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A brief message about communications

Auctions of frequencies

The Czech Telecommunication Office (CTO) decided to award the radio frequencies in the 800 MHz, 1,800 MHz and 2,600 MHz bands to Telefónica, T-Mobile and Vodafone. These companies were successful in the competitive tendering for the frequencies for LTE networks. The term for the fulfilment of the operators' obligation in developing criteria – reaching the set degree of coverage – has been running since the award came into force (end of February).

112 Day

On 11 February 2014, we commemorated the European 112 Day, which aims to raise awareness of the single emergency number in the European Union. The significance of 112 is particularly confirmed in cases where it is necessary to ensure cooperation of multiple units of the rescue system. In the Czech Republic, 112 is administered by the Fire Rescue Service. All 14 emergency call centres of 112 operate in regional towns.

End of virtual operator ViralMobil

After almost six months of operation, the virtual operator ViralMobil terminated its activity. This is the first case of a virtual operator leaving the domestic market. ViralMobil's services were based on subscription.



From the decision-making activity of the CTO: Creating a new contractual relationship when transferring a number

Within its decision-making activity, the CTO assessed the validity of the contractual provision in the general business terms and conditions that applied to number transfer. The provision regulated the right of the operator to activate the subscriber's phone number from its own number range, i.e. to effectively create a new contractual relationship in a situation where numbers were not transferred due to the reasons on the part of subscribers. In this case, the CTO concluded that such agreement is contrary to the principles of consumer protection, and thus invalid.

Certain parts of the decision of the Chairman of the CTO Council from January 2014, ref. No. ČTÚ-89 460/2013-603, have been selected to describe both the case itself and arguments of the CTO.

On 4 May 2012, the petitioner A. R. submitted to the CTO a proposal for the initiation of administrative proceedings

in the dispute between her and TCR a.s. (respondent).

The petitioner stated that she had concluded a service contract with a sales representative of the respondent, including the transfer of the phone number XXX XXX XXX. One month after the conclusion of the contract, the number was still not transferred, so the

petitioner accepted an offer of her existing service provider and entered into a contract with this provider.

The petitioner was informed by the respondent in an SMS that the operator activated a new phone number from its own numerical range.

The petitioner insisted on the invalidity of the contract whose subject was to transfer a number, which did not happen. Therefore, she believed that no contractual relationship between her and the respondent was established, which, however, the respondent objected to and continued to charge fees for electronic communications services provided to the petitioner.

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Telefónica

Beginning on 17 February 2014, Telefónica Czech Republic, a.s. (Telefónica) extended the use of LTE networks technology to voice tariffs. The fast Internet network (LTE network) is available to all Telefónica customers who are in the covered area and who have a SIM card and a mobile device supporting fast Internet technology.

In connection with the extension of LTE networks technology to voice tariffs, the speed of data downloaded was also increased. For example, with respect to the Internet v mobilu XL (Internet on Your Mobile XL) product with a 10 GB data limit, the speed of data download increased from 42 Mbps to 75 Mbps for a price of CZK 757 per month. If the data limit is exceeded, the speed of data download will slow down to 200 kbps.¹

Pre-paid card customers can now choose from a wider range of data bundles. For example, they can buy Internet v mobilu+ XS (Internet on Your Mobile+ XS), a data bundle with a weekly data limit of 20 MB for CZK 20 per week. Download speed is 8 Mbps; if the data limit is exceeded, the speed will slow down to 200 kbps, provided that the data bundle was ordered by the customer by 16 February 2014. If the data bundle was bought on 17 February 2014 or later, the speed of data downloads will be decreased to 64 kbps.

According to the published financial results, Telefónica's operating revenues from the mobile segment decreased by 10.7% to CZK 21,897 million. Revenues from mobile data services (excluding SMS and CDMA) increased by 29.5%.



As of 1 February 2014, Vodafone Czech Republic a.s. (Vodafone) changed the conditions of the "Vodafone první krok pro dítě zdarma" (Vodafone

Child's First Step) tariff, formerly the "Start pro dítě zdarma" (Child's Free Start) tariff. Within the tariff, the number of free minutes on the Vodafone network in the Czech Republic was changed. While in the past, customers could take advantage of unlimited calls on the Vodafone network in the Czech Republic, currently customers can use 50 free minutes on the Vodafone network for calls in the Czech Republic. Beyond the free minutes the customer pays CZK 3.49 per minute. Other conditions for the use of the services within the tariff remain the same. At the same time there was an increase in the data limit of the "Fér tarif 399" (Fair Tariff 399). The previous 150 MB data limit has been increased to 250 MB; the lump sum of CZK 399 per month has not been changed.



As of 1 February 2014, T-Mobile Czech Republic a.s. (T-Mobile) changed its prices of international calls for "S námi" (With Us) tariffs. Instead of the previous twelve tariff bands, the international calls are divided into four zones. Calls to neighbouring countries (Neighbouring Countries zone) cost CZK 6.99 per minute, calls in the rest of Europe (Europe zone) cost CZK 12 per minute, the price for calls to non-European destinations (World zone) is CZK 30 per minute, and the zone for satellite communications and calls (Satellite Networks zone) is charged CZK 200 per minute.² Calls are charged per minute (60 + 60).

As of 3 February 2014, T-Mobile started to offer shared Internet. For CZK 99 per month, customers with the selected "S námi"³ tariff can buy the second data SIM card (for example, for a tablet) that shares the data volume with the data limit which is part of the "S námi" voice tariff. The available shared data depends on the available data that is part of the voice

tariff.⁴ Download speeds depend on the speed that is offered with the voice tariff.⁵

As of 11 February 2014, T-Mobile started to offer the new "50 síť nesít" (50 Any Network) tariff designed for seniors aged 60 and over for a lump sum of CZK 149 per month, with a 24-month contract. As part of the tariff, customers receive 50 free minutes to all networks in the Czech Republic. Calling beyond the free minutes costs CZK 3.50 per minute; calls are charged per minute (60 + 60). Text messages to all networks in the Czech Republic cost CZK 1.50 per SMS. Within the tariff, customers can activate the "Internet v mobilu na den" (Internet on your mobile for a day) service for CZK 24 per day, with a data limit of 25 MB per day.

The published financial results show that T-Mobile's total revenues decreased by 9.5% to CZK 23,756 million. Mobile services revenues decreased by 15.9% to CZK 19,754 million.



