

LICENSING
IN AN ERA OF
LIBERALIZATION
AND CONVERGENCE
CASE STUDY
THE REPUBLIC OF
LITHUANIA
2004



**Licensing in an era of
liberalization
and convergence**

Case study:
the Republic of Lithuania

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This case study was conducted by Eric Lie and Nancy Sundberg.

The field study enabled us to meet and interview the regulatory agency, government and industry representatives. This study is intended to be useful not only to the regulatory authorities and the corresponding arms of government but also to everyone concerned with the telecommunication market.

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The views expressed in this paper are those of the authors and do not necessarily reflect the views of ITU, its members or the Lithuanian Government.

This is one of a series of case studies on licensing in the era of liberalization and convergence undertaken by ITU. Further information can be found on the web site at <http://www.itu.int/ITU-D/treg>

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TABLE OF CONTENTS

	<i>Page</i>
1 Introduction.....	5
1.1 Country background	5
2 The Lithuanian telecommunication sector	6
2.1 Key institutions.....	6
2.1.1 Lietuvos Respublikos susisiekimo ministerija	6
2.1.2 Ryšių reguliavimo tarnyba (RRT).....	7
2.2 Selected operators and service providers.....	7
2.2.1 Lietuvos Telekomas	9
2.2.2 Omnitel.....	9
2.2.3 Bitė GSM.....	9
2.2.4 Tele2.....	9
2.2.5 Eurocom	10
3 Telecommunications policy and regulation	10
3.1 Transition and transposition.....	11
3.1.1 EU cooperation.....	11
3.1.2 Public consultation	11
3.1.3 Implementation.....	12
3.2 The new legislative framework.....	12
3.2.1 The 2002 Law on Telecommunications	12
3.2.2 The 2004 Law on Electronic Communications	13
4 Licensing framework	16
4.1 General authorization.....	16
4.1.1 Notification.....	16
4.1.2 Spectrum and numbering.....	17
4.1.3 Licence fees.....	18
4.1.4 Requirements and obligations	18
4.2 The migration to the general authorization regime.....	19
5 Conclusion	20
Appendix I.....	23
Annex 1.....	29
Annex 2.....	31
Annex 3.....	32
Appendix II	35
Appendix III	43

	<i>Page</i>
Figures	
Figure 1: Main lines and mobile subscribers in Lithuania, 2002- 2004.....	6
Boxes	
Box 1: Main Functions of the Communications Regulatory Authority (RRT).....	8
Box 2: Telecom activities requiring notification.....	16
Box 3: Migrating to the new regime	19
Tables	
Table 1: Major market operators	9
Table 2: Selected telecommunications legislation and regulations, 2002 to 2004	10
Table 3: Obligations imposed on LT as an operator with SMP in the public fixed telephone network and services, leased lines, national network interconnection markets and local loop	14
Table 4: Selected numbering fees, 2004.....	18

1 Introduction

This case study forms part of a series on licensing in the era of liberalization and convergence. Conducted by the Regulatory Reform Unit (RRU) of the Telecommunication Development Bureau (BDT) of the International Telecommunication Union (ITU), this series of case studies aims to respond to a growing demand from the ITU Membership for best-practice guidelines on this crucial policy and regulatory aspect that could be of assistance to regulators who are considering a shift from a monopoly or limited competition environment to a fully liberalized one. The case study will also form part of the 6th edition of the ITU publication “Trends in Telecommunication Reform 2004 – Licensing in an Era of Convergence” and will be showcased at the 5th annual Global Symposium for Regulators (Geneva, 8-10 December 2004).

The Republic of Lithuania was selected because of the rapid transformation of its telecommunication sector from a monopoly market to a fully liberalized ICT environment. Taking place over a two-year period, this major transformation of the Lithuanian telecommunication sector reflects not only the policy and regulatory changes that are sweeping through Europe now but also those that are transforming telecommunications markets worldwide. From a licensing perspective, Lithuania was also one of the first countries in the European Union (EU) to have moved to a liberal licensing regime based on general authorizations, following its implementation of the EU’s 2002 Authorization Directive.

This case study will look at Lithuania’s transition from a regulatory regime based on the monopoly provision of telecommunications services to one that is based on open competition and a liberal licensing regime. In the process, it will examine Lithuania’s new legal framework, focusing particularly on its licensing procedures, and highlight the benefits and challenges of such an approach.

1.1 Country background

Located along the Baltic Sea, Lithuania was one of ten European countries that recently joined the European Union on 1st May 2004.

It has a population of approximately 3.44 million (2003) spread over a landmass of 65,300 square kilometres. In 2003, Lithuania had a GDP of EUR 16.142 billion.

In the middle of 2004, the number of fixed lines¹ amounted to 821,900 while mobile subscribers totalled 2,746,200. The number of mobile subscribers surpassed the number of fixed line users by end of 2002.



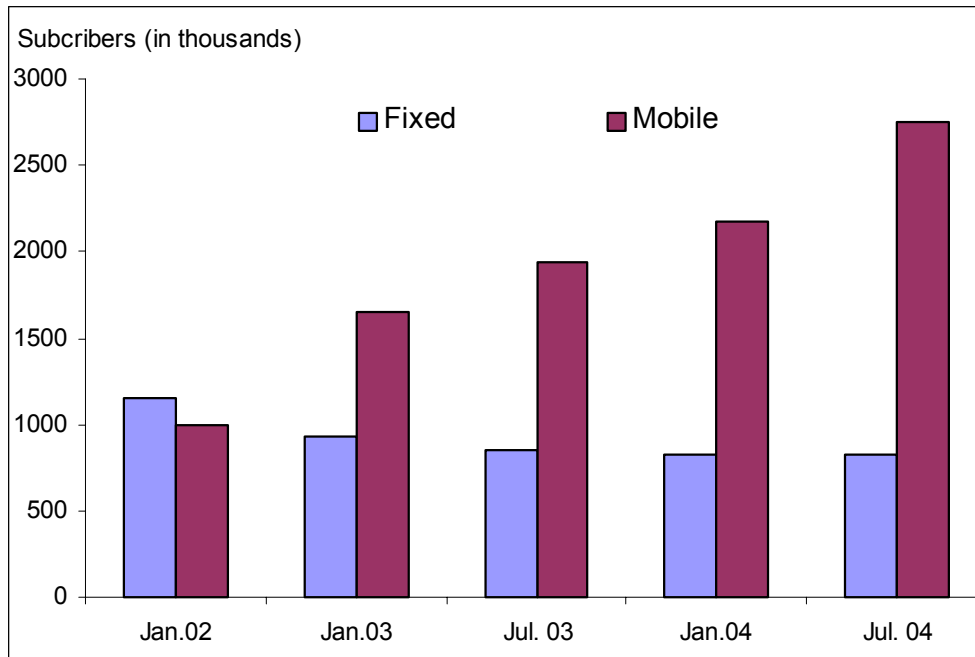
Source: United Nations, New York.

Fixed-line teledensity is at 24 subscribers per hundred population, while mobile teledensity is at 80 subscribers per hundred population.

2 The Lithuanian telecommunication sector

This section provides an overview of the principal institutions overseeing the telecommunication sector and reports on the major market players.

Figure 1 – Main lines and mobile subscribers in Lithuania, 2002 – 2004



Source: Communications Regulatory Authority, Lithuania

2.1 Key institutions

The principal institutions involved in telecommunications policy and regulation are the Ministry of Transport and Communications and the Communications Regulatory Authority (RRT). Related institutions also include the Information Society Development Committee (responsible for the coordinating the Information Technology policy), the Lithuanian Radio and Television Commission (responsible for broadcasting regulation), and the Competition Council (responsible for the implementation of general competition laws).

2.1.1 Lietuvos Respublikos susisiekimo ministerija

The Lithuanian Ministry of Transport and Communications (the Ministry) is in charge of defining and implementing the policy of the Government of the Republic of Lithuania in the field of telecommunications development. It also coordinates the development of State investment programs in telecommunications as well as analyses and coordinates information technology and telecommunications projects that have been developed by state undertakings and institutions. Its main tasks are the development of a fair and transparent legal environment, in compliance with EU requirements, that would foster competition between the providers of telecommunications services, and the promotion of equal access to telecommunications services by the population.

While overall ICT development goals fall under the purview of the Ministry of Interior, a broadband strategy is currently being prepared by the Ministry of Transport and Communications. Recently, the Ministry has also been involved in the development of policies relating to the deployment of third-generation mobile networks (3G).

Prior to the introduction of the 2002 Law on Telecommunications, the Ministry was also involved in the licensing of certain telecommunications networks and services. Most of these functions were transferred to the RRT in 2001, following its establishment.

2.1.2 Ryšių reguliavimo tarnyba (RRT)

The Communications Regulatory Authority (RRT) was constituted as an independent state institution from the old State Radio Frequency Service. It began its activities on 1 May 2001. The Director of the RRT is appointed directly by the President of the Republic of Lithuania for a five-year term, along with its seven-member council. The RRT is financed from administrative charges through the national State budget.

While all drafts of legal acts to be adopted by the Government, including the Regulations (by-laws) of the RRT, are required to be submitted to the Minister of Transport and Communications for comments and approval, regulatory decisions of the RRT can only be challenged by the Court. A clear separation of powers between the Ministry and the RRT is also encapsulated in the 2004 Law on Electronic Communications (which replaced the 2002 Law on Telecommunications).

Following the entry into force of the 2002 Law on Telecommunications, the RRT was assigned wide-ranging responsibilities (see Box 1). No major change to these responsibilities was introduced with the 2004 Law on Electronic Communications.

It was also given full authority over licensing activities, including the granting of licences for scarce resources such as spectrum and numbers. Licensing policy pursuant to the 2002 Law was developed entirely by RRT. In line with the 2002 EU regulatory framework on electronic communications, further discretionary powers were granted to the RRT under the 2004 Law on Electronic Communications, particularly in the determination of entities having Significant Market Power (SMP).

It is important to note that, according to the 1999 general competition law, the Competition Council is also responsible for matters involving competition policy. Although the Council is not empowered to act pursuant to the 2004 Law on Electronic Communications, overlaps may occur under the newly established 2004 Law, which merges *ex post* competition law principles and *ex ante* regulations². As a result, greater cooperation between the Council and the RRT is envisaged.

2.2 Selected operators and service providers

The liberalization on 1 January 2003 of the public fixed-line telephony market resulted in a boost to the telecommunications sector. Revenues generated that year by public fixed and mobile telephony, leased lines and Internet access services totalled USD 0.5 billion (up from USD 0.4 billion in 2002). Up until 31 December 2002, the Lithuanian telecommunications sector was characterized by the monopoly of partially state-owned Lietuvos Telekomas in the provision of public fixed telephony services. Only certain value-added services, such as data and Internet access, leased lines and fixed and mobile satellite services were open to competition. Provision of mobile cellular services started in 1995. The first mobile operator, OMNITEL launched its mobile services during the course of 1995, followed by Bitė GSM at the end of 1995 and Tele2, in 1998.

Since 1 January 2003 and up to the middle of 2004, 25 notifications for the provision of public mobile services were received by the RRT, of which four service providers and the three network operators (Omnitel, Bitė GSM, Tele2) are currently providing services. Thirty-eight notifications for the provision of public fixed telephone services and/or networks were also received, of which 19 have started operations.

