

BITS

Interconnection regulation session

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Positions of the speaker
may not be those of Orange

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Voice termination rates - 6 years after 2009 Recommendation

- Operational disorder:
 - diverging TRs generate unjustified transfers between MS
 - complicates roaming regulation
- Legal disorder, open MS opposition to pure LRIC standard
 - Economic grounds for Germany
 - Legal grounds for Netherlands
 - ECJ to decide, far reaching consequences
- It could have been anticipated:
 - Pure LRIC not a general purpose cost standard for SMP price control
 - If relevant, only under very very specific circumstances.
 - Should not be mandated pursuant general purpose legal instruments

SMS and IP termination

- Recent case of French SMS termination
 - Arcep attempts to continue to regulate French SMS TR
 - EC expresses doubts - Arcep withdraws decision to avoid veto
 - MNOs (e.g. Orange) find Arcep regulation useful
 - why MNOs better-off being regulated?
 - Arcep regulation supports efficient coordination between MNOs and favour competitive SMS offers
- Internet peering and transit markets
 - Dispute may proliferate
 - Regulation should explicitly supports classical peering policies:
 - bill & keep arrangements not unconditional
 - subject to criteria of symmetry or reciprocity

Questionable current interconnection regulatory principles

- Rationale for interconnection regulatory intervention, termination monopoly, subordinated to two regulatory pre conditions:

interconnection obligation

other operators cannot retaliate to termination price increase because they are regulated.

→ Termination monopoly argument circular

New principles for symmetric interconnection regulation

- Interconnection extends network effect to all subscribers of networks.
 - end-to-end services based on interconnection between networks.
 - retail and interconnection services complementary
 - Efficient to allow strong coordination between undertakings producing complementary services

- Regulatory intervention on interconnection
 - support efficient level of coordination between operators
 - based on efficiency, balance and reciprocity

Legislative changes

- Supporting coordination, balance and reciprocity principles for interconnection arrangements

Explicit basis for regulatory intervention

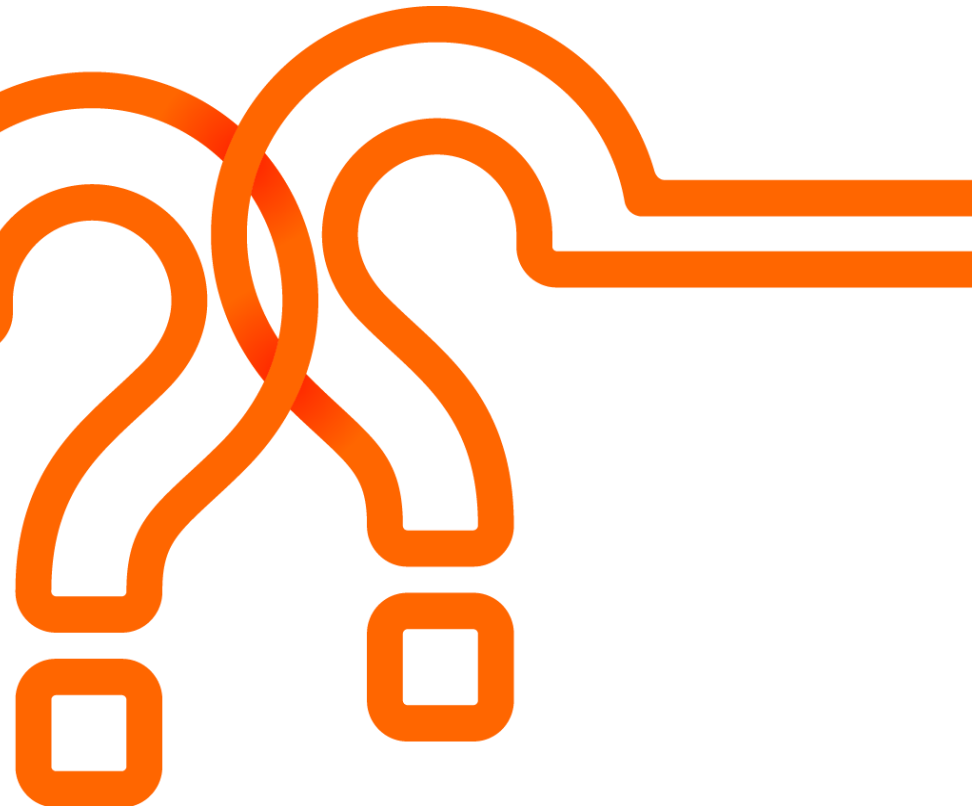
Article 5 AD on interconnection further developed in this respect.

- Voice termination efficient option: European regulation imposing single European values for FTR and MTR

If pure LRIC cost standard for termination rate, specific legal basis required referring to coordination, balance and reciprocity.

Both amending Article 5 AD and adopting a specific termination rate regulation may be necessary

thank you



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