



The new HIF: NRA of the Liberalised Hungarian Market

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Legislation of Data Communications Services

- Since 1992: free competition, but
 - no cost based interconnection
 - connections mainly as ordinary users
 - difficulties with the access to customers
 - preference to telephony concession holders
- Some intermediate regulatory steps
 - voice over internet freely (as data)
 - licences on VoIP
 - ADSL wholesale obligation
- New legislation (from Dec. 23. 2001.)
 - general right to enter the market
 - asymmetric regulation (in favour of smaller)
 - cost based interconnection and unbundling



Legal Changes in Hungary

	by 22nd of Dec.	from 23th of Dec.
legal monopoly	MATAV + 3 LTO groups in telephony	no (gradual for LTO-s by contract)
licensing	services + equipm. + number + frequency + network construct.	scarce resources + network construction
SMP status	no, moreover, legally protected monopolies	25% share in relevant markets + other criteria
cost based interconnection and unbundling	no	by SMP-s from the beginning, based on RIO, RUO
number port.	no	from Jan.2003.
carrier selection	no, but >20 VoIP licences	from the beginning



Changes in the responsibilities of HIF

	Present HIF	New HIF
Setting conditions of interconnection	No (secondary legislation only)	Yes (approve RIO of SMPs)
Administering USOs	No	Yes (proposal for modification of scope, calculate and allocate costs)
Monitoring and enforcing compliance	No	Yes
Dispute settlement mechanisms	No	Yes (legally binding decisions by the Arbitration Committee)

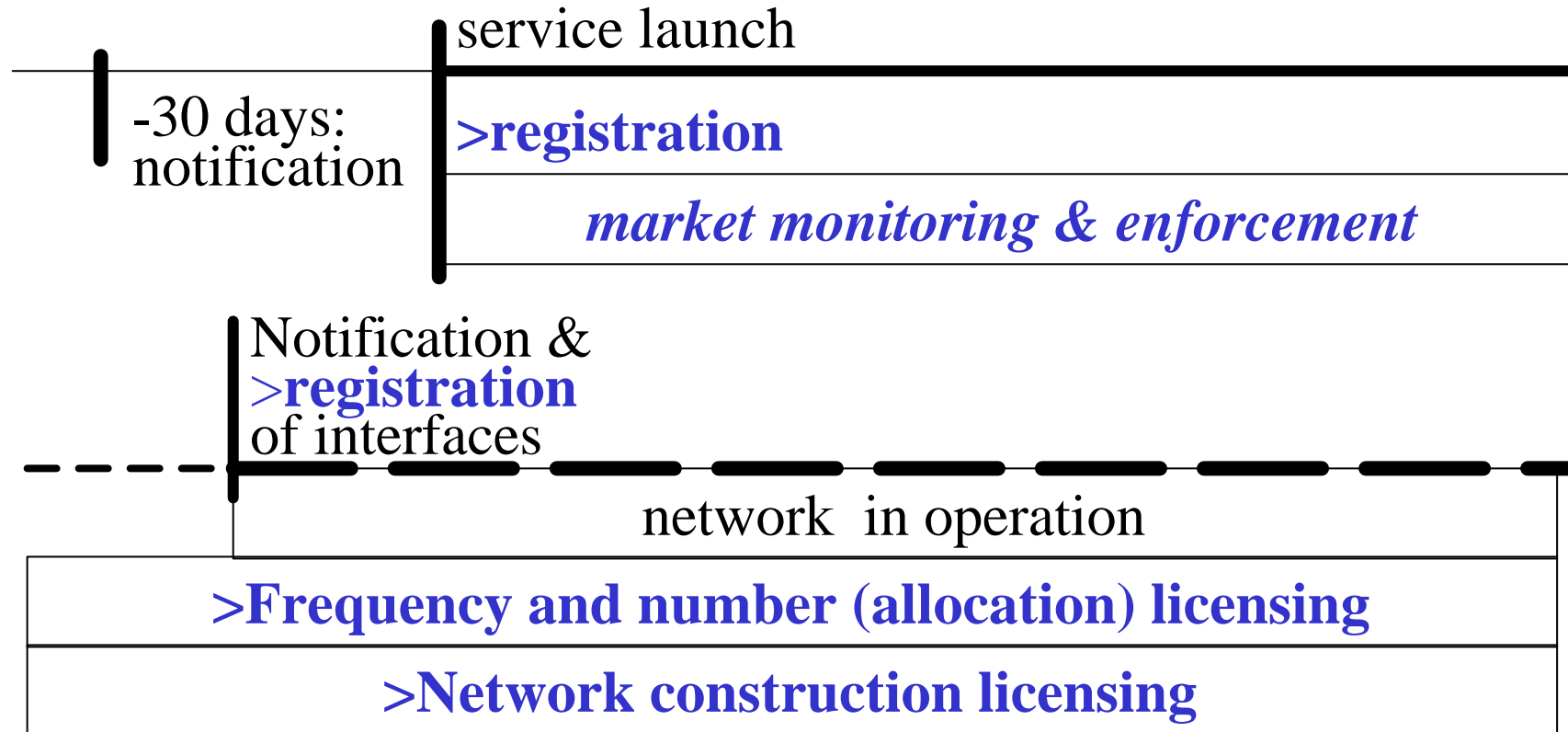


Changes in the autonomy of regulatory processes

	Present HIF	New HIF
Collective decision-making body	No	Yes, AC (12-24 member Arbitration Committee)
Appointment of chairman	Undefined period	For 6 years by the Prime Minister
Draft documents published for comment	No	Yes (in the form of public hearings)
Decisions and their justification published	No	Yes
Decisions to be appealed	Two level: administrative and tribunal	One level before the court
Financing	Self-financing	Self-financing With annual reports



