



ANRCETI

NATIONAL REGULATORY
AGENCY FOR ELECTRONIC
COMMUNICATIONS AND
INFORMATION TECHNOLOGY

REPORT on ANRCETI Activity in 2012



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Dear Friend,

It has become a tradition for the team of the National Regulatory Agency for Electronic Communications and Information Technology (ANRCETI), in the first quarter of the year, to report to you and other electronic communications market players about its activities and regulation, performed in the previous year, about its objectives and priorities for the year in progress.

We do this because we want to be more transparent and open for dialogue and cooperation with both providers of electronic communications networks and services and consumers. We are certain that keeping the market players well-informed, the constant mutual communication will turn into their benefit and contribute to the development of the market.

This report covers the main activities and regulatory documents issued by ANRCETI in 2012, the lessons learned from results and the priorities for 2013. The report describes ANRCETI's multiple actions related to relevant market analysis, regulation of limited resources usage, number portability implementation and general authorization/licensing regime, settlement of disputes between providers and consumers and complaint-solving, verification and monitoring of service providers' activity, etc. These actions, as well as the analysis of ANRCETI last-year performance, presented in the Report show that the regulator' team has successfully fulfilled the tasks set for 2012.

Before 2012, ANRCETI issued its annual Activity Reports, as well as statistical yearbooks about the electronic communications development within one single document. Proceeding from the need to make this exercise more optimal and efficient, ANRCETI decided to issue and publish the Report and Statistical Yearbook in two separate documents, one – in February, the other – in April 2013.

We hope that ANRCETI report will be useful for those who are interested to follow the evolution of the electronic communications regulation process and the situation in this important sector of the economy of Moldova.

Sergiu SITNIC
ANRCETI Director

A handwritten signature in blue ink, consisting of stylized, overlapping loops and strokes, representing the name Sergiu SITNIC.

BASIC ACTIVITIES PERFORMED IN 2012



1 OBJECTIVES AND PRIORITIES

ANRCETI priorities for 2012 activity were focused on five main directions:

- Adoption of the normative documents for number portability implementation, organization of the tender and designation of the centralized data base administrator;
- Fostering competition on the electronic communications market by promoting ex-ante regulation of SMP (significant market power) providers' activity;
- Development of regulatory documents on the use of radio frequencies/channels form 2500 – 2690 MHz band for the provision of public broadband radio access electronic communications networks and services and issuance of licenses for the use of these resources;
- Approval of the due documents for the auction for 3750 – 3800 MHz license, to authorize the provision of public broadband radio access electronic communications networks and services;
- Development and enforcement of regulations intended to protect end-users' rights and interests.

This Report reflects the way in which ANRCETI accomplished the aforementioned activities and other tasks, as set out in its 2012 Work Plan.

The Report was developed pursuant to Art. 11, section 9 of the Law on Electronic Communications (hereinafter Law no. 241/2007), which provides that ANRCETI is required to make publicly available, every year before April 30, its Activity Report, covering the implementation of sector development strategy and its regulations, as well as the statistical year-book on electronic communications development in the previous year.

2 MARKET ANALYSIS AND EX-ANTE REGULATION

ANRCETI's basic objective in terms of the economic regulation of the electronic communications market is to remedy the competition on this market and to stimulate investment in infrastructure, so that the end users perceive competition through observance of their rights and possibilities to benefit from new technologies.

In order to attain this objective, in 2012 ANRCETI accomplished the following:

- completed the first cycle of market analysis, in relation to the markets defined in 2009 as susceptible to ex-ante regulation and imposed special ex-ante obligations on SMP providers;
- launched the second cycle of relevant market analysis;
- published the final LRIC models and established the rates for call termination in the fixed and mobile networks of the SMP providers;
- monitored SMP providers' compliance with the obligations imposed by ANRCETI.

2.1 Completion of the first cycle of relevant market analysis

In the reporting timeframe, ANRCETI conducted the analysis of the last market in the 10-market list, defined through *ANRCETI Administrative Board Decision no.85 of 28.04.2009* as susceptible to ex-ante regulation: the market for services of physical access to associated electronic communications infrastructure (Market 10). According to this Decision, this market includes the access to distinct categories of physical infrastructure: ducts, telephone poles, collocation space, pillars, sites, towers and other associated facilities.

As a result of the analysis, the authors ascertained the existence of three distinct markets for the provision of access to associated infrastructure: (i) provision of telephone duct access services, (ii) provision of telephone poles access services and (iii) provision of radio communications towers access services.

The detailed analysis of the three markets proved that JSC „Moldtelecom” has significant market power on the markets for telephone duct and poles access services, whereas JSC “Orange Moldova” - on the market for radio communications towers access services.

The public consultation on the draft documents regarding the identification of Market 10 and designation of SMP providers (February – March 2012), the review of the comments sent by interested stakeholders (JSC „Orange-Moldova”, „Arax-Impex” LLC., JSC „Moldtelecom”) confirmed the correctness of the authors’ conclusions with reference to: (i) the existence of the SMP of JSC “Moldtelecom” on the markets for telephone duct and poles access services, (ii) the existence of a joint SMP on the market for access to radio communications towers infrastructure and (iii) lack of a legal framework that would allow ANRCETI to designate the provider with less than 35% market share as having SMP on this particular market. (According to Art.52 of *Law 241/2007*, a provider with less than 35% cannot be considered as having SMP on that particular relevant market).

After reviewing these findings, it was decided to stop the analysis of Market 10 and remove this market from the 10-market list previously defined as susceptible to ex-ante regulation. Also, it was proposed, based on Recommendation 2010/572/UE of 20.09.2010 on Regulated Access to New Generation Access Networks (NGA) and the experience of a number of EU regulators, that JSC „Moldtelecom’s” SMP on the markets for telephone duct and poles access services be regulated as part of the remedies for Market 4 (access to network infrastructure at a fixed location). Proceeding from the importance electronic communications providers attribute to the access to radio communications towers, it was agreed that a symmetrical regulation of this access type is needed, by means of developing a new version of the Regulations on Interconnection.

2.2 Launch of the second cycle of relevant market analysis

In 2012, pursuant to art. 53 (1) of the *Law 241/2007*, ANRCETI launched the second cycle of relevant market analysis. The Law requires that ANRCETI perform relevant market analysis at least every two years, in order to find if the markets are effectively competitive, review the ex-ante regulatory measures previously imposed on SMP providers, in terms of keeping or withdrawing them.

During this timeframe, developed and publicly consulted (November – December 2012) the draft documents for identification, detailed analysis and designation of SMP providers on four relevant markets:

- Market for voice call termination in individual fixed networks (*Market 3*)
- Market for wholesale access to network infrastructure at a fixed location (*Market 4*)
- Market for wholesale broadband access (*Market 5*)
- Market for voice call termination in individual mobile networks (*Market 7*)

ANRCETI identified those four markets during the first cycle of market analysis, performed in 2010. Subsequently, ANRCETI designated the SMP providers on those markets and imposed special ex-ante obligations.

Two years later, ANRCETI started the second cycle of market analysis. The draft documents, after being publicly consulted, comprise ANRCETI’s conclusions regarding the susceptibility of these markets to ex-ante regulation, the detailed analysis of a number of criteria that prove the existence of SMP on every separate market, as well as the proposals regarding the special ex-ante obligations to be subsequently imposed on SMP providers.

The draft analysis of the four markets and the draft Administrative Board Decisions on their identification, as well as on the designation of SMP providers are to be approved in the first quarter of 2013.

2.3 Imposing special ex-ante obligations on providers with significant market power (SMP)

In 2012, ANRCETI imposed special ex-ante obligations on JSC „Moldtelecom” as a result of its designation, in 2011 as an SMP provider on the market for the access of end users, natural and legal persons, to the public telephone network at fixed locations (*Market 1*) and revised the special ex-ante obligations previously imposed to the SMP providers on the markets for voice call termination in individual fixed networks (*Market 3*) and in individual mobile networks (*Market 7*).

The obligations, established by *Administrative Board Decision no.12 of 25.05.2012*, were imposed on JSC „Moldtelecom” in order to prevent this provider from abuse use of SMP, to the detriment of competition and end users.

According to ANRCETI Decision, the **main obligation** imposed to JSC „Moldtelecom” is the **cost orientation of rates** for services of end users’ access at fixed locations and call services. This obligation is aimed at preventing JSC „Moldtelecom” from abusive use of SMP to the detriment of end users by means of the so-called „textbook monopoly behavior”, with reference to excessively high rates, exceeding the ceiling of the rates on an effectively competitive market.

In order to prevent the risk of using excessive rates as a result of SMP, ANRCETI imposed on JSC „Moldtelecom” the obligation of retail price control, including for call services. By price control, ANRCETI also set the obligation that JSC „Moldtelecom” apply no under-cost prices.

The obligation of non-discrimination and transparency provides for admitting of no price discrimination and publication of information with reference to the range of services provided. These obligations are intended to admit no discrimination in terms of rates and service provision conditions for all the requestors, who are part of the same category of users, no contractual clauses meant to increase the costs for the end users’ migration to other providers, or clauses meant to prevent the end users from using other providers’ services via carrier selection.

JSC „Moldtelecom” was also placed under the **obligation to admit no abusive service bundling**, which means the company cannot make it a condition that, for the provision of one access service, that the end user has to purchase additional services, including packages, unlinked with the requested service.

The **obligation of separate accounting** is intended to ensure, first of all, the efficiency of JSC „Moldtelecom’s compliance with the obligation of non-discrimination for a number of markets, including in relation to its own internal transfers. Second, there will be control over an eventual cross-subsidy of the incumbent’s activities (in particular between network activities and retail ones) and a rate policy destructive in relation to competitors on retail markets. Third, separate accounting will serve as a tool for the calculation of fixed telephony rates on basis of fully distributed costs (FDC).

In the reporting timeframe, the regulator started the modification and amendments of the special ex-ante obligations imposed on SMP providers on the markets for voice call termination in individual fixed networks (*Market 3*) and in individual mobile networks (*Market 7*) by *Administrative Board Decisions no. 60-67, 69-75 of 23.12.2010* and, accordingly *Decisions no. 77-79 of 23.12.2010*. In the case of *Market 3*, modifications and amendments were made twice, in the case of *Market 7* – once.

The first set of modifications and amendments of the special ex-ante obligations imposed on SMP providers on *Market 3* was approved by *ANRCETI Administrative Board Decisions no.17-31 of 21.06.2012*. These establish the maximum rates for call termination at location-independent numbers and national short numbers, applicable as of 01.07.2012.

So, the 0,0772 lei/minute maximum rate (without VAT) is applied for termination, at location-independent numbers and national short numbers, of calls originated at geographic numbers for fixed networks and non-geographic location-independent numbers, as well as for termination, at location-independent numbers, of calls originated at non-geographic numbers for mobile networks, whereas the 0,0139 USD/minute (without VAT) maximum rate is applied for termination at short national numbers, of calls originated at non-geographic numbers for mobile networks.

By the same Decisions, ANRCETI reconfirmed its intention to continue the process of LRIC cost orientation of call termination rates and non-discrimination of call prices depending on call origin.

The second set of modifications and amendments to the mentioned Decisions was approved by *ANRCETI Administrative Board Decisions no.43-60 of 16.10.2012*. They require that the SMP providers on the markets for call termination in individual mobile networks (JSC „Orange Moldova”, JSC „Moldcell” and JSC „Moldtelecom”) and individual fixed networks (15 providers) to continue the gradual reduction (in four 6-month stages) of call termination rates, so that by July 2014 they become LRIC-based.

According to ANRCETI Decisions, on January 1, 2013, the maximum rate for call termination in the mobile networks of JSC „Orange Moldova” and JSC „Moldcell” decreased by 14,4% compared to the end of 2012, in the mobile network of JSC „Moldtelecom” – by 33,2% and reached the same level of 3,08 USD cents/minute. Starting July 2014, this rate will be 1,53 USD cents/minute.

The same date, (01.01.2013) the maximum rate for call termination in fixed and mobile networks at local level dropped, compared to the end of 2012, by 15,1% and is now 1,18 USD cents /minute, at national level - by 14,6% and makes 1,4 USD cents /minute. The rates for call termination at national short and location-independent dropped in the same proportion. As well, the maximum rate for local termination of calls between fixed networks increased by about 13% and is now 0,58 USD cents/minute, whereas the rate for call termination between fixed networks at national level dropped by about 43,7% and is now 0,66 USD cents /minute.

It needs to be mentioned that ANRCETI started the process of gradual interconnection rate reduction for call termination in fixed and mobile networks on January 1, 2011. At the end of the two stages of rate reduction (eight 6-month stages) the rate for call termination in mobile networks will drop, compared to the one in 2010, by 78%, whereas the reductions of rates for mobile-fixed call termination will make between 79% and 81%.

By imposing the obligation of rate reduction for call termination, ANRCETI aims to remove barriers to competition between providers. ANRCETI specialists consider the termination rates exceeding the LRIC costs as barriers to the expansion of market shares of small providers and new entrants, as well as protective for traditional providers and those with significant market shares.

2.4 Monitoring the compliance with special ex-ante obligations

In 2012, ANRCETI monitored SMP providers' compliance with the special ex-ante obligations previously imposed by a number of Administrative Board Decisions.

It is worth mentioning that during the year, the alternative providers did not report of any cases of abusive behavior and serious infringements, committed by SMP providers in the process of signing interconnection agreements according to the new interconnection and access reference offers, which they published pursuant to ANRCETI Administrative Board Decisions.

However, in cases of irregularities regarding the obligations to ensure transparency, to publish interconnection and access reference offers, the correctness of agreements between electronic communications providers, corresponding to the published offers, ANRCETI notified the SMP on this situation and asked them to comply with the obligations imposed. In other cases, ANRCETI had to take action under the law in order to impose on SMP providers to comply with all the requirements of the Administrative Board Decisions.

Thus, by Decision no.11 of 15.05.2012, ANRCETI required that JSC “Moldtelecom” amend and supplement its RIO, including the sample Interconnection Agreement, submit them to ANRCETI and publish them on its website. The necessity to adopt this decision came due to the failure of this provider to comply with the interconnection provisions, as contained in ANRCETI Administrative Board Decisions no. 60 and no. 79 of 23.12.2010, on imposing ex-ante special obligations on JSC “Moldtelecom” in connection with its SMP on the market for voice call termination on individual fixed and mobile telephone network and in Administrative Board Decisions no. 27 and no. 28 of 01.11.2011 on obligations for the markets of call origination at fixed locations and traffic transit in the public telephone network.

Among the obligations imposed on JSC “Moldtelecom”, designated by ANRCETI as an SMP provider, are the following: cost-orientation of interconnection tariffs, transparency, non-discrimination other providers, separate accounting.

By its new decision ANRCETI required that “Moldtelecom” bring its RIO and sample Interconnection Agreement in line with the previously imposed obligations. According to this decision, JSC “Moldtelecom” is required to publish in the RIO the conditions for interconnection, for provision of call origination services in the fixed network and for transit services via its network. The amendments to the sample Interconnection Agreement provide for a number of new clauses, including timeframes for payment of bills, issued by the parties for national international incoming traffic of entry.

3 REGULATION OF COSTS AND ACCOUNTING

In the reporting timeframe, ANRCETI also monitored the manner in which the SMP providers fulfilled their special ex-ante obligations on cost-orientation of wholesale tariffs and implementation of separate accounting within internal transfers.

To ensure the fulfillment of these obligations, ANRCETI developed and published on its website, on February 8 2012, the Bottom-Up LRIC cost calculation models for call termination in fixed and mobile networks, whereas before, ANRCETI approved, by Administrative Board Decision *no. 09 of 22.04.2011*, the Guidelines for separate accounting implementation within internal transfers by JSC „Moldtelecom”.