Box 1: Main Functions of the Communications Regulatory Authority (RRT)

As defined in the 2002 Law on Telecommunications, the RRT has been tasked to:

- 1) Draft and approve the terms and conditions for engaging in telecommunications activities;
- 2) Monitor compliance with the terms and conditions of telecommunications activities;
- 4) Draft and approve obligatory requirements for equipment and devices, terminal equipment, the connection of terminal equipment to the public telecommunications network and the interconnection of telecommunications networks;
- 5) Draft and approve regulations for the construction, use and protection of telecommunications networks and minimum quality requirements for public telecommunications services, as well as regulations establishing the procedure for a joint use by telecommunications operators and telecommunications service providers of conduits, cable ducts, collectors, towers, masts and other facilities;
- 6) Draft and approve general terms and conditions of agreements on the interconnection of telecommunications networks and the procedure for the resolution of disputes between telecommunications operators and telecommunications service providers concerning the interconnection of telecommunications networks;
- 7) Draft and approve radio communication development plans and legal acts regulating radio communication;
- 8) Draft and submit for Government approval the National Radio Frequency Allocation Table and carry out its implementation within the limits of its competence, together with the Lithuanian Radio and Television Commission (...)
- 10) Draft and approve lists and procedures of telecommunications activities, the commencement and termination whereof shall be notified by an undertaking to the Communications Regulatory Authority, as well as the requirements for the form and content of such notification;
- 11) Draft and approve the National Telephone Numbering Plan, legal acts setting forth the procedure for the implementation of the Plan and the procedure for the allocation and usage of telephone numbers, as well as control and monitor their implementation;
- 12) Draft and approve regulations for the provision of telecommunications services;
- 13) Draft and approve conditions for access provision and standard conditions for operators' offers concerning access;
- 14) Examine disputes between telecommunications operators concerning the interconnection of telecommunications networks and a joint use of conduits, cable ducts, collectors, towers, masts and other facilities, access, as well as disputes between telecommunications service providers and users, within the limits of its competence and to the extent provided for by this Law, protect the rights and legitimate interests of the consumers, approve the procedure for the settlement of disputes between telecommunications service providers and users, including consumers;
- 15) Draft and submit to the Government or the authority designated by it for its approval proposals concerning the implementation of the strategy of telecommunications development and state policy in the telecommunications sector;
- 16) Draft and submit to the Government or the authority designated by it for approval proposals concerning the establishment of a price cap for universal services;
- 17) Draft and submit to the Government or the authority designated by it for its approval the scope and quality requirements of universal services, the procedure, terms and conditions for the provision of these services, the procedure for and cases of imposing obligations on telecommunications service providers to provide universal services;
- 24) In accordance with the provisions of this Law, monitor competition in the telecommunications sector, approve and carry out the market research procedure, carry out analysis and define relevant markets, determine the market share of undertakings and their position on the relevant market, determine which undertakings enjoy significant market power and their obligations (...)

Source: *Lithuanian Telecommunications Law 2002.*

Although new operators and service providers have entered the market since full competition was introduced, the market players with the largest market shares continue to be those who had led the market under the old regime (see Table 1).

Table 1: Major market operators

Name	FIXED	MOBILE		
	Group	Lietuvos telekomas	Omnitel	Bitè GSM
Subscribers	TeliaSonera	TeliaSonera	TDC	Tele2
Market share	822 000 (98%)	1 053 000	507 000	592 000
Penetration	96%	56%	25%	17%
	24%	63%		

Source: Telecommunications Market Liberalisation, presentation made by Mr. Feliksas Dobrovolskis, Deputy Director, Telecommunications Department, Lithuanian Communications Regulatory Authority, at the Round Table, Telecommunications Market: Competition, Investments and Regulatory Issues, Minsk, 25 May, 2004. Data is as of 1st April 2004.

2.2.1 Lietuvos Telekomas

Lietuvos Telekomas (LT), the fixed line incumbent, still holds more than 90 per cent of market share in the provision of public fixed line telephone services. Originally government-owned, it was re-organized into a public company in 1997 and in 1998, a 60 per cent stake in the company was sold to Amber Teleholding A/S, a fully-owned subsidiary of TeliaSonera. In 2000, a further 30 per cent stake in the company was sold in an initial public offering. The government released its golden share in May 2003.

LT provides local, long-distance and international telephony, as well as VoIP services, through its subsidiary Voicecom. LT also provides various data services, including Internet services and is active in call-centre and IT consulting markets.

2.2.2 Omnitel

Omnitel, a GSM 900/1800 operator, is currently the leading public mobile service operator in Lithuania. It is 100 per cent owned by Amber Mobile Teleholding A/S (full ownership since August 2004, when TeliaSonera acquired the remaining 10% shares of OMNITEL). Although the company was established in 1991, it only launched its GSM 900 network in 1995. In 1998, it was awarded one of three GSM 1800 licences and launched these services in 1999. In June 2001, Omnitel launched GPRS services. The company is also a leading³ provider of Internet and data services, offering dial-up, wireless, leased line and DSL services.

2.2.3 Bitè GSM

Bitè GSM is fully owned by Tele Denmark (TDC). Its GSM 900 services were launched in 1995. It was also awarded a GSM 1800 licence in 1998 and launched these services the year after. In October 2001, it launched GPRS services.

2.2.4 Tele2

A predecessor of Tele2, Levi&Kuto was established in 1993. In 2000, the company's name was changed to Tele2, an affiliate of the Swedish company Tele2, following a transfer of ownership from AS Levicom Cellular to Tele2. Its predecessor was awarded a GSM 1800 licence in 1998 and entered the market in 1999 (DCS only). Tele2 was granted a GSM 900 licence end of 2000 and started providing services in 2001.

2.2.5 Eurocom

Eurocom started providing fixed and mobile services to a closed user group in 2001. It is part of the Virtual Private (VP) Market retail group. It was the first company to reach a wholesale agreement with LT to provide voice services. It started offering public fixed line telephone services on 1 January 2003 and mobile services through the Bitè GSM network on 1 July 2003. It has approximately 18,000 mobile subscribers.

3 Telecommunications policy and regulation

Lithuania's legislative and regulatory regime has undergone significant changes within a short period of time. In addition to the promulgation of a wide range of regulations, two major laws on telecommunications were also passed within a period of only two years (see Table 2).

Table 2: Selected telecommunications legislation and regulations, 2002 to 2004

2004	Law (Nr. IX-2135) on Electronic Communications (entry into force on 1 May 2004)
2003	Order No. 12 of the Director of the Communications Regulatory Authority on the Approval of the List of Radio Frequencies/Channels where the Number of Authorisations for the Use of Radio Frequencies/Channels is Limited
2003	Government Resolution No. 174 on the Approval of the National Frequency Allocation Table
2003	Order No.1-V27 of the Director of the Communications Regulatory Authority on the Approval of the List of Frequencies/Channels which may be Used without an Individual Authorisation
2002	Order of No. 201 the Director of the Communications Regulatory Authority on the Approval of the Rules of an Auction to Grant the Right to Use Radio Frequencies/Channels and Telephone Numbers
2002	Order No.198 of the Director of the Communications Regulatory Authority on the Approval of Procedure for Assignment and Use of Telephone Numbers
2002	Obligatory Requirements for Interconnection of Telecommunications Networks and General Terms and Conditions for Agreements on Interconnection of Telecommunications Networks
2002	Order No. 117 of the Director of the Communications Regulatory Authority on the Approval of Part II of the Regulations for the Provision of Telecommunications Services "Regulations for the Provision of Public Mobile Telephone Services
2002	Law No. IX-1053 on Telecommunications (entered into force on 1 January 2003)
2002	Order No. 158 of the Director of the Communications Regulatory Authority on the Approval of the List of Markets in which Obligation to Provide Access is Applied to Undertakings Having Significant Market Power
2002	Order No. 176 of the Director of the Communications Regulatory Authority on the Approval of General Terms and Conditions for Engaging in Telecommunications Activities.
2002	Order No. 182 of the Director of the Communications Regulatory Authority on the Approval of the Conditions for Publishing the Public Offer for Unbundled Access to the Local Loop and Related Facilities and Standard Conditions of the Offer
2002	Order No. 183 of the Director of the Communications Regulatory Authority on Conditions for Provision of Access and Standard Conditions of Operators Offers for Access
2002	Order No. 188 of the Director of the Communications Regulatory Authority on the Procedure for Ensuring the Subscriber's Right to Use Telephone Services Provided by any Provider of Public Telephone Services
2002	Order No. 192 of the Director of the Communications Regulatory Authority on the Approval of the Procedure for the Settlement of Disputes Between Telecommunications Service Providers and Users, Including Consumers
2002	Order No. 193 of the Director of the Communications Regulatory Authority on the Approval of Rules for Provision of Leased Lines Services

Table 2: Selected telecommunications legislation and regulations, 2002 to 2004 (cont.)

2002	Order No. 194 of the Director of the Communications Regulatory Authority on the Approval of Cost Allocation Rules and Requirements Related to Cost Accounting
2002	Order No. 195 of the Director of the Communications Regulatory Authority on the Approval of the Rules of Market Analysis
2002	Order No. 196 of the Director of the Communications Regulatory Authority on the Approval of the National Telephone Numbering Plan
2002	Order No. 197 of the Director of the Communications Regulatory Authority on the Approval of Rules on Interconnection of Telecommunications Networks
2002	Order No. 199 of the Director of the Communications Regulatory Authority on the Approval of the Rules of Assignment and Use of Radio Frequencies/Channels

Source: RRT.

Note: The above-mentioned legal acts, adopted in 2002, entered into force on 1 January 2003.

3.1 Transition and transposition

This rapid transformation of Lithuania's telecommunications policy and regulatory environment over the past few years can be characterized as a transition toward greater market liberalization through the transposition of EU directives into national laws.

Prior to 1 January 2003, operators of public networks and providers of public telecommunication services (except data, leased lines, VSAT and Internet services) required individual licences granted by the sector Ministry for a 10-year period. This changed on 1 January 2003, when the telecommunications law of 5 July 2002 came into force. Designed in accordance with the 1998 EU Directives, it also incorporated some of the provisions from the 2002 new EU Regulatory Framework. More importantly, the introduction of the 2002 Law on Telecommunications marked the end of the monopoly enjoyed by Lietuvos Telekomas, opening up the telecommunications market to full competition.

Less than one year after the 2002 Law came into effect, preparations for the drafting of a new law started. The 2004 Law on Electronic Communications came into effect on 1 May 2004. Its key objective was to transpose the 2002 set of EU Directives on the New Regulatory Framework for Electronic Communications and Associated Services into national legislation.

3.1.1 EU cooperation

The transposition of the EU directives into the national legislative framework was largely facilitated by a process of information gathering, awareness raising and self-empowering by the regulatory authority and the sector Ministry. The process of transposing EU directives into Lithuanian national law also involved extensive cooperation among a number of parties. Meetings between the sector Ministry, the RRT and EU officials were commonplace, as were meetings with other EU accession countries, particularly Latvia and Estonia, as well as with the EU Member States (in the context of the Independent Regulators Group). Technical assistance for the transposition process also came in the form of the PHARE project with a German consultancy company. More importantly, familiarity with the Directives was gained through the direct participation of the Ministry and the RRT in the process leading to the drafting and adoption of the EU directives. This generally involved active participation in preparatory committees, monitoring of stakeholder inputs and exchanges with other member states and related institutions.

