

**ELECTRONIC COMMUNICATIONS LAW OF THE REPUBLIC OF
ARMENIA**

Adopted on July 8, 2005

CHAPTER 1. PRELIMINARY

Article 1. Objectives of the Law

The principal objectives of this Law are as follows:

1. To promote the development of electronic communications in the territory of the Republic of Armenia;
2. To ensure, to the extent possible, fair and open competition in the provision of electronic communications services, facilities, and equipment;
3. To ensure availability of electronic communications throughout the territory of the Republic of Armenia;
4. To protect the interests of the users of electronic communications services, operators of electronic communications networks, and providers of electronic communications services under an open market economy;
5. To ensure rebalancing of tariffs, bringing them more closely in line with actual costs and providing incentive to improve the efficiency of sector operations;
6. To ensure effective regulation of the electronic communications sector, including fair and prompt handling of customer complaints and effective enforcement of all relevant laws and regulations;
7. To ensure an effective approvals regime for terminal equipment;
8. To ensure efficient use of limited resources, including radio spectrum, orbital slots, and numbers;
9. To promote the development of the Armenian electronic communications industry by encouraging economically efficient investments in, and use of, infrastructure to provide electronic communications services in Armenia;
10. To promote the introduction of advanced technologies and an increased range of services; and
11. To achieve the above objectives in such a way as to enable the Republic of Armenia to meet its international commitments regarding the liberalization of electronic communications markets.

Article 2. Definitions

The main definitions used in this Law shall have the following meanings:

“affiliate” means a person that (directly or indirectly) owns or controls, is owned or controlled by, or is under common ownership or control with, another person. For purposes

of this definition, the term “own” means to have in possession an equity interest (or the equivalent thereof) of more than twenty percent (20%);

“**amateur radio**” means a not-for-profit radio communications between radio amateurs, including communications directly related to a threat to human life or prevention of an accident or elimination of the consequences of accidents;

“**Authorized Body**” means a state administrative authority, which is authorized by the Government of the Republic of Armenia to perform functions prescribed by this Law;

“**radio call sign**” means a combination of numbers or letters used for the identification of radio transmission equipment;

“**collocation**” means the provision by the network operator of physical premises and technical conditions for the entitled service provider for the adequate placement and connection of the equipment thereof through physical and virtual co-location;

“**Regulator**” means the Commission established by the Law on Public Utility Regulatory Authority of the Republic of Armenia;

“**dominant operator**” means an operator found by the Regulator to have a dominant position in the operation of public electronic communications networks;

“**dominant service provider**” means a service provider found by the Regulator to have a dominant position in the provision of a public electronic communications service;

“**electronic communications network**” means a transmission systems and, if applicable, switching or routing equipment, as well as other resources, which make possible signal transmission by wire, radio, optical or other electromagnetic means, including satellite networks, fixed and mobile land networks, electric power line systems, to the extent that they are used for transmitting signals, regardless of the type of information conveyed;

“**electronic communications service**” means a service normally provided for fee, which consists, in whole or in part, of transmitting, and if applicable, routing of signals on electronic communications networks, but excludes services that provide or exercise editorial control over the content transmitted via electronic communications networks;

“**customer**” or “**subscriber**” means any person using or requesting public electronic communications services. This definition shall not apply to those entities that offer or provide telecommunications services;

“**end-user**” means any person who uses public electronic communications services but does not offer such services to others;

“**frequency authorization**” means a permit issued under this Law that entitles the holder to use a portion of the radio spectrum;

“**identification code**” means a combination of location numbers which is used to organize the use of a public electronic communications network or part thereof for the purpose of identifying the provider of public electronic communication service or the operator of public electronic communications network;

“**incumbent operator**” or “**incumbent service provider**” means the Armenia Telephone Company and assignees thereof;

“**interconnection**” means the physical and logical linking of two public electronic communications networks used by the same or different electronic communications service providers in order to allow the users of one service provider to exchange information with the

users of the same or another service provider, or to access services provided by another service provider.

“Internet access” means access to the Internet or any similar global system for linking networks together using, as the basis for electronic communications, transmission protocols or Internet protocols or any protocols amending or replacing them;

“Internet service provider” means an entity that provides access to the Internet;

“leased line” means all electronic communications facilities that provide transparent transmission capacity between network termination points, but do not contain switching functions controlled by the user;

“licensee” means the holder of an operator license, provider license, number or code reservation, or frequency authorization;

“line facility” means a part of public electronic communications network permanently attached to the land or the bottom of a body of water which includes, but is not limited to, cables, wires, cable conduits and ducts, radio towers or pole attachments, as well as the necessary cross connections, but excludes any switching facilities;

“number series” means a series of numbers in sequential order used for the operation of a public electronic communications network and provision of public electronic communications services;

“number or code reservation” means the allocation of numbers to a public electronic communications network operator or public electronic communications service provider that guarantees the use of a number series, identification code or short code for such operator or service provider;

“operator (or carrier)” means any person authorized by the Regulator to own and operate public electronic communications network for the provision of electronic communications services. An operator shall be treated as a service provider when providing services over its network;

“operator (or network) license” means a compound license issued under this Law that entitles the holder to own and operate a public electronic communications network;

“person” means an individual or legal entity recognized by the law of the Republic of Armenia;

