Brussels, 22 October 2014
Case No: 76066
Event No: 723532

EFTA SURVEILLANCE AUTHORITY

Póst-og Fjarskiptastofnun (PTA)
Attention: Hrafnkell V. Gíslason
Managing Director
Sudurlandsbraut 4
108 Reykjavik, Iceland

Dear Sir,

Subject: Remedies relating to the wholesale market for voice call termination on individual mobile phone networks (market 7) in Iceland

Article 7(3) of Directive 2002/21/EC[1]: No comments

I. Procedure

On 24 September 2014, the EFTA Surveillance Authority (the "Authority") received a notification of a draft national measure in the field of electronic communications pursuant to Article 7 of the Framework Directive from the Icelandic national regulatory authority, *Póst-og Fjarskiptastofnun* (PTA). The draft measure concerns the wholesale market for voice call termination on individual mobile networks[2] in Iceland.

The notification became effective on the same day. National consultation pursuant to Article 6 of the Framework Directive was carried out in the period from 19 August 2014 to 9 September 2014.

The period for consultation with the Authority and the national regulatory authorities ("NRAs") in the EEA pursuant to Article 7 of the Framework Directive expires on 24 October 2014.

Pursuant to Article 7(3) of the Framework Directive, the Authority and the EEA NRAs may make comments on notified draft measures to the NRA concerned.

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[1] Directive 2002/21/EC of the European Parliament and of the Council of 7 March 2002 on a common regulatory framework for electronic communications networks and services, OJ L 108, 24.4.2002, p. 33 (as amended by Regulation (EC) No 717/2007, OJ L 171, 29.6.2007, p. 32 and Regulation (EC) No 544/2009, OJ L 167, 29.6.2009, p. 12), as referred to at point 5cl of Annex XI to the EEA Agreement and as adapted to the Agreement by Protocol 1 (the "Framework Directive").

[2] Corresponding to market 7 in EFTA Surveillance Authority Recommendation of 5 November 2008 on relevant product and service markets within the electronic communications sector susceptible to *ex ante* regulation in accordance with the Framework Directive, OJ C 156, 9.7.2009, p.18.

II. Description of the draft measure

II.1. Previous notification

The last benchmarking exercise carried out by the PTA was notified and assessed by the Authority under Case No 74442 on 28 October 2013. The PTA carried out the benchmarking comparison on the basis of the data provided by the 14 NRAs which, by 1 July 2013, had adopted a final decision stipulating a cost-efficient target mobile termination rate ("MTR") based on the BU-LRIC (Bottom-Up Long-Run Incremental Cost) cost model. The resulting arithmetical average amounted to ISK 1.64/minute (€cent 1.04) and constituted a maximum price cap (excluding VAT), which was to apply equally to all SMP operators. The PTA intended the rate to be applicable from 1 January 2014 until 31 December 2014.

II.2. Regulatory remedies

In the current draft measure, the PTA has carried out the annual benchmarking comparison on the basis of the 18 NRAs which, by 1 July 2014, had adopted a final decision stipulating a cost-efficient target MTR based on the BU-LRIC cost model. The resulting arithmetical average amounts to ISK 1.52/minute (€cent 0.98) and constitutes a maximum price cap (excluding VAT), which will apply equally to all SMP operators. The PTA intends the rate to be applicable from 1 January 2015 until 31 December 2015. The former rate of ISK 1.64/minute will be maintained until 31 December 2014.

The PTA intends to further review the currently proposed level of MTRs on an annual basis (by 1 November). The PTA also informs that it intends to commence a new fully-fledged review of market 7 in the upcoming months, with a final decision envisaged in mid-2015.

The 18 NRAs which adopted decisions with cost-efficient target MTRs and which are taken into account by the PTA for its benchmarking comparison are as follows:

Comparison NRAs[3]	MTR in ISK/ minute[4]
Austria	1.25
Belgium	1.83
United Kingdom	1.61
Bulgaria	1.58
Denmark	1.39
France	1.24
Greece	1.70

[3] The comparison countries which were added since the last benchmark carried out by the PTA are Austria, Malta, Romania and Slovenia.

[4] For the calculation of the MTR in ISK, the PTA uses the average exchange rate of the relevant currency for the second quarter of 2014 as published by the Central Bank of Iceland.

Italy	1.52
Croatia	1.28
Malta	0.63
Portugal	1.97
Poland	1.59
Romania	1.49
Slovakia	1.90
Slovenia	1.77
Spain	1.69
Sweden	1.39
Czech Republic	1.52

III. Comments

The Authority has examined the notified draft measure and has no comments.

IV. Final remarks

On a procedural note, the Authority recalls that any future amendments to, or more detailed implementation of, the draft remedies consulted on in the current notification will require re-notification in accordance with Article 7(3) of the Framework Directive.

Pursuant to Article 7(5) of the Framework Directive, the PTA shall take the utmost account of comments of other regulatory authorities and the Authority and may adopt the resulting draft measure and, where it does so, shall communicate it to the Authority.

The Authority's position on the current notification is without prejudice to any position the Authority may take in respect of other notified draft measures.

EFTA SURVEILLANCE AUTHORITY

Pursuant to Point 15 of the Procedural Recommendation[5], the Authority will publish this document on its eCOM Online Notification Registry. The Authority does not consider the information contained herein to be confidential. You are invited to inform the Authority within three working days[6] following receipt of this letter if you consider, in accordance with EEA and national rules on confidentiality, that this letter contains confidential information which you wish to have deleted prior to publication. You should give reasons for any such request.

Yours sincerely,

Ólafur Jóhannes Einarsson
Director
Internal Market Affairs Directorate

Gjermund Mathisen
Director
Competition and State Aid Directorate

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[5] EFTA Surveillance Authority Recommendation of 2 December 2009 on notifications, time limits and consultations provided for in Article 7 of the Act referred to at point 5cl of Annex XI to the Agreement on the European Economic Area (Directive 2002/21/EC of the European Parliament and of the Council on a common regulatory framework for electronic communications networks and services), as adapted by Protocol 1 thereto, OJ C 302, 13.10.2011, p.12, and available on the Authority's website at http://www.eftasurv.int/media/internal-market/recommendation.pdf ("the Procedural Recommendation").

[6] The request should be submitted through the eCOM Registry, marked for the attention of the eCOM Task Force.