

“Open Network Access” Requirement for Third Generation Mobile Services

Presentation to Subcommittee on
Telecommunications (Method of Determining Spectrum
Utilization Fees)(Third Generation Mobile Services)
Regulation

“Open Network Access” Requirement

- Obligation: 3G Mobile Network Operator
- Open to: Non-affiliated Service Providers, including
 - Mobile Virtual Network Operators (MVNO)
 - Content or Service Providers
- Minimum capacity to be opened: 30% of 3G mobile network
- Non-discriminatory treatment of non-affiliated and affiliated service providers

“Open Network Access” Requirement (Cont’d)

- Mobile Network Operator (MNO) to set up mechanism to satisfaction of Telecommunications Authority (TA) on capacity opened
- MNO may also use mechanism specified by TA
- To report network openness utilization only in dispute
- MNO to publish reference contract for interconnection with MVNO
- MNO to publish tariffs for wholesale prices for content or service providers

Mobile Virtual Network Operators

- Interconnected with radio access networks of MNO
- To qualify for regulatory intervention, MVNO expected to replicate a large part of infrastructure of host MNO except radio access network
- Other operators to negotiate access on commercial basis
- MVNO to obtain Public Non-Exclusive Telecommunications Service Licence

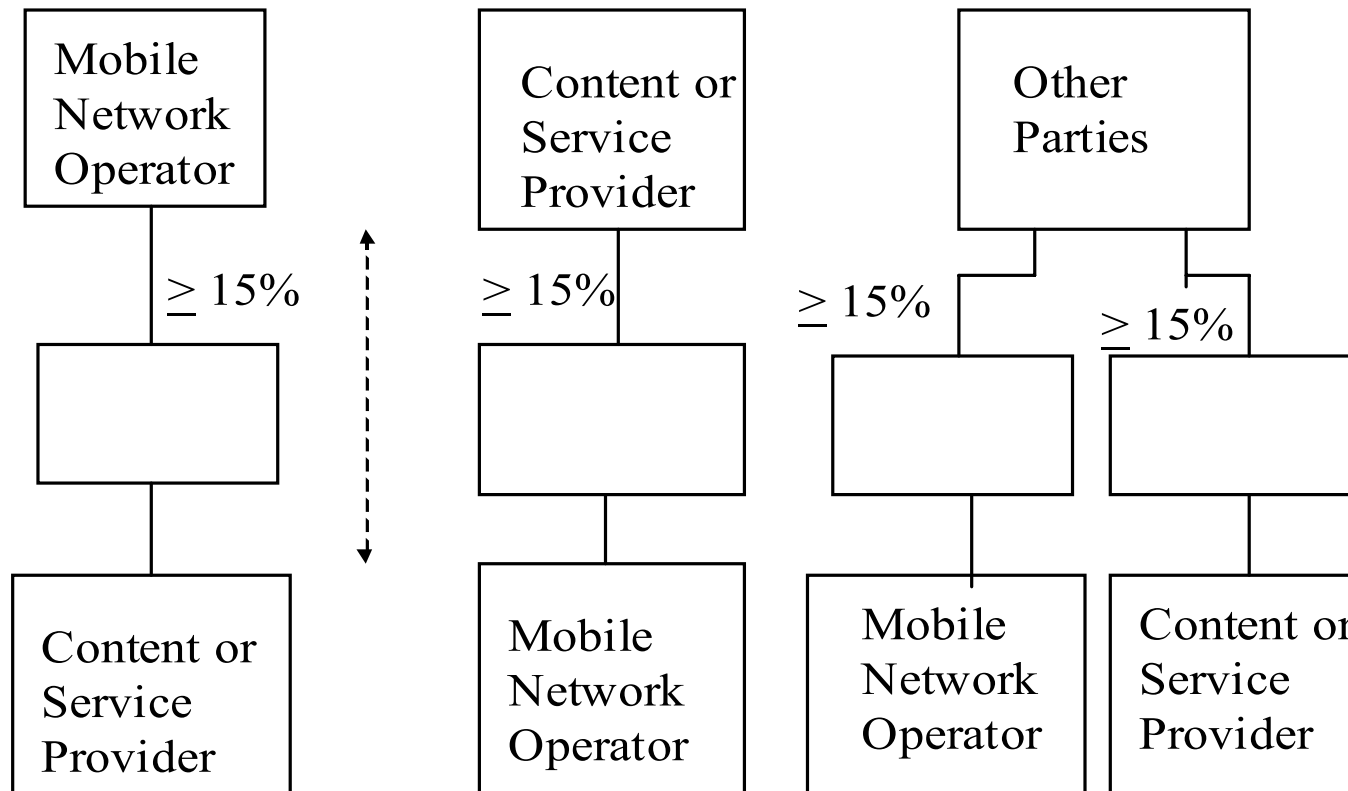
Mobile Virtual Network Operators (Cont'd)

- MVNO to make commitment for minimum usage over a long period
- TA may determine terms and conditions of interconnection if commercial agreement cannot be reached
- Determination on interconnection charges based on *Long Run Average Incremental Costs*, including capital cost of network investment, spectrum cost and cost of capital (suitable return is 20% for first three years)

Content or Service Providers

- May need a telecommunications licence depending on the nature of services
- MNO to publish tariff for wholesale prices for content or service providers
- If published tariffs are discriminatory, unfair or anti-competitive, TA may determine the wholesale prices
- Determination to be based on *Fully Distributed Costs*

Definition of “Affiliated”



Office of the Telecommunications Authority

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