As part of its special offer valid until 28 February 2014, UPC Česká republika, s.r.o. offered new customers discounts for Klasik, Komfort and Mini digital TV services. They apply to online orders with a one-year contract. The Klasik+ service costs CZK 200 per month instead of the standard CZK 400.57, and customers can also obtain one of the Sport, Relax or Darwin bundles free of charge. Within this tariff, customers can watch more than 50 Czech and Slovak channels, including 12 HD channels. The Komfort+ service costs CZK 379 per month instead of the standard CZK 578.49 per month, and during this limited period of time customers can watch more than 100 channels, including 23 HD channels (instead of 22 HD channels

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1 This speed is only provided for the tariffs agreed by 16 February 2014. In tariffs agreed on 17 February 2014 or later, the speed of data download will be decreased to 64 kbps. The 64 kbps speed limit also applies to all data bundles (Internet v mobilu S, Internet v mobilu M, Internet v mobilu L, Internet v mobilu XL, Internet v mobilu+ S, Internet v mobilu+ M, Internet v mobilu+ L, and Internet v mobilu+ XL)

2 For more detailed information about different zones (Neighbouring Countries, Europe, World, Satellite Networks), see the price list: Roaming Services section.

3 These are the following tariffs: S námi v síti+, S námi síť nesít, S námi bez hranic and S námi bez hranic+.

4 The S námi v síti+ tariff has a shared data limit of 200 MB, the S námi síť nesít tariff has a data limit of 1.5GB, and S námi bez hranic and S námi bez hranic+ tariffs have a data limit of 3 GB.

5 In the S námi v síti+ and S námi síť nesít tariffs, the maximum available speed of data download is 42 Mbps; in the S námi bez hranic and S námi bez hranic+ tariffs, the maximum available speed of data download is 100 Mbps.

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offered in January 2014). The customers who ordered the Mini digital TV service within the promotion online will permanently pay for this service a monthly price of CZK 154 instead of the standard price of CZK 221.64 per month, and they will also be able to watch more than 20 Czech channels within this service,

including 7 HD channels. The price per service connection is CZK 99.



Air Telecom a.s. had a time limited offer until 28 February 2014 for new customers. It applies to "AIR Mini" and "AIR Relax" tariffs which allow customers to use more free minutes to call to all networks in the

Czech Republic. Customers using the "AIR Mini" tariff will receive 10 more free minutes to all networks in the Czech Republic for the price of CZK 269 per month. Customers using the "AIR Relax" tariff will receive 20 more free minutes to all networks in the Czech Republic (the standard offer being 200 free minutes within the Czech Republic) for the price of CZK 369 per month.

From the decision-making activity of the CTO: **Creating a new contractual relationship...**

(continue from page 1)

According to the Constitutional Court Judgment, file No. ÚS 3512/2011, of 11 November 2013 "... **consumer contracts may not, subject to absolute nullity pursuant to the provisions of Section 56 of the Civil Code, contain provisions that, contrary to the requirement of good faith, to the consumer's detriment, imply significant imbalance in the rights and obligations of the parties. According to the illustrative list contained in Subsection 2 (g), such provisions include arrangements which the consumer was not able to become acquainted with prior to signing the contract.**

If the binding nature of business terms and conditions for the legal relationship in question is to depend on the consent of the parties to the contract, a mere reference is not sufficient. It must be supplemented with the familiarity with their content."

In this case, it was clear that the petitioner signed a contract referring to the Business Terms and Conditions of Transferring Numbers, but it was not substantiated whether she was actually acquainted with the Business Terms and Conditions of Transferring Numbers before the contract was signed by the employee of the respondent. The petitioner's allegation did not confirm the acquaintance with the Business Terms and Conditions of Transferring Numbers before signing the contract. The respondent insisted on the Business Terms and Conditions of Transferring Numbers as being part of the contract; therefore, the burden of proof rested on the respondent to demonstrate that the petitioner was acquainted with the Business Terms and Conditions of Transferring Numbers.

However, the respondent did not produce the evidence necessary in this regard.

The CTO also assessed the validity of the arrangements in Section 2 of the Business Terms and Conditions of Transferring Numbers. The documents clearly showed that by concluding a contract with the respondent the petitioner wanted to transfer a phone number from another service provider to the respondent, i.e. to keep her phone number and change the electronic communications provider.

Under Section 1753 of Act No. 89/2012 Coll., the Civil Code, which came into effect on 1 January 2014, *the provisions of the business terms and conditions that the other party could not reasonably expect, shall be ineffective if not expressly accepted by this party; the opposite arrangement shall be disregarded.*

The petitioner's statement clearly implied that her priority and main requirement in concluding the contract was to keep the phone number. Therefore, she requested the transfer of her number from the previous service

provider to the respondent. There is no doubt that she was also led by an economic interest, i.e. better prices for electronic communications services, which must also be taken into account.

The purpose of number transfer is to allow telephone subscribers to change electronic communications service providers (even repeatedly) without having to change the number. If the subscriber concludes a subscriber contract with a new electronic communications service provider containing an arrangement on transferring the phone number from the previous electronic communications service provider to the new provider, such a subscriber quite legitimately and in good faith expects that in the event that, for any reason, the transfer is not implemented, the subscriber contract with the new service provider was not completely performed, i.e. it is not perfect, so such a subscriber contract is not binding on the parties to the contract.

Radio spectrum management

General authorizations

On 12 February, the CTO Council approved, for public consultation, a draft amendment of General Authorization No. VO-R/1/11.2012-13 to operate user terminals of electronic communications radio networks. The reason for the change to the General Authorization is particularly the need to implement European Commission Implementing Decision No. 2013/654/EU and to perform adjustments resulting from the update of the Radio Spectrum Utilisation

Plan (RSUP), decisions and recommendations of the CEPT.

RTV digitization

Following the newly released individual authorizations to use radio frequencies or their revisions, the CTO calculated the coverage of the Czech population by signals of digital television and radio broadcasting. As of 1 February, the CTO updated information published on the CTO website (<http://dtv.ctu.cz>) for all broadcast networks.

