

REGULATION OF THE LAW OF TELECOMMUNICATIONS

CHAPTER I

PRELIMINARY DISPOSITIONS

PURPOSE

Art. 1 The present Regulation has as its purpose the development of the dispositions of the Law of Telecommunications, from now on called "the Law", for its application by the General Electricity and Telecommunication Superintendence, from now on denominated as "the SIGET".

APPLICATION FIELD

Art. 2 The operators of commercial and private telecommunication networks and the people who use the radio-electric spectrum and the space segment, must observe this Regulation, the norms and instruction sheets given by the SIGET, as well as the agreements, treaties, and international agreements in force in El Salvador that could be applicable.

CHAPTER II

DEFINITIONS

DEFINITIONS RELATED TO THE TELECOMMUNICATION NETWORKS

Art. 3. For the purpose of facilitating the interpretation of the Law, the present Regulation and the dispositions and complementary instruction sheets that are issued by the SIGET, the following definitions related to the telecommunication networks will be considered:

LOCAL AREA OR LOCAL SERVICE AREA: Geographical zone in which an access service operator defines as having an equal price the communications between any two subscribers of the same category.

LEASING OF FACILITIES: Is the service of providing certain network elements from an operator to another operator, by means of the payment of the corresponding tariffs to the first one.

PHONE BOOK DATA BASE: Is the information that is stored in magnetic media, optical media or other type, rightly and permanently updated, susceptible of being published in the phone book.

ACCESS CHARGE OR FIXED CHARGE: Is the monthly minimum value paid by the subscriber to the access service operator, for being connected to the network and for having

at any time the right to initiate or receive communications. This charge could or could not include the right to originate or receive a certain communication service quantity, according to what agreed by both parties.

SWITCHING CHARGE: Is the one charged by an operator to another operator for the switching transportation of the communication between the interconnection point and the link toward the final subscriber or viceversa, or between two interconnection points. The switching charge is independent from the value of the interconnection charges that have been fixed by the Law, and from tariffs charged to the subscribers for the leasing of the services. The switching charge can be denominated as starting charge, termination charge or transportation charge, according to the stages of the communication. It can also be local, transit or international, in function of the kind of interconnection associated with it.

UNIQUE BILLING CHARGE: Is the one done by an access service operator to an intermediate service operator, for accepting among the billing data of the first one the billing data submitted by the last one, so that the subscriber receives an only invoice, and perform the subsequent collection.

BILLING CHARGE: Is the one done by an access service operator to another operator, for the service of measuring the traffic and preparing the invoices for the services provided by the last one.

STARTING CHARGE: Is the switching charge that an access service operator charges to an intermediate service operator, for the transportation of a communication originated by a subscriber of the access service network, to the interconnection point, for the purpose of accede to value added services or international long distance services. The starting charge can be local, transit or international, in function of the kind of interconnection associated with it.

INSTALLATION CHARGE: Is the one that an operator charges for connecting the subscriber's terminal equipment to its network.

INTERCONNECTION CHARGE: Is the one charged by an operator to another operator, for the interconnection service. The interconnection charge will not include the value of the switching service while Art. 109 of the Law is in force. The interconnection charges are independent of the charges or tariffs that operators apply to their subscribers, and direct costs of interconnection.

INTERCONNECTION CHARGE TO OR FROM INTERNATIONAL EXCHANGES: It is the interconnection charge that should be paid by the intermediate service operator to the access service operator, when the interconnection service is used so that the subscribers connected to the network of the second operator can use the international telephony service offered by the first one. Also, it is the interconnection charge that has to be paid by the intermediate service operator to the access service operator, when the interconnection service is used so that the end users connected to the network of the second one, can receive the traffic of international telephony from the network of the first one.

INTERCONNECTION CHARGE TO OR FROM TRANSIT EXCHANGES: Is the interconnection charge paid by the access service operator to another operator, when the interconnection service is used to transport a communication between one local area interconnection point and the link to a subscriber related to an interconnection point from another local area, using the infrastructure of the second operator.

INTERCONNECTION CHARGE TO OR FROM TANDEM EXCHANGES: Is the interconnection charge paid by the access service operator to another operator when, by request of the first one, the interconnection is done through a transit exchange, and with the only objective to establish alternative routes to the interconnection points already agreed to accede to a local area.

INTERCONNECTION CHARGE TO OR FROM TERMINAL EXCHANGES: Is the interconnection charge made by the access service operator to another operator, when the interconnection service is used to transport a communication between an interconnection point of a local area and the link toward the end user of the first operator located in the same local area.

ADDITIONAL SERVICE CHARGE: Is the tariff paid by the subscriber to the access service operator, or to the intermediate service operator, for each unit of communication or other received services, not included in the access charge. The charge for additional services depends upon the nature and the modality of the used service.

TERMINATION CHARGE: Is the switching charge performed by the access service operator to another operator, for the transport of the communication destined to a subscriber of its access service network, from the interconnection point. The termination charge can be local, transit or international, depending on the kind of interconnection associated with it.

INTERNATIONAL TERMINATION CHARGE: Is the switching charge performed by the access service operator to another operator, for the termination of the incoming international traffic from foreign networks, and has been delivered by the second operator in an interconnection point.

TRANSPORTATION CHARGE: Is the switching charge that an intermediate service operator charges to another operator, for the switching transportation of communications between two interconnection points. The transportation charge can be local or transit, depending on associated interconnection points.

TRANSIT TRANSPORT CHARGE: Is the switching charge that an intermediate service operator charges to another operator, for the switching transportation of traffic between two interconnection points corresponding to different local areas.

LOCAL TRANSPORT CHARGE: Is the switching charge that the intermediate service operator charges to another operator, for the switching transportation of traffic within the same interconnection point, or between two interconnection points, corresponding to the same local area.

AIR TIME CHARGE: Is the charge that an operator charges to the subscribers, for the use of the wireless system. This charge also pays the use of the link toward the subscriber.

SWITCHING CENTER OR EXCHANGE: Is the equipment with the ability to concentrate, store and distribute the communications in a network point. The switching centers will be able to perform specialized or multiple functions, according to what the respective operator defines. The switching centers are integrated by the control equipment with stored programs, the traffic concentration units, the switching matrixes, the ports to communicate with the subscribers, the ports to communicate with other centers and other complementary equipment, as it corresponds.

OPERATOR SELECTION CODE: Group of digits based on the Numbering Plan that must be dialed by the subscriber in an implicit or explicit form, at the time the subscriber is choosing an intermediate service operator of its preference, according to the Numbering Plan.

SWITCHING: Is the function that one or more switching centers and their respective links perform to establish communications between the interconnection points and the points of origin or destiny of the communications. It is also the function that one or more switching centers and their respective links perform to establish the communications between two or more interconnection points.

INTERCONNECTION CONTRACT: It is the contract that two operators sign up to principally agree the technical and commercial conditions of an interconnection.

SERVICE CONTRACT: Is the contract that the subscriber must sign up with the corresponding operator.

CORRESPONDENCE AGREEMENT: It is the agreement between an operator that offers international telecommunication services and a similar service operator resident in a foreign country, to make possible the exchange of traffic between both countries and in both ways, in general it is in base to the proportional returned traffic. In addition, the correspondence agreement allows the sharing of the transmission and international switching costs and to establish reverted charge, automatic services and assisted by operator.

DIRECT INTERCONNECTION COSTS: Are those costs derived from the use of network resources, such as ports, links, modification of civil works, physical space, energy and others, dedicated exclusively to the operator that utilizes the interconnection and, in general it doesn't depend on the operated traffic. For the same reason, the direct costs of the interconnection will not be paid with the interconnection charges.

DISAGREGATION: Is the division of the different services, facilities, inputs or components of a telecommunication network required to the operator of the pre-existent network to provide the interconnection service or other telecommunication services.

PHONE BOOK: It is the service of giving to the public, through electronic, magnetic or printed media, that section of the registry of subscribers that can be published, to publish the numbers and addresses of the end users of the access services networks. The Phone Book also includes the codes for operator selection and the codes for accessing to the value added services.

NETWORK ELEMENTS: They are the main elements or parts that constitute a commercial telecommunication network. For the purpose of this Regulation, such elements or parts are the following:

- a. Links with end users.
- b. Transportation Links of urban, transit or international type.
- c. Local, transit or International Switching Centers.
- d. Buildings for the switching centers, with chambers, ducts and supports that allow the access from the transportation links to its interior, and,
- e. Information systems associated to the billing and subscriber registry.

LINK: It is the union between a switching center and the terminal of a subscriber connected to such center, that allows the information and communications exchange, that can be established by physical or wireless media.

TRANSPORTATION LINK: It is the union between two switching centers, that allows the information and the communication exchange. The transportation links can be established by physical or wireless means. They can also be of urban, transit or international kind.

BILLING: Process through which an operator accounts, registers, elaborates and processes the necessary data to generate the bill that later will be sent to the subscribers, for the effective services offered to them.

SUBSCRIBER'S NUMBER AUTOMATIC IDENTIFICATION: Is the number that identifies the subscriber that begins a communication, and is transmitted by the switching center of origin, by the request of an intermediate switching center or destination center. It is also known as ANI (Automatic Number Identification).

INTERCONNECTION OR INTERCONNECTION SERVICE: It is the service that allows operators and subscribers of different networks to exchange traffic from a network to another one, so that all the subscribers are in conditions to be communicated among them, or to end users connected to an access service network are in conditions of obtaining services provided by an intermediate service operator.

INTERCONNECTION LEVEL OR LEVEL: It is the level of switching agreed by the operators to materialize the interconnection, which is independent of the hierarchical position that has the switching center acting like an interconnection point, within the network providing the interconnection.

COMMERCIAL NETWORK OPERATOR, ALSO ABBREVIATED AS "OPERATOR": Natural or legal person that offers one or more commercial telecommunication service.

OPERATOR OF ADDED VALUE SERVICES: Operator that offers one or more added value services to the end users.

SWITCHING PLAN: Is the fundamental technical plan adopted by a telecommunication commercial network operator to designate the interconnection points, the topology of its network, levels and functions of the switching centers and transportation links that constitutes the network.

NUMBERING PLAN: Is the fundamental technical plan developed and administered by the SIGET that allows to identify uniquely a terminal of a subscriber. Moreover, the numbering plan allows the possibility to access other services and networks.

SIGNALING PLAN: Is the fundamental technical plan adopted by an operator, that defines the process through which two switching centers, or a center and a subscriber's terminal exchange information that allows the establishment, the rating, the supervision and the end of a communication.

SYNCHRONISM PLAN: Is the fundamental technical plan adopted by an operator, that defines the frequencies and functioning phases of the switching digital centers with the purpose of keeping the permissible variations within the pre-established levels, also defining the switching centers delivering frequency and phases information to the rest of the network.

RATING PLAN: It is the fundamental technical plan adopted by an operator that determines the technical modality used as the base for charging the subscribers using a telecommunication network, in function of parameters like length of communications, associated distance, kind of service, and others, as it corresponds.

TRANSMISSION PLAN: It is the fundamental technical plan agreed by an operator, whose main purpose is to guarantee the adequate hearing quality or conservation of the information within the network, defining the losses and maximum admissible mistakes, as well as their distribution between the different network elements.

