world

Results of ITU World Telecommunication Regulatory Database Survey

- 11 countries have introduced unified licensing for at least some service
- 81 respondents use individual licences
- 28 respondents use general authorisations or class licences
- 10 allow some services to operate on licence exempt basis

Approaches to Authorisations
Service-specific authorisations

- Allow the licensee to provide a specific type of service.
- Usually, the licensee is required to use a specific type of network and technological infrastructure.
- However, some service specific authorisation regimes are technology neutral (*e.g.*, the fixed and mobile services authorisation regime in Saudi Arabia and the Canadian basic international telecommunications services licences).
  - These types of authorisations are sometimes issued as individual licences (particularly in developing and transitional economies) and sometimes issued as general authorisations.

Approaches to Authorisations

Unified (or global) authorisations

- Technology and service neutral
- Allow licensees to provide all forms of services under the umbrella of a single authorisation, using any type of communications infrastructure and technology capable of delivering the desired service.
- In most countries, unified authorisations are issued as individual licences.
- However, in some countries, the process for issuing the unified authorisation blends aspects of general authorisation processes and competitive licensing regimes.
  - These hybrid processes can best be described as non-competitive individual licensing processes: while applicants do not compete for a limited number of authorisations, they must meet a variety of criteria to qualify for a licence and their applications are subject to close regulatory scrutiny.

Approaches to Authorisations
Multi-service authorisations

- Allow service providers to offer multiple services under the umbrella of a single authorisation, using any type of communications infrastructure and technology capable of delivering the services in question
- Technology neutral -- like unified authorisations
- More limited than unified authorisations -- licensees are permitted to provide any of a designated set of services, but not any and all services
- Multi-service authorisations issued as general authorisations or as individual licences.
  - Not uncommon to have both general authorisation and individual licence regimes for their multi-service authorisations
  - Individual multi-service authorisations are often issued using a non-competitive individual licensing process

Simplification/Consolidation of Licences

- Examples of:
  - Uganda – January 2007 implemented streamlined technology-neutral licensing regime
  - Malaysia – 31 categories to 4 categories
  - Tanzania – February 2005 to 4 categories
  - Singapore: only two categories –
    - Facilities-based operators (FBOs)
    - Service-based operators (SBOs)

Uganda's new licensing regime

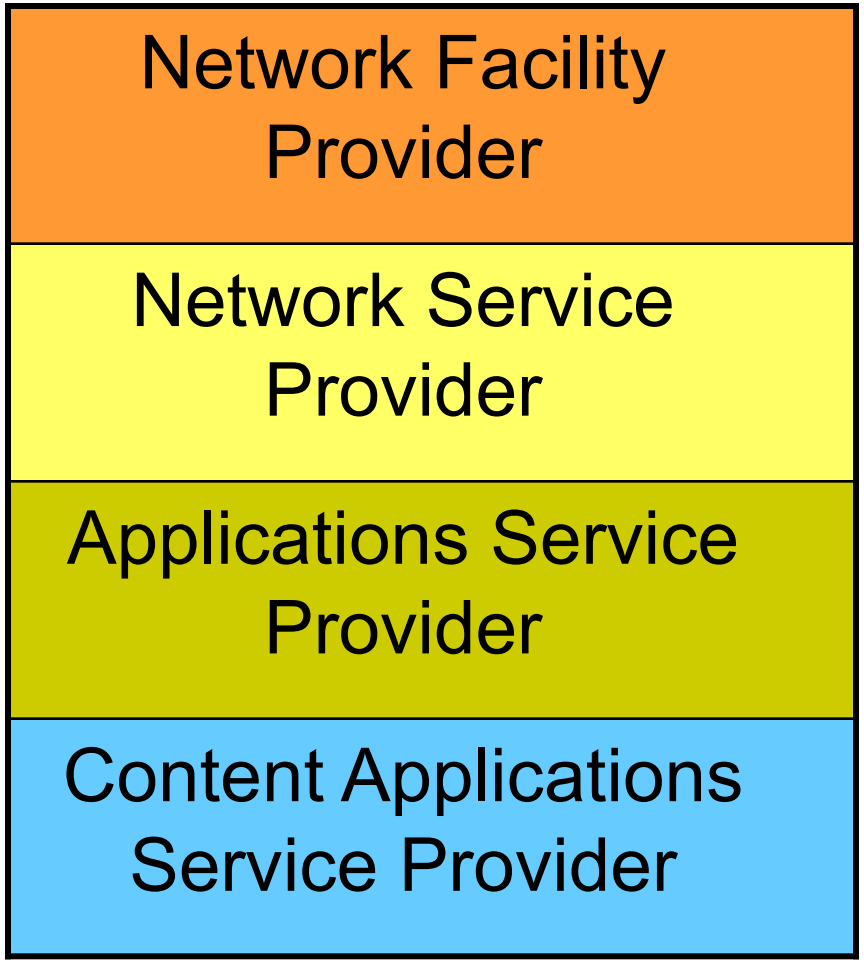
Type of Licence	Services Covered Under Licence
Public Service Provider Licence	**Category 1: Public Voice and Data -** Cellular, Fixed voice, GMPCS, Internet access (including IP telephony + Virtual Private Networks), Internet exchange services, Virtual Private Networks (VPNs) that are not provided over the Internet **Category 2: Capacity Resale** - Local and international capacity resale, calling cards
Capacity Provider Licence	**Category 1:** Licensees already permitted to install infrastructure of the type they have already invested in, for example Internet Access Providers with wireless networks **Category 2:** Persons whose core business is not in telecommunications but who possess private communications facilities with surplus capacity and wish to resale this to third parties **Category 3:** New entrants in the Internet Access market operating their networks using the Industrial, Scientific and Medical frequency (ISM) band, e.g., 2.4 GHz and 5.7 GHz bands
Infrastructure Provider Licence	**Public Infrastructure Provider** **Private Network Infrastructure**
General Authorisation	**Category 1**: Public Pay Communication Services (e.g., Internet Cafés, Payphones, telephone bureaus, etc.) **Category 2**: Private Networks