3.1 Implementation of separate accounting

According to the above-mentioned Guidelines, JSC „Moldtelecom” is liable to report and publish separate annual financial reports and other documents related to current cost formation and cost allocation, income, assets and capital, cost of capital, etc., restatements of financial situation etc.

Imposing this requirement aims to create additional conditions to foster competition in the electronic communications markets by ensuring the transparency of „Moldtelecom”’s activities, non-discriminatory conditions for services of access and interconnec-

tion to competitors and eliminate cross-subsidization practices of retail services from wholesale services.

The instructions specify how to implement the separate accounting by JSC “Moldtelecom” how to provide information on separate accounting and audit procedure. The Guidelines also provides for the documents to be reported, the format of separate financial statements and their level of detail, the methodological principles for allocation of costs, revenues, assets and capital per activities and services, as well as the deadlines for submission of such documents. The Annexes to the Guidelines include the format in which information is to be presented separate financial statements, the algorithm cost, income, assets and capital allocation, the situation regarding internal transfers, etc.

The Guidelines also require that JSC „Moldtelecom” annually present the following documents: (1) Financial Reports, which will include separate financial reports (per services and business units), additional financial reports and the audit report; (2) Methodology of separate accounting and (3) Report about the Methodology of detailed allocation of costs, revenues, assets and capital. The first full reporting (for 2011 comparatively with 2010) was to be performed by JSC „Moldtelecom” by May 31, 2012.

JSC “Moldtelecom” fulfilled this requirement on 15 June 2012, publishing on its website the required financial statements, the separate accounting Methodology and the auditor’s Report on the evaluation of financial statements. Following the publication, ANRCETI examined the documents and the data submitted to JSC “Moldtelecom” its opinion on their contents.

3.2 Application of LRIC cost calculation models

LRIC cost calculation models (Long - Run Incremental Cost) by costing for call termination in fixed and mobile networks were developed and published by ANRCETI on its website on 08.02.2012. These models rightfully complement the special ex-ante obligations for fixed and mobile service providers regarding LRIC-cost orientation of tariffs for fixed and/ or mobile call termination in their own telephony networks, obligations imposed by ANRCETI in its Administrative Board Decisions no.60 -75 of 23.12.2010.

According to these models, the pure LRIC cost of call termination in the network of a hypothetical efficient provider is 1,12 eurocents/minute, in fixed network, local level – 0,42 eurocents/minute, national level – 0,48 eurocents/minute.

Based on these calculations, ANRCETI Administrative Board by *Decisions no.17-31 of 21.06.2012 and no. 43-60 of 16.10.2012* modified and completed *Decisions no. 60-67, 69-75 and 77-79 of 23.12.2010* imposing special ex-ante obligations on SMP providers on the markets for voice call termination in individual fixed and mobile networks.

The new ANRCETI decisions require that SMP providers on the market for call termination in individual mobile networks (JSC "Orange Moldova" JSC "Moldcell" and JSC "Moldtelecom") and in individual fixed networks (15 providers) continue the gradual reduction (in four 6-month phases) of call termination rates, so that by July 1, 2014 these rates correspond to LRIC cost.

The first phase of the tariff reduction program was fulfilled between January 1, 2011 - December 31, 2012 (in four 6-month phases), the second phase began on January 1, 2013 and will last through July 1, 2014 (the next 6-month phase).

4 REGULATION OF NUMBERING RESOURCES USAGE

In the reporting timeframe, ANRCETI continued to improve the legal framework for granting specific rights for the use of numbers and codes from the National Numbering Plan (NNP), implementation of the NNP provisions, particularly those providing for the transition to the "closed" format of dialing geographical numbers, implementation of access to short national codes and numbers from range "1" "without using the prefix" 0 ", to national short numbers 116 (xxx) for harmonized services of social value, as well as the regulatory documents required for number portability implementation.

4.1 Management of the National Numbering Plan

4.1.1 „Closed“ format type of telephone numbers: results of implementation

The "closed" format of dialing range "2" numbers was implemented on March 31 2012, in accordance with the NNP, as amended by Order of the Ministry

of Information Technology and Communications (MTIC) no.93 of 25.11.2011. In order to synchronize the actions taken by providers of public telephone networks to implement new dialing format ANRCETI approved an Action Plan for that exercise. According to the Action Plan, providers of public fixed telephone services performed, by March 1 2012, the technical changes at their exchanges, following which, between March, 1 -15 they tested the exchanges and on March 31, at 24:00, launched the new dialing format.

At ANRCETI's proposal, a transition period was allowed in the timeframe April 1 to June 30, 2012, when subscribers were able to use both the new "closed", format of dialing and the old format. This transition was offered to fixed telephony subscribers so that they have sufficient time to get used to the new dialing format.

In the three months of transition, the fixed telephony service providers informed their subscribers by "answering machine" service about the changes and about the new "closed" dialing format due to be launched as of July 1, 2012. The transition to the "closed" dialing format was necessary in order to overcome the shortage of free numbering resources assigned to fixed alternative providers from range "2" and the need for opening range "3" for assignment, intended for fixed telephone service provision. The implementation of the "closed" format of dialing fixed numbers standardized the manner of telephone dialing in Moldova and created the necessary prerequisites for a more efficient use of numbering resources from the NNP.

4.1.2 Implementation of access to short national codes and numbers from range „1“

According to the provisions of the NNP and ANRCETI Board Decision no.14 of 23.06.2011, on February 1, 2012 access started to be provided to national short numbers and codes of range „1“, from all the zones of the Republic of Moldova via public fixed and mobile telephone networks, without prefix „0“, except „1600 -1639“ codes.

At the same time, the short local numbers of „14xx“ form (information on auto transport, taxi services, railway and air transport, medical services, etc.) were replaced with short national numbers with the same destination, of „14xxx“ form. This format ensures the access of callers from all the geographic zones, by via public fixed and mobile telephone ne-

networks, to the new national short numbers, without dialing prefix „0” and the code of the corresponding geographic zone..

According to ANRCETI decision, national short numbers “117” (customer support), “119” (removal of network faults) and “18xx” (technological numbers for individual network operations) were withdrawn and reserved for future use. For the services previously provided through numbers “117” and “119”, providers can use new numbers from “118x (x) block (information services), whereas numbers “18xx” can be replaced with local numbers for number blocks intended for fixed telephony.

The implementation of access to number range “1” without dialing prefix “0” was needed to ensure Moldova’s compliance with the ECC (Electronic Communications Committee) Recommendations of CEPT (European Conference of Postal and Telecommunications) regarding reservation of short numbers from the range 1 “ to be further used them for harmonized services at European level and the inability to use at national level the short national numbers, such as 112 (emergency), 116 (xxx) (social value numbers), national short numbers 118xx.

4.1.3 Modification of Procedure for Numbering Resources Administration

ANRCETI made modifications to the Procedure for numbering Resources administration to bring it in line with the new provisions of NNP, approved by MTIC Order no. 93 of 25.11.2011 and the provisions of ANRCETI Administrative Board Decision no.14 of 23.06.2011 on the implementation of access to range “1” national short codes and numbers without using the prefix “0”.

According to the MTIC Order, the following NNP recourses - geographical numbers from range “3” (blocks of numbers “31000000 - 37999999” and “39000000 - 39999999”) became open for assignment, to be further used for public electronic communications networks and services provided to fixed locations and the number block “17xx” was assigned for the routing of calls in the number porting process.

The modifications made by ANRCETI refer to paragraphs 6 and 9 of the Procedure and Annex 1 of this document. These amendments changed the quantity of numbers that ANRCETI assigns, upon

request, to holders of licenses for the use of numbering resources and established the minimum top ceilings for the use of previously assigned numbers, for providers seeking additional numbering resources. Thus, in the case of geographic numbers from ranges “2”, “3” and “5, non-geographic numbers “6 “and” 7 “, the minimum ceiling for the use of previously assigned numbering resource for the same type of services is 70 %, for location-independent numbers from range “3” - 60%, and for non-geographic numbers from ranges “8” and “9 - 50%.

4.1.4 Modification of the Procedure for Transfer of Licenses for Limited Resources

ANRCETI performed this work through Administrative Board Decision no.35 of 26.07.2012 on modifications to the Procedure for transfer of licenses for use of limited resources in public electronic communications networks and service provision. The purpose of this modification was to detail some of the provisions regarding blocks of numbers, assigned to holders of licenses for limited resources that can be transferred.

According to the ANRCETI Decision, the geographic numbers and the location-independent numbers, assigned to public electronic communications networks and services provided at fixed locations can be transferred by complete one-thousand or ten-thousand blocks of numbers or by one or more one-hundred or one-thousand from the same block of numbers. Non-geographic numbers assigned to public electronic communications networks and services provided at mobile locations and for mobile virtual networks will be transferred by complete 100-thousand blocks or one or more 10-thousand tranches from the same number block.

As for the national short codes and numbers from range “1”, except numbers as “11x” and numbers for “17xx” call routing, they will be transferred by one number. The same rule applies to blocks of numbers “814xxxxx” and “821xxxxx”. The other numbers of ranges “8” and “9” can be transferred by complete one-hundred and one-thousand tranches or by one or several tranches by ten or by one hundred numbers from the same block. However, the aforementioned Decision stipulates that the opinion, issued by the Competition Council, stating that no competition distortion occurred, will be presented to ANRCETI only for licenses for the use of radio frequencies/channels are transferred.

4.2 Setting the criteria for selecting the license applicants for the use of national short numbers: 116000, 116111 and 116123

After the entry in force of ANRCETI Administrative Board Decisions of 07/12/2011, on access and use of national short numbers 116 (xxx) for the provision of harmonized services of social value (February 1, 2012), (regarding the regulation of access to such numbers, the procedure of assignment and the special license conditions for their use), ANRCETI established the scoring grid for evaluating the criteria of selection of public electronic communications network/service providers who will be granted licenses for the use of national short numbers: 116000, 116111 and 116123.

The scoring grid was approved by ANRCETI Administrative Board Decision of 27.03.2012. It contains five evaluation criteria for applicants requesting licenses for the use of national short numbers 116000, 116111 and 116123, such as:

- 1) the type of the service provided by the applicant;
- 2) the potential degree of accessibility of the harmonized service of social value;
- 3) the applicants' experience in implementing national short numbers;
- 4) the provider's ability to ensure the implementation of service for which the number is assigned and the compliance with the specific conditions of use;
- 5) term for the number activation.

The national short numbers mentioned above are identified at pan-European level and used for the following services: 116000 - Emergency hotlines for missing children", 116111 - helpline for children, 116123 - emotional support hotline.

On 27.04.2012, ANRCETI made these numbers available for assignment, setting the deadline for submitting of applications for those licenses: May 1 to June 1, 2012. However, ANRCETI received no request in this regard.

4.3 Telephone number portability

In the reporting period, ANRCETI took a number of actions provided for in the Program for number portability implementation in Moldova for 2011-2013, approved by MTIC Order No.52 of 30.06.2011. The following are to be mentioned:

- Development and approval of the documents required for the tender for selection of the centralized database administrator (CDB), organization of the tender and the designation of the CDB administrator,
- Adoption of the Action Plan for number portability implementation,
- Coordination of technical and commercial conditions for number portability implementation.

4.3.1 Organization of the tender for the selection of the Centralized Database Administrator

Before conducting the tender, ANRCETI developed and adopted the Procedure for organizing and conducting the tender (hereinafter – the Procedure) and the Terms of Reference for this tender (hereinafter – the terms of Reference), documents approved by the Administrative Board Decisions no.13 and no.15 of 05.06.2012.

The Procedure established the principles, terms and conditions for the organization and conducting the tender to select an entity entitled to organize, operate, manage and maintain the centralized database (CDB) for number portability implementation, to coordinate and monitor the number porting process.

The Terms of Reference contain the actions and tentative timelines for number portability implementation, the requirements for the tender application and the bid, the eligibility criteria and the manner of evaluating the candidates' qualification, the bid evaluation criteria, including the minimum technical requirements to the technical concept of the CDB and to the premises, the guidelines for the administration of the porting process, as well as the bid evaluation methods and the scoring grid for the evaluation of bids, the draft agreement for providing services of porting process administration, etc..

Previously, in June 2012, ANRCETI announced, inclusively via international publications, the tender for the selection of the CDB Administrator for number portability implementation. It was an open tender, with the application of the comparative selection procedure and took place in the timeframe August 6 – 20, 2012. In the timeframe June 15 – July 30 2012, ANRCETI received three applications for participation in the tender, supplemented with the corresponding bids.

These documents were reviewed by the tender commission, comprising ANRCETI experts, MTIC experts, representatives of mobile and fixed providers

and an international number portability expert. The commission reviewed the eligibility conditions of the candidates, pre-selected them and then, evaluated their bids in accordance with the evaluation criteria and the scoring grid. The commission members qualified the bid of "MEDIAFON" UAB (Lithuania) as the best and gave the highest score.

According to the Procedure, ANRCETI Administrative Board, based on the decision of the Commission, issued its Decision and designated company "MEDIAFON" UAB as the winner of the tender. Later, "MEDIAFON" UAB founded, according to the legal proceedings, the foreign capital enterprise (ICS) "NP Base" Ltd., which was appointed by ANRCETI Administrative Board Decision no 38/1 of 12.09.2012 as the CDB Administrator. Under the Agreement on CDB organization, operation, management and maintenance, signed with ANRCETI, the ICS "Base NP" LLC is liable to ensure the number portability implementation in Moldova.

4.3.2 Approval of the Action Plan for number portability implementation

By Administrative Board Decision no.41 of 11.10.2012, ANRCETI approved the Action Plan for number portability implementation. It sets out the actions and measures to be undertaken by providers of public mobile and fixed telephone services and the CDB administrator in 2013 for number portability implementation.

According to the Plan, these providers and the CDB Administrator are to ensure the launch of the number portability service in mobile networks on May 1, 2013 and in fixed networks – on July 31, 2013. Before that the CDB Administrator shall develop and coordinate with the providers the draft technical and commercial conditions for number portability implementation. Subsequently, the fixed and mobile service providers will sign contracts with the CDB Administrator and will make the required changes in their networks to enable the number portability launch.

The Action Plan requires that before 25.04.2013, the CDB Administrator finish the works related to the organization and testing of the CDB for mobile number portability and before 25.07.2013 – the testing and adjustment of the CDB for fixed number portability.

The same decision appointed the Working Group to monitor and supervise the implementation of number portability, consisting of ANRCETI experts, representatives of providers and the CDB Administrator. The Working Group and ANRCETI shall monitor and draw up quarterly reports on the progress made in terms of fulfilling the Number Portability Program which will subsequently be published on ANRCETI website. At the end of 2013 the Working Group and ANRCETI will evaluate the results of number portability implementation in fixed and mobile networks and make the final report.

4.3.3 Coordination of Technical and Commercial Conditions for number portability implementation

According to the Action Plan for number portability implementation, the CDB Administrator and the mobile and fixed providers developed, in October-December 2012, the draft Technical and Commercial Conditions for number portability implementation, to be approved by ANRCETI Administrative Board. The document was prepared in accordance with the requirements of Regulation on Number Portability, approved by ANRCETI Administrative Board Decision No.34 of 01.12.2011.

The draft document contains technical specifications for number portability implementation, for routing calls to ported numbers, the standard form of a porting application and the procedure for application processing, validation and revocation, the detailed description of the procedure for porting process administration, the specific obligations of suppliers in terms of ensuring the number portability implementation, the procedure of settlements between providers, to the CDB Administrator, the service quality parameters. The document also includes the rules for the organization, operation, management and maintenance of the CDB, ways to inform the end users regarding call origination to ported numbers.

After ANRCETI's approval of the Technical and Commercial Conditions for number portability the implementation, the mobile and fixed providers are to sign contracts with the CDB Administrator. According to the Regulation on Number Portability, ANRCETI coordinates and monitors the development of this document, and where challenges arise they must be discussed within ANRCETI.