FUNDAMENTAL TECHNICAL PLANS: Are those plans or standards that, based in national and international recommendations and norms, harmonize the growing of the telecommunication networks and establish the criteria to make easier their interconnection. The plans recognized are: Numbering, Signaling, Transmission, Synchronization, Switching and Rating Plans, without prejudice of the ones that industry of telecommunications can adopt further on.

NUMBERING PORTABILITY: It is a service offered by two intelligent networks, properly interconnected, so that a subscriber connected to an access service network can

end its service contract and change to another access service network, without having to modify the number that identifies him in the first access service network.

PRE-SUBSCRIPTION: System in which an access service operator gives its clients access to intermediate services without the use of the operator selection code of the multi-carrier system.

PORTS: Those units or switching center cards that allow the interconnection and the entrance or departure of the traffic to exchange. The switching center ports are connected to the line termination units of the transportation links that join such center, with the switching center of another operator.

INTERCONNECTION POINT: Is the pre-existing network's switching center agreed by two operators to materialized an interconnection.

EXCEPTIONAL INTERCONNECTION POINT: Is an irregular interconnection point, established unilaterally by an operator, generally through the use of an access service, like a subscriber's line, from another operator's network.

COLLECTION: Is the act of receiving the payments for the services offered and billed to a subscriber.

COMMERCIAL TELECOMMUNICATION NETWORK: Telecommunication network used by an operator that offers telecommunication services to a third person, with commercial purposes, according to the dispositions of this regulation. When in the present Regulation the kind of network is not specified , it will be understood that we are dealing with a commercial telecommunication network.

ACCESS SERVICE NETWORK: It is the network that connects the terminal equipment of an end user with a switching center in a permanent way, so that this one receives the access service and, throughout this network, has access to other services.

INTERMEDIATE SERVICE NETWORK: Network that allows the interconnection of several access networks among them, or that offers temporal services to the end users of an access network, through it.

TELECOMMUNICATION NETWORK: Infrastructure or installation destined to provide telecommunication services.

INTELLIGENT NETWORK: It is that additional network to a commercial telecommunication network that grants decision capacity to this one, so that allows numbering to be associated to the end users, instead of the access network terminals, together with facilitating the installment of diverse specialized services.

PRE-EXISTING NETWORK: It is the denomination that has a network to which another operator has requested the provision of interconnection service.

PRIVATE TELECOMMUNICATION NETWORK: Telecommunication network used by a natural or legal person to solely satisfy its telecommunication necessities.

SUBSCRIBER'S REGISTRY: Is the registry of data provided in magnetic, electronic or other type of media, of every subscriber of an access service operator, containing the identification number of the subscriber in the network, address where service is provided, address where the bill is sent, types of contracted services, IVA registry and other technical and commercial necessary data for the administration of the service, as correspond.

TELECOMMUNICATION SERVICE RESELLER: It is any natural or legal person that buys telecommunication services by wholesale, directly to the network operators or other intermediates, to resell them to subscribers.

ADDITIONAL TELEPHONY SERVICE: Telephony services provided by an operator that are not included in the subscriber's access charges.

ACCESS SERVICE, ALSO ABBREVIATED AS "ACCESS": Services that give the subscriber the possibility to initiate or receive a communication using the commercial telecommunication network.

TELEPHONY SERVICE: Telecommunication service principally destined to the communications by means of word or alive voice.

VALUE ADDED SERVICE: It is an intermediate service provided by an operator, in addition to the telephony services and that aggregates an additional value to the communication. It consists, in general, in providing the specific information or activate determined functions, to request of users, generally through the application of informatic intelligence.

FIXED SERVICE: Telecommunication Service in which the terminal belongs to a same location, without being able to move willingly.

INTERMEDIATE SERVICE: Service provided by an operator to interconnect two or more access networks among them, or to offer temporal services to the subscribers of an access service network, through this one.

INTERNATIONAL SERVICE: It is the intermediate telecommunication service offered between a point in the national territory and other one abroad.

TRANSIT SERVICE: It is the intermediate service offered between two points in the national territory, located in different local service areas.

LOCAL SERVICE: Access or intermediate service provided between two points within the same local area.

MOBILE SERVICE: Telecommunication service in which the terminal can be moved at the subscriber's own will, within an area previously determined by the operator.

TELECOMMUNICATION PRIVATE SERVICE: Service provided by a telecommunication private network.

MULTI-CARRIER SYSTEM: It is the system in which an access service operator gives to its clients access to intermediate services in a nondiscriminatory form, through the dialing of a predetermined number of digits.

ADDITIONAL SERVICE TARIFF: It is the tariff paid by the subscriber to the access service operator or to the intermediate service operator, for each communication unit or for other received services. The charge for the additional services depends on the nature and modality of the received service.

INTERNATIONAL ACCOUNTING RATE: It is the value that two companies exploiting the international telecommunication services agree for accounting and paying the exchange of reciprocal traffic, as one of the international traffic settlement modalities.

INTERNATIONAL SETTLEMENT RATE: It is the part of the International Accounting Rate that corresponds to the intermediate and the access service companies of the country where the communication ends. In general, the international settlement rate corresponds to the half of the international accounting rate.

TELECOMMUNICATIONS: Are all transmissions, sign emissions or receptions, signals, written documents, images, sounds or any type of information, through wires, radio- electricity, optical means or any other physical or wireless system.

SUBSCRIBER: It is all natural or legal person that buys telecommunication services for their own use.

DEFINITIONS RELATED TO THE RADIO-ELECTRIC SPECTRUM

Art. 4. For the purpose of facilitating interpretation of the Law, of the current Regulation and the dispositions and complementary instruction sheets given by the SIGET, the following definitions related to the radio-electric spectrum will be considered:

AWARDING: the registration of a determined radio-electric channel, in a frequencies utilization Plan adopted by the SIGET, to be used in a local, regional or national area, for a radio-communication service, according to the specified technical conditions.

ASSIGNMENT: Authorization, concession or license given by the SIGET, so that a radio-electric station use a portion of the radio-electric spectrum or a determined radio-electric channel, according to CNAF and the specified technical conditions.

ATTRIBUTION: Registration in the CNAF of a frequency band or frequency bands so that they can be used by one or more radio-communication services, according to the established technical conditions.

AUTHORIZATION: It is the right of use given by the SIGET on a frequency or a frequency band of the official spectrum.

FREQUENCY BAND: It is a continuous part of the radio electric spectrum, comprised between a minimum frequency or lower limit and a maximum frequency or upper limit.

CONCESSION: It is the right of use given by the SIGET for the exploitation of a frequency or a frequency band of the regulated spectrum.

NATIONAL ATTRIBUTION FREQUENCY CHART, WHICH CAN BE ABBREVIATED AS "CNAF" (IN SPANISH): The document containing the attribution and awarding of the different bands of the radio-electric spectrum for the different services, as well as the norms and conditions for its utilization, without determining the type of technology used. The CNAF will also contain the spectrum classification in use, free, official and regulated.

RADIO ELECTRIC SPECTRUM, WHICH CAN BE ABBREVIATED AS "SPECTRUM": It is the set of electromagnetic waves whose frequencies are comprised between 3 kilohertz and 3000 Gigahertz.

INTERFERENCE: It is the effect of an unwanted energy over the reception in a radio-communication system, due to one or several emissions, radiations, inductions or their combinations, that can come out as quality demotion, falsehood or loss of the information that could be obtained in the absence of this unwanted energy. The interference can be harmful, admissible or acceptable.

ACCEPTED INTERFERENCE: It is a higher level than the one defined as admissible interference in the official norms for the use of the spectrum, in international treaties and agreements or in recommendations of the UIT.

ADMISSIBLE INTERFERENCE: It is the interference that does not compromise the functioning of a radio-communication system, according to the quantitative interference and sharing criteria recommended by the UIT.

HARMFUL INTERFERENCE: It is the interference that compromises the functioning of a radio-communication system to the point of seriously disrupt it, suddenly interrupt it, or to interfere its functioning.

LICENSE: It is the right given by the SIGET for the use of certain frequencies or frequency bands of free use or for the offering of sound broadcasting services by wire media.

OFFICIAL NORMS FOR THE SPECTRUM USAGE: Are the norms established by the SIGET in the CNAF to define the minimum technical characteristics that will have to comply the radio-electric emissions, in order to respect the attributed, awarded or assigned frequencies and in that way avoiding of harmful interference.

RADIO-COMMUNICATION SERVICE: It is a defined service in the CNAF, that involves the transmission or the reception of radio-electric signals for specific telecommunication purposes.

CHAPTER III

CONCESSIONS FOR THE PUBLIC TELEPHONY SERVICE

CONCESSION FOR THE PUBLIC TELEPHONY SERVICE

Art. 5 The natural or legal people interested in providing the public access telephony service will have to apply for a concession to provide the referred service.

The services will not be provided to the public, if the candidate does not have the correspondent concession.

INSCRIPTION REQUIREMENTS FOR THE APPROVAL OF THE CONCESSION FOR THE PUBLIC TELEPHONY SERVICE

Art. 6 The concession requests for the provision of the public telephony service will include, for registration effects, besides what was established in Art. 52 of the Law, the following documentation and information:

- a. The documents that prove the existence of the candidate, and the legal capacity of the representative to present the application.
- b. The technical profile of the implementing telecommunication project, which have to include, but not be limited to:

The type of service to be provided initially (access, intermediate or both)
Geographical areas of the country where the service will be initially provided; and,
Initial capacity and final estimation of the network.

- a. Concessions for the use of spectrum that the applicant has, or concessions for the use of the spectrum that will be requested by applicant, in case s(he) needs them; and,
- b. The interconnections initially requested to other operators.

The contained information in the application will be public.

PERIOD GIVEN BY THE SIGET FOR THE APPROVAL OR REJECTION OF THE CONCESSION APPLICATION

Art. 7 The SIGET will approve or reject the request of the applicant in a term of ten days, which will be done in a reasonable way, in both cases. Alternatively, but before the time expires, the SIGET will be able to request for the necessary explanations.

The only causes of rejection of a telephony concession request will be the presentation of documentation or information that is incomplete, or the infringements of the Law or current Regulation, that result evident in the lecture of the request.

In the case that the application is approved, the SIGET will issue the corresponding resolution and will proceed to the registration of the concessionary in the Electricity and Telecommunication Registry. In the same act, the SIGET will order the publication of such resolution according to what is established in the Law.

RENEWAL OF A CONCESSION FOR THE PUBLIC TELEPHONY SERVICE

Art. 8 The renewal of a concession for the public telephony service, will follow the same procedure as a request for a concession. The corresponding request has to be presented no less than sixty days before the expiration of the concession.

CHAPTER IV

ACCESS TO ESSENTIAL RESOURCES

OBLIGATION TO PROVIDE ACCESS TO ESSENTIAL RESOURCES

Art. 9 The access and the intermediate service operators will be obligated to provide to other operators those network elements, or services provided with them that, according to the Law, are considered essential resources, previously to the payment that will be negotiated between the parties, in accordance to what the Law states.

