

Press Release
Number 37/2014

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First Anniversary

**THE FEDERAL TELECOMUNICATIONS INSTITUTE IS MONITORING THE
PREPONDERANT ECONOMIC AGENTS COMPLY WITH THE MEASURES
PROVIDED FOR THE BENEFIT OF END CONSUMERS AND COMPETITORS**

- It is the first time that firms with the largest stake in the telecommunications and broadcasting sectors are subject to the measures referred through which protection is provided to consumers, preventing free competition from being affected in service provision
- Its application will allow use of service under the best conditions

Within the first year of operations, the Federal Telecommunications Institute (*Instituto Federal de Telecomunicaciones*, IFT) has issued regulating provisions of great consequence for the development of the telecommunications and broadcasting sectors, having direct impact on behalf of consumers. For the first time in the history of telecommunications and broadcasting, companies with the largest stake in this sector will be subject to diverse measures. Its application is surveyed rigorously to provide protection to consumers and to prevent free competition that could affect them.

On March 6th, 2014, the Federal Telecommunications Institute (IFT), in compliance with the Constitutional Reform in Telecommunications matters, issued the resolutions determining the preponderant economic agents in the telecommunications and broadcasting sectors.

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Resolutions, celebrated within the first 180 day period after the Plenary was constituted, in agreement with the Constitutional mandate, through which an environment of competition is promoted among service providers and on behalf of consumers.

Telecommunications

Through Agreement P/IFT/EXT/060314/76, the economic interest group (stakeholders) was determined by the Plenary of IFT, being Telmex, Telnor, Telcel, América Móvil, Grupo Carso and Grupo Inbursa, as part of it as PEA of the telecommunications sector. The necessary measures were imposed to prevent free competition from being affected.

The following outstand:

- Wholesale roaming services (national roaming), allowing other mobile companies to provide their services in areas without coverage; hence, consumers can receive and make phone calls though the best possible coverage available.
- Commercialization and resale of services offered to operators lacking of infrastructure (MVNOs, Mobile Virtual Network Operators).
- Service provision of dedicated links, quality conditions to be met by the prevailing economic agent (PEA), (*agente económico preponderante*, AEP); such as, due delivery periods, fault repairs, minimum quality standards, non-compliance penalties, and all those that allow concessionaires to effectively provide their services through utilization of contracted links.

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- Rate control system applicable to prices for fixed end-users, via a price cap approach that includes a basket composed of voice and data services.
- Effective interconnection between mobile operators, fix operators and PEA, and determination of prices in respect to corresponding asymmetric rates.
- Access and sharing of passive infrastructure, via public offers approved by IFT. Free negotiation amongst the parties is privileged and, in case of disagreements, the institute shall decide the rates and conditions apply.
- Consumer protection by prohibiting conditional sales and telecommunications service interruption for non-payment of other goods and services as well as the obligation to provide clear and accurate information about services and fees, as well as unlocking terminals and eliminating roaming charges (roaming) for services rendered within the same network AEP, among others.
- Separation of accounts. Data provision in compliance with methodology established by IFT that will identify the presence of cross-subsidies.
- PEA shall not be able to acquire exclusive transmission rights of relevant audiovisual content determined by the institute or to engage in conducts of similar effects.
- Prohibitions on telecommunications AEP participation in social capital (stake), management or control of AEP in broadcasting were established.

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Obligations allowing unbundling of the telecommunication local network were also established:

Provide the necessary information to carry out the unbundling of the local loop and meet all different unbundling types of unbundling set by IFT.

- Participate in a technical committee that will be coordinated by the institute, with the collaboration of the industry, in order to technically implement the unbundling service.
- Provide a reference offer for the unbundling services of the local network with service levels of availability, fault repairing terms, among others.
- Make available to concessionaires, a management plan of the unbundling of frequency spectrum to ensure the deployment of signals of different types in the local loop, so that interference is minimized and the use of the frequency spectrum is optimized.
- Implement applicable tariffs and rates to unbundling services, determined by IFT.

On March 26th, 2014, the Plenary determined the asymmetric rates to be charged by PEA in the telecommunications sector, for the interconnections services to their network. Approved interconnection rates will be effective from the coming into force of the measures imposed by the PEA in the telecommunications sectors and until December, 31, 2014.

Broadcasting

On the other hand, on March 6th 2014, the Plenary of IFT issued a resolution through which the group of stakeholders integrated by Grupo Televisa S.A.B. and diverse related companies was determined, as the PEA in the broadcasting sector. Applicable measures were imposed, outstanding the following:

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- Access and sharing of passive infrastructure, via public offers approved by IFT. Free negotiation between the parties is favored and, in case of disagreements, the institute shall decide the rates and id conditions apply.
- PEA shall not be able to acquire exclusive transmission rights of relevant audiovisual content determined by the institute or to engage in conducts of similar effects. Should any of its channels of programming be offered by the PEA to their affiliated companies, subsidiaries, related companies or third parties through any technological platform different from television broadcast, these have to be provided to any other requiring individual under the same terms and conditions. Whenever two or more program channels are offered in package form, these shall likewise be offered unbundled.
- PEA is bound to publish and deliver to the IFT the information regarding advertising services offered on broadcast television, as well as the prohibition on conditioning or apply discriminatory treatment in relation to advertising spaces offered through their diverse technological platforms.
- Procedures as the prohibition on participating in buying clubs without the permission of IFT and establishing prohibitions on AEP participation in broadcasting in the social capital, management or control of AEP in telecommunications, were defined.

Hence, on May 30th, the Plenary of the IFT determined the audiovisual content that cannot be contracted by the PEA to be broadcasted on an exclusive basis:

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- a) Matches of the Mexican Soccer Team (Men's main team)
- b) Opening and closing sessions of the Summer Olympic Games organized by the International Olympic Committee
- c) Opening and closing sessions, opening matches, quarter final, semifinal and final rounds of the World Championship of International Federation of Association Football (*Fédération Internationale de Football Association*, FIFA), taking place every four years, commonly known as World Cup or Soccer World Cup.
- d) Final match of the first division League Cup, organized by the Mexican Soccer Federation, commonly known as MX League.

Both PEA have furnished the IFT with their reference offers for wholesale service provision. Documentation in reference was reviewed by the institute and handed back past August, including the remarks and requirements necessary to authorize the referred service provision under fair competition conditions. Hence, concessionaires shall file the new proposal meeting the demands requested to the institute.

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 Federal Official Gazette on June 11th of 2013.

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