During 2013 ANRCETI will constantly monitor the accomplishment of the actions for number portability implementation so that, if necessary, be able to operate the necessary changes in the normative acts developed for this purpose.

5 REGULATION OF RADIO SPECTRUM USE

In 2012, the spectrum regulatory activities of ANRCETI were mainly focused on establishing the principles, conditions and procedures for granting rights for the use of radio spectrum resources to ensure the implementation and deployment of BWA (Broadband Wireless access). This work was performed in order to achieve the objectives of the Program for the Development of Broadband Internet Access for 2010 – 2013, approved by the Government (Decrees no. 1077 of 17.11.2010 and no. 365 of 06.06.2012 on the development of electronic communications broadband wireless access networks and services.

5.1 Establishing the number of licenses and the license conditions for the use of radio frequencies/channels from 2500-2690 MHz band

To ensure the efficient use of spectrum for sustainable development of broadband electronic communications, ANRCETI established the number of licenses for the use of radio frequencies / channels in 2500-2690 MHz and 3600-3800 MHz bands and approved the special license conditions for the use of radio spectrum in the 2500-2690 MHz band.

By Administrative board Decision *no.36 of 26.07.2012* ANRCETI decided to issue three licenses for the use of radio frequencies and channels of 2500-2690 MHz, sub-bands: 2500-2520/2620-2640 MHz; 2520-2540/2640-2660 MHz and 2540-2560/2660-2680 MHz of 40 MHz bandwidth (under FDD regime - frequency-division duplex, 2x20 MHz) and a license for the use of radio frequency/channels from 3600–3800 MHz band: 3750-3800 MHz sub-band, of 50 50 MHz bandwidth. This decision was taken pursuant to the Law 241/2007 and in accordance with the Government Decree no. 365 of 6.06.2012. According to this Decision, licenses shall be issued based on applications, to the three mobile network and service providers (JSC “Orange Moldova”, JSC “Moldcell” and JSC “Moldtelecom”) after the payment of the 10-million euro fee, established by the Government

in the aforementioned Decree. If by the end of 2012, one or more licenses are not applied for, ANRCETI will announce an auction.

Subsequently, by Administrative Board Decision No.39 of 20.09.2012, ANRCETI approved the special license conditions for the use of radio frequencies/channels of 2500-2690 MHz band for the provision of public electronic communications cell mobile terrestrial networks/services with broadband wireless access - 4G services. The License Conditions are an integral part of 4G License and contain requirements to be met by the license holder. They provide for license holder's, his obligations regarding compliance with the technical conditions for the use of the assigned spectrum, provision of 4G network and services, ensuring service quality, territory coverage and methods used to verify compliance with territory coverage requirements.

Under the license conditions, the license holder shall ensure the provision of the minimum set of 4G services (data transmission, including mobile Internet access) and launch these services before the expiry of one year from date of license issuance. The license holder, who on the date of license issuance, is providing public electronic communications cell mobile networks, GSM, CDMA2000 and/or IMT-2000/UMTS (WCDMA), is liable to ensure, through its own 4G network, before December 31, 2015, 4G service coverage of areas inhabited by at least 25% of Moldova's population. Other license holders will be required to provide such coverage within four years from the date of 4G license issuance.

In November 2012, ANRCETI issued to companies JSC “Moldcell” and JSC “Orange Moldova”, at their request, licenses for the use of radio frequencies / channels of 2500-2690 MHz band. The licenses obtained by JSC “Moldcell” and JSC “Orange Moldova” prove their right to use one each sub-band of the 2500-2690 MHz band for the provision of public electronic communications cell mobile terrestrial networks/services with broadband wireless access, based on IMT-2000/UMTS (WCDMA) and / or LTE and / or IMT-Advanced standards.

5.2 Regulatory documents for the license issuance auction for the use of one sub-band of the 3600-3800 MHz frequency band

According to the Government Decree no. 365 of 06.06.2012, by which it is recommended

that ANRCETI issue the license for the use of one 50-MHz width sub-band from the 3600-3800 MHz band under competition terms, ANRCETI developed and adopted three documents for conducting an auction: the procedure for organizing and conducting the auction, the Terms of Reference and the Special License Conditions for the use of radio channels/frequencies in the 3600-3800 MHz band. These documents set forth the rules and conditions for the auction, as follows.

1. The Procedure for organizing and conducting the auction for license issuance for the use of the 3750-3800 MHz sub-band from the 3600-3800 band

The Procedure was adopted by Administrative Board Decision no.64 of 29.11.2012. the document provides for the rules and conditions for the auction, participation in the auction, sanctions that can be applied to candidates/participants for non-compliance with the rules of participation in the auction.

The competitive selection procedure was chosen for this auction, which, according to ANRCETI, is suitable at the current stage of electronic communications market development in Moldova. This procedure aims to determine the price that the market agrees to pay as a license fee for the use of this sub-band.

Under the Procedure, the auction will take place in four distinct stages: (1) submission of applications / files, (2) qualification of candidates (3) auction (4) designation of the winner. Interested stakeholders will go through two preliminary stages: the stage of application for participation and the stage of qualification, aimed at determining if the candidate meets the criteria established by ANRCETI for admission to the auction.

The same ANRCETI Decision instituted the auction commission, which will examine the applications submitted by the candidates, take decisions regarding the qualification of candidates or rejection of the applications that fail to meet the minimum requirements, as established in the Procedure and Terms of Reference. The Commission will present to ANRCETI Administrative Board the results of the auction for approval and will submit proposals for license issuance.

2. Terms of Reference for the auction for license issuance for the use of the 3750-3800 MHz sub-band from the 3600-3800 band

The Terms of Reference was adopted by Administrative Board Decision no.65 of 29.11.2012 and provides for the technical, administrative and financial conditions that will be applied to all the stakeholder, interested in the auction. These conditions mainly provide for the following requirements for candidates:

- 1) Be a legal entity registered in the Republic of Moldova or a foreign one; or a civil society/association of legal entities from the Republic of Moldova and/or abroad, comprising two or more legal entities from the Republic of Moldova and/or abroad;
- 2) during the last 5 year, be under no insolvency or liquidation and/or re-structuring process as a result of insolvency, or its entrepreneurial activity be not suspended, or be no object of a legal procedure aimed at declaring it in one of these situations;
- 3) the duration of the candidate's activity, stipulated in the constitutive document, be at least 15 years after the date of license issuance;
- 4) the average annual turnover of the candidate in the last 3 years since foundation or in a shorter timeframe, if founded later than 3 years ago, be minimum 10.000.000 euro;
- 5) have no debts to the public budget, debts of taxes, contributions, etc.;
- 6) hold individual capital sufficient to install a public electronic communications network intended for the provision of public electronic communications services;
- 7) be duly specialized and experienced to install, operate and maintain public electronic communications networks, to provide public electronic communications services or produce and trade radio equipment or other equipment containing radio modules, for data transmission.

3. Standard special conditions of the license for the use of dradio frequencies/channels from radio frequencies/channels from 3600-3800 MHz

The standard special license conditions were approved by Administrative Board Decision no.63 of 29.11.2012. The conditions contain the requirements for the license holder are an integral part of the license.

Under the special license conditions, the license holder shall have the right to install, operate, control and make available to third parties a public elec-

tronic communications network and the relevant infrastructure, for the provision of publicly available electronic communications services, by using the radio frequencies, acquired by right as a result of the auction. For this purpose, the license holder has the right to use any available technology, if any such use is not contrary to the obligations to comply with the technical and operational conditions specified in the terms of Reference.

At the same time, the license conditions require that the holder undertakes to ensure the provision of the minimum set of public data transmission services and launch these services no later than one year from date of issue. The license holder, who on the date of license issuance, is providing public electronic communications cell mobile services, based on GSM, CDMA2000 and / or IMT-2000/UMTS (WCDMA), IMT-Advanced technology standards, is required to ensure, through his own broadband radio access network, within 18 months from the date of license issuance, service coverage of at least 30% of the territory of Moldova. The license holders, who is not providing such a network, will ensure the same coverage of the territory of Moldova within 36 months from the date of license issuance.

5.2.1 Announcing the call for auction for the use of one sub-band of the 3600-3800 MHz frequency band

In December 2012, ANRCETI made public the announcement for the organization and holding an auction for the license on 3750-3800 MHz sub-band from the 3600-3800 MHz band, for the provision of public electronic communication mobile terrestrial services with broadband radio access. It was published in the "Official Gazette of the Republic of Moldova", on ANRCETI official website and two national publications (magazines "Economist" and "Economic Review"). The Terms of Reference, the auction procedure, the special license conditions and other related documents are available on ANRCETI website.

Applications for the auction and the relevant accompanying documents, as provided by the Procedure and the Terms of Reference, are to be submitted to ANRCETI before February 18, 2013, 16:00. The participation fee is 5000 Euro and the participation guarantee - 100 000 euro. The competition will take place on March 21, 2013, ANRCETI, starting at 10.00.

ANRCETI believes that the issuance of this license will contribute to attracting investments in developing new Internet access technologies, increasing the access of the population to mobile broadband services, improvement of service quality and reduction of the digital divide between rural and urban areas.

6 OTHER REGULATIONS AND DECISIONS

6.1 Amendment of the Regulations on Interconnection

In 2012, ANRCETI developed and submitted for public consultation (November-December 2012) the preliminary Regulatory Impact Analysis (RIA), performed for the new version of the draft Regulation on Interconnection and the draft of this Regulation. This work pursues the objective to approximate current Regulation on Interconnection with the EU and international acts in this field, establish an appropriate regulatory framework capable to contribute to the development of the electronic communications sector. Also, the new version of the new Regulation is designed to help remove the problems identified in the implementation of the current Regulation and establish favorable conditions for fostering effective competition on electronic communications markets and enforce the provisions of Law 241/2007.

According to the RIA, the new version of the Regulation on Interconnection has the following objectives:

- Promoting efficiency and fair competition on network/service markets, encouraging investments in fixed (fiber-based) and mobile (based on LTE or 4G) broadband networks to stimulate infrastructure-based competition;
- Removing the barriers to the provision of electronic communications networks and/or services and associated facilities, optimal use of existing infrastructure, whose duplication is economically unfeasible;
- Creating interconnection conditions so as to ensure network integrity, interoperability, quality of service, non-discriminatory and timely interconnection, efficient interconnection costs;
- ensuring the necessary conditions for the development of electronic communications markets, such as call transit market, retail markets, recognition of service technology convergence that remove traditional boundaries of market segments;

- maximizing the efficient use of existing ICT facilities that provide access to users of one network to the users of other networks, ensure the connectivity between end users of telephone services;
- achieving the goals of broadband fixed and mobile connectivity, as set forth in the Program for the Development of Broadband Internet Access for 2010 – 2013, approved by the Government (Decrees no. 1077 of 17.11.2010;
- ensuring a high degree of clarity and friendliness of the use of symmetrical regulatory framework for providers' problems in terms of interconnection and access to network elements and infrastructure of other providers.

According to ANRCETI's Program for Regulatory Document Development for 2013, the new draft version of the Regulation on Interconnection is to be approved in the second quarter of 2013.

6.2 Revision of quality indicators for public Internet access

Proceeding from the fact that Internet access services increasingly influence the economic social and cultural life, which requires intensification of protective measures in relation to end users interests, ANRCETI decided to modify Annex 2 of the *Administrative Board Decision no. 278 of 17.11.2009*, which provides for the quality parameters for Internet access services. The modification was made by administrative Board Decision no. 66 din 29.11.2012.

By this Decision, ANRCETI established the quality indicators and the administrative parameters to be measured by Internet access service providers, at the same time stipulating the conditions under which the measurements values will be published and included in contracts with end-users and in the general conditions for provision of Internet services as appropriate.

According to the ANRCETI Decision, Internet access providers are required to measure and publish the following eight quality parameters for the provision of public Internet access services, namely:

1. The necessary term for the service provision;
2. Time of connection (log in);
3. Data transfer speed;
4. term for remedy faults;
5. frequency of end user complaints;
6. frequency of complaints about disturbances;

7. frequency of complaints on billing accuracy;
8. term of solving complaints from users.

The measurement of these parameters requires that providers register the events related to the relevant parameters and prepare statistics at the end of the reporting period. To prevent degradation of service and the obstruction or slow-down of traffic in the networks, ANRCETI set a number of quality parameter values, which will be used to compare with the ones measured and published.

Providers are required to quarterly publish the measured quality parameters. Also, they will keep complete and accurate data on these parameters on their Web sites, so that end users can access the values for the last year.

6.3 Modification of statistical report forms

At the end of 2012, ANRCETI, by Administrative Board Decision no. 70 of 12/20/2012, made a number of modifications and additions to the statistical forms "CE-2. Fixed networks and services", "CE-3. Mobile networks and services", "CE-4. Audiovisual networks and services" and to the Instructions for filling in the statistical forms.

This Decision came as a result of the recent developments of the in electronic communications markets, the launch of new technologies and services (4G/LTE) and the need to improve the categories of information collected by ANRCETI.

Thus, statistical form "CE-2. Fixed networks and services" was supplemented with new indicators, including: investment in data transmission and Internet networks and services, number of fixed telephony and broadband services subscribers – legal entities, access to broadband services divided per technologies (xDSL, FTTx, DOCSIS, other technologies). The Form "CE-3. Mobile networks and services" includes the following new elements: investment in mobile networks and services, data transmission and Internet, the number of M2M, 4G LTE subscribers. The Form "CE-4. Audiovisual networks and services" - indicators on investments in fixed networks and services, data transmission and Internet (fixed networks), mobile communications, and the total number of multichannel TV subscribers.

The modifications and additions to the three statistical forms are reflected in the Instructions for filling in the statistical forms. ANRCETI believes that this work will facilitate the reporting process and their aggregation by the regulator in order to accurately assess the situation and the development trends on the electronic communications markets.

7 GENERAL AUTHORIZATION AND LICENSING

7.1 General authorization. Evolutions and tendencies

In 2012, ANRCETI continued the implementation of general authorization, as established by *Law 241/2007*, which has been applied starting with September 2008. During the year, ANRCETI authorized another **83** entities, intending to run their activity in this field. The submitted the notifications, as provided by the legislation in force and were entered in the Public Register of electronic communications network and service providers. .

Of the 83 authorized entities went through the general authorization procedure, **45** - are new entrants and **38** - former license holders since 2008, Telecommunications Law in force at that time.

At the end of 2012, the total number of entities subject to general authorization regime reached **498**, of which **411** - requested the right to provide networks and **425** - electronic communications services

Of the 498 entities, **261** - are new entrants and **237** - former license holders who switched to the general authorization regime due to the expiry date of their licenses or their decision to renounce.

It is notable that some of the providers (**25** - in 2012) requested the modification of their initial notifications due to the expanding their activity scope, by supplementing it with other services and networks or areas of service coverage. All in all, in 2008 - 2012, **58** providers requested such changes to be made in their initial notifications.

At the same time, some of the providers (**46** - in 2012), for various reasons, renounced their rights granted under the general authorization regime, being subsequently removed from the Public Register of electronic communications network and service providers. All in all, in 2008 - 2012, such requests were received from 88 providers.

The indicators reflecting the ANRCETI's processing of notifications submitted by applicants and granting of the right to provide electronic communications networks and services in 2012 and in 2008-2012 are shown on Figures 1 and 2 respectively.