REQUIREMENTS OF THE REQUEST THAT CONTAINS THE FINAL PROPOSAL FOR THE SOLUTION OF THE CONFLICTS FOR THE ACCESS TO ESSENTIAL RESOURCES

Art. 10 The request that has the final proposal each operator has to present before the SIGET, according to Art. 86 of the Law, for the solution of the conflicts for access to essential resources, will have to contain together with the requirements considered in Art. 52 of the Law, the following backgrounds, according to the case:

- a. The identification of the disagreement points.
- b. The final technical and economical offer for each one of the disagreement points.
- c. Proof that the forty days period established by the Law or the period agreed by both parties has passed;
- d. A copy of the note accusing of receipt of the final offer delivery to the operator;
- e. Recollection of the calculated economical offer; and,
- f. References of fulfillment of the national or international recommendations for the technical offer.

The violation of the above periods will provoke the application of what is established in the Art. 66 and 67 of the Law.

ACCESS TO THE BILLING DATA FOR THE ELABORATION OF A UNIQUE INVOICE.

Art. 11 To elaborate the billing, the access service operators, will have to accept among their billing data, the billing data submitted by the intermediate service operator who requests it, so that the subscriber receives a unique invoice for all the received services, which will be presented separately. In the unique billing system, it will be considered that the billing of services will be done by the intermediate service operator, through the billing system of the access service operator.

For such effect, the access service operator will charge a value of unique invoice to the intermediate service operator, which will include the collecting services, but will not give the access service operator the responsibility of those accounts or services that are not cancelled, nor the corresponding collection, except what was agreed by both parties.

According to what was established in Art. 31 of the Law, the access service operator can suspend its services to those subscribers that do not pay their corresponding debts of two or more months without previous knowledge, and the intermediate service operators will not argue that such suspension restricts the interconnection.

In every case, the access service operator can accept that a subscriber cancels only the unique disaggregated invoice corresponding to the access services provided by it, and does not cancel the intermediate services provided by it or other operators, if such subscriber has complaints about the billing of these last services. The subscriber and operator will have to solve this situation within the next 30 days after presenting the complaint. In case that the complaint is not solved within the indicated period and if the intermediate service operator requests so, the access service operator will have to suspend the access to intermediate services to such subscriber of all the providers, including the intermediate services offered by the same access service operator.

The operators can agree to alternative mechanisms to regulate the suspension of the services, in complement of what is pointed out in the above statement, with the purpose of solving specific cases, according to what is established in Arts. 31 and 98 of the Law.

ACCESS TO BILLING DATA FOR THE ELABORATION OF SEPARATED BILLS

Art. 12 Without prejudice to what was established in last article, the intermediate service operator can use the information consigned in Art. 13 to elaborate, distribute and collect by itself the billings for the services offered to determined subscribers of an access network service.

BILLING DATA TO BE PROPORTIONED

Art. 13 When an intermediate service operator requests it, the access service operator will have to give to the first one, previous the payment that will be negotiated between both parties, the billing data that is indicated, according to the case, rightly updated:

- a. The complete name of each subscriber;
- b. Name of legal representative;
- c. The numbers that identify the subscriber in the access network;
- d. The accorded addresses to receive the bills;
- e. Value Added Tax (IVA) registration;
- f. Indication in case the subscriber has requested to restrict the access to determined intermediate services; and,
- g. Indication in case the subscriber is late in the payments.

In the case that a subscriber has required the restricted management of the above data, the operator that receives this information will be informed, with the purpose of this last one is obliged to handle a similar restricted management.

TELEPHONE NUMBER PORTABILITY

Art. 14 The numeric telephone portability can be requested only when two involved operators have intelligent networks in service.

PUBLICATION OF DATA OF SUBSCRIBERS FROM OTHER NETWORK IN THE PHONE BOOK

Art. 15 Every access service operator is obliged to publish in the phone book, the numbers, names and addresses of the subscribers of other operators that have requested so and deliver the corresponding information, after the payment that will be negotiated by both parties. Such publication has to be free of discrimination.

The publication obliges the requesting operator to pay the corresponding costs to the operator who edits the phone book, but this last one will not additionally charge for the publication the subscribers connected to the network of the first one, except if they are commercial announcements.

PHONE BOOK DATA BASE CONTENTS

Art. 16 The phone book data base of an operator will contain the numbers, names and addresses of its subscribers, with exception of those subscribers that have requested the prohibition of the publication of their data. The publication of the information of the phone book data base of an operator, will only be realized with previous authorization from the corresponding operator.

CHAPTER V

ACCESS AND INTERMEDIATE SERVICES

LENDING OF INTERMEDIATE AND ACCESS SERVICES

Art. 17 An access service operator can simultaneously be an intermediate service operator and viceversa, with the only obligation of applying nondiscriminatory tariffs to the different services it provides.

NONDISCRIMINATORY TREATMENT OF THE INTERMEDIATE SERVICES

Art. 18 The access service operator will give a nondiscriminatory treatment to the different operators that offer intermediate services to its network subscribers, in relation to the intermediate services offered by the same operator, respecting what is established in the Numbering Plan. Specially, the selection codes of the operator will be published in the Phone Books in equal conditions and without any discrimination .

Subscribers can request that their access service does not have the availability to certain intermediate or value added services provided, in a way that the access limitation affects the totality of the intermediate or value added services of the same type of all the operators, including the ones that could offer the same operator of access services. The access service operator will have to inform to all intermediate and value added service operators about such limitation.

The restriction of the access to the intermediate or value added services, previously indicated, requested by the subscribers will not be charged to them.

IMPLEMENTATION OF THE MULTI-CARRIER SYSTEM FOR LOCAL OR TRANSIT TRAFFIC.

Art. 19 In case an intermediate service operator decides to implement a multi-carrier system to carry traffic between two subscribers of the same local area or from two distinct area locations, equivalent procedures to the ones of the multi-carrier system by marking or by pre-subscription for international traffic will be applied.

In every case, the implementation of the multi-carrier system for local or transit traffic, will not require technical or commercial agreements besides the ones that have been established for the multi-carrier international system, with the operator or operators of the corresponding access networks, while such agreements are valid and contemplate the necessary services for that implementation.

INSTRUCTION SHEET FOR THE MULTI-CARRIER SYSTEM USAGE

Art. 20 Whenever the SIGET considers necessary, and with the purpose of informing the public, it will emit an instruction sheet so that in the phone books appear the form of use of the multi-carrier system and the selection codes of the operators.

RESTRICTIONS IN THE IMPLEMENTATION OF THE MULTI-CARRIER SYSTEM

Art. 21 In the instruction sheets or contracts relatives to the initiation of the multi-carrier system, it will be permitted that such system is implemented with determined restrictions, in the switching centers of analogical technology, in the case they have been installed before the valid date of the Law.

ASSIGNING OF OPERATOR SELECTION CODES

Art. 22 The assigning of selection codes for the multi-carrier system, as well as the assigning of specific numbers will be done through public auction, according to the established procedure in Art. 102 of the Law, in which SIGET will have to develop through an instruction sheet, indicating the auction system to be used, the participation requirements, its base price and the offer keeping guarantee or other guarantee form determined by the SIGET.

LOCAL SERVICE AREA COVERAGE

Art. 23 For the effect of rating, each local service area that has been defined by an access service operator has to cover, at least, the corresponding territory of a municipality, with the exception to the Metropolitan Area of San Salvador, which has to cover all the municipalities that integrate it.

Without prejudice of the above, the operator and subscriber can agree the extension of the services provided in the urban zones to rural zones, through the mediums provided by any of them.

RESPONSIBILITY OF THE INTERMEDIATE SERVICE OPERATORS

Art. 24 The intermediate service operators will be the direct and only responsible of the services they offer throughout the networks of the access service operators. The previous will not be applicable, in the cases where technical quality of the intermediate services could be affected by causes attributed to the access service networks.

STARTING COMMUNICATION NETWORK

Art. 25 The starting communication network will correspond to the operator that charges the communication to the subscriber, if not otherwise agreed by both parties.

OBLIGATION IN THE USAGE OF SPECIAL NUMBERING

Art. 26 All the operators that offer the service to the public, will have to use special numbering, defined by the SIGET in the Numbering Plan, for the services that have tariffs or charges higher than the usual services, as well as those that are free of charge.

CONTRACTS FOR THE DIALING AND PRESUBSCRIPTION MULTI-CARRIER SYSTEM AND FOR THE VALUE ADDED SERVICES

Art. 27 In the dialing multi-carrier system, the subscribers connected to an access service network will not need to subscribe a specific contract with the intermediate service operators, for the use of the facilities offered by them, as soon as they are properly interconnected to the access network. The contract between a subscriber and the access service operator will be enough to accede to the use of the intermediate services. This same principle will be used for the value added services.

On the contrary, in the pre-subscription multi-carrier system, there should previously exist a specific contract between the intermediate service operator and the subscriber to the access service network to whom such facility will be provided. The non utilization of the operator selection code in the pre-subscription system means that this one is not dialed in an explicit form by the final user to access to the intermediate service operator to whom the final user is pre-subscribed. Nor the programming of the switching central neither the pre-subscription contract can impede the subscribers to use the dialing multi-carrier system, to select, in any moment, any intermediate service provider.

ACCESS TO THE MULTI-CARRIER SYSTEM

Art. 28 In case the subscribers access to intermediate services through the multi-carrier system, the respective access operator can only charge the subscribers the approved tariffs, without the addition of any charge for the access to such system.

QUANTITY AND KINDS OF NETWORKS OF AN ACCESS SERVICE OPERATOR

Art. 29 When an access service operator has defined various interconnection points, it will be understood that its network is composed by as many access service networks as existing interconnection points, plus one intermediate service network that connects such interconnection points.

CHAPTER VI

NETWORK INTERCONNECTION

OBLIGATION TO PROVIDE INTERCONNECTION

Art. 30 In accordance to part a) of Art. 19 and to Art. 20 of the Law, the interconnection is an essential resource of the networks and has to be provided to every operator of other network that requests it, without any discrimination, whenever is technically feasible and the interconnection equipment do not provoke damage or bad functioning to the pre-existent network.

With the purpose of facilitating the interconnection between networks, the operators will make the interconnections using digital ports of 2.048 Mbps, that comply with the G. 703 recommendation of the International Union of Telecommunications (UIT), except when the parties agree something different.

The degree of service of an interconnection will be so that the telephone traffic can be carried out with a loss probability better than 3 failed tries of 100 performed tries, in the peak hour. For the electro-mechanical exchanges (analogical) it will be permitted a maximum value of 5%. With the exception of the conditions caused by fortuitous or major force situations, that generate a circumstantial increase of traffic.

DEFINITION OF INTERCONNECTION POINTS

Art. 31 Every access service operator will have to define at least one interconnection point, in the case that another operator requires the access to this essential resource.

DEFINITION OF INTERCONNECTION POINTS IN EACH LOCAL AREA

Art. 32 Every access service operator will have to establish in each defined local area, at least one point of interconnection for the operators that request the interconnection service. Without omitting the above, the same interconnection point can permit the access to various local areas, if it is agreed by both parties.

INTERCONNECTION TO OR FROM TERMINAL EXCHANGES

Art. 33 The interconnection service offered by an access service operator between an interconnection point located in a local area defined by it and the link to the subscribers of the same local area or of other local areas directly accessible through such interconnection point, will be considered as an interconnection to or from terminal exchanges, without concerning the physical or switching distance that exists between them.

INTERCONNECTION TO OR FROM TANDEM EXCHANGES

Art. 34 The interconnection service provided by an access service operator will be considered as an interconnection to or from transit exchanges or tandem, when by expressed petition of the operator that requires the interconnection, this one is complemented by an exchange that realizes the transit functions and with the only objective to establish alternative routes to the interconnection points already agreed to access to a local area.