3.1.2 Public consultation

Domestically, the RRT and the sector Ministry held extensive consultations with national operators during the preparation of the laws. Under the coordination of the RRT and the sector Ministry, working groups were created for the drafting of both laws. A representative from the Infobalt Association, an industry association that groups together major players in the ICT sector (including the fixed-line

incumbent and the three mobile operators), participated in the drafting groups. Aside from input through Infobalt, Lithuania's major telecommunications operators also worked with the European Competitive Telecommunications Association (ECTA) who submitted opinion documents and comments on the proposed legislation. As a whole, the level of involvement of the telecommunications industry was high. To a certain extent, this benefited from the presence of major foreign investors in the Lithuanian telecommunications sector, who possessed significant experience and familiarity with the regulatory regimes in other European countries and abroad.

In general, the drafting of the telecommunications legislative framework was done through wide and extended consultations between all interested parties, through a step-by-step smooth approach. All documents and related discussions regarding the drafting of the laws were made public. In addition, similar information regarding the drafting of secondary legislation pursuant to these laws was also made available on RRT's website for reference and comments.

While the industry representatives who participated remarked that not all changes they sought were reflected, they nevertheless expressed satisfaction with the consultation process. It should be noted, however, that this level of satisfaction was not shared by all segments of the telecommunications industry. In particular, smaller new market entrants who were not members of Infobalt expressed a desire to be more involved in the consultation process. In early 2004, a group of new operators launched their own industry association, the Association of Enterprises Providing Telecommunication Services, and presented this new organization to the RRT as the main contact point for consultations on legislation and regulation.

3.1.3 Implementation

While the process of transposing the New Regulatory Framework into national legislation went smoothly, the implementation of the legislation and its corresponding regulations following only a short gestation period raised some concern among industry. To allay concerns, the introduction of the 2002 Law was followed by a transition period of two months, where feedback of previously licenced operators was sought as to whether their operations were constrained or compromised by the new provisions. Under the Law, the RRT was also given the prerogative to grant a nine-month stay in the application of the provisions of the new law. Two operators, Lietuvos Telekomas and Omnitel, sought a stay from the RRT in the implementation of certain obligations under the 2002 Law. They asked for the non-application of certain provisions that included SMP obligations, universal service obligations and general consumer protection obligations. The RRT denied the application and Lietuvos Telekomas appealed its decision unsuccessfully.

In a separate proceeding, the RRT designated Lietuvos Telekomas, Omnitel and Bitè GSM as having SMP. Both Omnitel and Bitè GSM's appeals against this decision were successful. The ensuing dispute between the RRT and the two mobile operators over the SMP matter was brought to the attention of the high court that eventually, based on a procedural matter, ruled in favour of the operators. The entire issue was ultimately rendered moot following the introduction of the 2004 Law that replaced the quantitative 25 per cent market share trigger with a qualitative general competition law approach for the determination of SMP.

The implementation of the 2004 Law, on the other hand, did not envisage any transition period. During accession negotiations with the EU, the decision taken was to fully transpose the EU regulatory framework into national law as of the date of Lithuania's accession to the EU. Nevertheless, despite the short timeframe, industry stakeholders have generally regarded the latest process of transposition and implementation as a success.

3.2 The new legislative framework

3.2.1 The 2002 Law on Telecommunications

The introduction of the 2002 Law on Telecommunications marked an important watershed in the regulation of telecommunications in Lithuania. New regulations on licensing, significant market power,

access to telecommunications infrastructure and consumer protection, among others, were developed pursuant to the 2002 Law.

Despite the introduction of a wide range of changes, particular concern was drawn to the issue of the determination of SMP and the obligations that entailed. The RRT designated three SMP operators – LT, Omnitel and Bitè GSM – the day after the 2002 Law came into force, based largely on the statutory presumption of SMP where market share exceeds 25 per cent. LT was designated as having SMP in the market for public fixed telecommunications services and networks, the market for leased line services and the national interconnection market while Omnitel and Bitè GSM were designated as having SMP in the market for public mobile telecommunications services and networks. Omnitel was also designated as having SMP in the national interconnection market. The designation of Omnitel and Bitè as having SMP was overturned by the High Court after six months in the case of Omnitel and after a year in the case of Bitè GSM. Currently, the RRT is preparing to conduct new market analysis based on the approach introduced under the 2004 Law. At present, only LT is designated as having SMP.

Additional obligations are imposed on SMP operators. These are mostly related to issues of access and interconnection and anti-competitive behaviour (see Table 3). While the list of obligations appears onerous, it is nevertheless important to note that the introduction of SMP regulation has been accompanied by deregulation in other areas. In the pre-2002 law regime, access and interconnection conditions were regulated more extensively among network providers. With the introduction of the 2002 Law, only SMP operators are now subject to such extensive regulations. As a result, non-SMP network operators have little incentive to offer wholesale services at prices that would attract new service providers into the market. Currently, wholesale prices in the mobile segment are said to be priced at retail prices or above. This has prompted some new service providers to seek greater regulatory intervention in this area.

3.2.2 The 2004 Law on Electronic Communications

As its expressed objective, the 2004 Law on Electronic Communications is aimed at regulating the operation of electronic communications of the Republic of Lithuania, in conformity with the requirements of up-to-date legal acts regulating the operation of EU electronic communications. To this end, it regulates matters pertaining to electronic communication services and networks and their related means and services. Its scope also includes the use of electronic communication resources, the use of radio equipment and terminal equipment and the transmission of broadcasting services. Broadcasting content regulation, however, falls under the preview of separate legislation.

In comparison with the 2002 Law, the 2004 regulation scope is significantly broader. For example, new provisions were introduced to reinforce consumer and data protection, while provisions related to the determination of SMP were brought in line with the latest EU competition law principles. Despite extensive new provisions, however, the changes introduced by the 2004 Law have been perceived by industry as relatively minor, compared to those introduced by the 2002 Law. Some concerns remain, however, as to the RRT's impending application of the new provisions dealing with the determination of SMP.

In compliance with the 2002 EU New Regulatory Framework, the 2004 Law also provides explicitly for technological neutrality, which was not as extensively dealt with in the 2002 Law. In effect, this means that any implementation of the law cannot discriminate or encourage the use of particular technologies related to electronic communications networks and services.⁴

Currently, under Government Decree No 699 of 2003 on the Approval Rules of Universal Service Provision and Determination of Rates of Universal Services Tariffs, LT continues to be subject to Universal Service Provision obligations.

Table 3: Obligations imposed on LT as an operator with SMP in the public fixed telephone network and services, leased lines, national network interconnection markets and local loop

Article of the Law on Telecommunications	Paragraph of the Article	Obligation
11	9	Undertakings enjoying significant market power on the market of the provision of public telecommunications networks services and/or public telecommunications services may provide cable television network services only through a separate legal entity.
12		Obligation of transparency (within the scope established by the Communications Regulatory Authority).
13		Obligation of non-discrimination.
14		Obligation of accounting separation.
15		Obligation to provide access and network interconnection at cost-oriented prices.
16		Obligation of access provision.
21	3	Prices of providers of public fixed telephone services and operators of public fixed telephone network with significant market power must be cost-oriented, including reasonable return on investments.
	4	A telecommunications operator or a telecommunications service provider with significant market power shall be prohibited to use cross-subsidies for services, which are offered on a competitive basis.
	6	Tariffs for telecommunications services offered by undertakings with significant market power must be established in a manner that would ensure freedom of choice for telecommunications service users from different services or service elements that are or may be provided individually, and that the tariffs are unbundled.
	7	The tariffs established by telecommunications operators and service providers with significant market power shall be non-discriminating and shall be applied equally with respect to all telecommunications service users of the same category.
22	1	Operators of public telecommunications networks and leased lines and/or service providers with significant market power must meet the request of other telecommunications operators to interconnect public telecommunications networks under the conditions prescribed by the Law and the Communications Regulatory Authority.
	2	An undertaking with significant market power in the relevant market shall use the information received only for the purposes it had been provided for and may not transfer it to his partners, subsidiaries or other undertakings to which such information might give competitive advantage.
	4	Interconnection of telecommunications networks may not be refused by an undertaking with significant market power, if the request is reasonable and technically feasible.
	6	Agreements on interconnection of telecommunications networks where at least one party is a telecommunications operator with significant market power shall be registered at the Communications Regulatory Authority. The agreement must lay down all technical and financial conditions.

Table 3: Obligations imposed on LT as an operator with SMP in the public fixed telephone network and services, leased lines, national network interconnection markets and local loop (cont.)

	8	Operators with significant market power in the relevant market must, under the conditions established by the Communications Regulatory Authority, publish the schedules and terms and conditions for interconnecting with their networks.
24	8	The Communications Regulatory Authority shall have the right to obligate an undertaking with significant market power in the market providing a specific service to unbundle the cost of the provision of this service, in accordance with the cost allocation regulations established by the Communications Regulatory Authority for the purpose of cost accounting and related requirements including the requirements for undertaking an independent audit.
	10	Operators of fixed public telephone networks and providers of fixed public telephone services having significant market power, shall ensure, in the manner prescribed by the Communications Regulatory Authority, and at their expense, the right of their subscriber to use telephone services provided by any provider of fixed public telephone services. Other operators of fixed public telephone networks and providers of public telephone services having significant market power must ensure the right of their subscriber to use telephone services provided by any public telephone services provider from 1 January 2004.
26	1	A designated local loop operator must provide, on transparent and non-discriminatory grounds, unbundled access to a local loop for the users of a local loop who have submitted such a request.
	2	Following the decision by the Communications Regulatory Authority to designate the operator of a local loop said operator, within the prescribed time period and under the terms and conditions established by the Communications Regulatory Authority, must make a public offer for partly unbundled access to a local loop and related facilities and regularly update its offers, taking into account technological and market changes.
	4	A request for unbundled access to the local loop and related facilities must be granted or a justified refusal to provide access submitted within 2 months of receiving the request. The designated local loop operator may refuse to grant requests for unbundled access to the local loop either on reasonable grounds or in view of the need to ensure network integrity.
	5	The prices set by a local loop operator for the provision of the access specified in paragraphs 1 and 2 of this Article and related facilities shall be cost-oriented, including reasonable return on investment.
28	2	The regulations approved by RRT shall establish the procedure for publishing and providing information about leased lines, their technical characteristics, tariffs, terms and conditions of their provision and use and conditions for the connection of terminal equipment, as well as the minimum scope and quality requirements of leased line services, which on the territory of the Republic of Lithuania shall be provided by a leased line provider with significant market power.
	3	The leased line service provider with significant power in the relevant market shall provide leased line services for the prices that are cost-oriented, including reasonable return on investment.

Source: RRT annual report 2003.