Virtual operators

Centropol Telecom

On 1 February 2014, the mobile virtual network operator Centropol Telecom began to offer tariff bundles "CELÁ RODINA" (Whole Family), "TROCHU" (A Bit), "VÍCE" (More), and "JAK CHCI" (As I Want), only without a contract. Within the "TROCHU" tariff with a monthly price of CZK 199, the operator increased the number of free minutes from 30 to 50 minutes. The "VÍCE" tariff for CZK 349 per month is now provided with 30 free SMS messages instead of the original 20 free SMS messages. The "JAK CHCI" and "CELÁ RODINA" tariffs are offered to customers for CZK 695 per month and CZK 133 per month, respectively. Unit prices for calls and SMS messages on the operator's own "network" and on other networks in the Czech Republic have remained unchanged (see Table 1). What has been changed is the monthly fee for the "C ENERGIE" (C Energy) tariff, which is now offered by the operator for CZK 1 per month instead of the original price of CZK 49 per month. The price of CZK 49 per month is now used for the new "C ENERGIE PLUS" (C Energy Plus) tariff, which includes 30 free minutes.

On 1 February 2014, the operators reduced the price of calls and SMS messages to all networks in the Czech Republic within the "CHCI DATA 500" (I Want Data 500) and "CHCI DATA 1000" (I Want Data 1000) data tariffs. Calls to all networks in the Czech Republic now cost CZK 3 per minute instead of the original CZK 5 per minute. Calls are still charged per second after the first minute (60 + 1). One sent SMS to all networks in the Czech Republic costs CZK 2 instead of the original price of CZK 2.50.

TeleÚspory

On 1 February 2014, TeleÚspory, a new virtual network operator of TeleÚspory s.r.o., launched its mobile services. The operator providing its services on the T-Mobile network offers "Na příjmu" (Speaking), "Volám občas" (I call every now and then), "Volám hodně" (I call a lot) and "Píšu hodně" (I write a lot) tariffs. Calls within these tariffs are charged per minute (60 + 60). Within the "Na příjmu" tariff, with the price of 49 CZK per month, customers call to the operator's own "network" for CZK 0.49 per minute and send SMS messages for the price of CZK 0.99 per SMS. The price of calls and SMS messages to other networks in the Czech Republic is CZK

1.49 per minute and CZK 1.49 per SMS. The price of the "Volám občas" tariff in the amount of CZK 199 per month includes 120 free minutes to all networks in the Czech Republic. The tariff for a monthly price of CZK 349 includes 350 free minutes to all networks in the country. The "Volám hodně" tariff, with the price of CZK 349 per month, contains 300 free SMS messages to all networks in the Czech Republic. Calling rates beyond the free minutes and SMS rates beyond the free SMS messages to the operator's own "network" and other networks in the Czech Republic within the "Volám občas", "Volám hodně" and "Píšu hodně" tariffs are in line with those applicable to the "Na příjmu" tariff.

The above mentioned tariffs ("Na příjmu", "Volám občas", "Volám hodně" and "Píšu hodně") are provided to customers with the "Internet 150", "Internet 300", "Internet 600", "Internet 1000" and "Internet 1500" data bundles, with the 100 MB, 300 MB, 600 MB, 1,000 MB and 1,500 MB data limits for the price of CZK 85 per month, CZK 160 per month, CZK 256 per month, CZK 366 per month and CZK 445 per month, respectively.

Fayn

On 6 February 2014, the existing mobile virtual network operator of Fayne Telecommunications s.r.o. started offering a new tariff called "fayn SUPER", which replaced the existing tariff "fayn STREAM". It is a tariff for calls over the Internet (VoIP) with a monthly price of CZK 299, providing the customer with the opportunity to make unlimited calls¹ to all networks in the Czech Republic. Calls are charged per minute (60 + 60).

Reptil

Reptil, a new virtual operator of World of reptil s.r.o., has been operating in the mobile services market since 6 February 2014, offering customers its services through the mobile network of T-Mobile. The operator offers its customers the "Reptil sekundovka" (Reptil Second Rate) and "Reptil minutovka" (Reptil Minute Rate) tariffs for the same monthly price of CZK 40, in the form of prepaid services. Within the "Reptil sekundovka" tariff, calls are charged per second (1 + 1). The price

¹ If 3,000 voice minutes in a calendar month is exceeded, the minutes in excess of the limit can be charged in the amount of CZK 0.41 per minute by the operator under the general terms and conditions for the provision of electronic communications services, in particular those set out in section 10.4.

of calls and SMS messages in the operator's own "network" is CZK 0.80 per minute and CZK 0.80 per SMS. Calls to other networks in the Czech Republic are charged in the amount of CZK 1.90 per minute, and SMS sent to other networks are charged in the amount of CZK 1.29 per SMS. The "Reptil minutovka" tariff offers customers calls on the operator's own "network" charged per minute (60 + 60), for the price of CZK 0.60 per minute. Calls to other networks in the Czech Republic are charged in the amount of CZK 1.50 per minute. SMS messages on the operator's own "network" are charged at the same rate as in the "Reptil sekundovka" tariff (i.e. CZK 0.80 per SMS), and to other networks in the Czech Republic for CZK 1.29 per SMS.

The above mentioned tariffs ("Reptil sekundovka" and "Reptil minutovka") are offered with the option of buying the mobile Internet access service marketed under the names of "datový balíček 50 MB" (50 MB data bundle) for CZK 55 per month and "datový balíček 100 MB" (100 MB data bundle) for CZK 90 per month. After exceeding the data limit, the data service is automatically blocked. In addition, the operator offers data bundles with a data limit of 500 MB, 1,000 MB and 3,000 MB for CZK 230 per month, CZK 290 per month and CZK 550 per month, respectively.

GoMobil

As of 15 February 2014, the mobile operator GoMobil changed the limits for its data bundles offered. The "START" and "NA MÍRU" (Tailor-Made) tariffs are provided with mobile Internet data bundles of 150 MB, 300 MB, 600 MB, 1,200 MB and 1,500 MB. The operator also offers its customers data billing based on actual use per 1 MB

In addition, the operator offers the "DATA" tariff, containing only data services, within which the customer can choose one of the available data limits of 600 MB, 1,200 MB, 1,500 MB, 3,000 MB and 10,000 MB for the price of CZK 225 per month, CZK 330 per month, CZK 350 per month, CZK 450 per month and CZK 650 per month, respectively. Customers can also buy access to the LTE network for a price of CZK 20 per month for the "START" tariff and CZK 15 per month for "NA MÍRU" and "DATA" tariffs. As of 15 February 2014, the operator decreased the price for data roaming connection in Zone 1² from the original amount of CZK 14.01 per MB to CZK 7.08 per MB.