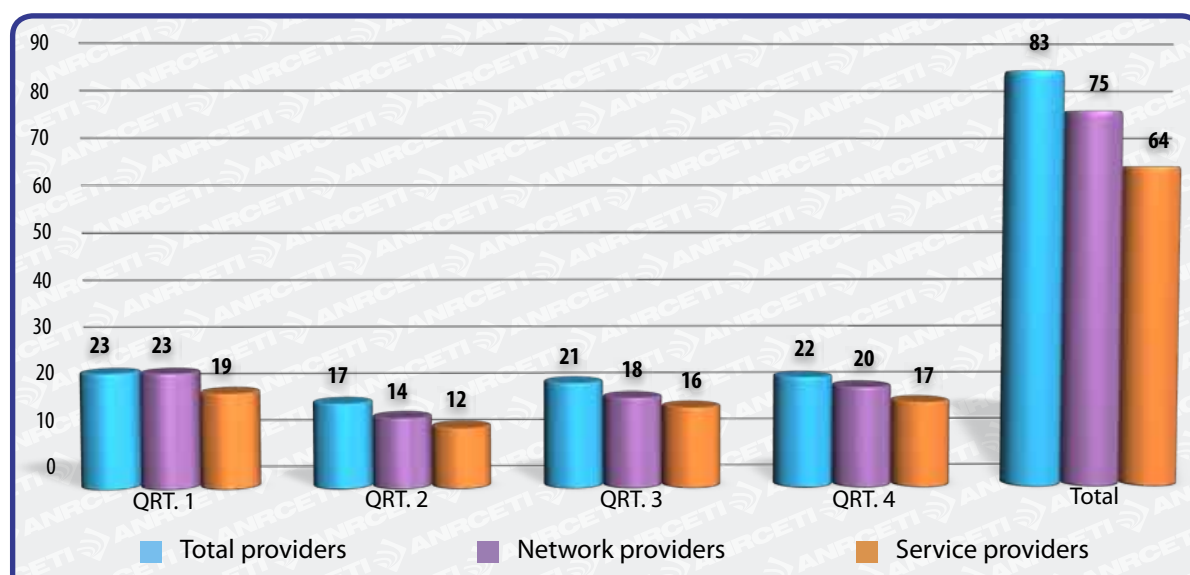


Figure 1 Entities subject to the general authorization procedure in 2012

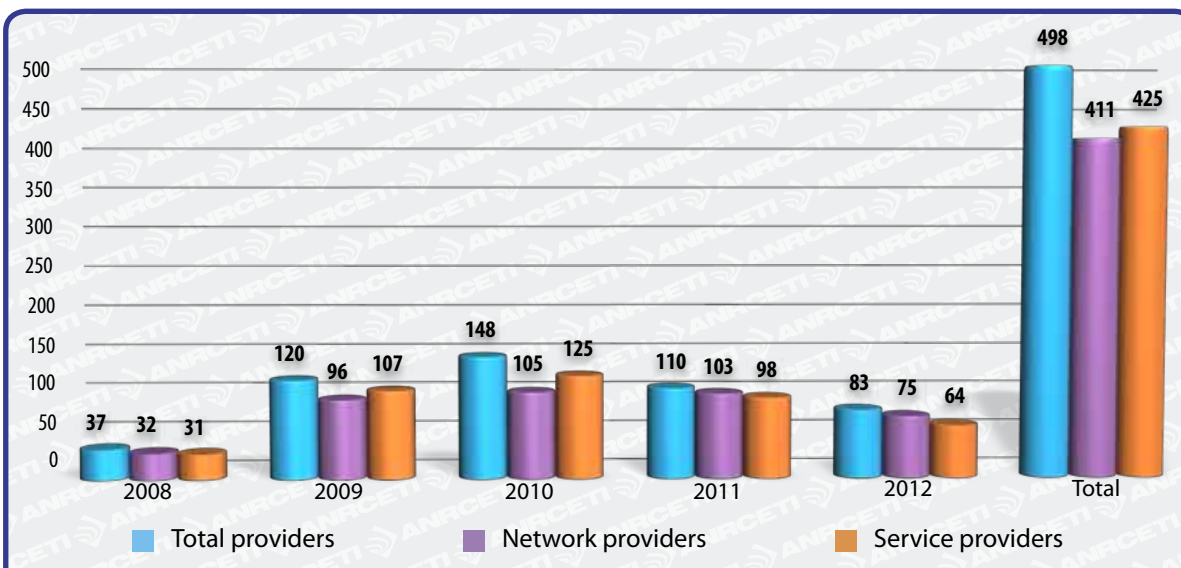


Figure 2 Dynamics of general authorization implementation during 2008-2012

According to the indicators in Figure 2, in 2012 there was a slight reduction in the number of notifications submitted by applicants. This is due to saturation of electronic communications markets.

The classification of notifications submitted by applicants in 2012, depending on the type of networks on which they intend to provide is shown in Figure 3.

The classification of notifications submitted by applicants in 2012, according to the type of services they intend to provide is reflected in Figure 4.

The data in figure 4 shows a growing demand for access to the Internet, broadcasting and audiovisual program retransmission and data transmission services.

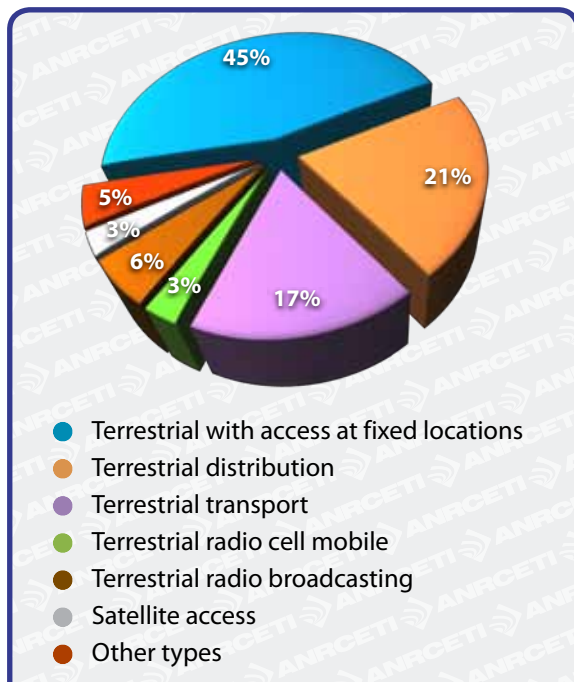


Figure 3 Classification of notifications by type of network

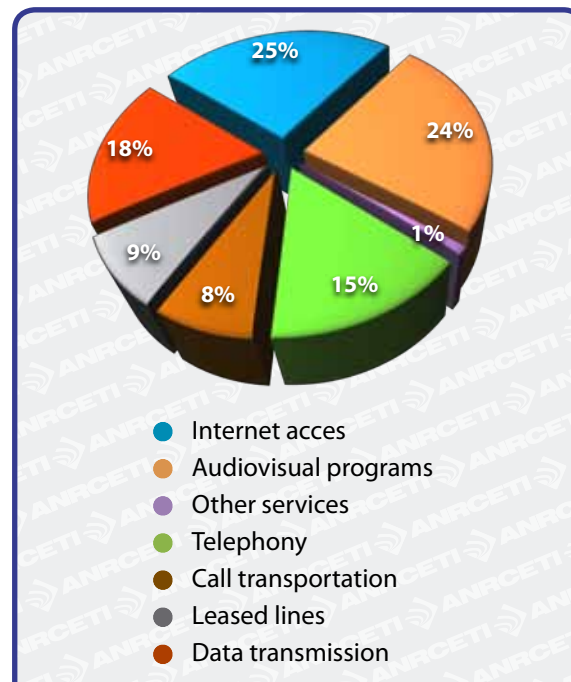


Figure 4 Classification of notifications by type of services

It is notable that, in 2008-2012, the holders of licenses issued under the Telecommunications Law no. 520-XIII of 07.07.1995 continued to operate on the electronic communications network and service market continued to operate, the total number of authorized providers reaching **560**.

According to the situation on 31.12.2012, of the **560** authorized entities, **498** - have the right to provide electronic communications networks and services under the general authorization regime, and **62** - on the basis of 66 general and/or technical licenses for various types of activities in the field

of telecommunications and informatics, still valid. Upon the expiry date of these licenses (5 years), their holders will be subject to the general authorization procedure.

The evolution regarding the number of license holders of "old" licenses "compared to the number of providers under general authorization regime, in 2008-2012, is shown in Figure 5.

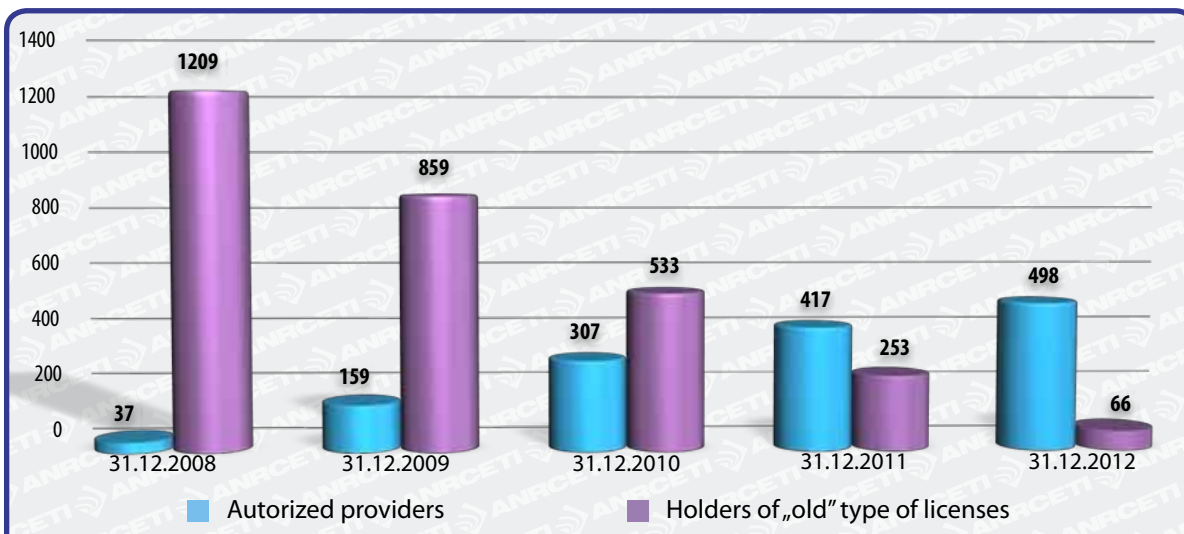


Figure 5 Comparative dynamics of general authorization regime application

7.1.1 Authorization of activities in border area

During the reporting period, ANRCETI continued performing the procedures relating to the authorization of electronic communications activities in the border area of the Republic of Moldova, in accordance with the Regulations duly approved by Government Decree no. 974 of 12.08.2008. So, in 2012, the following providers went through the the general authorization procedure and were granted

the right to provide services of installation, operation, management and/or maintenance in the border area:

- JSC „Moldcell” - in some localities of Causeni, Ungheni districts and Balti municipality;
- JSC „Orange Moldova” - in some localities of Vulcanesti, Riscani, Basarabeasca, Ceadir-Lunga, Ungheni, Balti, Giurgiulesti, Cahul, Cantemir, Leova, Hincesti, Stefan-Voda, Briceni and Ocnita districts.

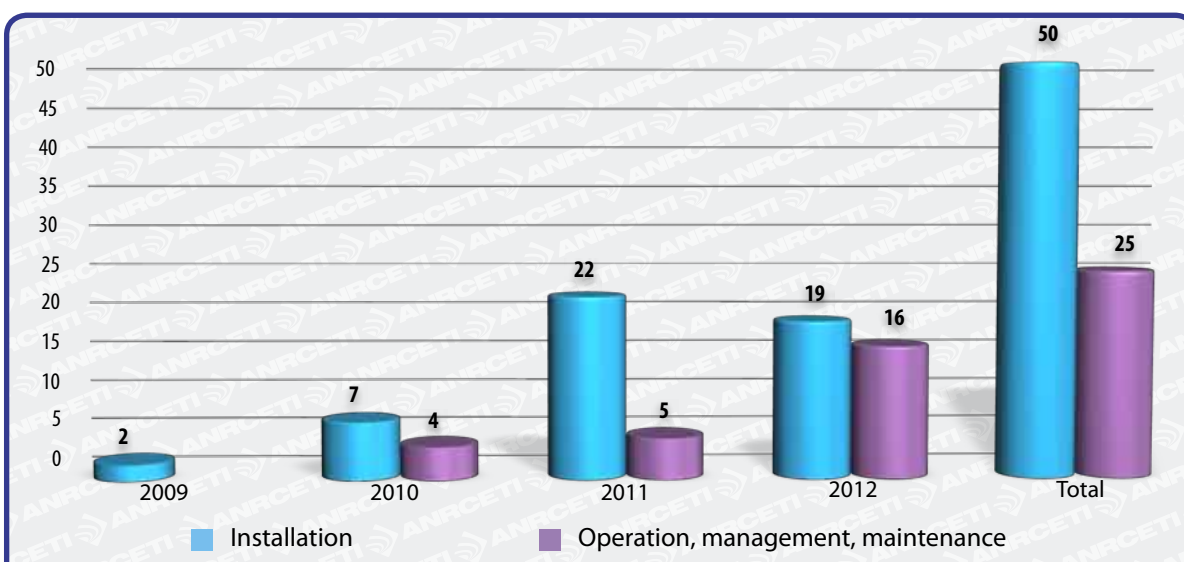


Figure 6 Authorization of activities in the border area of the Republic of Moldova

The dynamics of authorization of electronic communications activities in the border area in 2009-2012 is shown in Figure 6. According to the situation on 31.12.2012, the right to perform installation, operation, management and maintenance of electronic

communications networks at the state border of the Republic of Moldova is granted to 5 electronic communications providers: JSC, Moldtelecom”, „Star-net” LLC, „Norma Telecom” LLC, JSC, Moldcell “and JSC “Orange Moldova”

7.2 Issuance of licenses for information technology activities

During 2012, ANRCETI issued, pursuant to the *Law on regulating entrepreneurial activity by licensing no.451-XV of 30.07.2001*, **46** licenses for services of creation, implementation and ensuring the functionality of automated information

systems of state importance, including software products.

The amount of payments made to the state budget for licenses issued by ANRCETI in 2012 was **132 thousand lei**.

The dynamics of license issuance, in 2010-2012, is reflected in Figure 7.

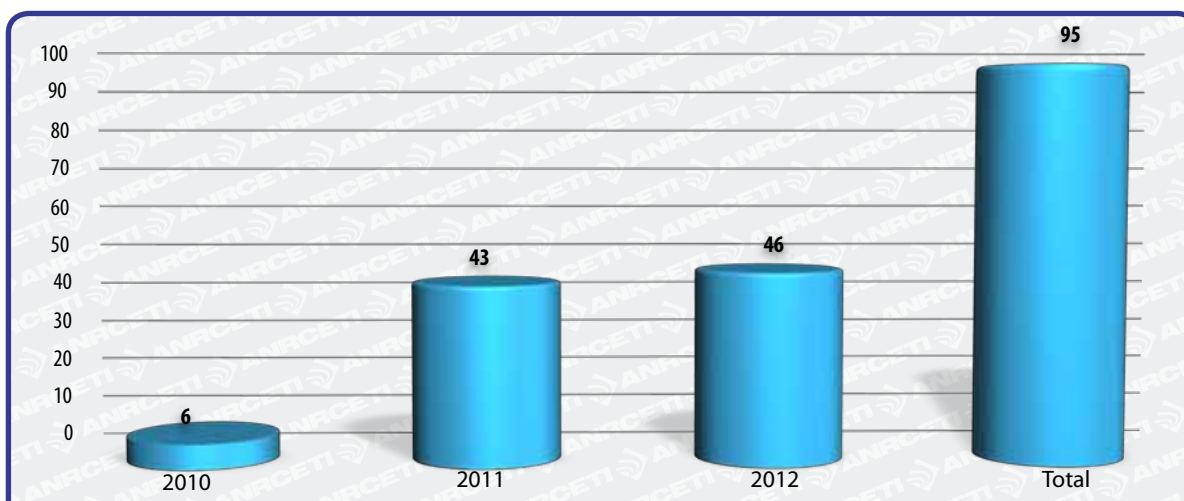


Figure 7 Licensing the services of creation, implementation and ensuring the functionality automated information systems of state importance, including software products

According to the situation on 31.12.2012, the number of license holders for the abovementioned services reached **95**.

