



New competition framework

**Outline of a law for amendments
to the Telecommunications Business Law etc**

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Background and purpose

- In response to the rapid shift from the “age of telephony” to the “age of the Internet,” from the viewpoint of encouraging telecommunications carriers to deploy diversified businesses, review overall regulatory frameworks of the Telecommunications Business Law (TBL).

Content of the Law

- Abolish the business classification of Type I and Type II telecommunications businesses in line with TBL under which telecommunications businesses are imposed disciplines according to whether possessing infrastructures or not. Thus, promote entire deregulation on entry restraints, service offerings, etc.
- Make rules, etc. in response to rapidly increasing complaints from consumers on telecommunications services.
- Implement necessary reviews on the security and reliability of networks, interconnection between carriers, ensuring of essential communications, etc., while maintaining the current basic frameworks.

Type I telecommunications business

A business providing services by installing its own infrastructures [e.g., NTT East, NTT West, NTT DoCoMo, KDDI, Japan Telecom]

- **Permission system for new entry**
- Privilege of public utilities
- ? Tariff regulations (service offerings under uniform terms and conditions)

Type II telecommunications business

A business providing services by leasing infrastructures [e.g., ISPs, etc.]

- **Registration/notification system for new entry**
- **No tariff regulations** (service offerings under terms and conditions on a contract basis)