Simplification/Consolidation of Licences

- Malaysia: reduced 31 licences into the following four technology neutral categories
- **Network facilities provider** includes all network infrastructure operators of any nature (satellite earth station systems, fibre optics, mobile communications systems base stations, etc.)
- **Network services provider** covers those that provide basic connectivity and broadband to support applications. These licences allow connectivity and backhaul among different networks.
- **Application service provider** is assigned to those operators that provide functions such as voice, data, content and electronic commerce services, among others. Generally, applications services are understood as the functionalities and capabilities offered to the end users.
- **Content application service provider** includes the traditional broadcast services (radio and television) and new services such as information services.

Simplification in Malaysia

1) Domestic Network Operators
2) International Network Operators
3) Mobile/ Personal Communications Services
4) CT2 / Telepoint Service
5) Financial Electronic Transaction
6) Paging Services
7) Trunk Radio System
9) Radio Maritime Service
9) Mobile Satellite Services
10) Tele-communications Satellite Network Services
11) Very Small Aperture Terminal Services
12) Radio Location Services
13) Satellite Broadcasting Services
14) Mobile Data Services
15) Mobile Radiocommunications Services
16) Private Information Services
17) Public Electronic Data Interchange Services
18) Value Added Network Data Services
19) Value Added Services (Premium Rate)
20) Telecommunications Personal Services
21) Public Internet Kiosk Services
22) Internet Service Providers
23) Power Line Carriers
24) Payphone & Public Facsimile Services
25) Wireless Video Communications Network
26) Private Telecommunications Network
27) Common Subscriber Directory Services
28) Community Interactive Multimedia Services
29) Amateur Satellite
30) Broadcasters Radio
31) Broadcasters Television