7.3 Issuance of licenses for the use of limited resources

7.3.1 Licenses for the use of numbering resources

In 2012, ANRCETI issued **78** licenses for the use of numbering resources in the provision of electronic communications networks and services. Based on these licenses, the providers were assigned over 280,6 thousand numbers. Of these, 200 thousand were numbers for mobile networks and services, 62,6 thousand – for fixed telephony and 18 thousand – numbers independent of location.

The 200 thousand numbers for mobile telephony were assigned, 100 thousand each, to JSC „Mold-cell” (from „789xxxxx” block) and JSC „Moldtelecom” (from „675xxxxx” and „676xxxxx” blocks). ANRCETI also assigned to JSC „Moldtelecom” 14,3 thousand numbers for fixed telephony and 48,3 thousand to alternative fixed network providers. During the recent two years, the alternative providers requested a volume of numbers for fixed telephony bigger than JSC „Moldtelecom”. As a rule, the alternative providers offer these numbers to their subscribers for the use of triple-play services (Internet, TV and fixed telephony). In the reporting year, ANRCETI also assigned 28 national short numbers of 14xxx format and 620 Premium Rate numbers.

The table below shows the statistics of numbering resources assigned in 2009 – 2012.

Table 1 Numbering resources assigned by ANRCETI in 2009 – 2012

	2009	2010	2011	2012
Total assigned, including:	840 089	358 349	1 024 220	281 248
- Numbers for public electronic communications networks and services provided at mobile locations	700 000	300 000	850 000	200 000
- Numbers for public electronic communications networks and services provided at fixed locations	130 749	57 007	131 500	62 600
- „Freephone” service	7 500	300	200	--
- „Premium rate” service	1 764	1 002	25 500	620
- National short numbers for the provision of services of general interest (taxi service, medical service etc.)	41	31	13	28
- Location-independent numbers	--	--	17 000	18 000

7.3.2 Licenses for the use of radio frequencies/channels

During 2012, ANRCETI processed **45** applications related to use radio frequencies/channels for the provision of public electronic communications networks and services, of which 43 were accepted. Thus, ANRCETI issued 16 licenses, as follows:

- **12** – for the use of radio frequencies, including 2 4G licenses and 10 – for program broadcasting services (FM radio stations)
- **4** – for the use of radio channels in the provision of audiovisual program services (cable TV).

Also, ANRCETI updated **14** licenses for the use of radio frequencies/channels for the provision of public electronic communications networks and services, extended term of **6** provisional licenses for the use of radio frequencies and accepted the transfer of **2** licenses for the use of radio frequencies/channels.

ANRCETI withdraw the license of for the use of radio frequencies/channels held by "Noile Idei Televizate" LLC, for the reason that the broadcasting license was withdrawn by the audiovisual Coordinating Council. ANRCETI also issued, at the request of „Eventis mobile" LLC, which is currently under insolvency procedure, 5 decisions on suspending the license for the use of frequencies/channels in the 900 1800 MHz

bands for the provision of cell mobile telephone services, GSM standard , and rejected 2 applications for license issuance for the use of radio frequencies/channels for the provision of public electronic communications networks and services for the reason of incomplete information submitted by the applicants.

ANRCETI has been issuing licenses for the use of radio frequencies/channels for the provision of electronic communications networks and services since September 15, 2008, with the entry into force of the general authorization regime, established by Law no.241/2007. In 2008, ANRCETI issued **3** licenses of this type, in 2009 - **13**, in 2010 - **40** (including 6 - updated), in 2011 - **41** (including 9 – updated).

7.4 Issuance of technical permits radio communications stations

In 2012, ANRCETI issued, upon request, **496** technical permits for radio communications stations, as below:

- **258** – for terrestrial mobile radio communications stations;
- **40** – for stationary radio communications stations;
- **198** - for amateur radio communications stations.

The statistics of technical permits issued by ANRCETI radio communications stations in 2010 - 2012 is shown in Figure 8.

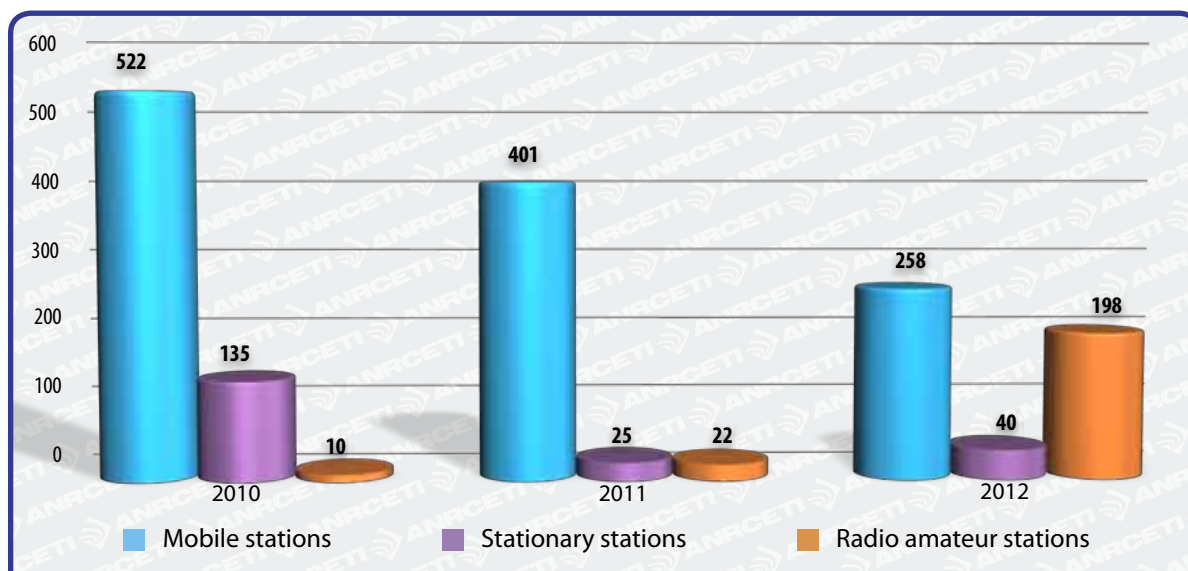


Figure 8 Dynamics of the number of technical permits issued by ANRCETI in 2010 - 2012

The analysis of the data presented in the diagram indicates cyclicity in the process of issuing one or another type of permit, a phenomenon caused by the term of validity of technical permits. Proceeding from the fact that the validity term of technical permits is three years, we ascertain that 2012 was the year when most of the technical permits expired and their holders applied for new ones. Therefore, the number of permits issued in 2013 for radio amateurs will once again be in decline. This trend, to different extent, influences the other types of technical permits.

8 MONITORING AND CONTROL

One of ANRCETI powers, under *Law 241/2007*, is to supervise compliance by providers of electronic communications networks and services with the legislation in governing the sector. ANRCETI exercises this power by its monitoring and control activities. ANRCETI's main objective in this regards, for 2012, was to continue its activity intended to raise the degree of compliance with the provisions of the legislation in force.

To meet this objective, ANRCETI performed a number of activities meant to prevent and remove the violations, by means of:

- training the providers in terms of correct application of the relevant regulations provisions;
- resolving the issues raised in the complaints and petitions submitted to ANRCETI, respectively, increasing the level of end-users protection;
- identifying the violations in the field of electronic communications.

8.1 Monitoring the application of normative and regulatory acts by providers

The monitoring activity performed by ANRCETI in 2012 comprises the regular and comprehensive analysis of the information from over **200** documents on different subjects, received from natural and legal persons, as well as from public institutions. Due to the monitoring actions of ANRCETI specialists, in 2012, **21** cases of potential contraventions were prevented. This activity was accomplished by informing the providers about their rights and obligations based on general authorization, about extension license validity, entry in force of new electronic communications normative and regulatory acts.

A special role in this respect referred to the two seminars, organized in 2012, for the central zone (Chisinau municipality) and Northern zone (Balti municipality) entitled "Consistent Implementation of Regulations in force - a prerequisite for success in starting and developing electronic communications businesses, providing for end-users' rights and interests." The two seminars were attended by over 100 representatives of 90 electronic communications companies.

These seminars became a platform for discussions about the current situation in the sector and the impact of the regulations issued by ANRCETI on the development of electronic communications across the country, the problems rural providers face and ways to address these problems.

In addition, during the seminar in Balti, the participants also reviewed draft Regulation on public electronic communications service provision to end-users, which is currently under public consultations. The opinions expressed by the participants at the seminar, other information gained as a result of monitoring actions were taken into consideration in finalizing the mentioned draft document.

8.2 Control of compliance with the legislation governing the electronic communications sector

The control represents a series of verifications (planned and unplanned) to verify the compliance of providers of electronic communications network and/or services with the provisions of the legislation in force, performed by the specialists of the Agency by visiting the providers, or by inviting their representatives to the Agency office. This work is carried out pursuant to the Regulations on control procedure in electronic communications, approved by ANRCETI Administrative Board Decision no. 9 of 18.08.2008.

The planned verifications made by ANRCETI are mainly based on the evaluation of the degree of providers' compliance with the norms, as established in normative and legislative acts, whereas the unplanned verifications are targeted at gathering the necessary material for reviewing and solving, under the power of competence, the problems described in complaints and petitions received by ANRCETI. The result of the verifications, where certain deviations are detected, based on their complexity, is the decisions/prescriptions and/or reports on contraventions.

In 2012, the Agency specialists performed **142** verifications, of which **103** – planned and **39** – unplanned.

The **142** verifications were focused on the following subjects:

- **101** - on the observance of the provisions of normative and legislative acts in electronic communications (72 %);
- **39** - on investigating facts described in complaints from state authorities, petitions and complaints from users (27%);

- **2** - on verifying the veracity of information included in the notifications and abstract descriptions of networks and services, presented as part of notifications (1 %).

The statistics of verifications in 2012 is shown in Figure 9.

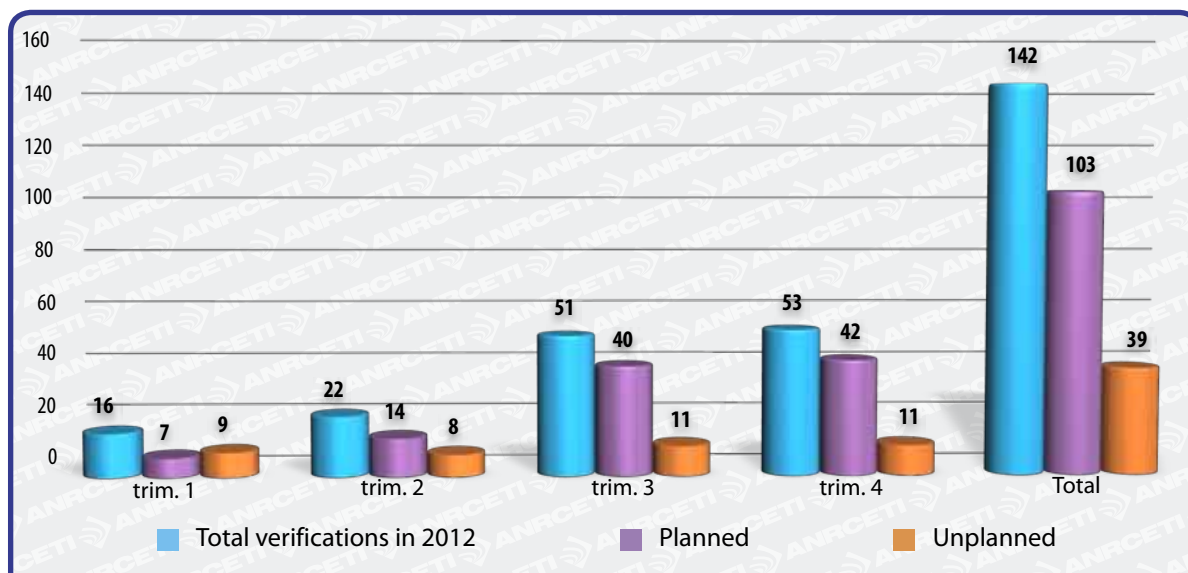


Figure 9 Statistics of verifications in 2012

The number of verifications increased significantly (by 57%) in the III^d quarter of 2012, as compared to IInd quarter, due to intensified process of identification of the non-operating providers. As a result of these verifications, in 2012, a number of 187 providers were excluded from the list of license holders or the Public Register of electronic communications network and service providers.

Additionally, in 2012, **15** verifications were carried out jointly with other state institutions entitled with control powers. (Ministry of Information Technology and Communications, State Fiscal Inspection, National radio Frequency Center, Ministry of Internal Affairs etc.)

Figure 10 shows the classification of 2012 verifications, as per fields of activity of the verified providers.

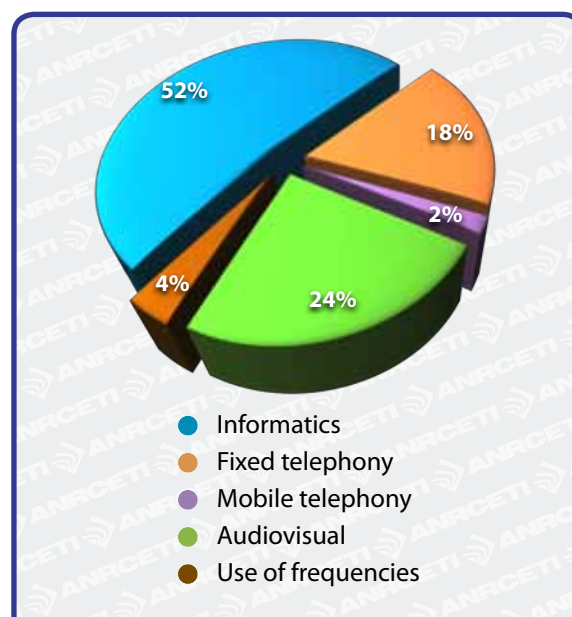


Figure 10 Classification of 2012 verifications per fields of activity

The biggest number of verifications - 74 (52%) concerned providers in the field of informatics, 34 verifications (24%) - providers of audiovisual program broadcasting and re-transmission services, 25 verifications (18%) - fixed telephone service providers.

The number of verifications carried out by ANRCETI specialists during the last three years, reached **401**. The dynamics of verifications in 2010-2012 is shown in Figure 11.

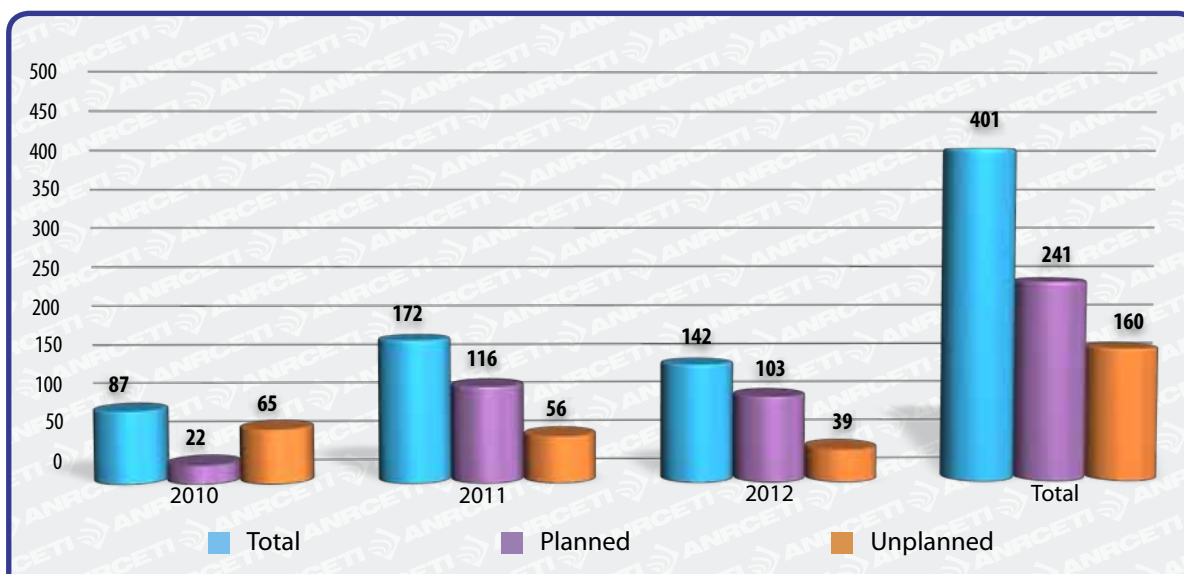


Figure 11 Dynamics of verifications in 2010-2012

The diagram data attest a continual decrease, in the timeframe 2010-2012, in the number of unplanned verifications – by 40%, compared with 2010, by 30% - compared to 2011. The tendency occurred, to a high extent, due to the monitoring actions made by ANRCETI specialists in 2012, as well as due to the training of providers, held during the preceding verifications.