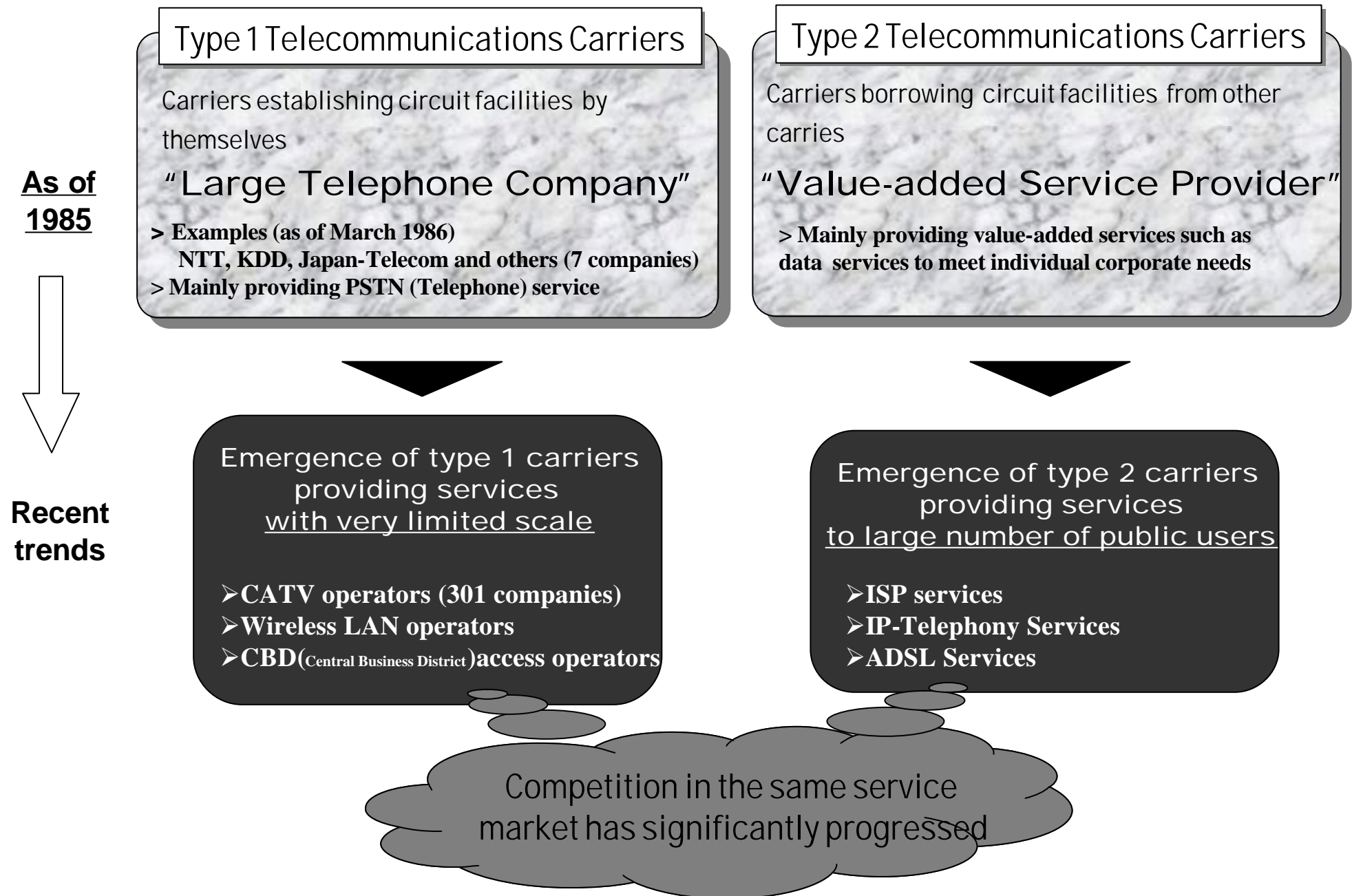
Telecommunications business

A business providing telecommunications services (regardless of installing own infrastructures or leasing infrastructures from others)

[Points of amendment to regulatory frameworks]

- **Abolish the permission system pertaining to business entry/withdrawal, shift to a registration or notification system.**
- **Introduce an authorization system for privilege of public utilities conducive to facilitation of infrastructure construction.**
- **Liberalize service offerings in principle. (In principle, abolish tariff regulations.)**
- **Make rules for protecting consumers (announcement of withdrawal, explanation of service content, dispute settlement, etc.).**