² EU and EEA. (continue on page 5)

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SAZKAmobil

As of 18 February 2014, the new mobile virtual network operator SAZKAmobil owned by SAZKA sázková kancelář, a.s. began to offer its services. The operator offers its services to customers in the form of prepaid tariffs through the Vodafone network. The basic "SAZKAmobil Start" rate allows customers to call to all networks in the Czech Republic for the price of CZK 2 per minute and send SMS messages to all networks in the Czech Republic for the price of CZK 1.50 per SMS. If customers top up their credit with the minimum amount of CZK 300, their calls and SMS messages will be charged by the operator, for a period of one month, based on the "SAZKAmobil 300+" rate. Under this rate, the price of calls to all networks in the Czech Republic is CZK 1.50 per minute, and the price of one SMS sent to all networks in the Czech Republic is CZK 1.30. After the first minute, calls within the "SAZKAmobil Start" and "SAZKAmobil 300+" rates are charged per second (60 + 1).

The operator also offers additional bundles of free minutes and SMS called "Balíček 100+100" (100+100 Bundle) and "Balíček 200+200" (200+200 Bundle). The "Balíček 100+100" for CZK 200 per month includes 100 free minutes and 100 free SMS messages to all networks in the Czech Republic. The "Balíček 200+200" with a monthly price of CZK 400 includes 200 free minutes and 200 free SMS messages to all networks in the Czech Republic.

In addition to the "Internet na den" (Daily Internet) service with a limit of 25 MB for the price of 20 CZK per day, the operator offers the "Internet na měsíc 150 MB" (150 MB Monthly Internet), "Internet na měsíc 300 MB" (300 MB Monthly Internet), "Internet na měsíc 500 MB" (500 MB Monthly Internet) and "Internet na měsíc 1000 MB" (1,000 MB Monthly Internet) data tariffs with data limits of 150 MB, 300 MB, 500 MB and 1,000 MB for CZK 150 per month, CZK 200 per month, CZK 250 per month and CZK 350 per month, respectively.

Tesco Mobile

Since 26 February 2014, the mobile virtual network operator Tesco Mobile has been offering free calls and SMS messages³ on its own "network" for the period of 30 days. The requirement for

³ Free calls and SMS messages to Tesco Mobile subscriber numbers do not apply to calls within the Roaming service.

obtaining the benefit is Tesco Clubcard membership. Customers can activate this benefit by one-time credit top-up. If customers do not top up their credit after 30 days, they lose the benefit of free calls and SMS messages on the operator's own "network", and calls and SMS messages are charged at the rate for calls and SMS messages to other networks in the Czech Republic (CZK 2.50 per minute and CZK 1.50 per SMS). Credit is used by calling and sending SMS messages to other networks in the Czech Republic. Calls are charged per second after the first minute (60 + 1).

OpenCall

In February 2014, the mobile virtual network operator OpenCall reduced the price of calls to other networks in the Czech Republic to CZK 1.80 per minute (originally CZK 2.50 per minute) in the "easy", "plus", "Africa" and "DOM" tariffs. The price of calls to the operator's own "network" remains CZK 1.50 per minute for the "easy", "Africa" and "DOM" tariffs, and CZK 1 per minute for the "plus" tariff. In the "plus" tariff, calls are charged per second (1 + 1), and in other tariffs ("easy", "Africa" and "DOM") per second after the first minute (60 + 1). The price of 1 SMS to all networks in the Czech Republic remains CZK 1.50. The operator continues to offer the "easy" tariff for a zero monthly price, and the "plus" tariff is offered for CZK 150 per month. The "Africa" and "DOM" tariffs are marketed for the same price of CZK 50 per month.

In February 2014, the operator extended its range of services with the "MAX" tariff for CZK 50 per month, focusing on calls to English-speaking countries (USA, UK, Ireland, Canada) at rates ranging from CZK 2.50 per minute to CZK 3.60 per minute. Calls are charged per second after the first minute (60 + 1). Within the "MAX" tariff, customers call on the operator's own "network" for the price of CZK 1.50 per minute and to other networks in the Czech Republic for the price of CZK 1.80 per minute. The price of 1 SMS to all networks in the Czech Republic is CZK 1.50. The "MAX" tariff is offered with the option of setting up mobile daily Internet with a limit of 25 MB per 24 hours for the price of CZK 25 per day, as well monthly Internet with a limit of 150 MB for CZK 150 per month.

BTSmobil

In February 2014, BTSmobil, a new mobile virtual network operator operated

by a natural person, Mr. Robert Kadlec, entered the market. Using the T-Mobile network, the operator offers two tariffs called "Základní tarif" (Basic Tariff) and "Bezstarostné volání a SMS v síti BTSmobil" (Worry-free Calls and SMS Within BTSmobil Network), based on prepaid tariffs in the 60 + 1 mode. With the "Základní tarif" bundle for a monthly price of CZK 50, customers can call to all networks in the Czech Republic for CZK 1.90 per minute. The price of 1 SMS sent to all networks in the Czech Republic is CZK 1.50. The "Bezstarostné volání a SMS v síti BTSmobil" tariff is offered for a flat fee of CZK 100 per month⁴, including calls and SMS messages on its own "network" for the price of CZK 0,65 per minute and CZK 0.65 per SMS. Calls to other networks in the Czech Republic cost CZK 1.90 per minute. The price of 1 SMS to other networks is CZK 1.50. Within an unlimited special offer, the "Bezstarostné volání a SMS v síti BTSmobil" tariff can be combined with an additional data bundle with a 50 MB limit for CZK 0 per month. This special offer only applies to customers who have not been provided a 50% discount off the monthly fee for the "Bezstarostné volání a SMS v síti BTSmobil" tariff.

The operator also offers two mobile Internet data bundles with a limit of 50 MB and 100 MB for CZK 50 per month and CZK 80 per month, respectively; after they have been used up, the card is automatically blocked. In addition, the operator offers mobile Internet data bundles with a limit of 500 MB, 1,000 MB and 3,000 MB for CZK 210 per month, CZK 270 per month and CZK 485 per month, respectively. If the data limit is exceeded (data bundles of 500 MB, 1,000 MB and 3,000 MB), the speed of data download will be reduced to 64 kbps. The mobile Internet data bundles can be combined⁵ with additional data limits of 100 MB, 500 MB and 1,000 MB for CZK 90 per month, CZK 220 per month and CZK 260 per month, respectively.