INTERCONNECTION TO OR FROM TRANSIT EXCHANGES

Art. 35 The interconnection service provided by an access service operator between an interconnection point located in a local area of its network and the links to the subscribers located in another local area of its same network, will be considered as an interconnection to or from transit exchanges whenever in the second local area also exists an interconnection point and the operator that uses the interconnection decides not to establish

or use its own transport links with this last interconnection point, that from the switching point of view is nearer to the subscribers.

APPLICATION OF THE INTERCONNECTION CHARGE TO OR FROM INTERNATIONAL EXCHANGES

Art. 36 Without omitting what is established in Art. 39 of the present regulation, the interconnection service provided by an access service operator between an interconnection point and the links to the accessible subscribers through such interconnection point, will be considered as an interconnection to or from international exchanges, as soon as interconnection is used so that subscribers use the international telephony service offered by another operator, or when it is used so that subscribers receive the international telephony traffic coming from the network of other operator.

The interconnection charge to or from international exchanges will be charged independently of the transit suffered by the international traffic before arriving to the interconnection point.

In every case, each time an operator of access service networks charges the interconnection charge to or from international exchanges, will not be able to charge to the other operator the interconnection charge to or from terminal exchanges, or to or from transit exchanges.

COMPONENTS OF THE INTERCONNECTION SERVICE

Art. 37 The interconnection service will include the signaling, the transfer of the automatic identification of the subscriber number, ANI, and the switching service between the interconnection point and the links to the final subscribers.

In spite of the above, while the Art. 103 of the Law is valid, the interconnection charges will not include the switching service between the interconnection point and the subscriber, with the exception that both parties have agreed to include them. When the time expires for Art. 103 of the Law, the interconnection charges will necessarily include the switching service between the interconnection point and the subscriber.

In every case, the operators of the access service networks can charge to the subscribers, the tariffs and charges for the provision of their services, especially for the use of their links.

NOT OBLIGATION OF INTERCONNECTION

Art. 38 A commercial telecommunication network can remain disconnected with other commercial telecommunication networks, located in the national territory, only if the interconnection has not been required by another operator.

Previous to the subscription of the corresponding service contract, this circumstance has to be warned expressly by the operator to the subscribers of that network, which has to be noticed and consigned in the contract.

INTERCONNECTION LEVELS

Art. 39 The interconnection has to be provided by the pre-existing network operator in all of the hierarchical levels or exchanges where it is requested, whenever is technically feasible.

In spite of this, this demand will be considered accomplished, if the interconnection is established in one unique interconnection point, agreed freely by both parties, that permits the access to all switching exchanges and subscribers of the pre-existing network that are of interest to the operator that requests it. In consequence, interconnections can be given with an efficiency criteria, that minimizes the quantity of interconnection points.

APPLICATION OF THE DIFFERENT INTERCONNECTION AND SWITCHING CHARGES

Art. 40 If the interconnection is established in one unique interconnection point, this will not impede the operator of the network that grants it, to apply to the other operator, the different interconnection and switching charges that the Law allows to charge, in accordance to the nature of the provided services.

INTERCONNECTION USES

Art. 41 The interconnection can be agreed:

- a. So that a communication initiated in an operator's network can be terminated in the network of another operator, so that all subscribers of a same type of service in different networks can communicate among them; or,
- b. So that an operator can offer services to the subscribers connected to the network of another operator.

This kinds of interconnection are not exclusive among them.

RESPECT TO THE NUMERATION PLAN AND TO OTHER FUNDAMENTAL TECHNICAL PLANS

Art. 42 The operators of commercial telecommunication networks that request the interconnection with other commercial telecommunication networks, will have to respect the numbering plan of the SIGET and take into consideration the rest of the fundamental technical plans that have been accepted by other operators already interconnected.

It will be the obligation of the operators to inform to the SIGET every 6 months the advances in the implementation of the assigned telephone numbers.

RESPONSIBILITY TO INSTALL AND MAINTAIN THE TRANSPORT LINKS

Art. 43 It will be of exclusive responsibility of the operator that requests the interconnection, to install and maintain the transport links that allow the arrival from its network to the interconnection point or points agreed with the pre-existing network, for the transportation of all the traffic, initial and future, incoming as well as outgoing.

In spite of the above, the operator that requires the interconnection can freely agree with the operator of the pre-existing network, the provision of such transport links beneath the modality of facilities renting.

INTERCONNECTION CONTRACT

Art. 44 The technical and commercial specific conditions of the interconnection service will be freely agreed by the parties in an interconnection contract, in which will also be stipulated the technical and commercial conditions of the rest of the essential and obligatory resources that have been agreed.

The interconnection contract, and its modifications, will be registered before the SIGET, in the corresponding section of the Electricity and Telecommunication Registry, and will have to comply with all legal and regulatory dispositions that can be applicable.

PUBLIC CONDITION OF THE INTERCONNECTION CONTRACTS

Art. 45 The valid interconnection contracts between two operators will be available to be consulted in any moment in the corresponding section of the Electricity and Telecommunication registry of the SIGET by a third operator, with the purpose of this last one will be able to verify if having or not similar contractual terms, according to Art. 20 of the Law.

INTERRUPTION OF INTERCONNECTION

Art. 46. Every operator can interrupt an interconnection, protected by an interconnection contract, when the interconnected equipment cause any damage or malfunctioning in their equipment, following the established process in Title VI, Chapter II of the Law of Telecommunications.

In any case, the interruption of an interconnection will not be the cause for the extinction of the obligation to pay the service already obtained throughout it.

INTERCONNECTION OF INTELLIGENT NETWORKS

Art. 47 When two operators possess intelligent networks, they will also have to interconnect them, even if these networks are additional to the commercial networks already interconnected. The technical and economical corresponding conditions will be previously agreed to do the interconnection of intelligent networks.

To make easy the interconnection of such networks, the parties will do their better effort to design them according to the series of recommendations Q.1200 of the International Telecommunication Unit and TCR-TR NA-60106 of the ETSI (European Telecommunication Standardization Institution).

SUSPENSION OF THE EXCEPTIONAL INTERCONNECTION

Art. 48 Operators, at any given moment, will be able to disconnect any exceptional interconnection and the Art. 110 of the Law will not be invoked by the other operators that have established such exceptional interconnection.

The outgoing or incoming communications of international telephony that have to be terminated in El Salvador, will necessarily have to be switched through the interconnection points previously agreed by the operators, or through the own infrastructure of the operator.

The applicable sanction to the transgressor for the establishment of an exceptional interconnection, does not impede the affected network operator to charge with retroactive effect the different interconnection and switching charges that had to be applied to the services that have supposedly transited by such connection.

ALTERATION OF THE DESTINATION NUMBER, THE ANI AND THE INTERCONNECTION AND SWITCHING PAYMENTS.

Art. 49 Not taking into account the destination number of a communication, to guide it to a different number, corresponding to another telecommunication network, will be considered as an alteration of the necessary data for the charging of the essential resources, even if both numbers belong to the same subscriber.

Likewise, the use of the exceptional interconnection points, the modification done by an operator of the number of automatic identification of the subscriber that originates the communication (ANI), with the purpose to diminish or avoid the consequent payment of the interconnection or switching charges, will be considered as an alteration of the necessary data for the charging of the essential resources.

The sanction applicable to the transgressor for the actions mentioned above, does not impede the network operator that grants the interconnection, to charge with a retroactive effect the different interconnection and switching charges that the Law and the current Regulation permit, according to the nature of the services that presumably transited by such connection.

CHAPTER VII

SPECTRUM ADMINISTRATION

ADMINISTRATION

Art. 50 The administration of the spectrum done by the SIGET will include functions of planning, exertion and technical verification of emissions.

PLANNING

Art. 51 The planning function will have for purpose to elaborate and bring up to date the CNAF with the official norms for its use, based on the norms and recommendations of the UIT, to the previous necessities for the future and the development of technology. The relevant data of the planning will be incorporated in the CNAF.

EXERTION

Art. 52 The exertion function will be composed of the handling of applications for concessions, authorizations or licensees, also verification that they comply with the CNAF, the publication of the concession requests, the analysis done by the Telecommunication Manager for recommending the feasibility and the convenience to accede to what is requested or the convenience to fragment the requested band, and the materialization of the public auction procedure, in case has to be applied.

TECHNICAL VERIFICATION OF EMISSIONS

Art. 53 The function of technical verification of emissions will be composed of the activities of inspection in situ, and of the vigilance of the spectrum that have to be done in order to permanently and objectively evaluate the technical, operative and regulatory aspects that have to fulfill the radio-electric stations, so the interference problems can be prevented and solved and to avoid the use of the spectrum by stations that don't have the correct concessions, authorization or license. The technical verification of emissions will be done with specialized measuring and monitoring equipment and will be supported on the Electricity and Telecommunication Registry.

REUSE OF THE SPECTRUM

Art. 54 The SIGET can grant more than one concession, authorization or license over a same frequency, as long as there is an electromagnetic compatibility, so that harmful interference is not created.

For point to point or point to multi-point fixed link systems, the concessions of bands of the Radio-electric Spectrum cannot be assigned with regional or national coverage, for the radio-links point to point; and national coverage for the radio-links point to multi-point. In such cases, the frequency bands will be granted for links or areas of specific coverage for which the applicant will have to indicate the geographical coordinates of the points to join

and when required by the SIGET, the profile of the linking terrain, as well as the municipality, departments or regions to cover by the point to multi-point links.

The SIGET can reuse the frequencies as many times as wanted if it is technically feasible the fragmentation between one or more entitled of the right. Each reuse will be considered as a concession, authorization or a different license even if the frequencies are the same. These radio-links can be given in concession with a different coverage like it was established in the above statements, except when technology requires and the applicant demonstrates technically.

In respect with the frequencies to accede to the space segment with satellite link, the SIGET can grant more than one concession over the same frequency to different operators, in function of the different orbital positions that can be established, of the polarization to use or other technical parameters.

SPECIFICATION OF THE CHARACTERISTICS OF THE REQUIRED FREQUENCIES.

Art. 55 For the effects of admitting a concession application for a procedure, and attending to the stipulated in article 76 of the Law, the requested frequency characteristics must be specified by the applicant through:

- a. The reference to the fulfillment of the dispositions of the CNAF that are applicable, and,
- b. The technical background of the system in terms of the services to offer; central frequency and bandwidth of the transmitting stations; geographical locations of the fixed transmitting stations; coverage areas or link direction; operation timetable; nominal power of the transmitters; effective maximum radiated power; maximum intensity of the electrical field in the surroundings of the covered area; modulation type; type, gain and pattern of the radiation of the antennas of the transmitter stations; type, gain and pattern of reception of the antennas of the receiving stations, whenever they have to be protected; altitude and location of the antennas above the terrain level and above the sea level; and a spectrum diagram of the signals emitted by the transmitters after the filtering state, as it corresponds.

The contained information in the application will be made public.

The electromagnetic compatibility, as well as the eventual oppositions, will be analyzed by the SIGET, which will determine if the petition provokes harmful interferences or not. With respect to new technologies, when the pointed backgrounds in b) are insufficient to determine the electromagnetic compatibility, the SIGET can request the additional corresponding backgrounds.