All the verifications initiated by ANRCETI are completed by drawing up appropriate verification documents, whereas in case of identified contraventions, which affect the networks and/or services provided, as well as the legal interests of end users – by drawing up reports on the given contravention. In most cases, upon identifying a minor contravention, ANRCETI, pursuant to the legislation, issues decisions/prescriptions requiring termination of violation and/or actions to remedy the effects of these violations. As a result of ANRCETI's actions, the providers concerned complied to the requirements of the legislation in force, within the terms prescribed by ANRCETI.

8.4 Acts of Contraventions

The acts of contraventions in electronic communications are facts (actions or inactions) culpably committed on a particular market and are subject to

sanctions provided by Chapter XIV of the *Contravention Code no.218-XVI of 24.10. 2008*.

During 2012, as a result of the **142** verifications, ANRCETI specialists draw up **22** reports on contraventions, (less by **63%** against the **59** reports in 2011). As considered by ANRCETI, the tendency of the decreasing number of reports is mainly explained by the activities of instructing the providers during the verifications, as well as due to the two seminars held with the providers from the central and northern zones of Moldova.

The total number of reports, drawn up by ANRCETI specialists can be divided as follows:

- a) according to the subject of the contravention:
 - **13** reports concluded with reference to natural persons;
 - **9** - with reference to legal persons;
 - b) according to the type of activity provided:
 - **7** reports concluded on providers of electronic communications networks and/or services;
 - **15** - on other individuals (economic entities operating in transport, taxi services, construction etc. and natural persons, whose share in the total number of offenses exceeds 68% compared to 46% in 2011).
- Figure 12 shows the classification of reports, depending on the committed contraventions.

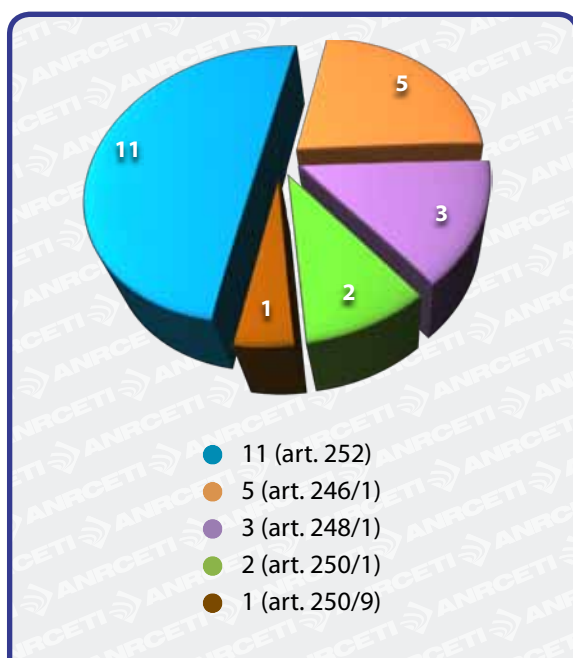


Figure 12 Classification of reports, depending on the committed contraventions

According to the Diagram, the most frequent detected contraventions refer to:

- unauthorized connection or permission of connection to electronic communications networks (Art. 252 Contravention Code);
- unauthorized provision of electronic communications networks or services (Art. 246 (1), Contravention Code);
- use of radio communications stations and, implicitly, radio frequencies without a license or technical permit (Art. 248 (1) Contravention Code).

All the reports were submitted to competent courts. According to the situation on 31.12.2012, the courts examined and issued rulings for **19** cases, as follows:

- **14** - applying sanctions, in the form of fines;
- **3** - contravention acknowledged by the court, however, the sanction was not applied for the reason of prescription term expiry;
- **2** - classified by the court for various reasons (death of the offender, lack of sufficient evidence etc.).

As a result of case examination, according to court rulings, contravention sanctions, in the form of 35,8 thousand lei fines (1790 conventional units), were applied to offenders.

During 2012, the Court of Appeal (Criminal Collegium) from Chisinau examined **6** appeals filed by offenders against the rulings of the Centre Court of Chisinau, through which, based on the reports

made by ANRCETI, the offenders were fined. Those reports were drawn up in 2011, whereas their first instance and/or Court of Appeal examination took place in 2012.

As a result, in **5** cases, the Criminal Collegium of the Court of Appeal dismissed the appeals as being unfounded, maintaining in force of rulings under appeal. As for the contravention of Pavel Postolachi, administrator of "GONVARO-CON" Ltd, the Court admitted the appeal, cancelling the contested ruling and ordered the case to be sent for a new examination to another panel of the first instance.

Of the 5 cases „won” in court, 4 reports were made by ANRCETI specialists with reference to construction companies, the actions of which violated the rules for electronic communications networks protection and a report on citizen Stepan Piron, who used unsigned radio frequencies audiovisual retransmission.

In 2013 ANRCETI will continue to supervise the compliance of electronic communications market players with the legislation in force by monitoring their activities and also, if appropriate, make the necessary verifications in order to improve the situation in this respect.

A special role in these activities will refer to the supervision of how the providers will implement the Regulation on public electronic communications service provision to end-users, a document to be approved by ANRCETI Administrative Board in the first quarter of 2013.

9 DISPUTE RESOLUTION

9.1 Disputes between providers

According to Art. 9 (1). q) of Law 241/2007, one of the main ANRCETI powers is to solve disputes between providers of electronic communications network and/or services, in order to ensure fair competition and protect the interests of end users. According to Article 14 (5) of the mentioned Law, where the providers cannot independently solve the disputes between themselves, they address the disputes to ANRCETI to be examined in the framework of its powers. At the request of any party, ANRCETI adopts a binding decision to resolve the dispute. ANRCETI decision may be challenged in the competent court.

The dispute resolution activity is performed according to the Regulation on dispute resolution procedure in electronic communications, approved by ANRCETI Administrative Board Decision no. 15 of 23.09.2008.

9.2 Settled disputes

In 2012, ANRCETI examined and took decisions on two disputes – one between LLC “Sun Communications” and JSC „Moldtelecom” and the other between LLC „StarNet” and JSC „Moldtelecom”.

With respect to the first dispute, the complaint of LLC “Sun Communications” no.02-12/121 from 27.02.2012 served as basis for initiating the dispute settlement procedure. The company asked the regulator to interfere in the dispute, which appeared in the negotiation process with JSC “Moldtelecom” regarding the collocation agreement and electricity supply agreement. The claim of LLC “Sun Communications” was mainly based on the provisions of ANRCETI Administrative Board Decision no 5 of 28.03.2011 on imposing special ex-ante obligations on JSC “Moldtelecom” due to its SMP on the market for wholesale access to network infrastructure at a fixed location (hereinafter *ANRCETI Decision no.5/2011*). The applicant supported his claim by providing arguments that the conditions of the collocation agreement, proposed by JSC “Moldtelecom” are non-compliant with *ANRCETI Decision no.5/2011* and the provisions of the Civil Code of the Republic of Moldova.

After examining the dispute, ANRCETI Administrative Board issued Decision no. 09/LS of 26/04/2012, ascertaining the inadequate compliance of JSC „Moldtelecom” with the provisions of section 54 (5) and (8) of Decision no. 5/2011, according to which JSC “Moldtelecom” is required to include in its reference local loop/sub-loop access offer (RAO) commercial conditions for the provision of unbundled access to the local loop/sub-loop and related services, in a sufficiently detailed way, including the pricing formulas or the remuneration amounts, the requirements and procedure for access to the collocated equipment and facilities of the provider’s staff, including SRL “Sun Communications”.

By the same decision, ANRCETI also ascertained non-compliance of JSC “Moldtelecom” with section 65 of ANRCETI Board Decision no. 5/2011, which prescribes that JSC “Moldtelecom” is required to include in the RAO (inclusively in the agreement for access service) provisions regarding damages to be repaired by JSC „Moldtelecom” in case of non-compliance with the established terms and/

or conditions for the provision of any form of access and/or any related service or delayed removal of defects.

According to the adopted decision, ANRCETI partially admitted the claims of LLC “Sun Communications” and advised that JSC “Moldtelecom” (i) review the Collocation Agreement concluded with the applicant in order to align it to the provisions of ANRCETI Decision no. 5/2011 and (ii) include in the collocation agreement, within 15 days, a method of damage compensation for the damage caused by failure to meet the established terms and/or conditions for the provision of any form of access and/or any related service or delayed removal of defects.

The second dispute settlement procedure started based on complaint from LLC „StarNet” no. SN 21/238 of 05.10.2012, claiming JSC „Moldtelecom’s” failure to comply with the provisions of section 40 of the Annex to *ANRCETI Administrative Board Decision no. 28 of 01.11.2011* on imposing special ex-ante obligations on JSC “Moldtelecom” in connection with its SMP on the market for traffic transit in public telephone networks (hereinafter *ANRCETI Decision no. 28/2011*).

Section 40 of the Annex to *ANRCETI Decision no. 28/2011* prescribes that in the case of international call transit to fixed geographic numbers or non-geographic location-independent numbers of other national providers, including LLC „StarNet”, the incumbent shall not require negotiation, establishment or maintenance of a tariff for national termination of these calls lower than 90% from the tariff applied by JSC „Moldtelecom” for similar national termination services in its own fixed network of the calls originated in the networks of foreign operators. The dispute settlement Commission ascertained that the interconnection agreement between the parts involved in the dispute provides for a 70% tariff (0,07 USD) of the tariff applied by JSC „Moldtelecom” in its international traffic termination transactions.

As a result of dispute mediation by ANRCETI, JSC “Moldtelecom” accepted to amend the interconnection agreement with LLC “StarNet” and change the tariff from 0,07 to 0.09 USD, which makes 90% of the international tariff charged by JSC “Moldtelecom”, this being compliant with ANRCETI Decision no. 28/2011, but only after adding to the interconnection agreement between the parties provisions to clarify the methods of settlement in accordance with the ITU Regulation and Art. 4 (1), Fiscal Code of the Republic of Moldova, No. 1163-XIII of 24.04.1997.

10 PROTECTION OF END USERS' RIGHTS

In 2012, ANRCETI built its end user protection activity on basis of its annual plan for the implementation of „National Consumer Protection Strategy for 2008-2012“.

The main ANRCETI's activities in this field were focused on the following aspects:

- raise the awareness of providers concerning their obligations in relation to end users and inform the end users with regard to their rights and obligations in relation to providers;
- develop regulatory documents meant to ensure the providers' compliance with end users rights;
- examination and settle petitions and complaints from end users.

10.1 Measures taken to the benefit of end users

In the timeframe under report, ANRCETI developed and subjected to public consultations the draft Regulation on public electronic communications service provision to end users. Drafting this document was necessary in order to adjust the secondary regulatory framework to the requirements of *Law 241/2007*, also given the lack of regulations governing the provision Internet access and audiovisual program retransmission services to end users. The Regulation is aimed at ensuring the protection of end users in their relations with service providers, transparency of tariffs and conditions of service use, permanent information of end users concerning all service provision aspects. This draft document is planned for ANRCETI's approval in quarter I, 2013.

In the year under report, ANRCETI continued the work on setting and updating the quality parameters of electronic communications services. For this purpose, ANRCETI revised Annex 2 of the *Administrative Board Decision no. 278 of 17.11.2009*, which sets the quality parameters for the public Internet access service. By *Decision no. 66 of 29.11.2012* ANRCETI extended the number of quality parameters for public Internet access services, by adding a set of parameters related to consumers' interests: a deadline for faults removal, frequency of end-users' complaints, frequency of complaints on derangements, complaints about service charges; terms for settling users' complaints.

By its Decision, ANRCETI established the methods of measuring the abovementioned parameters and

recommended the minimum values of these parameters, which are to be followed by providers. The latter should include, where appropriate, the above-mentioned quality parameters in the contracts with end users or the general service provision conditions.

ANRCETI considers that by ensuring the transparency of service quality parameters for Internet access service, the end users will be able to evaluate the overtime evolution of the service quality, which will help increase consumers' ability to best defend their interests and, at the same time, will stimulate and sustain competition on the market for Internet access services.

During the same period, ANRCETI approved a number of regulatory acts for number portability implementation in Moldova, an exercise aimed at ensuring end users right to free choice of public telephone service provider without the need to change their phone numbers.

10.2 Complaints and petitions

In 2012, ANRCETI reviewed and replied to **573** petitions from natural persons and legal entities, including **206** requests for access to information, **183** – requests for technical, legal and economic expertise, **132** complaints and **52** petitions conveyed during hearings and via ANRCETI's "green" telephone line - 080080080. The number of messages received in 2012 was almost the same as in 2011.

In most cases, the authors requested information regarding to the switch-over to the "closed" format of dialing fixed telephone numbers, the replacement of short local numbers "14xx" format with national short numbers "14xxx", the stages of general authorization procedure, information on providers operating on the electronic communications service market, legislation and market analysis, etc.. ANRCETI provided all due responses within the timeframes established by law.

Of **132** petitions registered with ANRCETI in 2012, **100** – came from end users, **32** – from providers. In 2012, ANRCETI received 38 petitions less than in 2011.

Figure 13 shows the situation over 2005-2012, in terms of petitions submitted to ANRCETI by electronic communications service providers and end users.

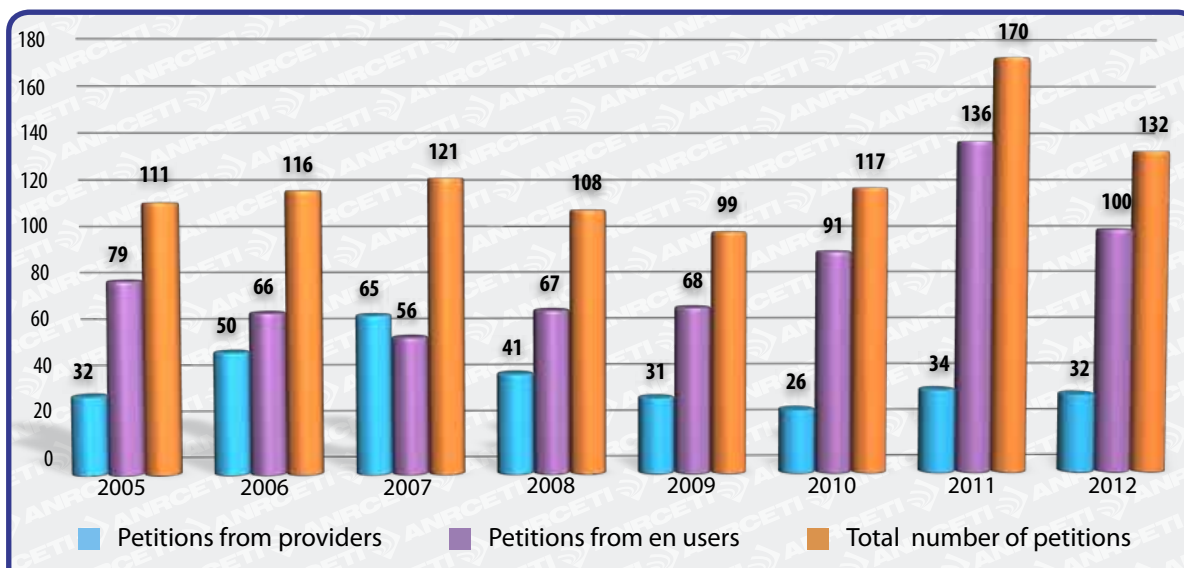


Figure 13 Number of petitions submitted to ANRCETI by electronic communications service providers and end users

Of the total number of petitions, registered in 2012, 89 were directly addressed to ANRCETI, 43 – via state institutions. Most petitions (80 %) were examined in the office, the others (20%) – during onsite trips.