⁴ When ordering two or more SIM cards with the "Bezstarostné volání a SMS v síti BTSmobil" tariff, the operator offers the option to receive a 50% discount off the monthly price of CZK 100. The customer will thus pay CZK 50 per SIM card per month.

⁵ Buying additional data is only possible once in the current month; the amount of the additional bundle does not have to match the value of the bundle used by the customer. The unused data from the additional bundle is not transferred to the next month.

Market analyses

Market No. 1 – access to the public telephone network at a fixed location

The CTO published the settlement of objections from the public consultation on the draft General Measure concerning the analysis of Market No. A/1/XX.2013-YY, market No. 1 – access to the public telephone network at a fixed location. Objections to the draft analysis were raised by Telefónica and GTS Czech s.r.o. Consequently, the draft General Measure was sent by the CTO to the Office for the Protection of Competition.

Market No. 2 – call origination on public telephone networks at a fixed location

The CTO received a statement of the European Commission of 27 February 2014 on draft decision on the price No. CEN/2/ XX.2013-Y and document No. REM/2/XX.2013-Y, which imposes an obligation on Telefónica to negotiate prices for interconnection in its public service telephone network for call origination so as not to exceed the maximum rate of CZK 0.31 per minute excl. VAT, as well as the obligation to provide access, non-discrimination and transparency, and to keep separate records of costs and revenues. The Commission raised no objections to the proposed obligations. The only objection of the Commission concerned the requirement to monitor the effectiveness of wholesale line rental (WLR) commercial offers.

Market No. 3 – call termination on individual public telephone networks provided at a fixed location

According to the findings of the CTO, three entities – MAXPROGRES, s.r.o., MATERNA Communications a.s. a CentroNet, a.s. – currently fail to meet the criteria for classification as companies with significant market power operating in Market No. 3, and, therefore, the CTO decided to discontinue the relevant administrative proceedings with these com-

panies.

On 10 February 2014, the CTO received, for consultation, draft decisions on the determination of companies with significant market power in relevant Market No. 3. On 20 February 2014, the entities participating in the administrative proceedings on the determination of companies with significant market power were sent a call to give a statement on the documents before the decision is issued. Access to the file was provided on 24 February 2014.

From 6 February 2014 to 17 February 2014, a shortened public consultation was held, focusing on the draft decisions on the imposition of obligations on companies with significant market power or, more precisely, on the abolition of the obligation, based on the result of the analysis of relevant Market No. 3. Within the public consultation, objections were raised by Telefónica. The CTO dealt with the objection and published its statement on 4 March 2014.

Market No. 4 – wholesale (physical) access to the network infrastructure (including shared or full access to subscriber line) at a fixed location, and Market No. 5 – wholesale broadband access on electronic communications networks

On 19 February 2014, the CTO Council discussed the following steps in the analysis of relevant Market No. 4 and Market No. 5. In connection with the processing of these analyses, the CTO commissioned an update of the market research from 2011. The CTO is also processing the relevant parts of the analysis, fully in accordance with the Recommendation of Consistent Non-Discrimination Obligations and Cost Calculation Methodologies, in order to encourage competition and improve conditions for investment in broadband connections.

Market No. 6 – wholesale terminating segments of leased lines, irrespective of the tech-

nology used to provide leased or dedicated capacity

On 11 February 2014, the CTO received an opinion on the draft analysis of relevant Market No. 6 from the Office for the Protection of Competition, stating that the Office for the Protection of Competition has no objections to the draft analysis.

Market No. 7 – voice call termination on individual public mobile telephone networks

On 20 February 2014, the CTO presented, for public consultation, draft decision No. CEN/7/XX.2014-Y. The decision proposes to impose obligations related to price regulation on Telefónica, T-Mobile, Vodafone and Air Telecom a.s. as on companies with significant market power in relevant market No. 7. On 10 February 2014, the Office for the Protection of Competition received from the CTO, for consultation, draft decisions on the determination of companies with significant market power in relevant market No. 7.

On 17 February 2014, the CTO initiated a public consultation of the draft decisions on the imposition of obligations on companies with significant market power in Market No. 7. The CTO proposes imposition of the obligation to provide access and obligations of non-discrimination and transparency on all companies. Telefónica, T-Mobile and Vodafone should also keep separate records of costs and revenues. Objections to the draft decisions may be applied until 17 March 2014.

Market No. 8 – access and call origination on public mobile telephone networks

The CTO contacted mobile network operators (MNO) and mobile virtual network operators (MVNO/MVNE) with questions in order to obtain information on market developments. Their answers will be used to complete the analysis of relevant market No. 8. The deadline for sending answers is 28 February 2014.

... operation of communication activities without a license – the CTO found two cases of performance of communication activities without authorization. The CTO will subsequently initiate administrative proceedings with the providers.

... observance of the terms and conditions of individual licenses to use radio frequencies – the CTO conducted nine checks of compliance with the terms of individual authorizations to use radio frequencies, mainly relating to compliance with the conditions determined by the operators of VHF FM transmitters. The checks did not reveal any malpractice.

... observance of the terms and conditions of general authorization No. VO-R/12/09.2010-12 for the use of radio frequencies and for the operation of equipment for broadband data transmission in the 2.4 GHz – 66 GHz bands – the CTO carried out 36 checks. In 15 cases, it detected defects, in particular concerning the use of indoor frequencies outside the building and the use of frequencies of meteorological radars. The CTO called on the entities to remove the identified defects, and initiated administrative proceedings.

... use of radio frequencies without a license – the CTO conducted a total of 53 checks aimed at the entities (in particular land mobile service and amateur service operators) whose individual licences had expired. In three cases, it found that frequencies were used without authorization, and initiated administrative proceedings.

... sources of disruption of the operation of electronic communication equipment and networks, the provision of electronic communication services or operating radio communication services – the CTO conducted a total of 61 local investigations. In two cases, it issued a call for the removal of interference. The sources of interference, identified in February, included WiFi routers, defects of television receivers, unskilled installations of antennas and wiring for TV and defective wireless DECT phones.