4 Licensing framework

4.1 General authorization

Preceding the general authorization regime introduced by the 2002 Law, the 1998 Law on Telecommunications demanded certain services from telecommunication providers in order to issue a licence. However, a number of services such as data transmission did not require a licence to operate. In such cases, complicated licensing procedures were replaced with a system of notification and automatic regulatory approval, combined with the issue of individual permissions.

The introduction of the 2002 Law liberalized the licensing framework by abandoning the requirement for individual licences. In its place, a general authorization regime was introduced. Under the new regime an undertaking is permitted to engage in telecommunications activity without any procedural formality. Notification is only required for the provision of certain listed services (see Section 4.1.1 below), while the assignment and use of such scarce resources as spectrum and numbers remain subject to the granting of permission on an individual basis (individual licensing). As stated in the order implementing the general authorization regime, the conditions governing market entry are based on principles of technological neutrality, functional equivalency, assurance of efficient competition, the least necessary regulation, benefits to the users and principles of transparency and non-discrimination⁵. No limit has been placed on the number of telecommunications providers in the market.

4.1.1 Notification

The General Conditions of Engagement in Telecommunications Activities, contained in Order No. 176 of the Director of the Communications Regulatory Authority, provides a list of activities that are subject to notification (see Box 2). All other activities can be provided freely without any information requirements from the RRT. Only Internet access service providers are required to periodically submit reports on their activities to the RRT.

Box 2: Telecom activities requiring notification

Paragraph 5 of Order No. 176 specifies that an undertaking is required to notify the RRT on the commencement and ending of an activity listed in its subparagraphs. These activities include:

- The provision of public telephone network and/or public fixed telephone services;
- The provision of the public mobile telephone network, that is, of the public mobile radio communication network fully or partially used to provide public mobile telephone services, and/or the provision of public mobile telephone services; and
- The provision of leased lines services.

Source: RRT Order No. 176 On The Approval Of General Terms And Conditions For Engaging In Telecommunications Activities.

In the event it is not clear whether a telecommunications activity falls under one of the categories in the list specified in subparagraph 5, an undertaking has the right to submit a written request to the RRT for clarification. Under the Order, the RRT is required to provide an explanation within 30 days of receipt of the request.

In practice, however, whenever in doubt undertakings intending to engage in telecommunications activities have tended to notify the RRT instead of seeking clarification largely because notification procedures are relatively cheap and easy to complete. For example, certain undertakings providing data and Internet access services have notified the RRT of the commencement of the activity of public fixed telephony services, as the possibility of using these services to provide public fixed telephone services over VoIP remains open.

To notify the commencement of telecommunication activities, an undertaking is required to complete and submit a standard notification form which is available on the RRT's website as Annex 1 to Order No. 176 (full text of Order 176 is available in Appendix 1). The completed form is then signed by an authorized person and sealed and certified by a company. In case the activity is provided by a group of persons, the form must be accompanied by a set of documents as specified in the Order.⁶

Upon submission of the form to the regulator, the undertaking can start offering its services at once. Although the 2002 Law provided for a 28-day delay between the time of submission and the start of operations, this provision was abandoned in the 2004 Law. The Regulator has seven days to confirm receipt of the notification and, if required, to request additional information.

Formal refusals or decisions to reject notifications have not been taken by the RRT to date. Legally, the possibility of taking such a decision is not foreseen in the legislation. Nevertheless, to date, the RRT has requested undertakings in six cases to correct and supplement the information provided in the notifications. The notifications were not registered by the RRT until the corrections and supplements were received. In five out of the six cases, the undertakings supplied the requested additional information and only one case is still pending. Among these six cases, the main defects identified by the RRT in the notifications included:

- The failure to submit a copy of the enterprise registration certificate;
- The absence of a document confirming the authorization of natural person to sign a notification;
- The absence of document confirming payment of charge for the examining of notification; and
- The absence of a description of the network and/or services that will be provided.

By mid-2004, 38 operators and service providers (in addition to the incumbent who was considered as having submitted a notification) have submitted notifications to engage in the provision of public fixed telephone networks and services. Around half of these undertakings have commenced operations. Twenty-five (in addition to the three mobile operators who were considered as having submitted a notification) have also submitted notifications for the provisions of public mobile services. Among these, seven are actually in operation – three operate their own networks and four provide services through the network of provider Bitė GSM.

It is important to note that notifications are valid for an indefinite period. The notification ends only when the operator or service provider notifies the RRT, prior to terminating its telecommunication activity. This is done through the submission of a different notification form, available as Annex 2 to Order 176.

4.1.2 Spectrum and numbering

The 2002 Law allowed the RRT several options when granting frequencies and numbers. These include a direct grant to the applicant on request or by auction or tender (beauty contest) in cases where demand for the particular resource is high. These provisions were carried on to the new 2004 Law.

Procedurally, when an operator requests the RRT for a limited resource (as in case of radio frequencies) or for a resource of exceptional economic value (as in case of telephone numbers) the RRT is required by law to inform other potentially interested parties of this request through a public announcement. If no other parties express any interest in that frequency or number range or if the resource is unlimited or is not of exceptional economic value, it is granted to the requesting party. If more than one party is interested, the regulator is allowed to decide on the mechanism (either auction or tender) that will be used to award the spectrum or numbers. Decisions are communicated to the applicants and published by the RRT.

Although the 2002 Law provides the RRT with the discretion to choose the most suitable form of competitive selection for radio frequencies, it has been expressed by operators that they favour some indication or guidelines as to which method (auction or tender) the RRT would use in what situations. At

present, operators are unable to appeal against the RRT’s choice of assignment method. In the case of competitive selection for telephone numbers, the RRT can only use auction procedures, as indicated in Order 198.

The 2004 Law also gives a right to the RRT to take into account any commitments made by parties in the course of a tender or auction of radio frequencies⁷ as well as telephone numbers⁸. The conditions of a tender can include non-technical criteria linked to the provision of services using those frequencies. Undertakings present their commitments and the RRT selects the winner after taking into account those commitments offered.

The use of certain radio frequencies does not require a licence or authorization in cases where the legal acts of the RRT regulating the general terms and conditions for engaging in telecommunication activities set forth the right to use certain radio frequencies/telephone numbers without a separate authorization. Licence-exempt bands specified by the RRT include those set aside for the use of RLAN devices.

Spectrum licences are generally granted for a limited duration set by the RRT. Numbering permits are unlimited in time.

The issue of spectrum licensing for third-generation mobile services (3G) is currently still under study by the Ministry and the RRT, following a deferment requested by mobile operators in 2002. Omnitel, however, has been granted a temporary licence for 3G testing.

4.1.3 Licence fees

Fees payable under Lithuania’s licensing framework are minimal. Operators and service providers only pay a USD 76 administrative fee upon submission of their notification. No annual fees are levied for the provision of telecommunications networks or services.

With regard to spectrum fees, a one-time fee is levied based on expenditures related to the analysis of the request made for that spectrum. Annual spectrum fees are levied based on the RRT’s expenditures related to spectrum monitoring and enforcement.

Table 4: Selected numbering fees, 2004

	<u>Administrative one-time charges**</u>	<u>Administrative annual charges**</u>
Geographic	383 Lt. (132 USD)*	0.17 Lt. (0.05 USD)
Mobile	383 Lt. (132 USD)*	0.17 Lt. (0.05 USD)
Freephone	383 Lt. (132 USD)*	17 Lt. (5.8 USD)
Shared cost	383 Lt. (132 USD)*	17 Lt. (5.8 USD)
Premium rate	383 Lt. (132 USD)*	17 Lt. (5.8 USD)
Personal	383 Lt. (132 USD)*	0.35 Lt. (0.12 USD)
Corporate	383 Lt. (132 USD)*	0.35 Lt. (0.12 USD)
Internet	383 Lt. (132 USD)*	17 Lt. (5.8 USD)

Note: * Up to 1500 Lt. (517 USD) per application
 ** Charges per number

Source: Lithuanian Response to the 2004 ITU/BDT annual telecommunication regulatory survey.

For numbering, administrative charges are imposed on each number on assignment along with an annual fee. Numbering fees are required to be based on the administrative costs incurred by the regulator.

Fees collected from the winning bid in an auction or tender for spectrum or numbers are paid into the State budget.⁹

4.1.4 Requirements and obligations

Pursuant to Order No. 176, providers of telecommunications networks and services requiring notification (as specified in subparagraph 5) as well as those providing Internet access services are required to submit a report to the RRT four times a year. The report should include information on the number of subscribers, the number of lines, tariffs and prices, traffic volume, etc. (see Appendix 2). This information is analyzed and aggregated by the RRT and is made publicly available.

Obligations that were previously contained in individual licences granted under the previous licensing regime were subsumed under general obligations contained under regulations that applied to all operators and service providers in the market. Specific obligations that were included in the individual licences, such as infrastructure roll-out obligations, were largely met before the entry into force of the 2002 Law and did not require transposition into the new regime. However, those obligations (including roll-out) that were linked to the use of radio frequencies were considered also to be a part of the rights granted to use those frequencies.

As discussed under section 3.2.1, only LT is currently subject to SMP obligations (See Table 3 for the list of obligations imposed on LT).

4.2 The migration to the general authorization regime

When the 2002 Law came into effect on 1 January 2003, licence holders and operators having submitted notifications in the previous regime had to be migrated to the new general authorization regime. To a large extent, this migration was done automatically through provisions in Order No. 176 (see Box 3). Only undertakings providing leased line services were required to resubmit a notification.

Box 3: Migrating to the new regime

Under Article 2 of Order No. 176, it states:

“2.3 the undertakings, which, prior to coming into force of this Order, were issued authorisations and licences to engage in the activities corresponding to the activities specified in Subparagraph 5 of the General Terms and Conditions for Engaging in Telecommunications Activities approved by this Order, do not have to submit a notification about the commencement of the telecommunications activity, with the exception of the undertakings providing leased lines services;

2.4. The undertakings, which, prior to coming into force of this Order, were issued authorisations to engage in data transmission activities and provide leased lines services, must submit a notification about the provision of leased lines services in the procedure specified in this Order by 1 February 2003. Such undertakings shall be considered as undertakings lawfully providing leased lines services”.

Source: extract from Order 176, 2002.

With the entry into force of the 2002 Law, the provisions granting monopoly included in the licence held by the incumbent LT expired. Following the expiry date, LT had the possibility, for two months, to submit a request to prolong certain provisions of licences not transposed into the legislation for a period up to nine month provided certain conditions were met. LT submitted a request, however it was rejected by the RRT. LT appealed but was unsuccessful.

With regard to spectrum, however, the 2002 Law introduced more radical changes. Frequency rights were no longer included in the operating licences of mobile operators. The provision of telecommunications services was subsumed under the general authorization regime while frequency rights were assigned separately. Non-technical conditions such as roll-out conditions that were previously contained in individual licences accompanying frequency assignments have been considered to be a part of the permission to use radio frequencies.

Nevertheless, some difficulties have emerged with regard to this issue. Discussions are currently ongoing between the RRT and a mobile operator as to the legitimacy of the inclusion of certain conditions regarding retail pricing in the Fixed-Wireless-Access frequency licence it was awarded.

Currently, rights to frequencies granted before the 2002 Law came into force remain valid for their original term. It is interesting to note that the initial GSM 900 licences granted to some mobile operators are set to expire in 2007. Consultations regarding the conditions for renewal will be held soon by the RRT.