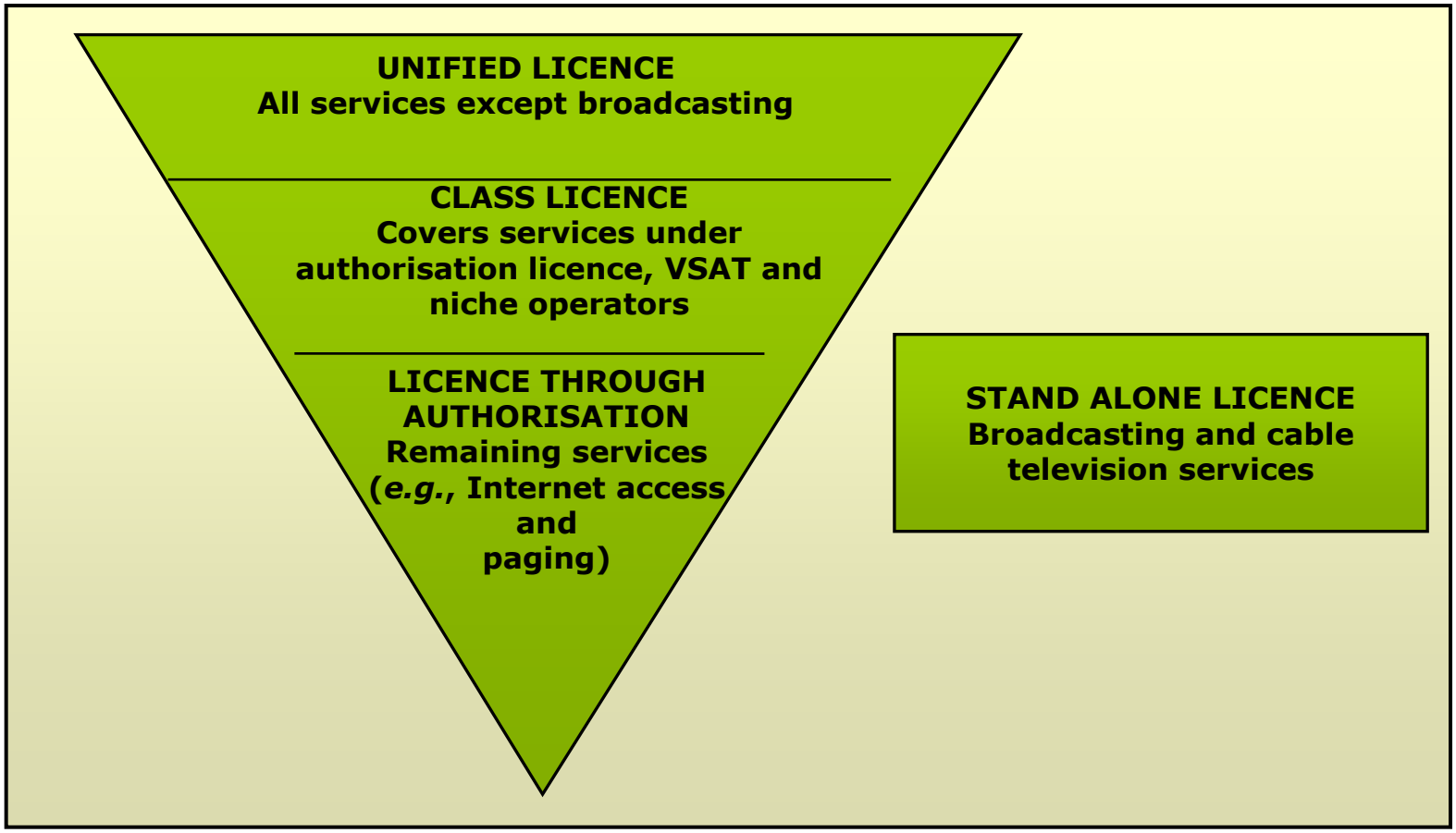
Number of Licensed Operators under Tanzania's CLF (30 June 2008)

	Type of Licence	Market Segment	Number of Licences Issued
1.	Network Facility	International	4
		National	8
2.	Network Services	International	4
		National	8
3.	Application Service	International	12
		National	41
		Regional	5
4.	Content Service	National Television	5
		National Radio	5
		Regional Television	1
		Regional Radio	6
		District Television	18
		District Radio	30
		Community Television	0
		Community Radio	2
		Support services for satellite content services by subscription	3

Unified Licence

- A second trend consists of introducing a unified licence system, in which a single licence is created that covers an extensive range of services, although definitions vary by country
- This trend has been adopted, or is being adopted, with certain variations, in many countries, including Argentina, Botswana, EU member states, Hong Kong China, India, Jordan, Kenya, Nigeria, Peru, Trinidad and Tobago, and Uganda