Cooperation between the Office and Česká obchodní inspekce (Czech Trade Inspection Authority) – when checking vendors of telecommunications terminal and radio equipment, in cooperation with the Czech Trade Inspection Authority in the Louny region, the CTO found that radio controlled car models were sold, operating in the 45 MHz band. This radio equipment may not be operated in the Czech Republic without individual authorizations to use radio frequencies. When checking vendors of telecommunications terminal and radio equipment, in cooperation with the Czech Trade Inspection Authority in Vyškov, the CTO found that three radio controlled models were sold which did not meet the terms of VO-15/08.2005-27. The identified defects have been addressed by the Czech Trade Inspection Authority within its competence.



Postal services

Checking compliance with the terms of the Postal Services Act and implementing rules, particularly Decree No. 464/2012 Coll., establishing specifications for individual ba-

sic services and basic quality requirements for their provision, the CTO – within 17 local investigations at Czech Post – checked compliance with the legal obligation to disclose information about any change to postal conditions at least 30 days prior to the effective date of the changes at each outlet, also in a manner allowing remote access. At the same time, the checks focused on post boxes, their availability and information tags containing the necessary information in accordance with Decree No. 464/2012 Coll. The check did not reveal any malpractice.

On 10 February 2014, based on a proposal of an alternative postal operator, an administrative proceeding was initiated, in accordance with Section 34 of the Postal Services Act, on the resolution of the dispute with the postal licence holder, Česká pošta, s.p., concerning the conclusion of a contract for access to postal infrastructure elements and special services related to postal infrastructure operation. This is the first dispute proceeding in this field after the amendment of the Postal Services Act by Act No. 221/2012 Coll. (1 January 2013), which introduced the obligation of the postal licence holder to provide access to postal infrastructure to other operators (Section 34 (1) of the Postal Services Act).

Overview of inspection activities within state inspection of electronic communications for February 2014

Type of activity	Number		Number of calls to remove deficiencies	Number of initiated admin. proc.	Number of issued decisions ^{*)}	Decided in favour of		Fines issued	
	Total	Out of which				Subscriber	Provider	Number	Amount in CZK
1. Number of issued certificates of notices to operate a business (Section 14 of the Electronic Communications Act)	16								
2. Number of changes to certificates of notices to operate a business (Section 14 of the Electronic Communications Act)	24								
3. Conduct of communications activity without certificate	2			0	0			0	0
4. Compliance with the conditions of general authorizations	38		15	15	14			14	191500
a) for the provision of public communications networks and associated resources		0	0	0	0			0	0
b) for the provision of electronic communications services		2	0	0	0			0	0
c) for the use of radio frequencies and operation of devices (radio devices)		36	15	15	14			14	191500
5. Checking of radio frequencies	123		2	14	14			13	113000
a) use of radio frequencies without authorization for their use		53		3	5			4	18000
b) compliance with the conditions of individual authorization to use radio frequencies		9	0	11	9			9	95000
c) identification of sources of interference to the operation of electronic communications devices and networks, provision of electronic communications services or operation of radiocommunications services		61	2	0	0			0	0
6. Checking of numbers for the purposes of number administration (number of check calls)	2		0	1	0			0	0
a) use of numbers without authorization for their use		2		1	0			0	0
b) use of numbers contrary to the authorization for their use		0	0	0	0			0	0
7. Resolution of subscriber disputes	0			2862	9644	1554	6252		
a) concerning objections to the settlement of complaints about the services provided		0		1	7	1	1		
b) concerning objections to the settlement of complaints about the statement of prices for services		0		20	24	9	2		
ba) access to services with defined prices (voice and data)		0		0	0	0	0		
baa) access to data services with defined prices provided on the Internet or on other data networks (Dialer)		0		0	0	0	0		
c) concerning payment for services (cash consideration)		0		2840	9605	1543	6246		
d) others		0		1	8	1	3		
8. Failure to provide information pursuant to Section 115 of the Electronic Communications Act				0	1			0	0
9. Other	15		3	31	28			24	96000
TOTAL	180		20	2923	9701	1554	6252	51	400500

^{*)} The total number of issued decisions also includes cases of administrative proceedings terminated by resolutions, i.e. cases of death of a subscriber, cessation of a company, suspension of proceedings under the law (bankruptcy), incompetency to decide, etc.

The Office on the consumer's side

2 / 2014

In February 2014:

- ♦ **the Office opened 2,862 administrative proceedings** pertaining to subscriber disputes between a person performing communication activities, on the one hand, and a participant, on the other hand, concerning payments and motions for opening proceeding on objection against the settlement of a complaint about the billing of the price or publicly available service of electronic communications which the Office decides pursuant to Section 129 of the Electronic Communications Act.
- ♦ **the Office issued 9,644 decisions on the subject,**
- ♦ of which **9,605 decisions on the subject of payment (payment of price for services).**

In February 2014, the CTO started analysing the contractual terms of operators and other providers of electronic communications services (hereinafter referred to as "providers"). With respect to the subject matter, this analysis builds on the analyses of contractual terms performed by the CTO in the past two years.

The aim of the analysis is to examine how providers have incorporated relevant provisions of amendment No. 214/2013 Coll. to the Electronic Communications Act ("Husák's amendment") into their contract terms, and how they are applied.

The analysis will particularly focus on the issue of early termination of contracts – i.e. whether providers

currently allow customers to terminate contracts concluded for a fixed period under the same conditions as contracts concluded for an indefinite period, and on the related issue of the amount of payment required by providers in the event of early termination of subscriber contracts concluded for a fixed period. Currently, this payment may not exceed one fifth of the sum of the monthly fees remaining until the end of the agreed term of the contract or one fifth of the sum of the minimum agreed monthly payment remaining until the end of the agreed term of the contract.

Public payphones

On 20 February, the CTO published a notice to initiate a review of the reasons of imposing, within the universal service, the obligation to provide a partial service of public payphones or other similar technologies enabling access to publicly available telephone services in accordance with Section 38 (2) (e) of the Electronic Communications Act, because the

current decision to impose this obligation will expire on 31 December 2014. Therefore, the CTO also requested relevant information, comments and suggestions. The information obtained will serve as a basis for a review of the partial service. Based on the results of the review, the CTO will issue an intention of additional imposition or non-imposition of this partial service.

Telecommunications abroad

In mid-February, the European Commission published the results of a new survey on the use of mobile roaming. The survey shows the following:

- ♦ 47% of respondents would never use mobile Internet in another EU country.
- ♦ Only one in ten would use email in the same way as at home.
- ♦ More than a quarter of respondents simply turn off their mobile phones when traveling within the EU.
- ♦ Millions prefer to send SMS messages than pay for calls.

