

## Press Release Number 51/2014

Mexico City, October 29<sup>th</sup>, 2014

### THE IFT RELEASES ITS FIRST ACTIVITIES REPORT FOR THE THIRD QUARTER OF THE YEAR

- Starts the first phase of a study of radio spectrum occupancy to monitor their use in various areas of the country
- Emits new Policy on Transition to Digital Terrestrial Television (*Televisión Digital Terrestre*, TDT)
- Modifies the bidding to reduce the time and to its conclusion to be within the first quarter of 2015
- Make 104 inspections and verification operations, which led to the beginning of 28 procedures for imposing sanctions
- Publish the new Organic Statute and performs the institutional redesign of its structure according to the functions of the new regulatory framework

In the third quarter, the Federal Telecommunications Institute (*Instituto Federal de Telecomunicaciones*, IFT) undertook various measures to promote better conditions in the provision of telecommunications and broadcasting services in favor of competition, and therefore, users. This, in compliance with its legal mandate and attachment to its 2014 Annual Work Program.<sup>1</sup>

The IFT implemented and tracked the specific measures to be met by companies that were determined as Preponderant Economic Agents (PEA) in the telecommunications and broadcasting sectors. With these obligations, is prevented to affect competition for these industries and promotes users to receive services under better conditions.

In this regard, the regulatory body approved the various formats of short message that Telcel should send to their users in prepaid and postpaid schemes, through which local service tariffs will be informed, long distance, the price per minute to frequently used numbers, SMS rates

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<sup>1</sup> The third quarterly report covers activities from July 1<sup>st</sup> to 25 September 2014.

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and Megabytes, and the e-mail address and toll-free number where information may be consulted about rates applicable to its operations. The company will start sending these messages later this October 29<sup>th</sup>.

Regarding the PEA in broadcasting, the Institute decided the final terms and conditions of the Tender Offer Infrastructure, which should be ready to apply from the first day of January 2015.

Another major actions of IFT in the third quarter was the modification of the bases and call for tender frequencies to form two new digital television broadcast networks, among whose is notably a change to the dates of the process to reduce the time and completion is within the first quarter of 2015.

In the third quarter, the Institute issued the ruling of the International Public Tender for the acquisition of the "Technical System Testing the Radio Spectrum" (*Sistema de Comprobación Técnica del Espectro Radioeléctrico*), which will allow the expansion of the National Radio Monitoring Network (*Red Nacional de Radiomonitorio*, RENAR) of the Institute, which primordial aim is to monitor the spectrum in various parts of Mexico.

For this process 20 transportable mobile stations were acquired, as well as an independent control station for controlling these, which will complement the team that currently has the IFT, composed of a Regional Control Centre, an attended fixed station and ten mobile units of radio monitoring.

With such equipment radio monitoring activities and monitoring use of radio spectrum will be strengthened; work on location signals are also conducted in strategic locations nationwide.

Moreover, as a result of the entry into force of the new Federal Telecommunications and Broadcasting Law, the IFT issued a new Organic Statute which involved a redesign of its institutional structure, which led to the creation of new areas such as the Center of Studies, the General

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Coordination of User Policy, Strategic Planning, International Affairs and Regulatory Improvement as well as the Radio Spectrum Unit and Media and Audiovisual Content Unit.

Meanwhile, the Regulatory Policy Unit, the Concessions and Services Unit (formerly Services to the Industry Unit), and Compliance Unit (formerly Monitoring and Verification Unit), were redesigned with a convergent approach, which will allow greater specialization in the design and implementation of regulatory policy addressed to the sectors of telecommunications and broadcasting.

With regard to the projects implemented in coordination with the Federal Government, the Plenary of the Institute issued the new Policy for Transition to Digital Terrestrial Television (*Televisión Digital Terrestre*, TDT) which provides guidelines to be followed by concessionaires and license holders of this service to conclude the transmission of analog television signals on or before December 31, 2015.

For actions monitoring and verification by the Institute to ensure that concessionaires comply with their obligations under the concession agreements and other legal systems, a total of 104 inspections / verification are performed. As a result, 28 administrative procedures for imposing sanctions were initiated and 76 are in the process of opinion.

In terms of economic competition, the IFT took eight investigations for monopolistic practices, initiated proceedings for declaration of substantial market power, which is under investigation, by the Investigating Authority, and issued 34 opinions regarding concessionaires operations.

The Antitrust Unit substantiate various methods among which there are some that resulted in sanctions, as the corresponding to Corporativo Vasco de Quiroga, S.A. de C.V., for breach of the provisions of the conditions to which the authorization of a notified concentration was clamped

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with a fine of 53 million 838 thousand pesos and on Teléfonos de México, S.A.B. de C.V., with a penalty for 49 million 320 thousand pesos for the commission of relative monopolistic practice in the market for long distance call termination service in its public telecommunications network.

In the quarter reported, the IFT received a total of 178 requests for access to information, of which 67% had the access, 22% were refused for the information was reserved or non-existent, 9% were granted public versions were delivered and 2% was determined to discard requests.

The Transparency Council met on five occasions in the period from July to September in four review petitions that were presented at different times, an appeal was dismissed in May and two more presented in June were discontinued. Of the four review resources resolved, two were resolved in a favorable direction for the appellants, instructing the relevant areas to give access to the requested information.

The full text of the quarterly report is available on the website of the Institute in the following link:  
[http://www.ift.org.mx/iftweb/wpcontent/uploads/2014/09/3er\\_Informe\\_Trimestral\\_P\\_IFT\\_151014\\_363.pdf](http://www.ift.org.mx/iftweb/wpcontent/uploads/2014/09/3er_Informe_Trimestral_P_IFT_151014_363.pdf)

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The Federal Institute of Telecommunications (IFT) is the autonomous body entrusted with the regulation, promotion and supervision of the efficient performance of broadcasting and telecommunications sectors in Mexico, and also exercises, in exclusive manner, the authorities in matters of economic competition of such sectors pursuant to the Decree whereby several provisions of Articles 6, 7, 27, 28, 94 and 105 of the Political Constitution of the United Mexican States are amended and supplemented in telecommunications matters, published in the Official Gazette of the Federation on June 11<sup>th</sup> of 2013.

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