EMPLOYMENT OF REGULATED AND OFFICIAL USE BANDS BY STATIONS WITHOUT LICENSE

Art. 56 The CNAF, can permit determined spectrum bands of regulated use and official use to be used by public in general, for the operation of radio-electric stations that include very low power transmitters, as soon as these do not cause harmful interference to the stations that have the concessions or authorizations.

In any case, this very low powered emissions have to respect this Regulation, as well as all the international norms that are applicable to them and the ones contained in the CNAF.

INSCRIPTION AND PROTECTION OF THE INTERNATIONAL FREQUENCIES AND THE NONUSE ONES

Art. 57 The SIGET will not grant concessions, authorizations or licenses over those specific frequencies or specific frequency bands that have to be registered and protected according to the treaties, contracts or international agreements, neither the ones the SIGET determined as useless, by proven technical reasons.

RADIO- AMATEUR SERVICES

Art.58 The use of the assigned bands to the radio-amateur service is only permitted to the persons that have radio-amateur license granted by the SIGET.

The SIGET will emit an instruction sheet to regulate the functioning of the radio-amateur services and the granting of the corresponding licenses, according to the UIT norms and the international criteria accepted by such service.

In any case, the SIGET could delegate in the radio-amateur organizations the performing of tests and the control of the corresponding bands, without meaning the abandonment of the rules that the Law and the current Regulation have. In consequence, the sanctions that meaning penalty or the temporary or definitive suspension of a radio-amateur license, will only be applied by the SIGET.

OTHER FREE USAGE BANDS THAT REQUIRE A LICENSE

Art. 59 For the effects of applying the first paragraph of the Art. 13 of the Law to other radio communication services that require a license, the SIGET will be attained to what is established in the CNAF or, in its defect, will emit the corresponding instruction sheets. Such instruction sheets will regulate the functioning of those services and the granting of the corresponding licenses.

FREE USAGE BANDS THAT DO NOT REQUIRE A LICENSE

Art. 60 The CNAF will establish those free usage bands that can be used without a license. In any case, the emissions within such bands should be adjusted to the international

recommendations indicated in the CNAF and the instructions applicable by the SIGET, with the purpose of avoiding harmful interference.

SATELLITE COMMUNICATION SYSTEMS NOT REQUIRING CONCESSION FOR THE USE OF THE RADIO-ELECTRIC SPECTRUM

Art. 61 For the application of Art. 14 of the Law, it will be understood that the operators of satellite communication systems will not require a concession for the exploitation of the spectrum, when the transmission and reception frequencies used are previously sheltered in their favor, in treaties or international agreements valid in El Salvador.

The operators that have the right to use such frequencies, will have to give to the SIGET the technical and legal information that corresponds, with the purpose of this one registers the relevant data in the Electricity and Telecommunication Registry. Also, the relevant technical background of the installations of the operators that use them, as well as the installations of their respective subscribers will be consigned.

For the earthly stations that use these satellites, the administration rates, exertion and vigilance of the Spectrum established in Art. 91 of this Regulation will be applied.

SATELLITE COMMUNICATION SYSTEMS THAT REQUIRE THE CONCESSION FOR THE USE OF THE RADIO-ELECTRIC SPECTRUM

Art. 62 The satellite communication system operators not included in the above article will have to obtain from the SIGET a concession for the exploitation of the portions of the regulated use Radio-Electric Spectrum. The exploitation rights can be transferable and fragmented to their subscribers in the earthly stations, in the time, frequencies and in the geographical space, like stipulated by Art. 15. of the Law.

In this case, the payment for the concession, as well as the administration and vigilance of the Radio-Electric Spectrum rate will be applied.

REQUIREMENTS FOR THE CONCESSIONS OF SATELLITE FREQUENCY BANDS OF REGULATED USE

Art. 63 The concession applications of the satellite communication system operators for the exploitation of the satellite frequencies of regulated use, will have to fulfill with the requirements of Arts. 52 and 76 of the Law. Particularly, the applications will be accompanied by the documentation that demonstrates:

- a. The authorization of the titular of the orbital position, to commercialize or use one portion of the satellite capacity;
- b. Certification that demonstrates that the titular of the orbital position has the rights over it; as well as the rights for the frequency bands requested through the UIT; and,
- c. Declaration that when initiating the operations, the titular will fulfill with the established international standards for that type of telecommunication.

Similarly, the concession applications for the exploitation of frequency bands of the Spectrum for earth stations will have to fulfill with the requirements of Arts. 52 and 76 of the Law, including the technical satellite parameters to use and the specifications of the required Spectrum, which have to be agreed with the satellite operator in definitive or preliminary form.

CHAPTER VIII

SPECIAL REGIME FOR THE FREE-RECEPTION AND BY SUBSCRIPTION TELEVISION AND RADIOBROADCASTING SERVICES

CONCESSIONS OR LICENSES

Art. 64 The request for obtaining the concession or license for the exploitation of the radio-electric spectrum for the lending of radio broadcasting services and free-reception television radio broadcasting services, will have to comply with requirements in Arts. 52 and 76 of the Law of Telecommunications, as it corresponds. Particularly, the technical background specified in form or pertinent instruction sheets of the SIGET will have to be presented, according to the established procedures for the acquirement of regulated frequencies, being the SIGET the one that determines the available frequencies.

FULFILMENT OF THE CNAF PARAMETERS

Art. 65 The Radio Broadcasting stations or Television Broadcasting stations will have to respect the technical characteristics as well as the maximum power limit established by the CNAF, in Art. 117 of the Law and in its concession, as it corresponds.

COMPANY AND EQUIPMENT REGISTRY

Art. 66 Any radio and television broadcasting station will register in the Electricity and Telecommunication Registry, the name of the company, its address, owners and the equipment with their respective characteristics.

STATION IDENTIFICATION

Art. 67 Every radio and television broadcasting station will have for obligation to properly identify with its Commercial Name and its distinctive while its transmissions last for a maximum of every 30 minutes for the radio broadcasting stations and at the end of each program for television broadcasting stations.

INITIAL INSPECTIONS BY THE SIGET

Art. 68 Before the operation of a radio or television broadcasting station, the SIGET will perform the inspection with the purpose of proving that installations comply with the technical backgrounds in which the concession is granted.

CHANGES IN THE RADIO OR TELEVISION BROADCASTING STATION SYSTEM

Art. 69 When technical characteristics of the concession are modified, among all, following are included: transmitter power, amplification stages of the radio-frequency, characteristics of the antennas, transmission lines and geographical displacement, the concessionary will not be able to request the modification of the concession; instead, the concessionary will have to follow the procedure established by the Law.

CHANGES IN THE CONCESSION TITLE

Art. 70 The changes in the concession title will have to be notified and registered in the Electricity and Telecommunication Registry.

REQUIREMENTS OF THE REQUESTS TO LEND RADIO BROADCASTING SERVICES AND TV BY SUBSCRIPTION BY WIRED OR WIRELESS MEDIA

Art. 71 The lending of radio broadcasting services and television by subscription, by wired or wireless media, will require a License, which will be granted when the applicant has the specified technical backgrounds in the form and/or the pertinent instruction sheets of the SIGET and once they are approved.

COMPANY AND MAIN EQUIPMENT REGISTRY

Art. 72 The licensed persons that provide wired or wireless broadcasting services of Television by Subscription, will have to register in the Telecommunication Registry the name of the company, its address, owners and the characteristics and technical information of the main equipment.

SPECIAL CONTRIBUTION

Art. 73 The special contribution established in Art. 116 of the Law of Telecommunications, will have to be paid according to the indicated table in such article, annually, during the month of October of each year, and will be measured in Watts according to the nominal power of the transmitter of each station, or to the number of channels transmitted. Such amounts will be increased annually according to what is established in Art. 90 of this Regulation.

The ones that obtain concession or license with anticipation to the month of October of each year, will have to pay the rate that corresponds to the proportional part for the expiration of the year.

CHAPTER IX
REGULATION OF MERCANTILE ASPECTS

SECTION I

NON COMPETITIVE PRACTICES

DISLOYAL COMPETITION

Art. 74 It is prohibited all form of disloyal competition between commercial telecommunication network operators. Specially, the crossed subsidies of a specific service to another, as well as the discounts per volume that are discriminatory are prohibited.

When an operator applies discounts per volume over determined public services, these will have to be applied also to the access charges that keep a relation with such services.

PROHIBITION TO SELL SERVICES BENEATH THEIR COST

Art. 75 According to what is mentioned in Art. 111 of the Law, the tariffs charged by an operator in a determined lending of services to the subscribers, will not be able to be inferior to the value of all the charges, costs and inputs that compose such lending.

In case the operator self provides determined number of inputs, the costs and charges to be considered will be the ones that the operator decides to charge for such inputs, or for similar inputs, to other operators.

SIGET'S INSTRUCTION SHEETS FOR SOLVING PROBLEMS THAT LIMIT FREE COMPETITION

Art. 76 While the Law that regulates the existence and the functioning of the anti-monopolist organisms is not dictated, the SIGET can emit instruction sheets to provide orientations that permit the solution of the problems of free competition predicted in Art. 111 of the Law. For this effects, the SIGET will have to adjust its acting to what is pointed out in Title II of Chapter VI of the Law.

REGISTRY AND SEPARATION OF THE COSTS IN THE ACCOUNTING SYSTEM

Art. 77 When an access service operator acts simultaneously as an intermediate service operator, the SIGET can request to such operator the obligation to have separated accounts for its different services.

SECTION II

CHARGES, PRICES, TARIFFS AND RATES

METHODOLOGY FOR THE CALCULATION OF MAXIMUM TARIFFS

Art. 78 According to what was established in Art. 8 of the Law, until year 2002, inclusive, the telephone network operators that control less than ten percent of a determined market or service and that are not bonded by patrimony to another operator, can request the approval of their own maximum tariffs to the SIGET, in base to their real costs, or accept the maximum tariffs that the SIGET approves for other operators. The methodology to use for the calculation of the costs to the referred companies and the maximum corresponding tariffs, will be the following:

a. Elements of Tariffs

According to the basic structure of a telecommunication system and the definitions of Art. 3, of this regulation, the charges or partial tariffs that are part of the global tariff for telecommunication services are the following:

Access charge, traffic charge or for additional services, interconnection charge plus the charges to end the call in another network, which are essentially the same as the previous ones until the interconnection point.

The installation charge is not considered part of the tariff since it is normally charged separately in one payment or partial payments.

b. Calculation of Capital Cost Rate

The determination of the capital cost rate (K_o) to which this article refers to, corresponding to the annual revenue upon assets that the investor requires to offer in the country the services whose maximum tariffs have to be approved, will be performed based upon the "Capital Assets Pricing Model" (CAPM), according to the following expression:

$$K_o = R_f + \beta \times PRM$$

Whereas:

K_o is the capital cost rate of the company corresponding to the revenue upon the required investment of the operator.

R_f is the annual revenue rate of a financial instrument free of risk in the country.

PRM is the premium for market risk, corresponding to the difference between the annual revenue of the diversified investment shares and the annual revenue of the financial instrument free of risk, in the country.

β is the systematic risk factor of the own activities of the companies in the specific area (of telecommunications) in relation to the market.