The Concept of Type 1 and Type 2 carriers and the change of Market situation

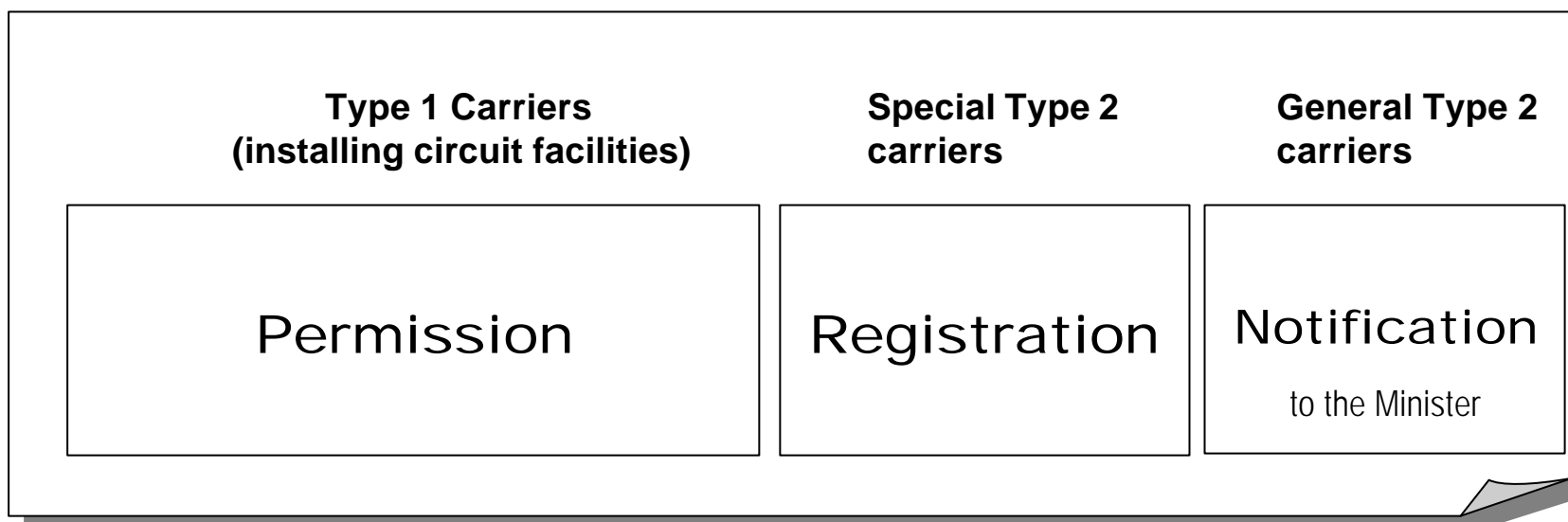


Summary of Revision of Telecommunications Business Law

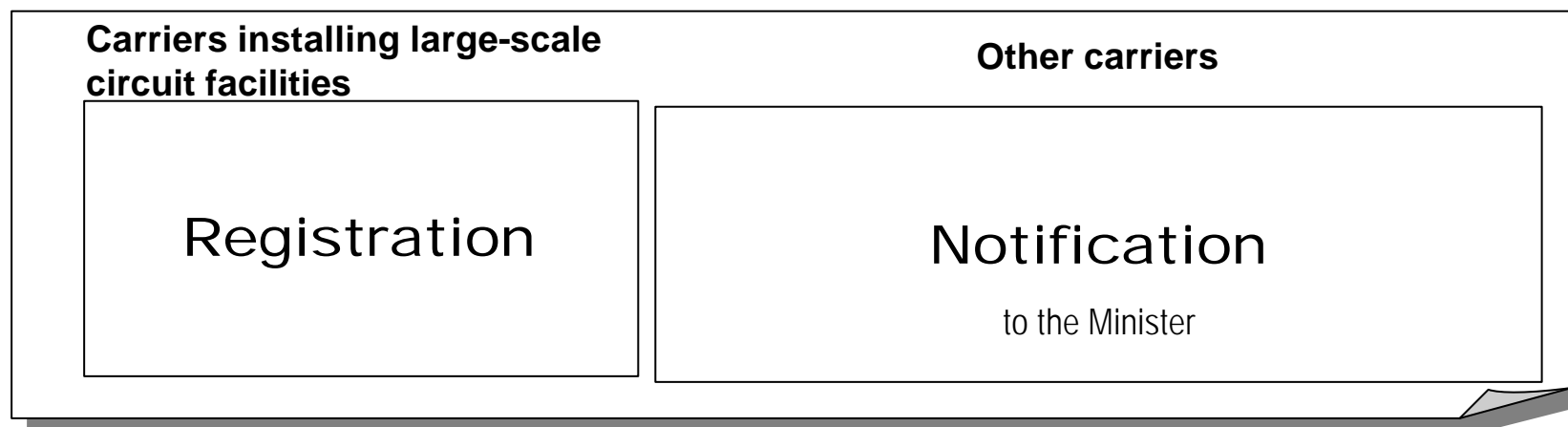
- 1. Abolition of distinction between Type 1 and Type 2 telecommunications business**
- 2. Abolition of permission system for market entry with regard to Type 1 telecommunications business**
- 3. Abolition of permission system for suspension and discontinuance of business with regard to Type 1 telecommunications business**
- 4. Abolition of tariff regulations for non-dominant carriers**
- 5. Abolition of ex-ante regulations with regard to interconnection such as prior notification of interconnection agreement for non-dominant carriers**
- 6. Maintenance of asymmetrical regulations for dominant carriers**

Rules for Services 1. "Market Entry"