Public consultations are launched whenever new frequencies are to be issued or when changes to secondary legislation governing spectrum use or individual rights of use are proposed.

The migration to the new licensing regime has been viewed as a smooth one by the operators affected. To a large extent, no significant resistance was shown because the new regime was regarded as one that was simpler and more straightforward. In addition, no additional fees were necessary and no new constraints were imposed on the range of activities operators could engage in. It is also important to take into account that under the pre-2002 Law regime, high licence fees were not levied for the assignment of scarce resources or for the right to provide telecommunications networks and services. As such questions of possible compensation for the termination of old licences did not arise. It should however be noted that the licences were not terminated – the same activity simply continued under the new framework.

5 Conclusion

In drawing conclusions from the experience of Lithuania in licensing, it is important to bear in mind that the current regulatory framework for the large part has only been in place since 1 January 2003. The regulator, itself has only been operational since May 2001. Nevertheless, the general sentiment regarding the introduction and maintenance of the general authorization regime for licensing has been good. To a large extent, providers have seen it as a progressive move through its reduction of bureaucratic barriers and delays. The process of notification is generally regarded as straightforward and easy to satisfy.

By consolidating obligations in secondary legislation, the new regime is also seen as an effort to improve regulatory certainty and transparency on the part of the RRT.

The low administrative fees levied on providers under the regime have also benefited consumer tariffs. In the opinion of some mobile operators, the low spectrum fees they pay contribute directly to the fact that mobile retail prices in Lithuania are amongst the most competitive in Europe.

Stakeholders in the new regime have also lauded the degree of public consultation that took place before the adoption of the new legal framework. Nevertheless, it was noted that consultations should attempt to involve all segments of the telecommunications sector, particularly new entrants and smaller players, and also allow sufficient time for a considered response.

In terms of challenges, the impending licensing of 3G spectrums presents itself as an immediate concern to the Ministry and the RRT. Mobile operators have stressed those high reserve prices for auctions could be detrimental for the long-term development of infrastructure and services.

On a broader level, the introduction of the 2004 Law presents a range of challenges to the regulator that go beyond licensing. The 2004 Law has given the RRT extensive powers and a large amount of discretion in applying them. While the introduction of the 2002 Law was followed by a certain amount of litigation (five) against regulatory decisions, particularly over the issue of SMP, it remains to be seen what industry reaction to the RRT's regulatory decisions pursuant to the 2004 Law will prove to be like.

While more emphasis is given to the market players to develop in accordance with competitive rules and market-oriented approaches, it remains to be seen what will be the level of secondary legislation required to allow for new players to enter the market and be viable with operators battling to avoid SMP obligations and to avoid established network operators protecting *de facto* their market and networks. Therefore, market analysis and clear definition of SMP operators is essential and interconnection or

termination charges obligations are critical not only to ensure a competitive environment but also for investment in the market. It is clearly recognized that the issues surrounding SMP will remain a key challenge for the regulator and the new regime. Extensive consultations by the RRT with the European Commission and industry stakeholders on this matter are ongoing.

The RRT faces an ongoing challenge in the form of ensuring that the market develops in accordance with the principles of fair competition. A consistent effort will have to be made to find the correct level of regulation necessary to ensure a level playing field and the absence of barriers to entry. An annual comprehensive review of market development is undertaken by the RRT to ensure that a balance is maintained and that the regime also does not act as a burden on telecommunications growth.

It is finally important to note that while the RRT has taken on the heaviest burden in terms of decision-making under the new regime, it does not act in a vacuum. There is a general need to ensure that all other related decision-making bodies, from the Ministry to the Courts, possess the same level of competency and familiarity with regard to both the new liberalized and converged telecommunications environment and its new legal framework.

Endnotes

- 1 Main lines and ISDN channels.
- 2 See Chapter 26, Lithuania, Dr Jaunius Gumbis and Marius Jakutavicius, Lideika, Petrauskas, Valiunas ir Partneriai, Getting the Deal through – Telecoms, *Global Competition Review*, London, United Kingdom, May 2004.
- 3 The largest operator of Internet and data services is LT (also partially-owned by the TeliaSonera group) and OMNITEL is the second (in terms of revenues). Therefore, the largest share in these markets is enjoyed by the TeliaSonera group.
- 4 As clarified in the Lithuanian response to the 2004 ITU/BDT annual regulatory survey.
- 5 General Provisions, article 1, Order 176, 2002.
- 6 Annex 1 to Order 176, article 9.
- 7 Art. 58.2.7 of the Law on Electronic Communications (implementing Point 7, Part B of the Annex to the EU Authorization directive).
- 8 Art. 58.3.8 of the Law on Electronic Communications (implementing Point 8, Part C of the Annex to the EU Authorization directive).
- 9 The Law on Electronic Communications, Article 51.12.

Appendix I*

Translation from Lithuanian

**DIRECTOR
COMMUNICATIONS REGULATORY AUTHORITY
UNDER THE GOVERNMENT OF THE REPUBLIC OF LITHUANIA**

ORDER NO. 176

**ON THE APPROVAL OF GENERAL TERMS AND CONDITIONS FOR ENGAGING IN
TELECOMMUNICATIONS ACTIVITIES**

12 December 2002
Vilnius

In accordance with Subparagraph 1 of Article 8, Paragraphs 2, 3, 4, 8 and 10 of Article 17 of the Republic of Lithuania Law on Telecommunications (Official Gazette *Valstybės žinios* No. 56-1548, 1998; No. 75-3215, 2002), Paragraph 3 of Article 3 of the Republic of Lithuania Law Amending the Law on Telecommunications (Official Gazette *Valstybės žinios* No. 75-3215, 2002) and taking into consideration Directive 97/13/EC of the European Parliament and of the Council of 10 April 1997 on a common framework for general authorisations and individual licences in the field of telecommunications services:

1. I a p p r o v e the General Terms and Conditions for Engaging in Telecommunications Activities (attached).

2. I e s t a b l i s h that:

2.1. paragraph 1 of this Order shall come into force on 1 January 2003;

2.2. the right to engage in telecommunications activities shall be granted to the undertakings, which submitted a notification about the commencement of the telecommunications activity prior to the date specified in Subparagraph 2.1 of this Order, in the procedure established by the Law, however, not earlier than the date specified in Subparagraph 2.1 of this Order;

2.3. the undertakings, which, prior to coming into force of this Order, were issued authorisations and licences to engage in the activities corresponding to the activities specified in Subparagraph 5 of the General Terms and Conditions for Engaging in Telecommunications Activities approved by this Order, do not have to submit a notification about the commencement of the telecommunications activity, with the exception of the undertakings providing leased lines services;

2.4. the undertakings, which, prior to coming into force of this Order, were issued authorisations to engage in data transmission activities and provide leased lines services, must submit a notification about the provision of leased lines services in the procedure specified in this Order by 1 February 2003. Such undertakings shall be considered as undertakings lawfully providing leased lines services.

3. I hereby order that this Order be published in the Official Gazette *Valstybės žinios*.

Director
Barakauskas

Tomas

* Available at: http://www.rrt.lt/get_file.php?file=RDovTmV3UIJUL3JydC9tL21fZmlsZXMvd2ZpbGVzL2dyYWJiZWRFZmlsZV8zVFJCTi5kb2M7MjAwMjEyMTJfb3JkZXIxNzYuZG9jOzs=

APPROVED

by Order No. 176

of the Director of the Communications
Regulatory Authority under the
Government of the Republic of Lithuania
of 12 December 2002

GENERAL TERMS AND CONDITIONS FOR ENGAGING IN TELECOMMUNICATIONS ACTIVITIES

I. GENERAL PROVISIONS

1. By means of the Terms and Conditions (hereinafter referred to as the Conditions) for Engaging in Telecommunications Activities it is sought to establish conditions, taking into consideration principles of technological neutrality, functional equivalency, assurance of efficient competition, the least necessary regulation, benefit to the users and principles of transparency and non-discrimination.

2. The Conditions have been prepared pursuant to the Republic of Lithuania Law on Telecommunications (Official Gazette *Valstybės žinios* No. 56-1548, 1998; No. 75-3215, 2002), taking into consideration Directive 97/13/EC of the European Parliament and of the Council of 10 April 1997 on a common framework for general authorisations and individual licences in the field of telecommunications services.

3. The Conditions shall apply to the undertakings, which engage or intend to engage in telecommunications activities.

4. The definitions given in the Law on Telecommunications of the Republic of Lithuania shall apply, where relevant to these Conditions

II. THE PROCEDURE FOR SUBMITTING A NOTIFICATION ABOUT THE BEGINNING OF THE ACTIVITIES

5. A list of telecommunications activities (hereinafter referred to as the List) about the commencement and end of which an undertaking must notify the Communications Regulatory Authority according to the procedure set in the Conditions is as follows:

5.1. provision of public telephone network and/or public fixed telephone services;

5.2. provision of the public mobile telephone network, that is, of the public mobile radio communication network fully or partially used to provide public mobile telephone services, and/or the provision of public mobile telephone services;

5.3. provision of leased lines services.

6. An undertaking, in complying with the requirements set forth in legal acts, shall have the right to engage in the telecommunications activity, which is not entered on the List specified in Subparagraph 5 of the Conditions, without a separate advance notification of the Communications Regulatory Authority about the telecommunications activity in which it intends to engage. In the event it is not clear whether the telecommunications activity is attributed to the List specified in Subparagraph 5 of these Conditions, the undertaking shall have the right to submit a written request to the Communications Regulatory Authority for an

explanation, which shall be provided within 30 days from the day of receipt of the request at the Communications Regulatory Authority.

7. An undertaking, wishing to engage in the telecommunications activity entered on the List specified in Subparagraph 5 of these Conditions, must apply to the Communications Regulatory Authority by submitting a filled in notification about the commencement of the telecommunications activity (hereinafter referred to as the Notification), specified in Annex 1 to these Conditions, at least 28 days prior to the beginning of the telecommunications activity. The notification must be certified by the signature of the person authorised by the undertaking and the seal of the undertaking (in the event the undertaking is a group of enterprises (an association, merger, consortium, etc.) the notification shall be certified by the enterprise authorised by all the enterprises or a controlling enterprise.

8. The notification may contain one or several telecommunications activities from the List specified in Subparagraph 5, in which the undertaking intends to engage.

9. The undertaking must submit the following documents together with the notification:

9.1. a copy of the registration certificate of the undertaking, certified by the signature of the person authorised by the undertaking and the seal of the undertaking (in the event the undertaking is a group of enterprises (an association, merger, consortium, etc.), a copy of the registration certificate must be submitted by each enterprise within the structure of the group);

9.2. documents certifying the status of the enterprises constituting the group (if the notification is submitted by a group of enterprises (an association, merger, consortium, etc.);

9.3. the document certifying the authorisation to sign the notification;

9.4. documents certifying payment of the charge of the established amount for the investigation of the notification.

10. The Communications Regulatory Authority, upon receipt of the notification of the undertaking, shall, not later than within 7 days after receipt of the notification at the Communications Regulatory Authority, issue to that undertaking a confirmation of receipt of its notification specifying whether the notification has been submitted adequately or shall request to make the notification more accurate or supplement it so that it should comply with the requirements laid down in Subparagraphs 7-9 of these Conditions.