At the 18th joint meeting in Stockholm, the council of IRG/BEREC regulators discussed the establishment of a specific group for the review of Regulatory Framework 2015 so that the BEREC could actively use the review from an early stage. It also discussed the proposed view of the new draft recommendation concerning relevant

markets and the steps in the field of communications. In the future, the BEREC intends to significantly strengthen its communication strategy, primarily to increase the visibility of its various activities, objectives, decisions and actions, and to expand awareness of the BEREC. The Steering Committee proposed creation of an advisory group of the BEREC

Office that would reduce the burden at the plenary meeting of the Steering Committee. Preliminary accounting of the BEREC Office was approved for the European Commission, and the budget of the Office for 2015, including a plan for 2016 and 2017, was approved. Mr. László Ignéczi officially became the new administrative director of the BEREC Office.

Recent meetings of the working groups of the ITU

From 20 February to 28 February 2014, a meeting of the ITU-R/JTG 4-5-6-7 working group was held in Geneva, in preparation for the World Radiocommunication Conference on identification of additional bands for IMT (AI 1.1) and the technical and regulatory conditions for the implementation of the mobile service in the 694–700 MHz band. The meeting resulted in the adoption of new ITU-R draft reports. Based on the results of compatibility studies, the text for the relevant chapters of the CPM (Conference Preparatory Meeting) Report was formulated.

From 3 February to 7 February 2014, a meeting of the CEPT/ECC/FMWG frequency management working group was held in Budapest. Among other things, the meeting focused on the issue of commission mandates for 2 GHz, 700 MHz and 5 GHz unpaired bands, compatibility of GSM-R and commercial networks, PMSE, monitoring of the radio spectrum and satellite communications.

Survey: Are you satisfied with the services provided by mobile operators?

In cooperation with ppm factum research, the Czech Telecommunication Office has prepared a satisfaction survey of mobile services users in the Czech Republic, especially in the context of changes that have occurred in recent months in the mobile communications market.

The key part of the survey focused on customer satisfaction with the services provided by mobile operators. Additional questions related to changing the operator, whether in the past or in the future. A total of 1,501 respondents participated in the online survey, 512 of whom were customers of Telefónica, 531 were T-Mobile customers, 374 were Vodafone customers, and the remaining 84 were customers of virtual operators.

The use of services provided by mobile operators in the past

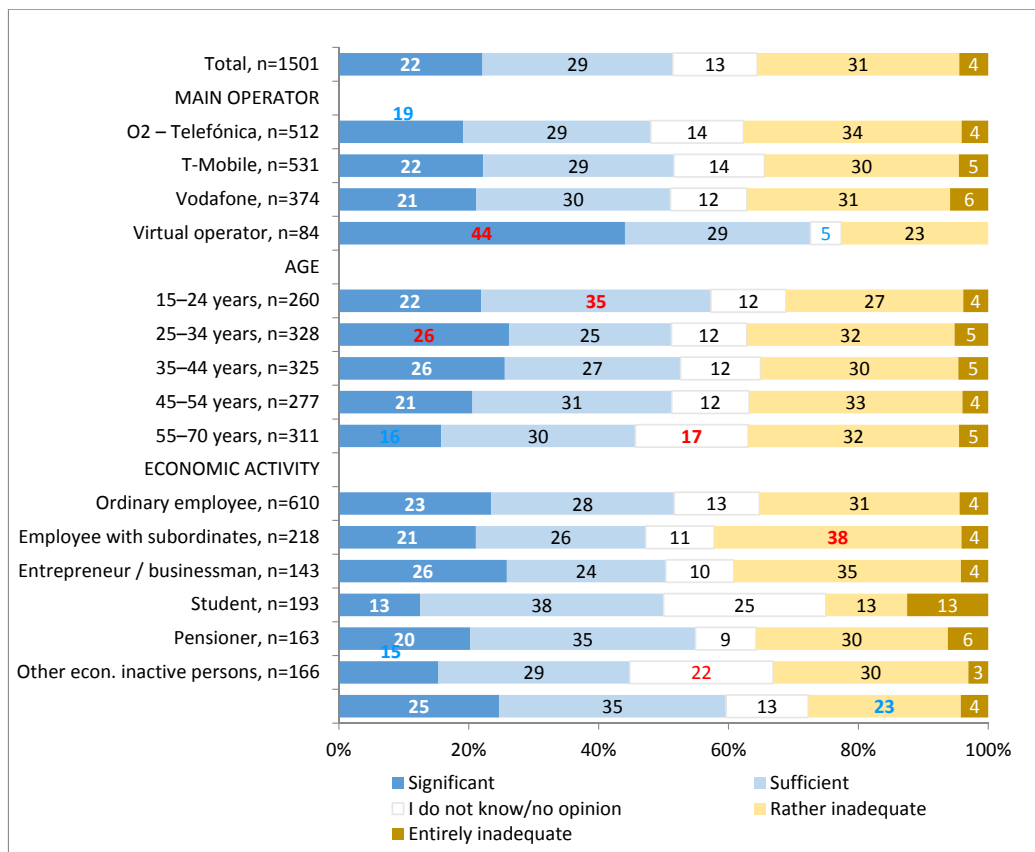
Two out of three respondents have been using the services of their service provider for more than five years. 15% of the respondents have changed their operator in the last 13 months. The "most loyal" customers are displayed by T-Mobile, with three-quarters of its customers using its services longer than five years.

