



Wholesale Public Fixed Network Interconnection Markets - Markets 8, 9 & 10¹ of the European Commission Recommendation²

Wholesale call origination, transit and termination services are the necessary wholesale elements used for the provision of retail voice telephony. As a preliminary matter for the definition of individual wholesale interconnection markets, EETT has considered the appropriate boundary points between the different types of interconnection services. EETT has drawn the boundaries for "origination" and "termination" at the point at which local exchange functionality is located, in the way that OTE currently defines local origination and local termination (within the framework of its existing Reference Interconnection Offer). As a result, origination incorporates carriage from the end-user's premises through the primary switching stage. Termination is effectively the reverse – i.e., from the terminating primary switching stage to the called party's premises. Transit comprises all other elements of call routing, involving at least one tandem exchange. It includes the tandem and double tandem elements of calls.

Market Analysis Results - Regulatory Obligations

Applying the criteria, as laid down in the European Commission Guidelines and Recommendation for the definition of relevant EETT -following a public consultation- defined the following wholesale Public Fixed Network Interconnection Markets, the geographic scope thereof is national, namely the Greek territory:

- > Call origination on the public telephone network provided at a fixed location (Market 8).
- > Call termination on individual public telephone networks provided at a fixed location (Market 9).
- > Transit services in the fixed public telephone network (Market 10).



An analysis of the aforementioned markets, with regard to the existence and the level of effective competition therein, has led to the conclusion that all three markets are characterized by lack of effective competition, as well as that OTE is the operator that should be defined as having Significant Market Power (SMP) in all three markets, based on a number of criteria:

- A. The market share of OTE compared to those of other providers, operating in the relevant market, taking into account the development of the market.
- B. The possibility of potential competition that could exert pressure, especially in view of the barriers to entry in the market and the development thereof.
- C. The existence or non-existence of countervailing buying power from other providers over OTE.

With regard to Market 9, in addition to OTE, each fixed network operator listed in Annex A³ to EETT's Decision has been designated as having SMP in the relevant market of wholesale call termination services for calls to end-users on its fixed telephone network.

Call Origination Market (Market 8)

With regard to Market 8, EETT has found that the relevant call origination market is a multi-network one and that it includes the provision of call origination services for calls to end users and

calls to providers, on a national scale. In the said market, OTE enjoys an overwhelmingly high market share (100%), whereas it is the only company offering call origination services to third parties in Greece through Carrier Selection and Pre-Selection. At the same time, there are strong barriers to entry in the market and there is a lack of a substantial competitor in local access, whereas it is clearly evident that, in the absence of regulation on the OTE wholesale call origination rates, there would be no countervailing bargaining power on the part of alternative fixed line operators, given that they have no credible alternative suppliers of call origination services.

Call Transit Market (Market 10)

EETT has defined a relevant multi-network market for the provision of wholesale transit services on the public fixed telephone network. More specifically, once the delimitation between origination and termination has been identified, transit is in turn identified as that service which comprises all other elements of call routing not covered by those two concepts, involving at least one tandem exchange (and including the single and double tandem elements of calls). As such, this 'tandem to tandem' transit concept may include elements of the originating operator's network, the terminating operator's network, or even elements of third parties' networks.



To decide whether there is a provider having SMP in the relevant market, EETT took into consideration the same factors as examined above for the call origination market. The EETT analysis has led to the conclusion that, in the absence of regulation, market forces would be rather unable to restrict transit rates, mainly due to the fact that the said service is usually provided by OTE together with call origination and termination services.

Call Termination Market (Market 9)

The Commission, in its current review, has adopted the view that it is only reasonable to focus on local termination as the relevant call termination market. Thus, since origination includes the carriage from the end user's local loop to the primary switching level, termination is practically the opposite, namely the carriage from the terminating primary switching stage to the called party's premises. EETT has defined multiple individual relevant markets for the provision of wholesale fixed termination services per network. Subsequently, EETT has recommended that both OTE and all other fixed telephony providers that have subscribers and terminate calls in their networks should be defined as having SMP in the wholesale provision of call termination to end users on their public telephone networks⁴, given that they are all 'monopoly' suppliers to their respective retail customer and are not subject to any effective competition restriction with regard to the provision of call termination services to their retail customers.