Current
Scheme



Revised
Scheme

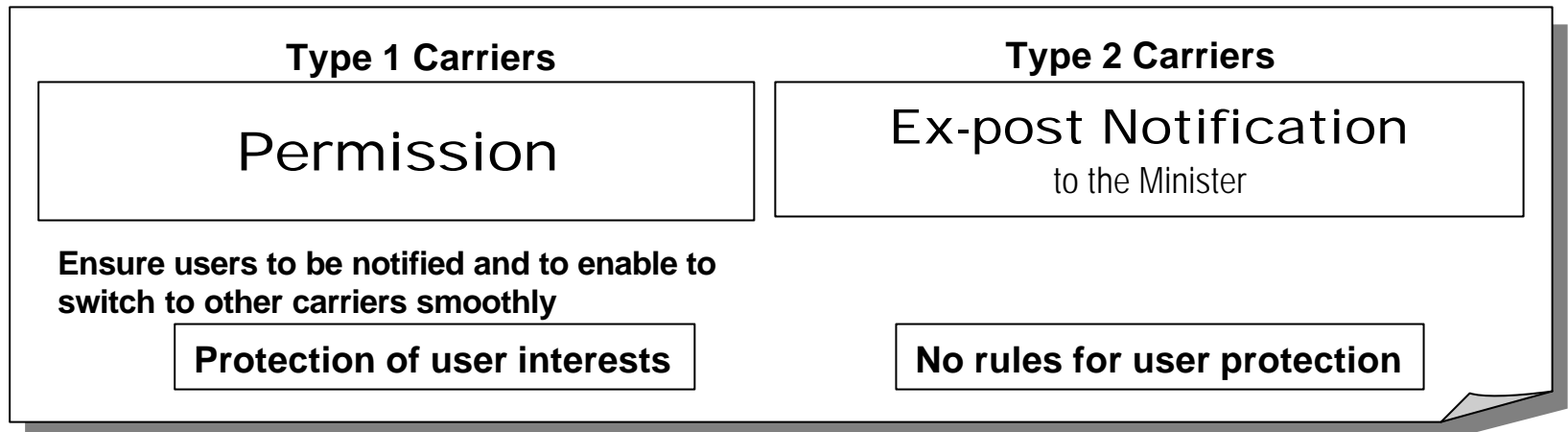


Result

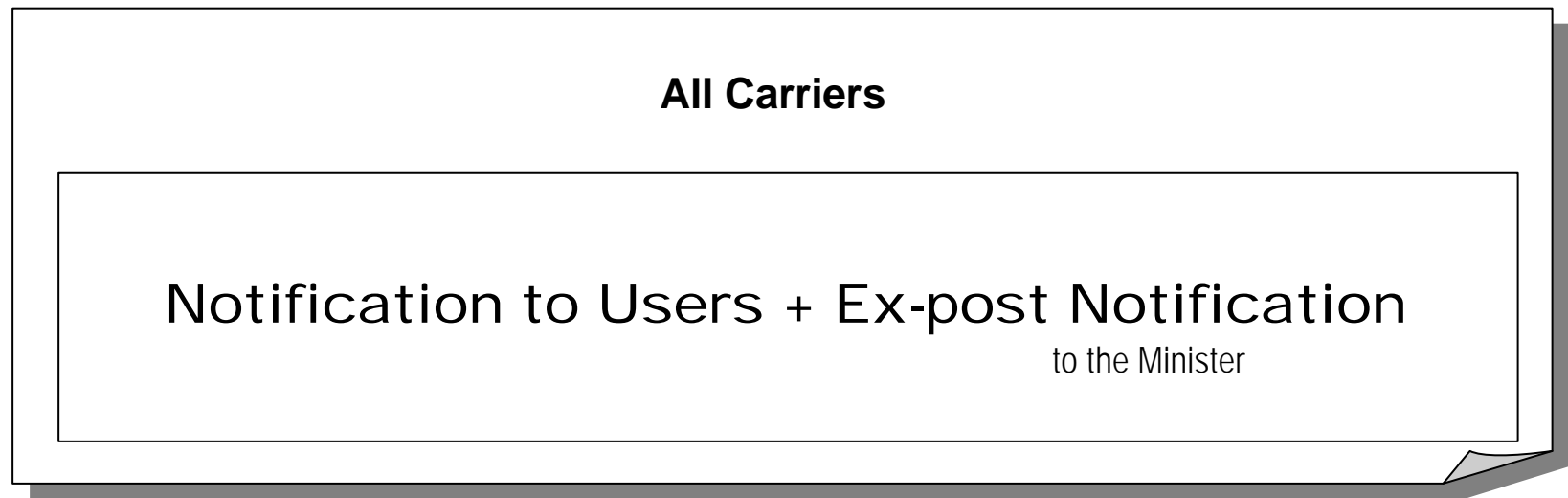
Enabling all carriers to develop business swiftly, catching emerging business chance and meeting users' needs in a timely manner.