The biggest number of petitions came from mobile users (34) and Internet access users (25). The users of interconnection and access services sent 18 petitions, those of TV program retransmission – 15 and those of fixed telephony services – 9.

Like in the preceding years, most petitions came from the users of the biggest providers on the electronic communications market – JSC „Moldtelecom“ (64 petitions), JSC „Moldcell“ (14 petitions), JSC „Orange Moldova“ (7 petitions), JV „Sun Communications“ LLC (8 petitions) and „Starnet“ LLC (9 petitions).

As a result of the investigations carried out by ANRCETI, it was found that 24 (18%) of the petitions are justified, whereas the facts described in 63 petitions (48 %) did not prove to be founded, these petitions being classified as unjustified. The signees of 24 petitions received due explanations, 5 petitions were referred to other entities according to competence, 6 petitions were rejected for being non-complainant with the legislation in force and 13 petitions were reviewed in January 2013.

Following the verification of the facts set forth in the justified petitions, ANRCETI warned the providers concerned about the ascertained infringements and required that they remedy the situation within the timeframe prescribed by law. This approach facilitated the identification of solutions to the problems raised by petitioners.

Table 2 summarizes the data regarding requests for information of public nature and the petitions examined by ANRCETI in 2012.

Table 2 Requests for information of public nature and petitions

	2011	2012
Total number of requests:	569	573
■ Requests for access to information, including electronically submitted	169	206
■ Requests for technical, legal and economic expertise	193	183
■ Petitions via “green line”	33	47
■ Petitions conveyed during hearings	4	5
■ Petitions	170	132
a. Depending on area of interest		
• Mobile telephony service	39	34
• Cable TV services	22	15
• Internet services	27	25
• Fixed telephony services	40	9
b. Aspects complained about:		
• Radio broadcasting	2	-
• Interconnection, access to infrastructure	16	18
• Content services	3	3
• Numbering resources	-	8
• general	21	20
• Concern regarding electromagnetic influence from basic exchanges on health	5	6
• Accuracy of billing data	21	26
• Tariff increase	16	5
• Quality of services provided, malfunctions	23	29

	2011	2012
• Abusive clauses in contracts concluded with end users	5	1
• Violation of contract clauses, interconnection agreements, normative acts	76	48
• Illegal disconnection from the networks/ restrictions for network access/ termination of services	17	11
• Discriminatory attitude in service provision in relation to different subscribers/anti-competitive actions of providers	6	-
• Unfair competition	-	4
• Numbering resources assignment	-	2
• Prejudices caused	1	-
c. Petiții după furnizorul de servicii/rețele		
• JSC "Moldtelecom"	87	64
• JSC "Moldcell"	13	14
• JSC "Orange Moldova"	8	7
• JV "Sun Communications" LLC	11	8
• "DIC" LLC	1	-
• "I.C.I. Resurse" LLC	1	-
• "Eventis Mobile" LLC	1	-
• "Starnet" LLC	8	9
• "Teodad" LLC	4	-
• "Realvit TV" LLC	1	-
• "Focus-Sat" LLC	2	1
• "PBX Service" LLC	1	-

	2011	2012
• JSC "Riscom"	1	-
• "Oldima" LLC	1	2
• State Company "Radiocomunicatii"	2	-
• "Danis" LLC	1	-
• "Tele-Crio" LLC	-	1
• "Extindere" LLC	-	1
• "Rosanin Plus" LLC	-	1
• "Iumas TV" LLC	-	1
• "Data Network Communications" LLC	-	1
• "Diana Net" LLC	-	1
• "Nordlinks" LLC	-	1
• "Arax Impex" LLC	-	1
• "Denavia TV" LLC	-	1
• "Cartel Sistem" LLC	-	1
• No provider specified	26	16
• Content service provider	1	1
d. Petitions from natural persons	118	100
• Petitions from legal entities	52	32
e. Petitions from network/service providers	34	32
• Petitions from end users	136	100
f. Justified petitions	46	24
• Unjustified petitions	72	63
• Petitions referred to other entities by competence	6	5
• Explanations presented	33	24
• Rejected petitions	-	6
• Pending petitions	13	10

It is notable that in most cases, the authors of the petitions conveyed during hearings and by "green line" - 080080080 - requested help from ANRCETI in solving concrete problems. ANRCETI specialists provided clarifications and recommendations on how to solve the problems as well as useful information and tips for a better understanding of the services and offers existing on the electronic communications market.

11 COMMUNICATION

The basic objective of the regulator's communication activity lay in the operative provision of information to industry representatives and to the public opinion regarding its initiatives, projects, decisions, activities of public interest, so that the stakeholders benefit from useful information about ANRCETI regulatory performance, news and the overall situation of the electronic communications market.

In 2012, the communication activities focused on covering the main actions undertaken by ANRCETI (the switchover to the "closed" format of dialing fixed numbers, replacement of local short numbers "14xx" with short national numbers "14xxx", the consultative seminars for providers, the organization of the tender for the selection of the centralized database administrator to implement number portability and the auction for a license on 3750-3800 MHz frequency sub-band, etc.), raising the awareness of the industry about public consultations and approval of regulatory documents, informing end users about their rights and obligations in relation to service providers.

11.1 Consultation process and communication with the industry

During the reporting period, ANRCETI upheld communication with the industry by organizing two consultative workshops for providers from the Central and Northern zones of Moldova, several working sessions for discussions on current regulatory issues, as well as public consultations on draft Administrative Board Decisions. An important role in the communication process with the industry is played by

ANRCETI website and the information sent to requestors electronically. During 2012, ANRCETI informative materials, Romanian and Russian (some of them in English as well), were electronically sent to over 160 stakeholders.

During this timeframe, ANRCETI subjected to public consultations, by means of its website, 65 draft Board decisions, of which 59 - were approved in the public Administrative Board sessions, the others will be reviewed and approved in the first quarter of 2013. All the consultations and public Administrative Board sessions were announced on the website,

being supplemented with information comprising the synthesis of the document contents, the rational for their adoption, data about accompanying documents and summaries of the recommendations made by stakeholders on consulted documents.

During the public consultations conducted in 2012, ANRCETI received 195 recommendations from with regards to the documents under consideration. Of the 195 recommendations received, 112 were qualified as justified and were considered for the modification and amendment of a number of ANRCETI decisions.

Table 3 Public consultation process with regards to ANRCETI draft documents, timeframe 2010 – 2012

		2010	2011	2012
1	Number of draft documents subject to public consultations	67	29	65
2	Number of draft documents announced on the website	67	29	65
3	Number of public hearings, debates and sessions	40	35	78
4	Number of recommendations received	420	240	195
5	Number of recommendations considered as justified	175	111	112
6	Number of decisions adopted	60	23	
7	Number of ANRCETI decisions challenged for non-compliance with <i>Law no. 239-XVI of 13.11.2008</i>	0	0	0
8	Number of sanctions applied for non-compliance with <i>Law no. 239-XVI of 13.11.2008</i>	0	0	0

11.2 Communication with the public

In its communication with the public, ANRCETI used, like in the previous years, two main working tools: its official website and mass-media. By means of these tools, ANRCETI performed two campaigns intended to inform the public: (i) about the replacement of local short numbers „14xx” with national short numbers „14xxx” (used for offering information services about transport, including taxi, medical services, etc) and (ii) about the transition to the new “closed” format of dialing fixed telephone numbers. In both cases, during TV and radio programs, ANRCETI officials presented communications, explanations and responses to questions from the public regarding the changes concerned.

In the informative campaign, ANRCETI actively used its electronic page, with tens of news and press releases on the subjects of interest. Note should be taken that during the recent years ANRCETI website has been accessed by a constantly increasing number of users. In 2012, Number the number of single visitors of ANRCETI website increased over 2011 more than twice: from 38,8 thousand, in 2011, to 80 thousand – in 2012, whereas the total number of visitors - by 44%: from 107,9 thousand to 155,3 thousand.

The statistical data regarding the visits to ANRCETI website show that from the total number of visi-

tors, almost half – 77,3 thousand (49,7%) – returned to the website once or several times during the year, while more than a half of the visitors – 78 thousand (50,3%) – accessed the website for the first time. In 2012, ANRCETI website was on average visited by 12,5 thousand de visitors per month. Most visitors – 115,5 thousand (74,4%) – are residents of the Republic of Moldova, the rest – from more than 130 countries of the world. Most visitors are from Romania (20,3 thousand), Russia (2,3 thousand), Ukraine (2,2 thousand) and USA (1,3 thousand).

According to the same statistics, the monthly average number of registered ANRCETI website views was 36,9 thousand. Most viewed sections of the website are: News – 105,4 thousand (23,8% of the total), Test your Internet speed – 27,8 thousand (6,3%), National short numbers 14xxx – 12,8 thousand (2,9%), market development (Charts) – 11,5 thousand (2,6%), assigned resources – 8,1 thousand (1,8%), Administrative Board Decisions – 7,7 Thousand (1,8%), Statistical forms – 7,1 thousand (1,6%).

ANRCETI specialists explain the increased number of visitors to the website by the increasing interest in the situation on electronic communications markets, technologies and services offered by market players, ANRCETI's regulatory activity, as well as the opportunities that the website offers to consumers of ICT services.

By accessing the website, they can not only find the necessary information about the providers operating in the ICT sector, their obligations in relation to users, but also to use the “online consultation” electronic form in order to ask questions and receive advice and answers from ANRCETI. Also, when the special compartments are accessed, such as “User’s page”, “FAQ” and “User’s Guide”, the consumers can learn about their rights and obligations in relation to their service providers, can receive advice on how to solve different issues, useful information for a better understanding of the services and offers on the market.

It should be mentioned that in 2012 ANRCETI website was updated and supplemented with new information resources and document search engine was implemented. The site has a new section launched - “Public data”, which contains the main papers on the current situation in electronic communications industry, about the providers and the limited resources, allocated by ANRCETI, as well as a new page with information about the providers operating in administrative - territorial units of the Republic of Moldova. For the first time, ANRCETI developed and posted five informative banners about the main events and public activities performed.

11.3 Communication with mass-media

In 2012, ANRCETI continued to pursue its policy of openness for dialogue and cooperation with the media. The regulator willingly responded to invitations to radio and TV programs and to all the requests from mass - media to provide interviews and / or public information.

In most cases, ANRCETI officials provided information, explanations and comments on subjects, such as: advantages of using national short numbers for harmonized services of social value 116000, 116111 and 116123, number portability implementation, licenses for 4G services, switchover to the “closed” format of dialing fixed numbers etc. The last subject was discussed at the briefing entitled “The Republic of Moldova switches over to “closed” type of numbering plan, held on March 29, 2012. This event was widely covered by major television and radio stations, news agencies and nationwide publications.

The main emphasis in ANRCETI’s communication with mass-media was placed on the provision of information related to the regulator’s activities of public interest, developments on electronic communications market, initiatives, projects and regulations. For this purpose, during 2012, the Press Service wrote and published 125 press releases. These were displayed on the website, a big part being overtaken by several mass media publications.

Printed publications published about 40 articles related to ANRCETI activities, all being posted on the website as well. Also, electronic media distributed about 100 articles under similar subjects. Most materials from mass - media sources were overtaken from ANRCETI sources (press releases, news, answers to requests for information, interviews, participation in events), usually bearing a neutral character.

12 INTERNATIONAL RELATIONS AND PROJECTS

In the context of European integration of the Republic of Moldova, ANRCETI established for 2012 a number of objectives designed to ensure a better visibility both at regional and international levels. These objectives were achieved by establishing and developing mutually beneficial relationships with international bodies and European regulatory authorities in ICT sector, especially those from Central and South - Eastern Europe and ANRCETI’s participation in major regional and international events related to the development of the ICT sector.

12.1 Partnerships and projects

During the reporting period, ANRCETI actively participated in multiple activities within the Eastern Partnership (EaP) - a partnership agreement between the European Union (EU) and Armenia, Azerbaijan, Georgia, Moldova, Ukraine and Belarus, for the purpose of strengthening the bilateral and multilateral relations and the cooperation between these countries. ANRCETI attaches great importance to the participation in the EaP platforms, because this partnership provides a new framework for cooperation and exchange of best practices between the EaP countries and the EU, including to the creation of the EaP Electronic Communications Regulators Network.

12.1.1 Eastern Partnership activities

During 2012, ANRCETI was assigned with the task to coordinate the establishment of the EaP Electronic Communications Regulators Network (hereinafter EaP Regulators Network) and hosted the inaugural meeting of this Network, which took place in Chisinau, on September 11, 2012. This event brought together the leaders of EaP regulatory authorities, in order to sign a Memorandum of Understanding regarding the newly-established Network.

The idea of creating this organization was launched and discussed at the seminars for EaP regulators, organized with the support of the EU in Vienna, Austria, in October 2010 and Trakai, Lithuania, in June 2011. The draft document establishing the EaP Regulators Network was discussed in November 2011, at the seminar held in Barcelona, Spain, where it was decided to submit the document for approval procedures by competent authorities of EaP countries and sign it at the meeting in Moldova, the country which was entrusted to coordinate the Network creation.

The Memorandum of Understanding signed in Chisinau establishes the structure and the way the Network will operate, its objectives, commitments of partner regarding the Network membership and the terms and conditions for participation.

The main objective of EaP Regulators Network is to establish and develop cooperation relations of between regulators from EaP countries and their counterpart authorities from EU countries, members of the Body of European Regulators for Electronic Communications (BEREC), by coordinating the ICT regulatory principles in order to streamline the regulatory process and ensure its predictability.

The creation of the EaP Regulators Network is one of the objectives of the EaP roadmap, which aims to bring the EaP member states closer to the European community, including by supporting the economic, social and political reforms in these countries. To achieve the goal, the EaP Regulators Network will be supported by a technical assistance project for 2013 - 2014, provided by the EU.

ANRCETI representatives presented detailed information regarding the results of Chisinau meeting and the planned activities of the EaP Regulators Network at the VIIIth Eastern Partnership Platform II Meeting „Economic integration and convergence with EU Policies”, which took place in November 2012, in Bruxelles, Belgium. The participants (representatives of the European Commission and European Parliament, EBRD, ETF (European Training Foundation), EESC (European Economic and Social Committee), ministries and public authorities from EaP and EU countries noted the results of the creation, the Memorandum of Understanding, the draft EaP Regulators Network Work Plan for 2013, as well as the agenda of the next Plenary meeting of the Network, to be held in the first qtr. of 2013 in Kiev, Ukraine.

12.1.2 Bilateral agreements

In 2012, ANRCETI strengthened cooperation with national regulators from Lithuania (RRT) and Romania (ANCOM).