According to the survey, there is a regular flow of customers among the key operators, which means that

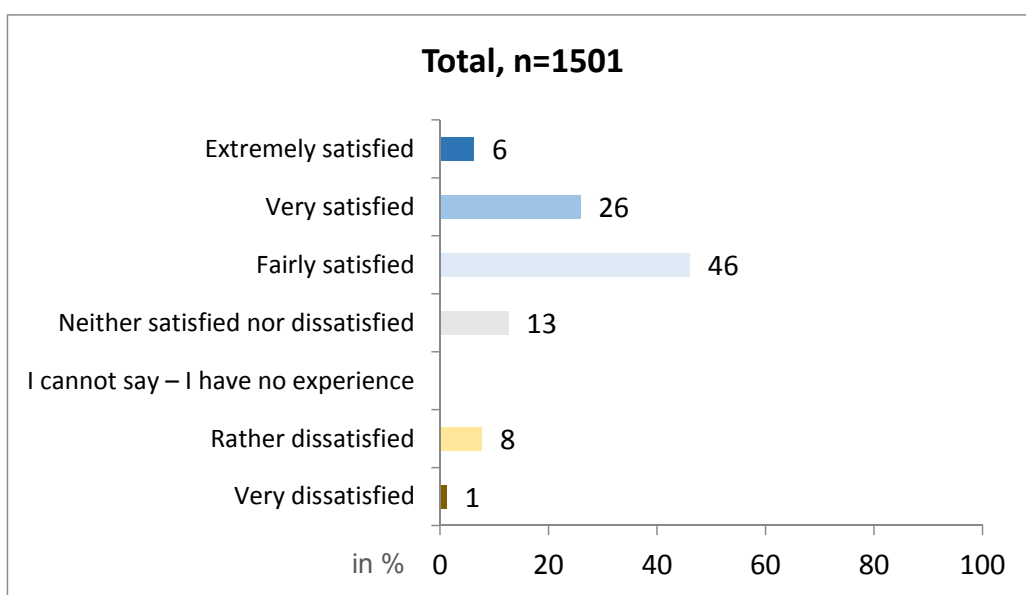
there is not a significant outflow of customers exhibited by any key operator, and the movements are more or less balanced.

Changes to the services or tariffs in the last year have been reported

by more than half of the customers. According to subscribers, the change process itself is well managed by the operators. Dissatisfaction has only been reported by approximately 7% of customers. Changes in



Graph No. 1: I consider the changes that have occurred in the mobile services market in the Czech Republic in the last 13 months as ...



Graph No. 2: How are you personally satisfied with the products, services and prices for products and services provided by your main mobile operator?

services have been perceived more negatively by O2 customers, which probably corresponds with a higher share of changes forced by the operator itself.

An important part of the survey included questions about the subjective perception of changes in the mobile services market. Half of the respondents consider them to be significant or sufficient. They are more often current customers of virtual operators and younger generation.

Use of services provided by mobile operators

Users of classic phones are the dominant group of the respondents; smartphones are more often used by the younger generation, students and Vodafone customers. However, it can be assumed that these people will not give up their smartphones in the future and that the market share of smart phones will continue to grow.

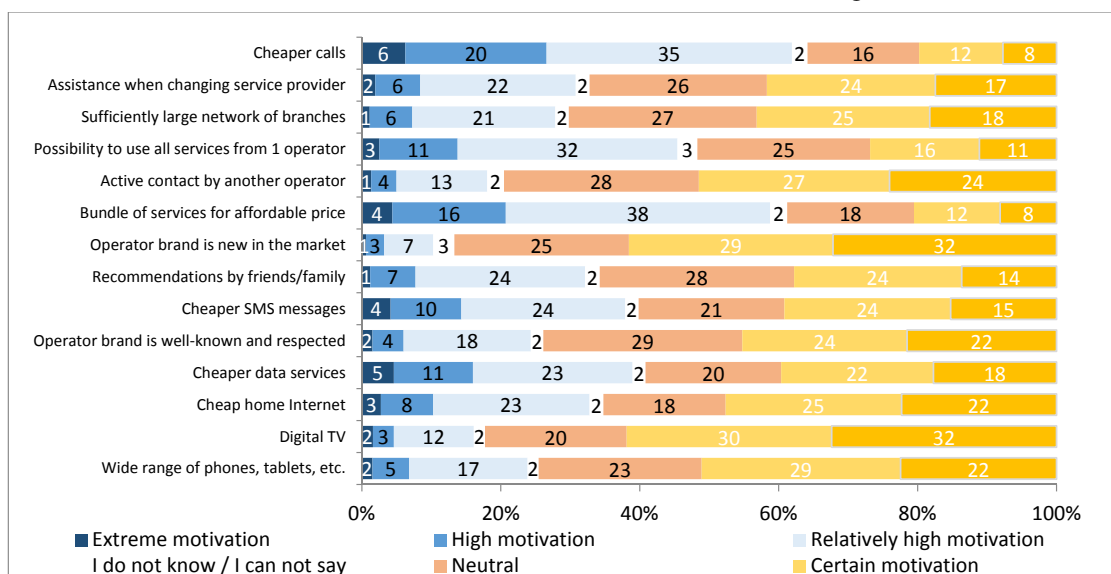
Most customers are satisfied with their current operators; dissatisfaction was only reported by one out of ten respondents. In general, customers are more satisfied with the products and services provided by Vodafone and virtual operators.

Most mobile phone users (3/4) use monthly billing via invoice, i.e. a monthly fee. Prepaid cards are more used by the elderly, customers with low incomes, and customers of virtual operators.

Mobile phone Internet is used by about half of all respondents, mainly representatives of the younger generation, students, managers and peo-

ple in higher income groups. The use of data services is linked to the use of smartphones. Half of the users have reported a data limit up to 1,000 MB;

◆ The survey has also revealed **hidden motivators**, which may also have a high positive impact on interest in changing the operator. They are the following:



Graph No. 3: **Declared power of the impulse leading to a change of the operator: sorted by real impact on interest in changing the operator**

approximately one quarter of users do not know their data limit. One third of mobile phone Internet users consider their mobile data limits insufficient. However, most of them are limited by the data cost.

People still prefer to communicate by calling. SMS messages are only critical for one out of ten customers using mobile services.

The use of services provided by mobile operators in the future

Some of the respondents who are not completely satisfied consider future change of their operators. Potential changes have been reported by 13% of the respondents.

The principal competitive factors that could affect the change are the following:

- ◆ Cheaper calls
- ◆ Service bundles for better prices
- ◆ Possibility to use all services from one operator

- ◆ Assistance when changing the operator
- ◆ Sufficiently wide network of operator branches
- ◆ The fact whether the operator actively contacts the customer
- ◆ Recommendations by friends
- ◆ The fact whether the brand is new in the market

More attractive price of SMS messages or data services is one of the attributes often mentioned by people, but in reality it does not affect the interest in changing the operator. These factors within the results were classified as **declaratory motivators**.

More customers are interested in changing services provided by the existing provider; 17% of customers would consider this option. Similarly to changing the operator, key factors when changing services include cheap calls and service bundles.

Monthly monitoring report - February 2014

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