11. The notification shall be considered as adequate if all its points have been filled in correctly and all the documents specified in Subparagraph 9 of these Conditions have been submitted.

12. The Communications Regulatory Authority shall enter the undertaking on the list of telecommunications services providers and operators within 28 days from the day of receipt of the adequate notification at the Communications Regulatory Authority.

13. In the event an improperly prepared notification has been submitted, the payment for investigating it shall not be returned to the undertaking.

14. The undertakings, which comply with the requirements laid down in the Conditions, shall have the right to receive the confirmation from the Communications Regulatory Authority

that they have the right to engage in the telecommunications activity. The confirmation shall be issued not later than within 7 days from the day of receipt of the request of the undertaking to issue such a confirmation. In submitting a request to issue the confirmation, the undertaking must submit documents confirming payment of the charge of the established amount for issuance of the confirmation.

15. The confirmation specified in Subparagraphs 10 and 14 of these Conditions shall additionally specify under what conditions the telecommunications operator or the provider of telecommunications services, acting in accordance with the requirements laid down in legal acts, shall have the right to install facilities, negotiate network interconnection and/or gain access or interconnect telecommunications networks.

16. The Communications Regulatory Authority shall provide information to the persons on whether a specific undertaking has submitted a notification about the telecommunications activity. The Communications Regulatory Authority shall announce a list of providers of telecommunications services and telecommunications operators, which have the right to engage in the telecommunications activities specified in Subparagraph 5 of these Conditions on its website, and once a year it shall publish the list in the supplement *Informaciniai pranešimai (Information Supplement)* of *Valstybės žinios (Official Gazette)*.

III. MAIN CONDITIONS FOR THE TELECOMMUNICATIONS ACTIVITIES BEING CARRIED OUT

17. An undertaking, in providing the telecommunications network and/or telecommunications services, must comply with the requirements laid down in legal acts regulating the telecommunications activities.

18. An undertaking, which intends to engage or which engages in the telecommunications activity in carrying out of which telephone numbers and/or radio frequencies/channels are used, shall have the right:

18.1. in the cases established by legal acts to use radio frequencies/channels without a separate authorisation;

18.2. in the procedure established by legal acts to apply to the Communications Regulatory Authority concerning the use of telephone numbers and/or radio frequencies/channels;

18.3. to take part in a tender or an auction, if telephone numbers or radio frequencies/channels are assigned by tender or by auction in the manner prescribed by legal acts.

19. The undertakings, which are engaged in telecommunications activities or designated in legal acts as having significant market power in the relevant market or obligated to provide the universal services, must fulfil the obligations established in the Law on Telecommunications of the Republic of Lithuania and other legal acts regulating the telecommunications activities.

20. An undertaking, prior to terminating the telecommunications activity, entered on the List specified in Subparagraph 5 of these Conditions, must submit a notification to the

Communications Regulatory Authority about the end of the telecommunications activity specified in Annex 2 to these Conditions. The notification must be submitted at least 28 days prior to the termination of the telecommunications activity.

IV. THE PROCEDURE FOR SUBMITTING ACTIVITY REPORTS OF TELECOMMUNICATIONS OPERATORS AND PROVIDERS OF TELECOMMUNICATIONS SERVICES

21. The undertakings, which engage in a telecommunications activity entered on the List specified in Subparagraph 5 of these Conditions, as well as undertakings providing Internet access services, that is, data transmission services, which enable the user of telecommunications services to make use of Internet network services, must regularly, every 6 months, submit to the Communications Regulatory Authority information specified in Subparagraph 23 of the Conditions about the telecommunications activity being carried out (undertakings providing Internet access services shall only submit information specified in Subparagraph 23.1 of these Conditions):

21.1. data of the first half of the year (1 January – 30 June) shall be submitted by 1 September;

21.2. data of the second half of the year (1 July – 31 December) shall be submitted by 1 March.

22. If, after carrying out an inspection, an audit of the activity of the telecommunications operator and/or the provider of telecommunications services, or under other conditions it turns out that information provided to the Communications Regulatory Authority in the manner prescribed in Subparagraph 21 of these Conditions fails to comply with the actual data, telecommunications operators and providers of telecommunications services must, within 14 calendar days from the day of disclosing such non-compliance, or within the term specified by the Communications Regulatory Authority, submit more accurate information and data to the Communications Regulatory Authority. Such submission by itself does not relieve the undertaking of the liability for the provision of incorrect information.

23. Telecommunications operators and providers of telecommunications services must, within the terms specified in Subparagraph 21 of these Conditions, submit to the Communications Regulatory Authority the following information:

23.1. filled in relevant parts of the form of the report provided in Annex 3 to these Conditions depending on the telecommunications activities carried out;

23.2. a list of actually provided telecommunications services (within half a year);

23.3. evolution of tariffs of telecommunications services (within half a year);

23.4. the area of coverage of the provided telecommunications networks and/or services at the end of the period.

24. The data being provided must be certified by the signature of the person authorised by the telecommunications operator and/or the provider of telecommunications services (the document confirming the authorisation must be submitted to the Communications Regulatory Authority) and the seal of the undertaking (if the undertaking is a group of enterprises (an association, merger, consortium, etc.), information must be provided by each enterprise within the structure of the group).

25. Under reasoned written instruction from the Communications Regulatory Authority the telecommunications operators and/or providers of telecommunications services must within the term established by the Communications Regulatory Authority submit information or data related to the telecommunications activities being carried out and necessary for clearly defined statistical purposes, as well as for carrying out the market analysis and other objectives and functions of the Communications Regulatory Authority.

26. Aggregated information about individual telecommunications markets, as well as data about the number of subscribers, revenues and volume of telecommunications or call traffic of the telecommunications operators and/or service providers cannot be considered as confidential.

27. The Communications Regulatory Authority shall analyse, process, consolidate and publish (in publications, on the Internet website, reports, etc. of the Communications Regulatory Authority) aggregated information about the activities of telecommunications operators and providers of telecommunications services.

28. Specific information of the telecommunications operator and/or the provider of telecommunications services may be published unless, in providing information about the telecommunications activity that was carried out, it is specified that it is not to be made public or if information is not regarded as confidential according to the Law on Telecommunications of the Republic of Lithuania and other legal acts.

V. FINAL PROVISIONS

29. Actions and omission of the Communications Regulatory Authority related to application and implementation of these Conditions may be appealed against in the manner prescribed by the Laws of the Republic of Lithuania.

30. For non-observance of these Conditions the undertakings shall be liable in the procedure established by laws.

Annex 1
to General Conditions for Engaging
in Telecommunications Activities

(name of the undertaking¹)

(code, postal address, tel., fax numbers, e-mail, Internet address¹)

To the Communications Regulatory Authority

**NOTIFICATION
ABOUT THE COMMENCEMENT OF TELECOMMUNICATIONS ACTIVITY**

_____ No. _____
(date)

<p>1. Provision of telecommunications networks</p>	<p><input type="checkbox"/> Provision of public fixed telephone network local (in the geographical numbering area) <input type="checkbox"/> covering more than one numbering area <input type="checkbox"/> national <input type="checkbox"/></p> <p><input type="checkbox"/> Provision of public mobile telephone network local (on the territory of an administrative unit) <input type="checkbox"/> national <input type="checkbox"/></p>
<p>2. Provision of services</p>	<p><input type="checkbox"/> Provision of public fixed telephone services local telephone communication <input type="checkbox"/> long-distance national telephone communication <input type="checkbox"/> international telephone communication <input type="checkbox"/></p> <p><input type="checkbox"/> Provision of public mobile telephone services</p> <p><input type="checkbox"/> Provision of leased lines services</p>
<p>3. Beginning of telecommunications activity</p>	
<p>4. Territory on which it is intended to engage in telecommunications activities</p>	

<p>5. Description of telecommunications networks and/or telecommunications services intended to be provided²</p>	
<p>6. Data about the contact person</p>	<p>Name, surname _____ position _____ telephone _____ fax _____ e-mail address _____</p>
	<p>ATTACHED:</p> <p>1. A copy of the registration certificate of the undertaking¹, _____ pages;</p> <p>2. Documents confirming payment of the charge of the established amount for investigation of the notification, _____ pages;</p> <p>3. The document confirming the authorisation to sign the notification, _____ pages;</p> <p>4. Documents confirming the status of enterprises constituting the group (if the notification is submitted by a group of enterprises (an association, merger, consortium, etc.), _____ pages.</p>

(position)

Seal

(signature)

(name, surname)

¹ – if the undertaking is a group of enterprises (an association, merger, consortium, etc.) the data specified, as well as a copy of the registration certificate, must be provided by each enterprise within the structure of the group.

² –specifying for each submitted telecommunications activity the following: whether the network will be established, whether the network of another operator will be used, what technology will be used, a list of telecommunications activities intended to be provided and their brief description, etc.. This can be submitted in the form of a separate annex.

Annex 2
to General Conditions for Engaging in
Telecommunications Activities

(name of the undertaking¹)

(code, postal address, tel., fax., e-mail address¹)

To the Communications Regulatory Authority

**NOTIFICATION
ABOUT THE END OF TELECOMMUNICATIONS ACTIVITY**

_____ No. _____
(date)

1. Terminated telecommunications activity	
2. Date of the end of telecommunications activity	
3. Data about the contact person	name, surname _____ position _____ telephone _____ fax _____ e-mail address _____
	<p>ATTACHED:</p> <p>1. Document confirming the authorisation to sign the notification², _____ pages.</p>

(position)

Seal

(signature)

(name, surname)

¹ – if the undertaking is a group of enterprises (an association, merger, consortium, etc.) the data specified must be provided by each enterprise within the structure of the group.

² – must be submitted if it is signed by the authorised person and the authorisation was not submitted earlier.