As coordinator of the EaP Regulators Network creation, ANRCETI actively cooperated with the regulatory authority from Lithuania, appointed as deputy coordinator of this process. The institution provided the necessary support for the preparation of due document for Network creation and for the organization of its first session. At ANRCETI's request, within the framework of TAIEX, experts from RRT delivered a workshop in Chisinau, to ANRCETI specialists, sharing their experience in general authorization, licensing radio frequencies, monitoring, control and contraventions. The regulator from Lithuania provided assistance in organizing a visit of an ANRCETI official to Vilnius, in order to study and take over their experience in organizing a centralized database for number portability implementation.

In order to strengthen this cooperation, the leaders of the two regulators signed in September 2012, a Memorandum of Understanding intended to facilitate the exchange of information and experience regarding ICT regulation. It is a framework for cooperation between the two sides in regulation and surveillance of electronic communications markets, joint actions meant to promote competition and end-users interests, according to the best international and EU practices.

In the framework of the Memorandum of Understanding to facilitate cooperation and exchange of information with the regulatory authority from Romania (ANCOM), in May 2012 ANRCETI representatives visited the Romanian regulator to study the best practices of electronic communications regulation, whereas in November 2012, ANRCETI participated in the international conference "Back to the future: Romanian Communications Market in the next 10 years", an event related to the 10th anniversary of electronic communications and post regulation in Romania. During the same period, ANRCETI experts attended the second meeting of the Regional Working Group CEE on "Harmonization of mobile communications spectrum", held in March 2012 in Bucharest.

12.1.3 TAIEX technical assistance project

In 2012, ANRCETI benefited from a new technical assistance project provided within the framework of the EU TAIEX instrument. Under this program, a team of experts from the regulatory authority of Lithuania delivered a workshop to ANRCETI, devoted to the analysis of the legal and regulatory framework for authorizations, for licensing of spectrum, monitoring and control of activities of electronic communications providers, the prevention and handling violations in the ICT sector.

During the workshop, ANRCETI specialists made presentations about the legal framework in this area, their experience and challenges, problems faced in the process of ICT sector regulation. The Lithuanian experts, who previously had made a review of the normative acts in the ICT sector of Moldova, and in the context of the EU regulatory framework, presented their findings, their comments and suggestions concerning the harmonization of Moldovan legislation with the European regulatory framework and provided recommendations for improving regulatory ANRCETI activity.

12.2 Organization of regional and international forums

Besides organizing and hosting the inaugural meeting for the EaP Regulators Network in 2012, ANRCETI hosted delegates and guests of other forums, seminars and conferences organized by the International Telecommunication Union (ITU) and the Regional Commonwealth in the field of Communications (RCC).

ANRCETI participated, jointly with the ITU and the Ministry of Information Technology and Communications (MTIC) in the Regional Development Seminar for CIS countries "ICT Development Policy and Strategy in CIS. Aspects of regulation", held in May 2012 in Chisinau. During the same period, a team of specialists from ANRCETI attended the Regional Development Forum for Europe and the CIS "Next Generation Networks (NGN) and broadband communications," in Chisinau organized by the ITU and MTIC as part of the Days of Information Technology and Communications in Moldova - 2012. The Forum participants discussed various aspects related to the regulation of wireless broadband communications, promotion of competition and drawing investments in the development of this market segment.

12.3 Participation in regional and international forums

In the year under report, ANRCETI representatives participated in many forums, seminars and meetings organized by regional, European and international ICT bodies, which helped make the regulator more visible outside the borders of Moldova.

ANRCETI also took part in multiple activities of the Regional Commonwealth in the field of Communications (RCC) and the Commission for coordinating the activity of regulatory authorities within RSS, chaired by ANRCETI Director, Sergiu Sitnic. The cooperation with this regional organization provides opportunities for the coordination and settlement of problems in the ICT sector in the countries of this region and to exchange of experience on ICT development.

Thus, ANRCETI representatives attended the following events under the auspices of the RCC;

- 46 meeting of the Board of the Heads of Communications Administrations (Ashgabat, 12.06.12 – 13.06.12);
- VI-a meeting of the Commission for Commission for coordinating the activity of regulatory authorities within RSS (Kiev, Ukraine, 14.09.12);
- 26 joint meeting of operators, Telecommunications Commission and Commission for Economy of Communications (27.09.12 – 29.09.12, Almaty, Kazakhstan).

For the first time in 2012, ANRCETI attended (November 2012) one of the workshops organized by the regulatory authority of Turkey – ICTA. The workshop was devised to share ICTA's experience in terms of development of regulations for the ICT sector.

ANRCETI specialists were also invited (October 2012) by the National Agency for Internet and Security and National Communications Commission from the Republic of Korea to attend a number of seminars on "Policy of communications and radio broadcasting".

A representative of the Authorization and Control department of ANRCETI took part (May – July 2012) in a training "New Telecommunications Technologies and Equipment Maintenance", held in Wuhan, China, under the auspices of Chinese Ministry of Commerce and Telecommunications and Post Research Institute. The participation was facilitated by the Embassy of China in Moldova, which, at ANRCETI's request, offered this training. ANRCETI representative, delegated to the training, studied deferent technologies, including optical, network transmission equipment and its adjustment/configuration according to network topology.

For 2013, ANRCETI intends to continue to strengthen cooperation relations with the ITU, BEREC, RCC, EaP regulators Network, to contribute to the good accomplishment of the signed agreements. ANRCETI will also work with the European Commission within the EaP Regulators Network project and take sustainable efforts to fulfill its mission of a coordinator to the activity of this Network.

13 HUMAN RESOURCES

In pursuing its HR policy, ANRCETI focuses on creating and maintaining a work environment leading to the formation of a stable and efficient staff, to a correlation between employees' content with their creativity in their work and the need for continuous training.

13.1 Management of human resources

In promoting its HR policy, ANRCETI is following the following basic objectives:

a) planning and organization of human resources (staff planning, remuneration, training and development programs);

b) staff management (operational management and administration procedures of the available human resources etc.);

c) staff integration (creating and maintaining an appropriate work environment, freedom of expression, teamwork, organizational communication, motivation of employees).

In terms of motivation, ANRCETI implemented a strategy meant to encourage the employees to have a better work performance, be punctual and disciplined, to be creative and come up with work-improving initiatives and proposals.

The elements of this strategy are laid down in two documents approved in 2012 by ANRCETI Administrative Board Decision: the *Instructions on awarding ANRCETI distinctions* and the *Regulation regarding the method for length of service calculation for the bonus as per cumulative length of service in electronic communications industry and information technology, for ANRCETI employees*.

By approving these decisions, ANRCETI implemented a motivational incentive framework for its employees' successful performance. According to the *Instruction on awarding ANRCETI distinctions*, ANRCETI instituted diplomas and special awards for the best results achieved by ANRCETI subdivisions and employees.

In august 2012, on the 12th anniversary of the Agency, the Technical Regulation and Standardization Department was awarded the Agency's Cup "Subdivision of the Year", with the awarding diploma, for success, teamwork spirit, perseverance, professionalism and responsibility. Also, five employees were awarded Merit Diplomas, for creativity, perseverance and professionalism.

As per the situation on 01.01.2013, ANRCETI staff comprises **54** employees, about 89% of whom are specialized staff. The core team is the staff aged **30** and **49** (60 %). The staff aged **20** and **29** makes **18,5 %**, those aged 50 – 59 and 60 – 69 – **11,1%** each (Figure 14).

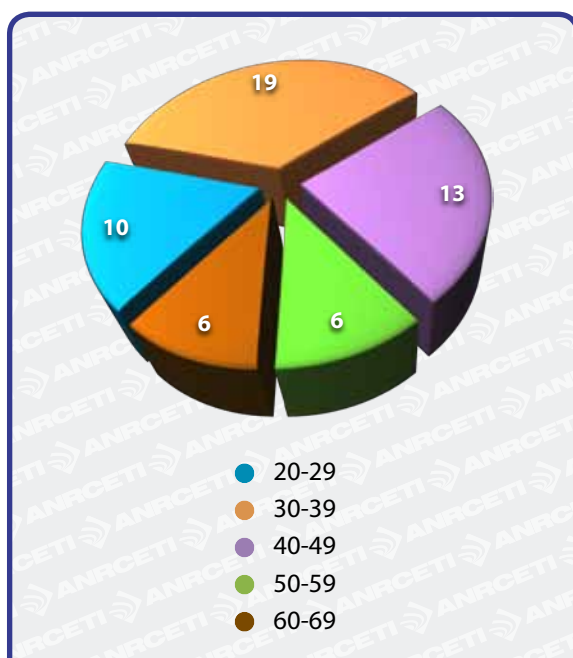


Figure 14 Structure of ANRCETI staff as per age category

The structure of the staff by qualification shows that ANRCETI possesses significant potential for development. Thus, on 01.01.2013, of the 54 ANRCETI employees, 48 - have completed university-level education (88.9%), of which 19 also have postgraduate degrees, and 7 - two higher education degrees. The employees with technical degrees are highest share - (26), followed by those with economic and legal degrees (10 each), humanitarian degrees (14), other - 6. These data are shown in Figure 15.

13.2 Professional training of ANRCETI staff

The professional training is a priority for the Agency and envisages a permanent adjustment and renewals of employees' knowledge and abilities. In 2012, ANRCETI focused on the diversification of the know-how, by means of a various training program, according to the vectors of its activity and pursuing quality standards.

In this timeframe, the professional training of ANRCETI employees consisted of seminars, workshops and trainings in the country and abroad. An important role in this process was performed by the technical assistance project by means of TAIEX instrument, offered to ANRCETI by the European Commission in March 2012. Under this program a team of experts from Lithuania delivered a workshop in Chisinau, attended by several ANRCETI specialists. The discussions focused on the normative and regulatory analysis of the general authorization, licensing spectrum use, monitoring and control of providers of electronic communications networks and services, prevention and fight against violations in the ICT sector.

ANRCETI employees also took part in several trainings organized in China, Korea and Turkey:

"New Telecommunications Technologies and Equipment Maintenance", held in Wuhan, China, under the

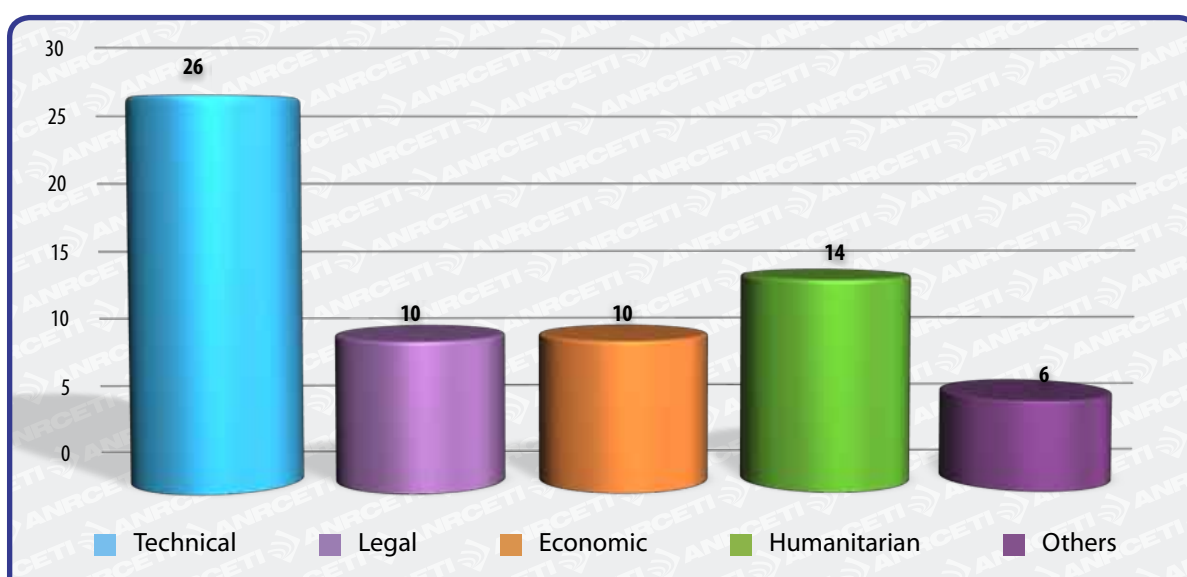


Figure 15 Structure of ANRCETI staff, as per education degree

auspices of Chinese Ministry of Commerce and Telecommunications and Post Research Institute; the training "Policy of communications and radio broadcasting", National Agency for Internet and Security and National Communications Commission from the Republic of Korea (October 2012), the workshop on issues related to ICT regulations development, organized by Information and Communication Technologies Authority of Turkey (November 2012).

14 CONCLUSIONS. OBJECTIVES AND PRIORITIES FOR 2013

The analysis of ANRCETI's performance regarding meeting its objectives, as set in the Activity Plan and in the Program for regulatory acts development for 2012, as well as the facts described in this Report show that the regulator has generally fulfilled the main tasks established for the previous year. Proof to this are the number and nature of decisions adopted by ANRCETI Administrative Board in 2012: 59 Decisions, most of which (35) are of individual nature and concern the activity of concrete providers. Also, the Board approved 291 decisions, most of which (187) refer to license issuance for the use of limited resources and information technology activity.

It should be mentioned that most of ANRCETI decisions concern the regulations of number portability implementation, use of spectrum, for the development of broadband services, imposing ex-ante obligations on SMP providers.

Based on these decisions ANRCETI organized three actions of paramount importance for the electronic communications market: (i) tender to select an administrator of the centralized database for number portability implementation and designation of the administrator, (ii) issuance of two licenses for the use of radio frequencies/channels in the 2500-2690 MHz band for the provision of broadband radio access electronic communications networks and services(4G), (iii) preparation for the license auction for the use of radio frequency sub-band 3750-3800 MHz of the 3600 - 3800 MHz band, for the provision of public electronic communications mobile terrestrial services with broadband radio access.

An activity as important as the previous one, for boosting the competition on the electronic communications market was the completion of the first cycle of market analysis, concerning the markets defined by ANRCETI in 2009 as susceptible to ex-ante regulation and launching the second cycle of analysis, and especially imposing ex-ante obligations on SMP providers.

A vivid example in this regard is the new obligations on call termination tariff reduction imposed by ANRCETI to SMP providers on the markets for call termination in individual fixed and mobile networks. They were required to continue, in 2013 – 2014, to gradually cut down the said tariffs (in four 6-month stages), so that by July 1, 2014 these tariffs correspond to LRIC costs (Long-Run Incremental Cost). With these measures ANRCETI creates competitive conditions for the development of telephone service providers' businesses, regardless of networks sizes, customer base and time of their market entry, so that end users enjoy high quality services at competitive rates.

In 2013, ANRCETI will continue to promote ex-ante regulatory measures to regulate the activity of SMP providers within the second cycle of analysis of the nine relevant markets defined as susceptible to ex-ante regulation. The regulator will analyze the status of competition in these markets for the designation of SMP providers, review the previously imposed ex-ante regulatory remedies in order to decide whether to maintain or withdraw them.

One of the main priorities for ANRCETI in 2013 aims at ensuring the number portability implementation in mobile and fixed networks and to monitor the implementation of these actions.

ANRCETI's priority list for 2013 includes a number of important activities related to the implementation and development of broadband wireless access, such as three auctions: two - for issuance of licenses for the use of spectrum for public electronic communications terrestrial mobile services with broadband wireless access (sub-band 3750-3800 MHz of the 3600 -3800 MHz band and radio frequencies /channels of the 2500-2690 MHz band) and a third auction - for a license to use radio frequencies/channels in the 2100 MHz band for the provision of cell mobile communications services (3G).

ANRCETI is also planning to approve a number of amendments to the Regulation on Interconnection, subject to public consultations in 2012, and the Regulation on dispute resolution procedure in electronic communications. As well, it will adopt the draft Regulation on public electronic communications service provision to end-users, publicly consulted in the autumn of 2012 and the quality indicators for broadcasting services. These regulatory actions are aimed at strengthening the measures of end users' rights protection, which is one of the main factors driving the development of the electronic communications market.