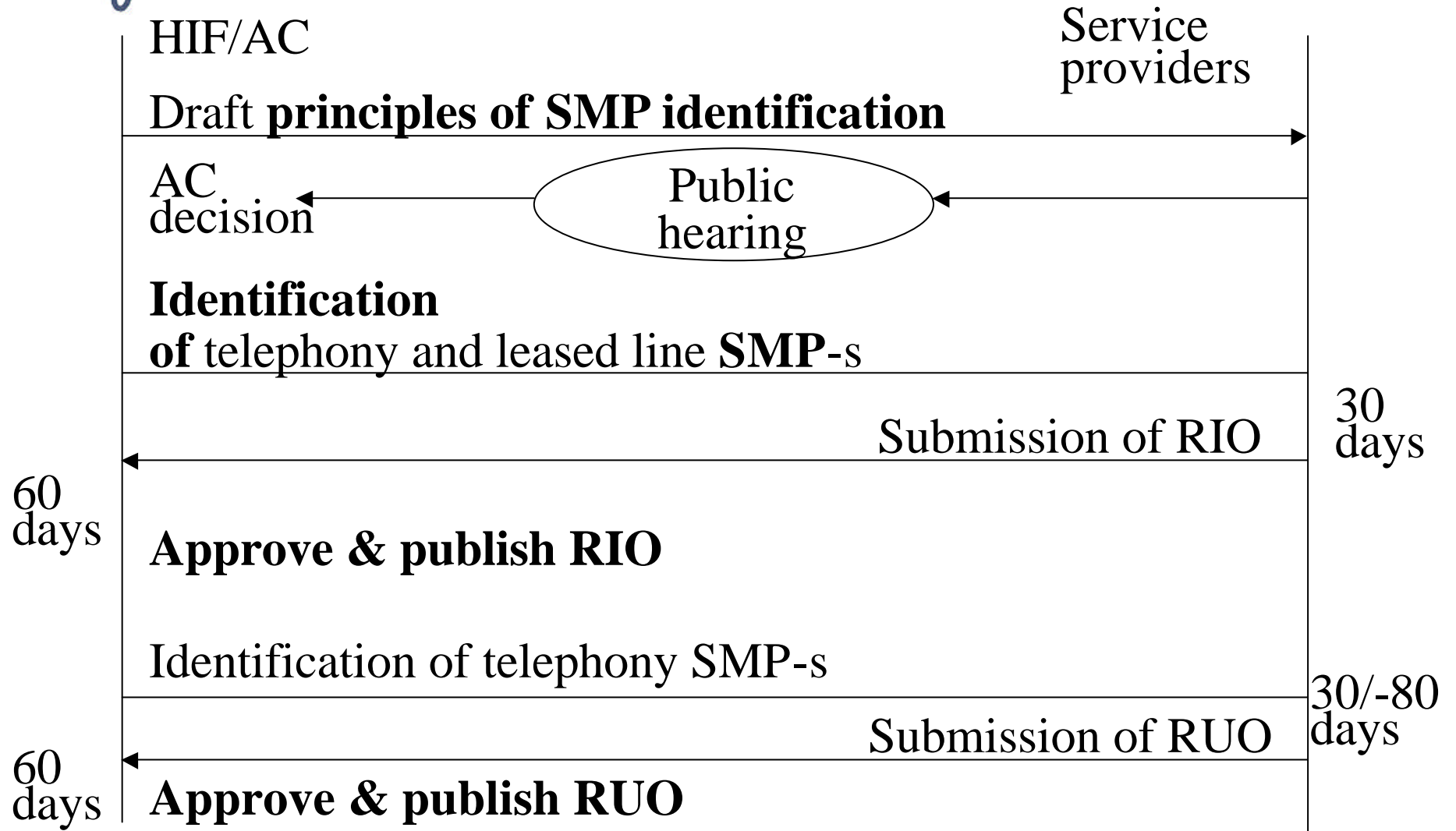
Notification & Licensing



>**action**: upon request of the service provider/operator



SMP issues





Other Arbitration Committee issues

- To promote co-operation between providers: conciliatory procedure (some 4+ cases defined by the law..., not longer than 45 days)
- Arbitration in case of legal disputes and violation of RIO/RUO, conciliatory agreements, co-operation rules, pricing principles, USO financing rules (not longer than 45+10 days)



Public Hearings

- Elaboration of legislation (if necessary)
- Developing practice of application of legislation
- Collecting opinion on different issues
- distribution of documents among registered interested parties 15 days prior to hearing
- summary of opinions must be published within 30 days



Providers' Consulting Body

- Upon chairman's invitation: Position on essential issues of communications industry
- Right to state opinion on the authority and Arbitration Committee (AC)
- AC annual information about SMP identification and RIO/RUO practice, right to state its opinion
- Opinion of Body shall be referred in annual report
- *Supports HIF's transparency and quality*



Preparation of HIF

- Professional preparation:
 - participation in elaboration of subordinate decrees
 - cost studies (telephony, mobile termination, internet access issues, postal)
 - technical issues (interfaces, number portability, new spectrum monitoring etc.)
- Operational preparation:
 - creation of Arbitration Committee (from October)
 - complete re-engineering of the rest of HIF (by December)
 - introduction of new institutional management system
 - selection of new management and staff



Operator's side

- Every present player has its own strategy
- Very last trials for influencing secondary legislation and regulatory issues
- Ads campaigns have already started
- Extreme expressions of the importance/results of market opening

- *Real difficulties:*
 - *last minute secondary legislation*
 - *general infocom investment climate*



Conclusion

- Although data market is open even today, general market liberalisation opens a completely new era for everyone
- Beside long distance and international telephony, data market may be the first, where customers can feel the real benefits of competition

HIF is almost completely ready to meet new regulatory challenges...