Annex 3
to General Conditions for Engaging
in Telecommunications Activities

(name of the enterprise or another entity)

(code, postal address, tel., fax, e-mail address, Internet address)

To the Communications Regulatory Authority

REPORT
ON TELECOMMUNICATIONS ACTIVITIES CARRIED OUT DURING ____ HALF-
YEAR OF _____

(date) No. _____

Indicator	Values
I. Activity of the provision of public fixed telephone network and/or services	
1. Number of main lines¹ , in units, total:	
of which - to customers, units.	
- to other users of services, units.	
3. (Built-in) capacity of digital automatic exchanges¹ , units.	
4. Number of lines connected to digital automatic exchanges¹ , units, as well as the relative share , in per cent ¹ (of the total number of lines within a specific category):	
of which - to customers	
- to other users of services	
in towns	
5. Number of payphones¹ , units, total:	
of which in towns, units	
in other residential areas, units.	
6. Number of disconnected telephones , units, total:	
of which - due to non-payment, units	
- at the subscriber's request, units	
7. Volumes of calls when calls are initiated in the network , million minutes:	
of which: - local calls (the call is terminated in one's own network), million minutes.	
- long distance national calls (the call is terminated in one's own network), million minutes.	
- international calls, million minutes.	
- to other fixed telephone networks	
- to mobile radio communication networks	
8. Volumes of calls when calls are terminated in the network (million minutes):	
- from other fixed telephone networks	
- from mobile radio communication networks	
- from networks abroad	
9. Number of users of services making use of operator (carrier) selection service, total , units	
- of which those who use pre-selection, units	

10. Number of telecommunications operators and/or service providers whose services can be chosen by means of pre-selection or call-by-call selection, total, units		
- of which by means of pre-selection, units		
11. Number of ISDN lines¹, units, total:		
of which: - ISDN BRA, units		
- ISDN PRA, units		
12. Revenues from the provision of the public fixed telephone network and/or services (thousand Litas, excluding VAT)		
II. The provision of the public mobile telephone network and/or services		
1. Total number of mobile telephone subscribers¹, units		
among which: - customers, units.		
- other service users, units		
2. The number of active mobile telephone subscribers^{1,2}		
3. The number of subscribers who make use of the pre-paid service¹, units		
4. The number of subscribers who make use of the data transmission service provided by the mobile telephone network (GPRS and the like)¹, units		
5. The number of messages sent, million units		
6. Volumes of calls when calls are initiated in the network, million minutes.		
of which: - national calls (the call is terminated in the network), million minutes.		
- international calls		
- to other mobile telephone networks		
- to fixed telephone networks		
7. Volumes of calls when calls are terminated in the network, in millions.		
- fixed networks		
- other mobile networks		
- from international networks		
8. Revenues from the provision of public mobile telephone network and/or services (thousand Litas, excluding VAT)		
III. The provision of the leased lines services		
1. Number of leased lines¹, total units:		
- the part of the primary leased lines ⁴ , units		
- the part of the secondary leased lines ⁵ , units		
2. Number of analogue leased lines¹, units		
of which: - up to 4 km, units.		
- 4 km and more than 4 km, units.		
3. Number of digital leased lines¹, units		
of which - up to 2 Mb/s, units		
- 2 Mb/s and more than 2 Mb/s, units		
4. Revenues from the provision of leased lines services (in thousand Litas, excluding VAT)		
IV. Provision of the Internet access services		
	Consumers	Economic entities
1. Total number of subscribers of the Internet services¹, units		
of which: - via switched lines		
- via wireless lines		
- via mobile radio communication network		
-		
2. Number of xDSL connections, units		

3. Territory where the Internet access services are provided ¹	
4. Revenues from the provision of the Internet access services (in thousand Litas, excluding VAT)	
V. Investment	
1. Investment into telecommunications network infrastructure, in thousand Litas	

Data about the contact person	name, surname _____ position _____
	telephone _____ fax _____
	e-mail address _____

(position)

Seal

(signature)

(name, surname)

¹ – the indicator is specified as of 31 December or 30 June, respectively. Other indicators are for a six-month period.

² – **active subscriber** (active SIM card) shall be considered the subscriber who, within the last three months performed in some way a telecommunications event irrespective of the fact whether the subscriber is a pre-paid service subscriber or a subscriber who pays according to the bills provided; a telecommunications event shall be considered a call, an answer to a call, sending a message, sending data traffic (including GPRS), or any other service provided (payment of the subscription fee, payment of the pre-paid charge for calls by acquiring a pre-paid card, etc.)

³ – other types of the lines must also be indicated, if such types are used (cables, etc.).

⁴ – **primary leased line** shall be the leased line, which is provided using one's own resources or the leased line of the provider of the foreign leased line services without national intermediaries; the dividing line is the state border of the Republic of Lithuania.

⁵ – **secondary leased line** shall be the leased line, which an undertaking of the Republic of Lithuania provides to any user of services by making use of the resources of another undertaking of the Republic of Lithuania.

Appendix II**

For information only as this Order was replaced by **Order No. 1V-15**, from **2004-02-11** (not available in English at the time of publishing), which introduces the requirement for reports every quarter and a more detailed Internet subscribers list with connection speed.

Translation from Lithuanian

**DIRECTOR
COMMUNICATIONS REGULATORY AUTHORITY
UNDER THE GOVERNMENT OF THE REPUBLIC OF LITHUANIA**

ORDER NO. 1V-95

**ON AMENDING ORDER NO. 176 OF THE DIRECTOR OF COMMUNICATIONS
REGULATORY AUTHORITY OF 12 DECEMBER 2002 “ON THE APPROVAL OF GENERAL
TERMS AND CONDITIONS FOR ENGAGING IN TELECOMMUNICATIONS ACTIVITIES”**

26 August 2003
Vilnius

In accordance with paragraph 6 of Article 6 and paragraph 5 of Article 21 of the Republic of Lithuania Law on Telecommunications (Official Gazette *Valstybės žinios* No. 56-1548, 1998; No. 75-3215, 2002):

1. I a m e n d subparagraph 23.3 of the General Terms and Conditions for Engaging in Telecommunications Activities approved by Order No. 176 of the Director of the Communications Regulatory Authority of 12 December 2002 “On the Approval of General Terms and Conditions for Engaging in Telecommunications Activities” (Official Gazette *Valstybės žinios* No. 120-5465, 2002) and set it forth to be read as follows:

“23.3. tariffs and prices, including all the taxes, of telecommunications services provided (hereinafter referred to as Prices), which were valid as of 30 June or 31 December of a corresponding half year;”

2. I s u p p l e m e n t the specified Conditions with subparagraphs 23¹ – 23²:

“23¹. Upon commencing to provide new public telecommunications services or having changed the Prices of the public telecommunications services being provided, telecommunications operators and providers of services, which engage in the activities specified in subparagraph 5 of these Conditions, must, within 10 days from the day of commencing the provision of new public telecommunications services or the day of changing their Prices, notify in writing the Communications Regulatory Authority thereof specifying the changed Prices.

23². Information about the Prices of public telecommunications services provided by telecommunications operators and providers of services must be publish by telecommunications operators and providers of services at customers’ servicing centres at the place accessible to any user of telecommunications services, and on the internet website of telecommunications operators and providers of services (if there is any). The Prices announced to the users of telecommunications services must be specified clearly and exactly.”

3. I a m e n d Annex 3 to the specified Conditions “Report on Telecommunications Activities Carried out during _____ half year of _____” and set it forth in the new wording (attached).

4. I e s t a b l i s h that telecommunications operators and providers of services, in accordance with subparagraph 21 of these Conditions, in providing information to the Communications Regulatory Authority about the telecommunications activities carried out for the first half year of 2003, must prepare reports in accordance with the new wording of Annex 3 specified in subparagraph 3 of this Order, and those telecommunications operators and providers of services who prepared and submitted reports for the first half year of 2003 prior to entering into force of this Order, must submit the reports adjusted in accordance with the new wording of Annex 3 approved by subparagraph 3 of this Order by 1 October 2003,.

5. I hereby order that this Order be published in the Official Gazette *Valstybės žinios*.

Director

Tomas Barakauskas

** Available at: (http://www.rrt.lt/get_file.php?file=RDovTmV3UIJUL3JydC9tL21fZmlsZXMvd2ZpbGVzL2dyYWJiZWRFZmlsZV9lVUJLNi5kb2M7MjAwM19vcmllejA5NS5kb2M7Ow)

APPROVED

by Order No. 1V-95 of the Director of the Communications Regulatory Authority under the Government of the Republic of Lithuania of 26 August 2003

-

(name of the economic entity)

(code, postal address, tel., fax, e-mail address, Internet address)

To the Communications Regulatory Authority

REPORT
ON TELECOMMUNICATIONS ACTIVITIES CARRIED OUT DURING ____ HALF- YEAR OF ____

_____ No. _____

(date)

Indicator	Values
I. Activity of the provision of public fixed telephone network and/or services	
1. Number of main lines^{1,2}, in units, total:	
of which: - to customers	
- to other users of services	
- in cities	
2. Total number of subscribers^{1,2}, in units:	
Of which: - consumers ³	
- users of other services ⁴	
3. Capacity of digital automatic exchanges¹ (Built-in capacity – the number of lines possible to be connected to digital automatic exchanges¹, units.	
4. Number of lines connected to digital automatic exchanges, units¹ (within a specific category):	
Of which - to customers ³	
- other users of services ⁴	
- in cities	
5. Number of pay phones¹, total, units:	
Of which - in cities	
- in other residential areas	
6. Number of disconnected telephones, total, units,	
of which: - due to non-payment,	
- at the subscriber's request	

7. Volumes of calls where calls are initiated in one's own network, total⁵, min.:	
of which: - services over short telephone numbers (excluding 10XX), when calls are terminated in own network	
- local calls (volume of calls when calls are terminated in own network within a geographical numbering area)	
- long-distance calls (volume of calls when calls are terminated in own network in other areas of geographical numbering terminated in one's own network in other geographical numbering areas)	
- international calls (calls terminated in the networks of foreign operators)	
- to other public fixed telephone networks of the Republic of Lithuania	
- to public mobile telephone networks of the Republic of Lithuania	
8. Volumes of calls where calls are terminated in one's own network, total, min.:	
of which: - calls initiated in other public fixed telephone networks of the Republic of Lithuania	
- calls initiated in public telephone networks of the Republic of Lithuania	
- calls initiated in the networks of operators of foreign countries	
9. The number of users of services who make use of the public telephone service operator (carrier) (hereinafter referred to as the provider) selection service, total, units (who made use of these services at least once within the past three months)	
- of which those who used the service of the provider pre-selection, units	
10. The number of providers whose services can be chosen by means of pre- selection or call-by-call selection, total, units (number of providers with whom contracts on the provision of the services of the provider selection have been concluded)	
- of which by means of pre-selection,	
11. The number of lines of the integrated services digital network (hereinafter referred to as – ISDN)¹, total, units; (specify the number of lines rather than that of channels)	
of which: - ISDN BRA (128 kbit/s basic speed line, which is the equivalent of two 64 kbit/s speed channels)	
- ISDN PRA (2 Mbit/s primary speed line, which is the equivalent of thirty 64 kbit/s speed channels)	
12. Revenues from the provision of the public fixed telephone network and/or services, in Litas (excluding VAT). (This point does not cover revenues earned from the telecommunications networks interconnection activity).	
13. Revenues from the telecommunications networks interconnection activity, in Litas (excluding VAT)	
of which: - revenues from termination of calls, which were initiated in other networks, in own network	
- revenues from forwarding calls through own networks (transit)	
II. Revenues from the provision of the public fixed telephone network and/or services	
14. Total number of mobile telephone subscribers^{1,6}, units:	
of which: - users ³ , including all subscribers who make use of the prepaid service	
- other users of services ⁴	
15. The number of active mobile telephone subscribers^{1,7}	
of which: - users ³ , including all subscribers who make use of the prepaid service	
- other users of services ⁴	
16. The number of active mobile telephone subscribers who make use of the prepaid service^{1,8}, units.	