Recommended Regulatory Obligations

As a remedy to the lack of effective competition in the relevant interconnection markets, EETT has recommended that OTE should be subject to a series of regulatory obligations, which are detailed hereunder. The said obligations pertain to the three relevant wholesale interconnection markets (except if determined otherwise), which have been defined by EETT.

More specifically, OTE is subject to the following obligations:

• Access Obligation, which includes:

- > The provision of wholesale call origination (including call origination through Carrier Selection/Pre-Selection to geographic and non geographic numbers and call origination to geographic and non geographic numbers of other providers).
- > The provision of wholesale transit services (including transit linked to the wholesale call origination / wholesale call termination, and call transit between other networks).
- > The provision of wholesale call termination services.

• **Non-Discrimination Obligation:** OTE must apply equivalent conditions in equivalent circumstances (the same terms pertaining to services/information, the same quality of services), to others undertakings providing equivalent services, and must provide services and information to others under the same conditions and of the same quality as it does for its own retail arm (including its subsidiaries and affiliated undertakings).

• **A number of Transparency Obligations** in different forms, including

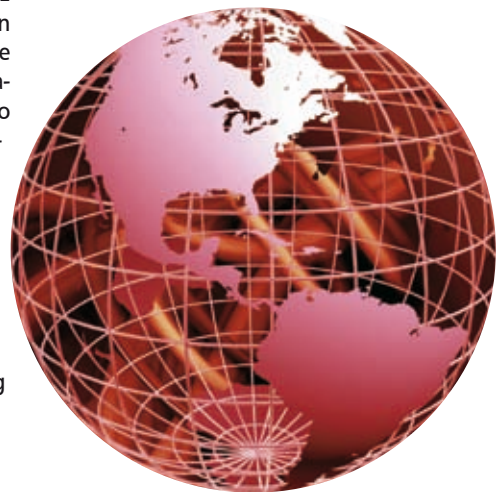
the obligation to publish a Reference Interconnection Offer (RIO) in order to ensure non-discriminatory treatment.

• **Accounting Separation Obligation** for OTE's activities related to the provision of interconnection services.

• **Obligation of Price Control and Cost accounting** for call origination, termination and transit services, related facilities, as well as Carrier Selection/Pre-Selection operations, based on the Forward Looking Long Run Incremental Costs (FL-LRAIC) methodology by using the Current Cost Accounting of fixed assets as a cost determination basis.

At the same time, the alternative operators referred to in Annex A of EETT's Decision are subject to a number of regulatory obligations with regard to calls terminating in their network, the most important of them being the following:

- **Obligation to Provide Wholesale Call Termination Services to other Providers of Public Networks.**
- **Non-Discrimination Obligation.**
- **A Number of Transparency Obligations.**
- **Price Control Obligation in the form of a Price Cap.**



1. The stipulations laid down herein are part of the "Notification to the European Commission of the Draft of the Regulatory Measures with regard to the Wholesale Public Fixed Network Interconnection Markets (markets no. 8, 9 and 10 of the European Commission Recommendation) in accordance with Article 7 of Directive 2002/21/EC", which was notified to the European Commission on August 31st 2006 and was approved without any comments. Subsequently, with regard to the above markets, EETT issued Decision n. 406/034/11-10-2006 issued in the Official Journal 1669/B/14-11-2006 in accordance with the approved as notified Draft of Measures.

2. Commission Recommendation of 11 February 2003 on relevant product and service markets within the electronic communications sector susceptible to ex ante regulation in accordance with Directive 2002/21/EC of the European Parliament and of the Council on a common regulatory framework for electronic communication networks and services, C (2003), 497.

3. These are the following companies: VIVODI TELECOMMUNICATIONS A.E, FORTHNET S.A., COSMOLINE, ALTEC TELECOMS S.A., TELLAS, TELEPASSPORT (HELLAS) S.A., VOICENET, HELLAS ON LINE, ALGONET S.A., LANNET S.A., TELEDOME, NET ONE S.A. and Q-TELECOM.

4. The operators concerned were selected based on the following criteria:

- They provide call termination services to other providers and charge a call termination charge for this service.
- Numbers or group of numbers have been assigned to them, and they, in turn, assign these numbers to end users at a fixed location.
- They have concluded at least one interconnection agreement.