β it is mathematically defined as:

$$\beta = \frac{Cov(R_t, R_p)}{Var(R_p)}$$

$$Cov(R_t, R_p) = \frac{\sum_{i=1}^n (R_{ti} - \overline{R_t}) \times (R_{pi} - \overline{R_p})}{n}$$

$$Var(R_p) = \frac{\sum_{i=1}^n (R_{pi} - \overline{R_p})^2}{n}$$

Whereas:

Cov Is the covariance between R_t and R_p

Var Is the variance of R_p

R_t is the revenue upon telecommunication company assets in the considered period.

R_p is the revenue of the portfolio of the diversified investments in the considered period.

i is the period upon which R_t and R_p have been calculated.

$\overline{R_t}$ is the average value of the assets revenue of the telecommunication company in the established period.

$\overline{R_p}$ is the average value of the investment portfolio revenue in the established period.

In the case that the available national information does not comply with the necessary technical requirements to obtain the estimate of the premium market risk or the systematic risk factor, from the formal statistical point of view, it will be able to turn

to similar international estimations that comply with such requirements to determine the mentioned parameters. Normally this information is available in the publications of the stock exchanges of the countries with financial tradition.

c. Calculation of the Increase Development Cost

In the first stage of the calculation, the increase development cost (CID) will be determined for each element or group of elements of the company network. The CID will be defined as that cost equivalent to the annual uniform income that permits to obtain an updated net value equal to zero for the flow of cash generated by the corresponding expansion project of the company, formulated according to the service volumes that are expected to be provided during the next five years, that is to say:

$$\sum_{i=0}^5 \frac{I_i}{(1 + K_0)^i} + \sum_{i=1}^5 \frac{(y - c_i) \times (1 - t) + d_i \times t}{(1 + K_0)^i} + \frac{vr}{(1 + K_0)^5} = 0$$

Whereas:

$(y - c_i) \times (1 - t) + d_i \times t$ represents the flow of cash in the year i of the project

$i = 1$ is the first year of exploitation of the corresponding project

I_i is the investment cost in the assets of the project in the year i . The investment in the year 5 will only be considered if it is necessary to generate income that year

K_0 is the capital cost rate of the company, corresponding to the annual revenue upon shares required by the investor

y is the annual uniform income equivalent to the increase development cost of the project ($y = \text{CID}$)

c_i is the cost of exploitation of the project in the year i

t is the tributary rate upon the company's utilities

d_i is the depreciation of the project assets in the year i for tributary purposes

vr is the economical residual value of the project assets after the 5th year

The company has to specify the annual investment (I_i) and exploitation costs associated with the project, the economical residual value of the investments at the end of the 5th year period (vr), the tributary rate upon the utilities (t) and the capital cost rate (K_0)

For effects of this article, the exploitation costs will be determined as the sum of the operation, maintenance and general costs, and all of those directly associated with the project that do not constitute investment costs, and will not include the depreciations, the losses in the past years, the financial expenses neither the amortizations.

d. Calculation of Preliminary Tariffs

Following, the preliminary tariffs associated to each expansion project, which being applicable to the anticipated service volumes should generate a flow of incomes equivalent to the CID will be determined. In the case that the element or group of network elements, contemplated in the expansion project, is used for more than one service, the relationship of the preliminary tariffs between them will correspond to the proportion in which the assets of the project are used per each unit of the respective services.

In consequence, the preliminary tariffs, associated to each element or group of network elements, corresponding to the services whose increasing demand can be attended by the expansion project, have to comply with the next equation:

$$\sum_{i=1}^5 \frac{\sum_{j=1}^n q_{i,j} \times p_j}{(1 + K_0)^i} = \sum_{i=1}^5 \frac{y}{(1 + K_0)^i}$$

Whereas:

$q_{i,j}$ is the increasing volume of the service "j" in the year "i", measured in respect to year 0.

P_j is the preliminary tariff of the service "j".

The preliminary tariff corresponding to each service provided by the company will be determined as the sum of the preliminary tariffs of the service associated to each element or group of network elements used for the lending of it, plus the tariffs applied by other operators taking part in its lending and that have not been considered in the exploitation costs of the expansion projects. In the referred calculation, a duplication of the costs will not be accepted.

According to the above, the access charge or fixed charge, preliminary, that does not include the right to make communications free of charge, will only include the preliminary tariffs associated to the permanent links with the subscribers and to the information systems associated to the billing and to the registry of the users.

Likewise, the preliminary tariff per minute of communication of a determined type, that can be differentiated according to the timetable, will only include the preliminary tariffs associated to the transport links, switching centers, including the corresponding buildings, and the information systems associated to the billing, used, plus the tariffs eventually applied by other operators with the motive of the realization of the referred communication that have not been considered in the exploitation costs. Duplication of costs will not be accepted, and those generated by the installation charges will be considered as incomes.

e. Calculation of the Long Run Total Cost. (For the whole company)

The Long Run Total Cost (CTLP), relevant for the effects of what is established in literal "f" of this article, will be calculated considering the size of the company necessary to provide the total average volumes for the different services during the 5 year period, according to the following equation:

$$-I_0 + \sum_{i=1}^5 \frac{(Y - C) \times (1 - t) + D_i \times t}{(1 + K_0)^i} + \frac{VR}{(1 + K_0)^5} = 0$$

Whereas:

- I*₀ corresponds to the reinstatement cost of the actual assets of the company plus the cost of the additional investments required to achieve the necessary size.
- Y* is the annual uniform income equivalent to the long run total cost of the company (*Y* = CTLP) that corresponds to the average recollection for auto-finance and obtain the revenue over the investment required by the operator.
- C* is the sum of the annual cost of actual exploitation of the company and of the cost of required additional exploitation, that includes the costs per concept of charges of other operators minus the incomes per concept of charges to other operators.
- D*_{*i*} is the depreciation for tributary effects in the year *i*, of the assets in the dimensioned company.
- VR* is the residual economical value of the company assets thus dimensioned at the end of the fifth year.

f. Calculation of maximum tariffs

If the application of the preliminary tariffs to the total annual average volumes of the different services results in an annual income inferior to the long run total cost defined in the above literal of this article, that is to say, if the preliminary tariffs do not permit the auto-finance of the company, the maximum tariffs will be obtained increasing the preliminary tariffs in the right proportions, that minimize the distortions introduced in the market, in a way to achieve an annual income equivalent to the long run total cost. In other case, the maximum tariffs will be equal to the preliminary tariffs.

The annual income equivalent to the long run total cost will be verified according to the following equation:

$$\sum_{j=1}^n Q_j \times P_j = Y$$

Whereas:

- Q_j is the total average annual volume of the service "j" during the period of analysis of 5 years.
- P_j is the maximum tariff of the service "j".
- Y is the annual uniform income equivalent to the long run total cost ($Y = \text{CTLP}$) which includes the revenue over the investment required by the entrepreneur.

CALCULATION OF THE INCREASING AVERAGE LONG RUN SERVICE COST (CIPLP)

Art. 79 In relation to what is established in Art. 91 of the Law, to determine this value, it will be calculated the increasing cost that will be the net actualized value (VAN) of the collecting that is necessary to cover the additional costs of investment, operation and maintenance required to incorporate the essential resources requested in a temporal horizon of long run.

The net actualized value (VAN_c) of the costs during a determined period will be calculated according to the following formula:

$$\text{VAN}_c = V_0 + \frac{V_1}{(1 + K_0)^1} + \frac{V_2}{(1 + K_0)^2} + \dots + \frac{V_i}{(1 + K_0)^i}$$

Whereas:

V_i is the expenditure or cost in the period "i"

K_0 is the capital cost rate

i is the last period of the temporal horizon in the long run.

The average increasing long run cost of each service will be equal to the calculated incremental cost divided by the total volume of the required services, projected for a temporary horizon in the long run, which in this regulation is of 5 years. Denominated such volume as:

$$\sum_{i=1}^n U_i$$

Whereas:

i represents each period of the contemplated temporary horizon.

n is the last period of the contemplated temporary horizon; and

U_i is the quantity of units of service in the final period "i".

The increasing long run average cost (CIPLP) is calculated :

$$CIPLP = \frac{VAN_c}{\sum_{i=1}^n U_i}$$

Where:

VAN_c is the updated net value of the costs during the temporal horizon in the long run.

Economic depreciation will be applied, understanding it as the linear depreciation in base to the useful normal life of each of the principal assets, with a null residual value at the end of the useful life. On the other hand, when the useful life exceeds the temporal horizon of 5 years, the corresponding residual value will be shown in the calculation.

DISCOUNT RATE FOR THE CALCULATION OF THE INCREMENTAL COST

Art. 80 In reference to Art. 91 of the Law, for the calculation of the incremental cost, if the available information does not permit to obtain dependable statistical results, the financial cost rate will be used like the discount rate of the monetary flow. This one will be the pondered average between the average interest rate of the required liabilities and the own

capital cost rate, of the operator company to which the access to the essential resource was requested. The pondered will be the percentage that the required liabilities and the own capital represent, respectively, according to the annual balance of the company.

CALCULATION OF THE COST RATE OF OWN CAPITAL (K_o)

Art. 81 Referring to Art. 91 of the Law, the cost rate of the own capital will be calculated as the sum of a rate free of risk plus a premium for the risk, according to what was established in Art. 91 of the Law:

$$K_0 = R_f + \beta \times PRM$$

$$PRM = R_p - R_f$$

Whereas:

R_f is the efficiency rate of the bonds of the Treasury of the United States of America in 30 years.

PRM is the premium for the market risk of a diversified share of investments registered in the Exchange Market of the United States of America.

R_p is the revenue of a diversified share (portfolio) of investments of the Exchange Market of the United States of America.

β is the systematic risk of the companies (of Telecommunications) calculated as a covariance of the return of the company with the portfolio of a diversified return of investments divided by the variance of the return of a diversified share of investments; which is expressed mathematically as:

$$\beta = \frac{Cov(R_t, R_p)}{Var(R_p)}$$

$$Cov(R_t, R_p) = \frac{\sum_{i=1}^n (R_{ti} - \bar{R}_t) \times (R_{pi} - \bar{R}_p)}{n}$$

$$Var(R_p) = \frac{\sum_{i=1}^n (R_{pi} - \bar{R}_p)^2}{n}$$

Whereas:

R_{ti} is the return of the shares of the telecommunication companies with social capital of up to one billion US\$ of the United States registered in every exchange Market of that country, in the period "i".

R_{pi} is the return of the company shares of a diversified portfolio in the period "i" of the companies registered in every Exchange Market of the United States.

$\overline{R_p}$ is the average return of the shares of a diversified portfolio of shares of the companies registered in all the Exchange Markets in the United States in a period "i".

$\overline{R_i}$ is the average return value of the shares of the telecommunication companies registered in all the Exchange markets of the United States, in the period "i".

Nevertheless, if the available information does not permit to obtain statistical results that can be faithful with respect to the premium for risk, the expert can suppose that the own capital cost rate is equal to the average interest rate of the requested liabilities of the company to which was requested the access to the essential resources, increased in a 4% annually.

FREEDOM OF THE PARTIES TO AGREE PRICES, TARIFFS AND CHARGES

Art. 82. The tariffs and charges that the operators charge to the subscribers for the telecommunication services, will be agreed freely by the parties, with the exception of the maximum access charges of the public telephony service, and the maximum additional charges of local, national long distance and international long distance telephony.