17. The number of subscribers who make use of the data transmission service provided by the mobile telephone network^{1,9}, units		
- of which who make use of package data transmission radio networks (hereinafter referred to as GPRS)		
18. The number of messages sent (hereinafter referred to as SMS)¹⁰, units.		
19. The number of illustrated messages sent, (hereinafter referred to as MMS)¹⁰, units.		
20. Volumes of calls when calls are initiated in one's own network, total¹¹, min.:		
of which: - calls in own network (calls are terminated in one's own network)		
- to other public mobile telephone networks of the Republic of Lithuania		
- to public fixed telephone networks of the Republic of Lithuania		
- international calls		
21. Volumes of calls when calls are terminated in own network, total, min.:		
of which: - from public fixed telephone networks of the Republic of Lithuania		
- from other public mobile telephone networks of the Republic of Lithuania		
- from networks of foreign countries		
22. Volumes of calls of the subscribers who make use of roaming services, min.:		
of which:- volumes of calls when calls are initiated by the subscribers who have left for foreign countries		
- volumes of calls when calls are received by the subscribers who have left for foreign countries		
23. Volumes of calls of the subscribers of providers of foreign public mobile telephone services, who have arrived in the Republic of Lithuania and who make use of roaming services, min.:		
of which: - volumes of calls when calls are initiated by the subscribers of foreign public mobile telephone services, who have arrived in the Republic of Lithuania		
- volumes of calls when calls are received by the subscribers of providers of foreign public mobile telephone services who have arrived in the Republic of Lithuania		
24. Revenues from the provision of the public fixed telephone network and/or services, in Litas (excluding VAT). (This point does not cover revenues earned from the telecommunications networks interconnection activity).		
25. Revenues from the telecommunications networks interconnection activity, in Litas (excluding VAT)		
Of which: - revenues from termination of calls, which were initiated in other networks, in one' own network		
- revenues from forwarding calls through own networks (transit)		
III. The provision of the leased lines services		
	Local leased lines ¹⁴	National leased lines ¹⁵
1. The number of leased lines provided to others¹, total, units:		
- the number of the primary leased lines ¹² , units		
- the number of the secondary leased lines ¹³ , units		
2. The number of analogue leased lines provided to others¹, units		
of which: - up to 4 km (inclusive)		
- more than 4 km		
3. The number of digital leased lines provided to others¹, units		
Of which - up tp 2 Mb/s		
- more than 2 Mb/s, units		

4. Revenues from the provision of leased lines services¹⁶ in Litas, (excluding VAT) (This point does not cover revenues earned from the telecommunications networks interconnection activity).		
30. Revenues from the leased lines used for telecommunications networks interconnection , in Litas (excluding VAT)		
IV. Provision of the Internet access services		
	Consumers ³	Other users of services ⁴
31. Total number of subscribers of the Internet services¹ , units		
of which: - the number of subscribers who connected to the Internet via switched lines at least once in three months)		
- the number of subscribers who connected to the Internet via wireless lines at least once in three months		
- the number of subscribers who connected to the Internet via the mobile radio communication network at least once in three months		
(in separate lines specify other than indicated means of connecting to the Internet and the number of subscribers, if any.)		
32. The number of digital subscriber lines (of high speed up to 2 Mbit/s) (hereinafter referred to as xDSL) used for access to the Internet , units		
33. Revenues from the provision of the Internet access services¹⁷ , in Litas (excluding VAT)		
34. Territory where the Internet access services are provided¹		
V. Investments¹⁸		
35. Investment into telecommunications network infrastructure , in Litas		

Data about the contact person	name, surname _____ position _____
	telephone _____ fax _____
	e-mail address _____

(position)

Seal

(signature)

(name, surname)

¹ – the indicator is specified as of 30 June or 31 December, respectively. Other indicators are for a six-month period;

² – **main lines** shall mean telephone lines connecting terminal equipment of the subscriber with the public switched network, and having a separate joint in the telephone station (including used xDSL, excluding ISDN lines and pay phones);

³ – **consumer** shall mean a natural person to whom public telecommunications services are provided to satisfy individual, family and everyday needs that are not related to business or profession;

⁴ – **other users of services** shall mean enterprises, institutions, organisations or other legal and natural persons, which engage in economic activities and the like, excluding customers;

⁵ – information in accordance with subparagraph 7 of the Report shall be filled out in all cases where public fixed telephone services when connecting the communications terminal equipment (for example, a telephone apparatus, the departmental station of the enterprise) to the telecommunications termination point, which is in a fixed space independently of the type of technology used for connecting the telecommunications termination point (wire or radio relay line, wireless access, etc.);

⁶ – the number of activated subscriber identification cards (hereinafter referred to as SIM) by means of which it is possible to make a call or to which a call may be made, is presented;

⁷ – **active subscriber** (active SIM card) shall be considered the subscriber who, within the last three months performed in some way a telecommunications event irrespective of the fact whether the subscriber is the pre-paid subscriber or the subscriber who pays according to the bills provided; a telecommunications event shall be considered a call, an answer to a call, sending a message, sending data traffic (including GPRS), or any other service provided (payment of the subscription fee, payment of the pre-paid charge for calls by acquiring a pre-paid card, etc.);

⁸ – the number of active pre-paid subscribers (active SIM cards), that is, the number of the subscribers, which carried out a communications event in any way within the past three months, is specified;

⁹ – the number of SIM cards, the users of which make use of data communication services (GPRS, high speed – HSCSD, mobile cellular communications (GSM) data transmission 9,6 kbit/s – CSD) as of 30 June and 31 December, respectively, is presented (in the event where the service is provided automatically, upon becoming a subscriber, or the service is provided without a subscription fee, the number of subscribers who made use of these services within the past three months is presented); it is not necessary to include data about the subscribers, which make use of SMS or MMS message services;

¹⁰ – only SMS or MMS messages sent are specified (excluding SMS or MMS messages of an advertising or any other nature sent by SMS or MMS);

¹¹ – in providing information about the volumes of calls data about all calls where a subscriber of a public mobile telephone networks makes a call shall be included (as well as data about volumes of calls where the subscriber make a call wishing to listen to a voice post or customer servicing agencies);

¹² – **primary leased line** shall be the leased line, which is provided using one's own resources or the leased line of the provider of the foreign leased line services without national intermediaries; the dividing line is the state border of the Republic of Lithuania.;

¹³ – **secondary leased line** shall be the leased line, which an undertaking of the Republic of Lithuania provides to any user of services by making use of the resources of another undertaking of the Republic of Lithuania.;

¹⁴ – **local leased line** shall be the leased line where its termination points are within the same administrative unit of the Republic of Lithuania. The administrative unit shall be a municipal territory as it is defined in the Republic of Lithuania Law on Territorial Administrative Units and their Borders (Official Gazette No. 60-1183, 1994) and in the legal acts related to it;

¹⁵ – **national leased line** shall be the leased line where its termination points are in different administrative units of the Republic of Lithuania;

¹⁶ – revenues shall cover the revenues of activating the service (installation, registration, etc.) as well as revenues from the subscription (monthly) fee for the leased lines services independently of their type (digital, analogue), technologies, the type of lease services (wholesale, retail), the purpose and the nature of use (international, national, local; intended for voice telephony, image or data transmission, etc.);

¹⁷ – revenue from activating the service (installation, registration), from fees for connection time, transmission of information flows, the subscription (monthly) fee and other revenues received for the provision of the Internet access services;

¹⁸ – shall be filled in by all telecommunications operators or providers of services, which are engaged in the activities specified in separate parts of the Report on telecommunications activities carried out.

APPENDIX III:

Translation from Lithuanian

**DIRECTOR
COMMUNICATIONS REGULATORY AUTHORITY
UNDER THE GOVERNMENT OF THE REPUBLIC OF LITHUANIA**

ORDER NO. 1V-52

ON AMENDING ORDER NO. 176 OF THE DIRECTOR OF COMMUNICATIONS REGULATORY AUTHORITY OF 12 DECEMBER 2002 “ON THE APPROVAL OF GENERAL TERMS AND CONDITIONS FOR ENGAGING IN TELECOMMUNICATIONS ACTIVITIES”

10 April 2003
Vilnius

In accordance with subparagraph 10 of paragraph 2 of Article 19 and paragraph 7 of Article 24 of the Republic of Lithuania Law on Telecommunications (Official Gazette *Valstybės žinios* No. 56-1548, 1998; No. 75-3215, 2002):

1. I amend General Terms and Conditions for Engaging in Telecommunications Activities approved by Order No. 176 of the Director of the Communications Regulatory Authority of 12 December 2002 “On the Approval of General Terms and Conditions for Engaging in Telecommunications Activities” (Official Gazette *Valstybės žinios* No. 120-5465, 2002);

1. 1. I set forth subparagraph 4 to be read as follows:

“4. Definitions used for the purpose of these Conditions:

Location of installing the terminal equipment means information defining the location of the termination point of the network to which this terminal equipment is connected, including the address of installing the termination point of the network, the number of the base station, the cell number and the installation location.

Number of the terminal equipment means the sequence of digits and its symbolic equivalent (including the telephone number, the IMEI (international mobile equipment identifier), IMSI (international mobile subscriber identifier), the IP (the Internet protocol) number, the electronic mail address) identifying the terminal equipment or the termination point of the network to which this terminal equipment is connected so that information could be unambiguously directed to that terminal equipment or a corresponding termination point of the network.

Other definitions given in the Law on Telecommunications of the Republic of Lithuania shall apply, where relevant, to these Conditions.”

1.2. I supplement the Conditions with the following new Chapter III:

**“III¹. RULES FOR THE PROVISION OF INFORMATION
ABOUT THE NUMBER OF THE TERMINAL EQUIPMENT,
LOCATION OF ITS INSTALLATION AND TO WHOM IT BELONGS**

20¹. Telecommunication operators and providers of services must provide the Communications Regulatory Authority with the existing and former information, however, not earlier than information for the past six months, about the terminal equipment number, the location of its installation and to who it belongs for the purpose of resolving disputes between providers and users of telecommunications services, radio monitoring, supervising the use of the technical regulations of radio devices and telecommunications terminal equipment, as well as radio frequencies (channels) within 30 days from the day of submitting a request for the provision of such information, unless otherwise has been specified in the request.

20². Telecommunications operators and providers of services must provide existing and former information, however, not earlier information than for the past six months, about the number of the terminal equipment, the location of its installation and to who it belongs without delay, however, not later than within one day from the day of submitting a request for providing such information, unless otherwise has been specified in the request or the institution that has submitted the request consents to a longer term, to the below specified institutions of maintaining public order so that they could carry out the tasks they are entrusted with in the procedure established by legal acts:

- 20².1. To the Second Investigation Department under the Ministry of National Defence;
- 20².2. To the Financial Crime Investigation Service under the Ministry of the Interior;
- 20².3. To the Customs Office authorised by the Customs Department under the Ministry of Finance;
- 20².4. To the Police Department under the Ministry of the Interior;
- 20².5. To the divisions of special investigations service of the Republic of Lithuania;
- 20².6. To the VIP Protection Department under the Ministry of the Interior;
- 20².7. To the State Security Department;
- 20².8. To the State Border Guard Service under the Ministry of the Interior;
- 20².9. To the Prosecutor’s Office, including the officials of its territorial divisions.

20³. Telecommunications operators and providers of services must provide information specified in subparagraphs 20¹ and 20² of these Conditions in the form required by the Communications Regulatory Authority and the institutions indicated in subparagraph 20² of these Conditions, and in the event the form of the provision of information is not specified in the request, to provide it in the form in which the request is submitted.”

2. I hereby order that this Order be published in the Official Gazette *Valstybės žinios*.

Director

Tomas Barakauskas