Rules for Services 2. “Suspension and discontinuation of business”

Current Scheme



Revised Scheme



Result

Establishment of rules for user protection at suspension and discontinuation of business for all carriers

Rules for Services 3. "Charges and other terms and conditions"

Current Scheme

Type 1 Carriers	Special Type 2 Carriers	General Type 2 Carriers
Tariff	Tariff	-
Uniform Charge	Uniform Charge	Contract through negotiations

➤ Scheme for submission of complaints or opinions to the Minister and order to improve business activities.

Revised Scheme

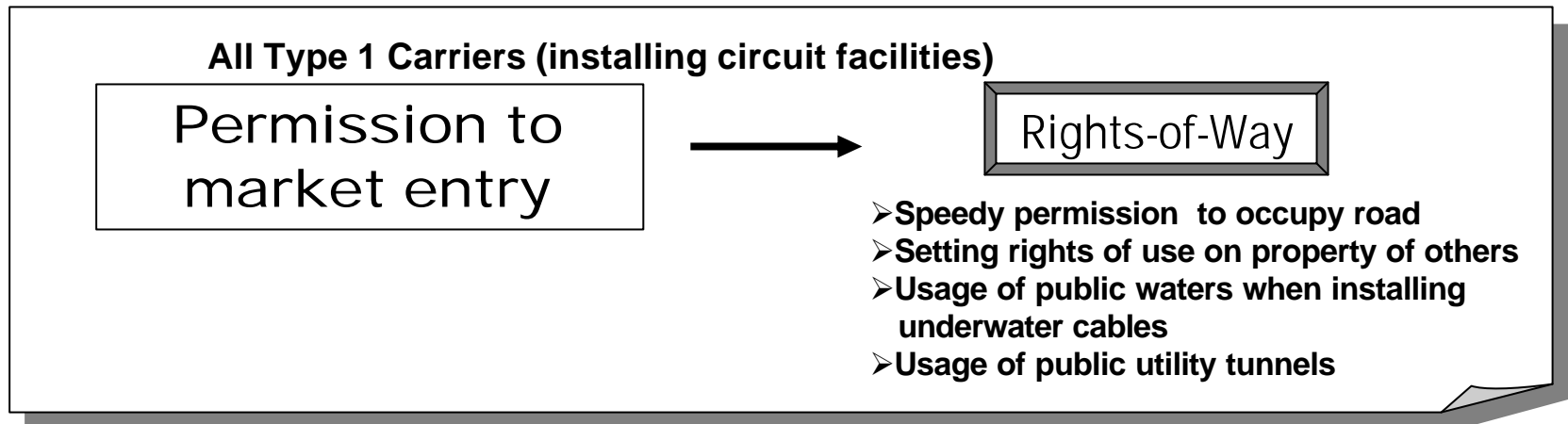
Designated services provided by carries installing essential facilities	Others
Securing Tariff	-
Contract through negotiations	
Obligation to explain important matters to users	
Obligation to process complaints swiftly and properly	
<p>➤ Notification of the tariff for universal services (basic charge, local call, emergency call etc.) is required</p> <p>➤ Price-cap system for dominant carrier's services is maintained.</p> <p>➤ Scheme for submission of complaints or opinions to the Minister and order to improve business activities are maintained to protect users.</p>	