ARRANGEMENT OF THE TARIFFS TO SUBSCRIBERS

Art. 83. The applicable tariffs by the access service operators to the subscribers, will distinguish separately the charges for access and the charges for additional services. Also they will distinguish separately the charges of the lent services by the different operators.

OBLIGATION TO APPLY TARIFFS AND NON-DISCRIMINATORY CHARGES

Art. 84. The tariffs and charges of the telecommunication services will be of general application and will not be discriminatory between services and subscribers of the same category.

OBLIGATION TO INFORM THE TARIFFS AND CHARGES OF SERVICES OFFERED TO THE PUBLIC

Art. 85. The SIGET will make public the maximum tariffs of the public telephony services. Likewise, the operators will have to publish at least every three months, in a written media of wide national distribution, the provided tariffs for the public telephony services.

PRESENTATION TO THE SIGET OF THE MAXIMUM CHARGES

Art. 86. The operators will provide to the SIGET for its approval, annually, the tariffs corresponding to the maximum access charges and the maximum additional service charges, for each category of subscriber. The tariffs will have a minimum period of validity of 12 months and can only be applied after the publication by the SIGET of the resolution that approves them, in a written media of wide national distribution and with charge to the interested operator.

The SIGET will have a time of ten working days to approve or reject the tariffs requested by the operators. The SIGET can only reject what is requested, when it proves that the readjustments or changes have been applied incorrectly.

TARIFF READJUSTMENT OF THE MAXIMUM CHARGES

Art. 87. The readjustments to which the 1st and 3rd points of Art. 8 of the Law refers to will be performed within the first semester of each year. When the readjustments have been performed, these will be valid for a minimum period of twelve months counted from the first readjustment.

For the readjustments the following formulas will be applied:

Until year 2002:

$$P_1 = P_0 \times \frac{IPC_1}{IPC_0}$$

From year 2003 on:

$$P_1 = \frac{P_0}{2} \times \left(\frac{IPC_1}{IPC_0} + \frac{XR_1}{XR_0} \right)$$

Whereas:

P_1 is the value of each maximum charge, starting from the day of actualization of the charge.

P_0 is the value of the same maximum charge, corresponding to the reference day or the date of the immediate former actualization of the charge.

IPC_I is the index of the prices to the consumer since the first day of the actualization of the charge. The information of the price index to the consumer published by the Economic Ministry of El Salvador will be considered, and

IPC_0 is the price index to consumers in the date of the former immediate actualization of the charge.

XR_I is the price of the legal currency of El Salvador in relationship to the legal currency of the United States of America, since the first day of the actualization of the charge. The information of price variation of the currency published by the Central Bank of El Salvador (Banco Central de Reserva de El Salvador) will be considered.

XR_0 is the price of the legal currency of El Salvador in respect to the currency of the United States of America on the date of the former immediate actualization of the charge.

BASE PRICE FOR THE RADIO-ELECTRIC SPECTRUM BANDS

Art. 88. According to what was established in Arts. 81 and 82 of the Law, the base price to pay for a concession for the exploitation of the radio-electric spectrum will be determined according to the following formula:

$$Pbe = AB \times PUBE \times Pac$$

Whereas:

Pbe is the base price of the radio-electric spectrum, expressed in Salvadoran colones.

AB is the total bandwidth to occupy in transmission and in reception, including the protection bands, expressed in MHz.

$PUBE$ is the unitary base price of the spectrum, expressed in Salvadoran colones per MHz and per citizen.

Pac is the population to which will be directed the emissions whose calculus will be determined through an instruction sheet.

The PUBE value will be of 0.0057 colones per MHz and per citizen. Nevertheless, the SIGET can rise the value up to 10 times that value, when it is the case of a concession of frequency bands that are scarce and with great public incidence.

When the matter is about frequency bands in which more than one concession can be granted simultaneously, the SIGET can divide up to 10 times the value of the Pbe , in function with the future reutilization that can be made to the spectrum. The calculated base price will be approximately to the nearest million.

The payment of the base value is without making prejudice to the annual rates for the administration, exertion and vigilance of the spectrum, indicated in Art. 13 of the Law of Telecommunications.

MINIMUM BASE VALUE OF THE RADIO-ELECTRIC SPECTRUM BANDS

Art. 89 In none of the cases, when applying the formula of the above article, the base values of the spectrum bands can be inferior to 25,000.00 colones for point to point microwave links, 15,000.00 colones for communications via satellite and 5,000.00 colones for the sound radio broadcasting. For other different services not indicated above, the minimum base value will be of 2,000.00 colones. This minimum value of 2,000.00 colones will be also applied to the systems where the population cannot be estimated with accurate precision. These values could be adjusted to compensate the inflation effects and the currency devaluation with the formula indicated in Art. 87. , on the month of January of each year.

ADJUSTMENT OF THE VALUE OF THE UNITARY BASE PRICE OF THE RADIO-ELECTRIC SPECTRUM

Art. 90 The PUBE value will be adjusted annually on the month of January of each year to compensate the inflation effects by means of the following formula:

$$PUBE_1 = PUBE_0 \times \frac{IPC_1}{IPC_0}$$

Whereas:

$PUBE_1$	is the final adjusted PUBE
$PUBE_0$	is the PUBE corresponding to the base year or the date of the former actualization of the charge.
IPC_1	is the index of Consumer Prices published by the Economy Ministry of El Salvador in the date of actualization of the charge.
IPC_0	is the index of Consumer Prices in the date of the former actualization of the charge.

RATES FOR THE ADMINISTRATION, EXERTION AND VIGILANCE OF THE RADIO-ELECTRIC SPECTRUM

Art. 91 The duties of administration of the radio-electric spectrum which are carried out by the SIGET, will cause the payment for such concepts to all the entitled persons of concessions, authorizations or licensees. Without prejudice of the above, what was established in Art. 128 of the Law will be applied to the radio and television broadcasting service operators. The SIGET will be exempt of such payments. These rights will be made

annually and will be paid in advance, at the start of each year during the months of January and February.

The rates of administration, exertion and vigilance of the spectrum will be calculated by the SIGET, in base to the value and to the procedure indicated in the 4th paragraph of Art. 13 of the Law, according to the following formula:

$$Ta = 7.3 \times AB \times Pn \times Fs$$

Whereas:

Ta is the Spectrum Administration Rate expressed in Salvadoran colones.

7.3 is the Unitary cost of the Spectrum Administration expressed in Salvadoran colones per MHz per Watt and per month.

AB is the Bandwidth of the transmitter equipment expressed in MHz.

Pn is the Nominal Power of the transmitter expressed in Watts.

Fs is the Service factor according to what was defined by the table in At. 13 of the Law.

The concessions that are obtained during the year will have to pay rates that correspond to the proportional part of the rest of the year starting from the concession granting date, in the same moment they are granted.

The rates for the administration and vigilance of the spectrum will be paid annually and in advance to the SIGET, and they will be incorporated to its patrimony in the form indicated in the sixth paragraph of Art. 13 of the Law.

PAYMENT FOR IN ADVANCE RENEWAL

Art. 92 For the calculation of the payment done to the person titular of a concession that has requested the in advance renewal of exploitation rights, the following formulas will be applied, according to what was established in Art. 99 of the Law:

$$M = F_{eqmes} \times \sum_{i=1}^n \frac{1}{(1 + r_{mes})^n} = \frac{F_{eqmes}}{r_{mes}} \left[1 - \frac{1}{(1 + r_{mes})^n} \right]$$

$$F_{eqmes} = \frac{P}{\sum_{i=1}^{240} \frac{1}{(1 + r_{mes})^{240}}} = \frac{P \times r_{mes}}{1 - \frac{1}{(1 + r_{mes})^{240}}}$$

$$r_{mes} = (1 + r_{año})^{1/12} - 1$$

$$r_{año} = r_{BEUA10} + |r_{BEUA2} - r_{LTES360}|$$

Whereas:

M is the total amount to be paid to the concessionaire that has requested the in advance renovation of exploitation right.

F_{eqmes} is the monthly equivalent value of the total value of the concession.

n is the number of months that are still pending for the concession to expire, of which an in advance renovation was requested.

r_{mes} is the discount rate that has to be employed to calculate the monthly equivalent value of the auction of the renovation in advance, in function of the interest rates of the Bonus from the Treasury of the United States of America and of the Letters emitted by the Treasury of the Hacienda Ministry of El Salvador.

P is the total value of the concession, paid in the auction for the renovation in advance.

$r_{año}$ is the annual equivalent rate of r_{mes} .

r_{BEUA10} is the annual interest rate of the Bonds of the Treasury of the United States of America, to ten years.

r_{BEUA2} is the annual interest rate of the Bonds of the Treasury of the United States of America, to two years.

$r_{LTES360}$ is the annual interest rate of the Letters from the Treasury of the Hacienda Ministry of El Salvador, to 360 days.

$|r_{BEUA2} - r_{LTES360}|$ is the absolute value of the difference between the indicated interest rates.

The quantity to be paid will benefit to the person entitled of the concession that has requested the renewal in advance, independently of the achievement or not of the granting of the concession.

INTERCONNECTION CHARGES PAID BY THE ACCESS SERVICE OPERATOR

Art.93 In the case of interconnection between two access service networks, the interconnection charges will be applicable to all communications started in a network and terminated in the other one, in a way that such charges will be paid by the operator of the network where the communication was started, to the operator where it ends, independently

of who has requested the interconnection, in conformity to what was established in Art. 25 of this Regulation.

INTERCONNECTION CHARGES PAID BY THE INTERMEDIATE SERVICE OPERATOR

Art.94 In the case of interconnection between an access service network and an intermediate service network for providing international traffic or value added services, the interconnection charges will be applicable to all communications started or ended in the first network, in a way that such charges will be paid invariably by the intermediate service operator to the access service network operator, in an independent way of the direction of the communication. These charges are independent of the charges or the tariffs that the access service operator charges to the subscribers for the services this operator lends.

CHARGES APPLICABLE TO THE OPERATOR THAT REQUESTS AN INTERCONNECTION

Art. 95 The charges that the preexistent network operator will bill to the operator that requires an interconnection will have to distinguish separately, when it corresponds:

- a. The interconnection charges;
- b. The switching charges, while they are not included in the interconnection charge;
- c. The charges to cover all of the other direct costs of the interconnection, that the operator who requests the interconnection has to pay periodically or once to the pre-existent network operator, according to the nature of it and what the Law and this Regulation says.
- d. The charges for other essential resources requested by the operator that has requested the interconnection, and,
- e. The charges for other requested obligatory services to the preexistent network operator, according to what was established by both parties.

In any case, when it is about the payments done at one time, the parties can agree with the fractionate payment program.

CHARGES APPLIED TO THE OPERATOR THAT GRANTS THE INTERCONNECTION

Art. 96 The charges billed by an operator that requests the interconnection to the preexistent network operator, will be equivalent to the ones indicated in Art. 95, with the exception of what is said in point c).

EQUALITY IN THE INTERCONNECTION CHARGES

Art. 97 In general, the interconnection charges that the preexistent network operator bills to the operator requesting the interconnection, will be identical to the ones this last one charges to the first one, except if the network interconnection provides services of different

nature or category and provided that the respective access services are sold with different market prices.