Hierarchical system of unified licence proposed in India

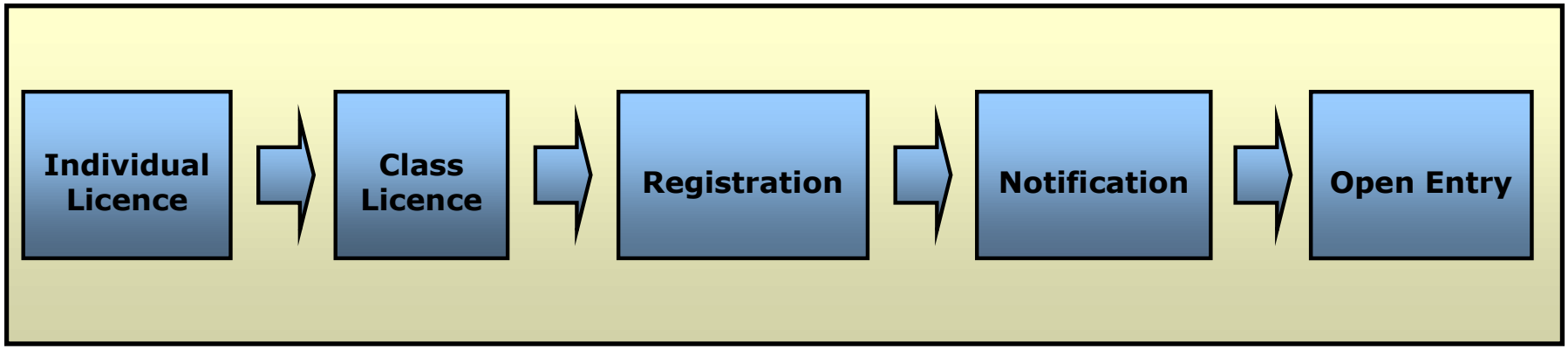


Reduction/elimination of administrative and formal requirements for obtaining licences

Reduction/elimination of administrative and formal requirements for obtaining licences

- In addition to simplification of licences, a second trend to adapt licensing regimes to convergence is the reduction or elimination of the formal and administrative requirements for the provision of services
- This trend follows various stages, from enhancing the scope of general authorisations or implementing a notification or registration system to the deregulation of services.
  - The registration or notification system replaces the process of granting licences or general authorisations, making the process for obtaining licences simpler and, in some cases, automatic, while the deregulation of services eliminates the requirement of obtaining a prior licence or concession.

Models for Reduction of Administrative Requirements



Reduction/elimination of administrative and formal requirements for obtaining licences

- **Individual licences** include the specific conditions of the service, specifying the rights and obligations of the licensed service, approved on a case by case basis
- **General authorisations** establish a general system of rights and obligations that applies to all the operators by means of the same authorisation; process of awarding is more straightforward
- The **registration system** implies a step beyond the authorisation, where general service conditions are applied to operators that only require the registration of their request to provide the service. The analysis and approval of the operator's request is minimised to almost a mere formality.
- Finally, **notification** is the last step prior to deregulation of the service.
  - No waiting for the administrative agency's approval to provide service, being free to provide the service as soon as the notification has been filed.
  - Service terms and conditions are also of general application.

Experiences with Converged Licensing Received by Q 10-1/2

- Democratic Republic of Congo
- Republic of Guinea
- Republic of Korea
- Liechtenstein
- Lithuania
- Tanzania
- United Kingdom

Guidelines and Recommendations

- The implementation of unified and multi-service authorisation regimes requires careful planning. Regulators must address many issues, including:
  - whether a unified or multi-service authorisation regime is appropriate for the local ICT market;
  - whether to adopt a unified or a multi-service authorisation regime;
  - the categories of authorisations in a multi-service regime;
  - the licensing procedures for issuing the new authorisations;
  - the terms and conditions attached to these authorisations; and
  - how to transition existing licensees to the new licensing regime.

Guidelines and Recommendations

- Regulators are encouraged to consider the following principles when transitioning to and adopting a converged licensing framework:
  - Fostering technology neutrality;
  - Ensuring flexibility to allow the new licensing regime to accommodate future technological and market changes;
  - Simplifying the number of licence categories;
  - Reducing administrative burdens and fees on market players;

Guidelines and Recommendations

Principles (continued):

- Applying incentive mechanisms that encourage existing operators to transition to the converged licensing framework, *e.g.*, fee holiday;
- Ensuring transparency with regard to converged licensing responsibilities;
- Fostering close collaboration amongst appropriate entities with regulatory and oversight responsibilities regarding a converged licensing framework; and
- Referring to international best practices and international regional organisations to help harmonise licensing approaches.