Result

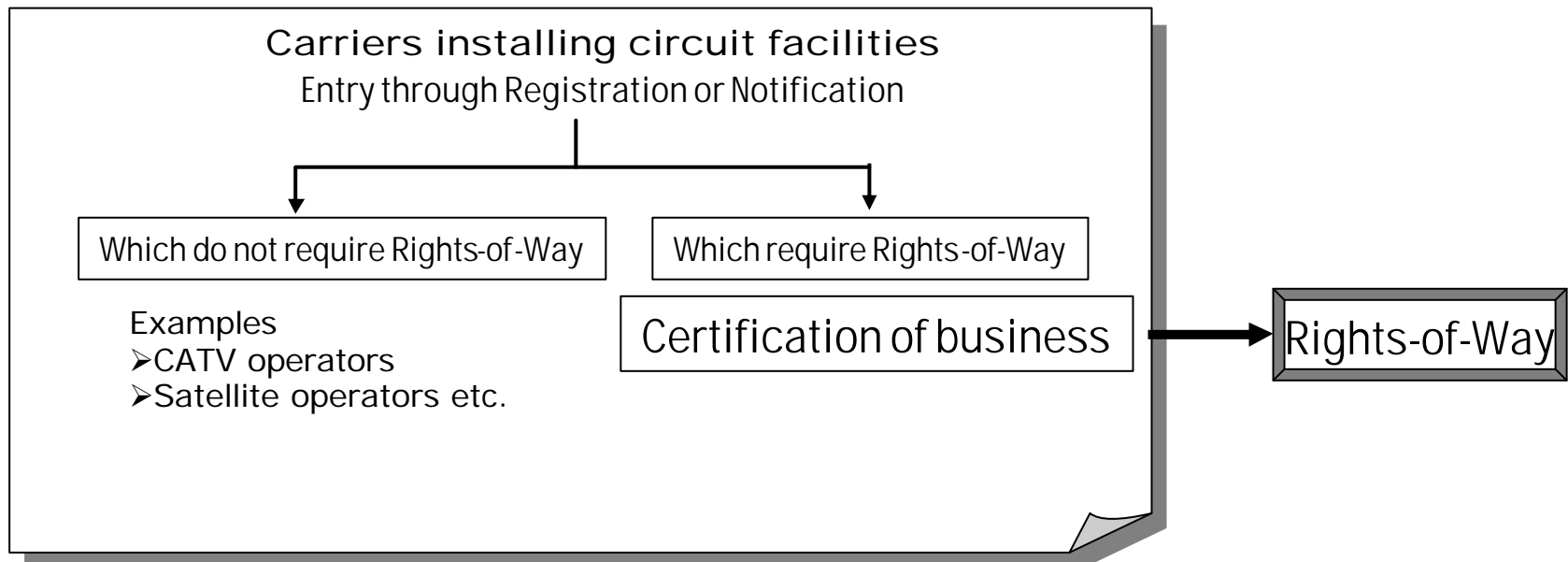
Promotion of variable services to meet user needs, and enhancement of user protection

Rules for Infrastructure 1. "Rights-of-Way"

Current Scheme



Revised Scheme



Result

Enabling carriers smooth deployment of infrastructure by granting rights-of-way at their requests.

Rules for Infrastructure 2. “Technical Standards, Interconnection”

Rules for security and reliability of network

- Technical standards to assure security and reliability are required continuously.

Rules for interconnection

- Ex-ante regulations for interconnection except those regarding essential facilities, etc. are abandoned
- For disputes among carriers, dispute settlement scheme and business-improvement order

Rules for essential communications

- Assure end to end essential communications, by establishing rules for essential communications between carriers.