PAYMENT FORM OF THE DIRECT INTERCONNECTION COSTS

Art. 98 With the exception that the operators agree in something else, the direct interconnection costs will be canceled in a single payment in those services that do not have any relationship with the carried traffic, like: fitting out of ports, modification of civil works, and others, not being important that both parties agree to have fragmented payment programs. On the other hand, the direct interconnection costs will be paid periodically on those services whose nature requires it, like: leasing of links, space or energy provision, and others.

Similarly, the access service operators will pay all the ports that they need in the access service network to which they are interconnected, but will charge the ports of their own side that are needed by the other access service network, so that the traffic is balanced, the net payment for the usage of ports will be null; on the other hand, the intermediate service operators will pay every port of the access service network to which they interconnect and will not charge the ports of their own side.

OBLIGATION TO COVER THE INTERCONNECTION CHARGES WITH THE ADDITIONAL SERVICE CHARGES AND AIR TIME CHARGE.

Art. 99 The charges that the access service operators or the intermediate service operators bill to the subscribers for providing additional services, will have to include and cover all the interconnection charges and other resources or inputs that are involved in the provision of such services, which are not going to be charged separately to the subscribers, nor billed over the charges for additional services.

Likewise, the wireless access networks interconnected with other networks can make a charge for air time to the subscribers that begin or receive the communication. The air time charge is independent of the values of the interconnection charges. In any case, the operators will do their best effort so that the wireless access networks converge to a modality that permits the charging of the cost of the communications to the subscribers that begin them.

The decision to charge or not air time will have to absolutely be nondiscriminatory for the different operators.

APPLICATION OF THE INTERNATIONAL SETTLEMENT RATE

Art. 100 In respect with the incoming international telecommunications, that have to end in El Salvador, by virtue of a corresponding agreement or of an ending traffic agreement, the income that generates the application of the settlement rate will correspond in a 70% to the access network operator that ends the communication and in a 30 % to the intermediate service operator; the percentage corresponding to the access network operator includes the

interconnection charge of international exchanges to which Art. 109 of the Law refers, but the parties can agree other mechanisms and percentages as well.

When certain corresponding agreements do not contemplate settlements that are based on the accounting rates, which is the case of the agreements in which each part keeps everything it bills, which in international commerce practice is called "sender keeps all", or in which only ending charges are paid, for all effects in which a reference accounting rate is needed, such agreements will be considered as having an implicit accounting rate, equal to the applicable tariff for the international service offered to the public for such traffic by the operator that carries the international communication.

MANAGEMENT OF THE INTERNATIONAL COUNTABLE RATE

Art. 101 Every intermediate service operator can negotiate their own corresponding agreements with foreign operators, but the accounting rates that are applied with such correspondents will have to have the same value for a determined country, for the effects of subscribing such agreement as well as for its application. In consequence, the values of the accounting rates, the corresponding agreements and the information of all the monthly international traffic started and ended in El Salvador, detailed by country and by intermediate service network of the used counterpart, will have to be monthly communicated to the SIGET by all intermediate service operators, and included in the corresponding section of the Electric and Telecommunication Registry.

As well, when the intermediate service operators carry traffic whose clearances are performed under modalities different to those contemplated in the prior paragraph, they will have to give to the SIGET equivalent information.

To avoid eventual differences between operators, about the value of the accounting rates, it will be considered every month of a semester the ones agreed by that operator of intermediate services whose access service network has been used the most in the prior semester by all the operators to initiate and terminate international traffic.

If an operator has to negotiate minor countable rates, this operator will have to absorb any difference derived from the application of contracts of interconnection in which the accounting rate has to be taken into consideration.

CHAPTER X

GENERAL REGIME OF INFRACTIONS

APPLICATION OF ART. 33. OF THE LAW IN THE ASPECT OF INTERFERENCE

Art. 102 For the effects of applying Art. 33. of the Law, it will be understood that those that cause interference in the exploitation of the radio-electric spectrum are those stations that cause harmful interference, proven by the SIGET or by rightly accredited experts.

NONFULFILMENT OF THE ADMINISTRATION AND VIGILANCE OF THE RADIO-ELECTRIC SPECTRUM PAYMENT

Art. 103 Without prejudice of what is established in Arts. 37 and 42 of the Law of Telecommunications, the nonfulfilment in the payment of the rights corresponding to the administration, exertion and vigilance of the radio-electric spectrum will give place to the SIGET to emit a resolution that imposes the obligation to make the mentioned payment, within a ten day term beginning from the notification of it to the person.

If the person does not comply with the resolution in the indicated term of the above statement, the SIGET will have to initiate the respective executive trial based to the common rules. For this effect, the certification of the resolution given by the Superintendent will be used as an executive title.

CHAPTER XI

REGIME OF SANCTIONS

SANCTIONS FOR LESS SERIOUS INFRACTIONS

Art. 104 The SIGET will proceed to the application of the sanctions for less serious infractions through fines that range from ten thousand to a hundred thousand colones according to the following:

10,000.00 colones, to what is indicated in literal b) of Art. 32 of the Law;
25,000.00 colones, to what is indicated in literal e) of Art. 32 of the Law;
50,000.00 colones, to what is indicated in literal a) of Art. 32 of the Law;
75,000.00 colones to what is indicated in literal d) and f) of Art. 32 of the Law; and,
100,000.00 colones, to what is indicated in literal c) of Art. 32 of the Law.

For each day that the infraction continues, an additional fine of five hundred colones will be applied.

SANCTIONS FOR SERIOUS INFRACTIONS

Art. 105. The SIGET will proceed to the application of the sanctions for the serious infractions through fines that range from a hundred thousand colones up to two hundred thousand colones following the next procedure:

125,000.00 colones, to what is indicated in literal a) of Art. 33 of the Law;
150,000.00 colones, to what is indicated in literal i) of Art. 33 of the Law;
175,000.00 colones, to what is indicated in literal c), b) and h) of Art. 33 of the Law; and,
200,000.00 colones, to what is indicated in literal g), d), e) and f) of Art. 33 of the Law.

For each day that the infraction continues, an additional fine of two thousand colones will be applied.

SANCTIONS TO VERY SERIOUS INFRACTIONS

Art. 106 The SIGET will proceed to the application of the sanctions to very serious infractions through fines that range from four hundred thousand colones up to five hundred thousand colones following the next procedure:

400,000.00 colones to what is indicated in literal c) and h) of Art. 34 of the Law;
450,000.00 colones to what is indicated in literal b) of Art. 34 of the Law; and,
500,000.00 colones to what is indicated in literal a), d), e), f) and g) of Art. 34 of the Law.

For each day that the infraction continues, an additional fine of five thousand colones will be applied.

CHAPTER XII

ACCREDITATION AND ADMINISTRATION OF EXPERTS

EXPERTS

Art. 107 Will be considered as experts the natural or legal people, national or foreign, with vast technical experience in the field of telecommunications, that usually dedicate to consulting labors on the subject and have the capacity to lend their professional services in the required work.

Also the universities, foundations and autonomous national or foreign organisms will be considered as experts that offer their consulting services in the telecommunication area.

EXPERTS REGISTRY

Art. 108 The SIGET will maintain an up to date registry which will be called Experts Registry.

REQUIREMENTS FOR THE INSCRIPTION OF NATIONAL EXPERTS

Art. 109 Anyone interested to be granted as a expert, will have to show to the SIGET the following:

- a. Data relative to its existence, legal capacity and documentation that backs up such data. (Natural and legal persons);
- b. Documentation that accredits the obtained grades during professional education. (for natural people);
- c. Backgrounds, which will have to include in details the experience. (Professional or in a company);

- d. For legal persons, the life sheet of the technical persons specialized in the subject; and,
- e. For the natural and legal persons, an enumeration of the previously realized works, in subjects related to the required work.

REQUIREMENTS FOR THE EXPERT INSCRIPTION OF FOREIGN NATIONALITY

Art. 110 The foreign expert, for providing services, will be obligated to show the same documentation that is indicated in the former article, and also the following:

- a. Designation of an attorney for legal representation and extra judicially; and,
- b. Presentation of a legal declaration of commitment to the jurisdiction of the Salvadoran law courts of any nature, for all incidences that in a direct or indirect mode can come up to its participation, with resignation to the foreign judicial power that could correspond to the party in interest.

PROHIBITION

Art. 111 The public officials, employees and directives, as well as the owners that have power over the control of the operator companies of the commercial telecommunication networks in El Salvador, cannot be inscribed in the expert registry.

In the same way, the legal people who lend their advisory services in which the former mentioned people can participate, cannot be inscribed in the expert registry.

INCOMPATIBILITY

Art. 112 The expert assessment will not be applied when there exists some conjugal links, or relationship on the forth degree of consanguinity or second degree of relationship between the expert and the directives or owners that have significant power in the control of the operating companies affected by the expert assessment.

The nonfulfilment of this article will give place to the nullity of what is established, termination of the expert's contract, with responsibility to the expert, and to the elimination of the expert from the expert registry; this will happen while the causes that motivated the incompatibility last.

ASSIGNMENT OF THE EXPERT ASSESSMENT STUDY

Art. 113 In equal technical and economical conditions and when it is the SIGET the one that has to select the expert, the requested expert assessment will be assigned according to the following order of priorities:

1. National Experts;
2. Partnership of national and foreign experts; and,
3. Foreign Experts.

LAW SUBMISSION

Art. 114 For the presentation of the technical and economical proposals, the experts will submit to what the Law, the current regulation, the instruction sheets of the SIGET and the work entrusted in the expert assessment request indicates.

CONSIDERATION OF PREVIOUS JUDGEMENT

Art. 115 According to what was specified in Arts. 90 and 91 of the Law, the experts will have to consider in the preparation of their studies, opinions emitted by other experts in former conflicts of similar characteristics. The SIGET will identify the previous cases where exist similar conditions and characteristics that have to be taken into consideration, and will grant to the experts all relevant information that in that moment would have presented the parties in conflict.

CHAPTER XIII

TRANSITORY AND FINAL DISPOSITIONS AND VALIDITY

SERVICE LINES FOR THE EFFECTS OF INVESTMENT CONTRACT

Art. 116 For the effects of applying Art. 108 of the Law, it will be understood as service lines, those lines of the respective operator that are installed as fixed or mobile access services, functioning and available to the subscribers through service contracts or other agreements for their billing, as well as the public telephones.

LOSS OF THE ANTICIPATED VALIDITY OF THE CORRESPONDING TREATIES

Art. 117 In the case that in El Salvador are left without effect the corresponding agreements that fix the international settlement rate, the SIGET could determine a reference international settlement rate, based on the existent rate average in the rest of Latin America, with the purpose to insure the continuity of the interconnection contracts established according to Arts. 19, 20 and 21 of the Law.

REVISION OF THE PUBE

Art. 118 Beginning from the 1st of January of the year 2001, the base value of the radio-electric spectrum can be calculated using the auctioning statistics of the spectrum which are taken in place by the SIGET according to the established method in the denominated instruction sheet " Method of Base Price Calculation of Frequency Bands of the Radio-Electric Spectrum". The calculated base price with the former formulas will be approximated to the nearest thousand .

CALCULATION OF TERMS

Art. 119 The terms established in this regulation will be counted in working days, being not extensive and peremptory, with exception of the established terms for the sanctions, which will be understood as calendar days.

VALIDITY

Art. 120 The present regulation will be valid eight days after its publication in the Official Gazette.