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PTD SPEEDS UP LICENSES AND REFORM

The Post and Telecommunications Department (PTD) has been active recently administering and issuing new licenses and pushing for regulatory reform. In this note we outline some key developments in the Myanmar telecom sector in that regard.

International gateway license on the way

The PTD is proposing to grant the first batch of licenses for International gateway (IGW) in the country. It is said that the prospected licensees have been decided and the PTD is in the final stage before they clear some administration hurdles. As part of the licensing compliance requirement, PTD recently issued the Technical Specification and Quality of Service for International Gateway Service as a supplement on 5 April 2017. The technical specification, read together with the Guidelines on Provision of International Gateway Services (issued in September 2016), constitute the two rules directly regulating licensees holding the IGW license. The technical specification specified a set of parameters for ranging from routing, and quality of service to reporting and monitoring requirements. New IGW license holders shall comply fully with this technical specification immediately, and existing IGW operators are expected to be in full compliance by the end of 2017. The technical specification also gives PTD the power to determine "floor price" for international voice traffic terminating in Myanmar.

Highlights of this note

- ▶ International gateway license on the way
- ▶ PTD to look into interconnection prices
- ▶ 1800 MHZ spectrum license awarded to three mobile operators in Myanmar
- ▶ Draft Myanmar Communications Regulatory Commission Law

PTD to look into interconnection prices

PTD is recruiting eligible international interconnection pricing specialist as consultant to provide services to review current interconnection price regime and develop assessment mechanism and models for interconnection pricing. The recruitment is one step toward the Myanmar government's contemplated reform in the telecommunications sector to increase market competition and service level in the sector. By developing a proper assessment mechanism, the regulatory authority can enhance its regulatory framework under the current Interconnection and Access Rules, particularly for evaluation of rates for access and interconnection offered by various telecom operators in the market now. Precedent to this recruitment, PTD also recruited consultant in March 2017 to verify the performance of mobile operators' networks by conducting the drive test and quality of service measurement. The operation is intended to monitor whether the current mobile operators have fulfilled their commitment to their services level.

1800 MHz spectrum license awarded to three mobile operators in Myanmar

The Ministry of Transport and Communication (MCT) granted licenses on the 15 May 2017 for use of the 1800 MHz spectrum for a term of 12 years to MPT, Telenor and Ooredoo, which are each holders of a nationwide telecommunication license. The award of the spectrum did not go through auction or tender, unlike the auction for the 2600MHz spectrum held in late 2016. The licensees of the 1800MHz spectrum license have each paid USD 80 million as the spectrum fee. It should be noted that in the Consultation Paper for the 1800MHz Spectrum Allocation Process published by PTD in late February this year, Mytel, the fourth operator which just received the license in January this year, was part of the allocation plan, but it was not listed in the final announcement.

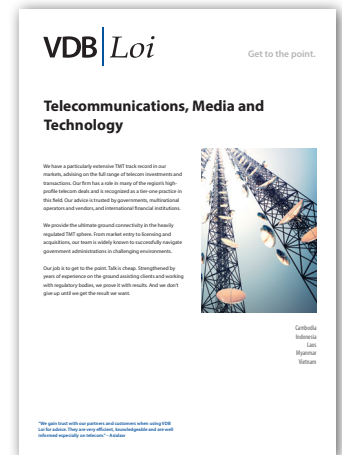
Draft Myanmar Communications Regulatory Commission Law

The MCT published the unofficial English translation of the draft Myanmar Communications Regulatory Commission (MCRC) Law in May 2017 and invites public comments for the draft law, following publication of the Burmese version in April 2017. The purpose of the law is to establish the MCRC as a regulator in the telecommunications sector and replace the PTD. Under the draft law, the MCRC will take up responsibilities from PTD to issue telecommunications licenses, allocate use of spectrum, administer industry standards, assist the Competition Commission (established under the Myanmar Competition Law effective in February 2017) in investigating competition complaints in the sector and investigate other contravention conduct in the telecommunications sector. It should also be noted that the draft law sets out a clear penalty amount. A breach of the MCRC law is subject to a fine up to US\$7500, and a breach of other relevant laws, rules and orders is subject to a fine up to US\$4500.

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Edwin is one of Myanmar's most prominent foreign legal advisers. He is widely recognized in Myanmar for his TMT experience, both on the transactional and regulatory fronts. He has advised 2 of the 3 telecom operators in Myanmar, including acting as local counsel for the licensing and market entry of a multibillion dollar greenfield telecom project. He has advised 5 out of 7 tower and fiber companies, and was the first to secure MIC permits for telecom systems vendors. He has a deep understanding of the financing aspects of the telecom industry, having acted for IFIs, commercial banks or corporate borrowers on all of the completed major project finance transactions, including the largest-ever financing deal acting for two DFIs in Myanmar. Edwin currently advises several Myanmar telecom operators, ISPs, infrastructure providers, lenders and vendors. Furthermore, he has provided technical assistance to the telecom regulator, the PTD. He has worked in the region since 1997, and has lived and worked in Yangon since 2012.

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TELECOMMUNICATIONS, MEDIA AND TECHNOLOGY TEAM

VDB Loi has created a practice team to support the partners comprising foreign and locally qualified lawyers and regulatory advisers work exclusively on telecommunications, media and technology matters.



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The Telecommunications team is led by Edith Xingfei Ruan. She qualified both in China and in New York. Edith lives in Yangon where she assists our clients in the telecommunications industry. She has extensive experience with the regulatory, financing, and transactional aspects of the TMT space.

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