“provider license” means a simple license issued under this Law that entitles the holder to provide public electronic communications services;

“public electronic communications network” means an electronic communications network used wholly or mainly for the provision of public electronic communications services;

“public electronic communications service” means an electronic communications service offered either to the public or to the classes of end-users with the help of which it becomes, as a matter of fact, directly available to the public;

“real-time or near real-time” means transmissions on paths with specifications of network delays of less than 400 milliseconds for each direction, or longer delays, provided that the Regulator finds that the transmitting parties in such a case also perceive the transmission as one occurring in a real time;

“short code or service code” means a number consisting of up to five figures which enables subscribers to use simplified dialing to access an operator or public electronic

communications service provider, directory assistance or other persons, including the police, emergency medical aid, and rescue service;

“service provider” means any person authorized by the Regulator to offer public electronic communications services;

“voice service” means the provision of a domestic or international public electronic communications service comprised wholly or partly of real-time, or near real-time, two-way audio communications, regardless of the underlying technology, using in whole or in part the public switched network.

“tariff” means rates, terms, and conditions for services provided to customers;

“terminal equipment” means equipment or a part thereof which is connected to a public communications network and enables to send, process or receive information (voice, data, pictures, etc.) at the demarcation point where equipment and/or lines of the end-user and service provider meet.

Article 3. Scope of Application of the Law

1. This Law shall determine the rights, duties, and liabilities of the end-users, operators of public electronic communications networks, providers of public electronic communications services, operators of private electronic communications networks, and government authorities in regulation of the electronic communications sector, creation, development, and operation of electronic communications networks, and the provision of electronic communications services as well as State control and supervision over the allocation and use of limited resources such as radio spectrums, orbital slots, and numbers.

2. This Law shall not apply to persons providing, or facilities used exclusively for, broadcast of television and audio programs.

3. This Law shall not apply to the electronic communications networks owned, operated, and used exclusively by or provided exclusively to the Government of the Republic of Armenia.

4. This Law shall not apply to electronic communications networks other than public electronic communications networks except when there is a need to obtain an authorization to use limited resources or to comply with the equipment certification requirements established herein or to exercise the power and authority of the Authorized Body with respect to state of emergency specified in Article 4(4).

CHAPTER 2. STATE ADMINISTRATION AND REGULATION

Article 4. Functions of Authorized Body or Bodies

The functions of the Authorized Body shall be as follows:

1. To specify policy regarding the development of the telecommunications sector;
2. To identify the policy objectives regarding the provision of the universal services in Armenia;

3. To allocate, from time to time, particular portions of the radio spectrum for specific uses on its own motion or at the request of the Regulator or any person. In furtherance of this responsibility, the Authorized Body shall:

a) After public notice and comment, adopt and then modify a regulation confirming the Armenian Table of Frequency Allocations, which shall conform as closely as possible to the Table of Frequency Allocations of the International Telecommunication Union (ITU) and exclude the interference into the allocated range of radio spectrum. The Government shall establish the procedure for meetings and discussions to be held by the frequency management coordinating committee in Armenia;

b) Modify the Armenian Table of Frequency Allocations to allocate radio spectrum for commercial use upon the Regulator's recommendation of such modification, or requirement of such modification in the Final Acts of any ITU World Radio Conference (WRC) held after the effective date of this Law, except where such allocation is not in the public interest for national security reasons;

4. In the event of declaring a state of emergency, a state of war or another national emergency, to assume responsibility for the operation and management of any or all electronic communications networks or services during the duration of such emergency;

5. To detect and locate radio emission sources not conforming to this Law or other legislative rules;

6. To investigate and inspect, when authorized by appropriate warrant, use of radio transmission equipment.

Where non-conforming emissions derive from government (administration) operations, the Authorized Body may order and require their immediate cessation; where such non-conforming emissions derive from non-government (non-administrative) operations, the Authorized Body shall forward the information to the Regulator for appropriate actions, including issuance of a cease-and-desist order, suspension or termination of authorization, and/or imposition of fines;

7. To fulfill Armenia's commitments to international treaties in the electronic communications sector;

8. To represent the Republic of Armenia at the International Telecommunication Union and other international telecommunications organizations; Such representation shall be accomplished through delegations composed of individuals from both public and private sectors (including the Regulator) selected by the Authorized Body after consultation with the Regulator; The Authorized Body shall direct and lead such delegations unless it delegates such authority in writing to other state authorities having competent jurisdiction;

9. In consultation with the Regulator, to adopt technical standards (including radio frequency emissions and network compatibility) that are in harmony, in whole or in part, with the standards approved by the European Telecommunications Standardization Institute, the International Telecommunication Union, the American National Standards Institute, the Institute of Electrical and Electronics Engineers or any other standard setting body of the Republic of Armenia;

10. To issue certifications authorizing the production, import, installation or use of radio transmission equipment so as to minimize or prevent harmful interference into authorized transmissions. In so doing, the Authorized Body shall apply the standards set out in clause 9 of this Article.

11. To adopt rules relating to the construction, painting, and illumination of radio antenna structures where the presence of such structures constitute, or there is a reasonable possibility that such presence may constitute, a menace to air navigation. In adopting such regulations, the Authorized Body shall coordinate with the Regulator.

12. Provision of technical operations related to the use of radio communication equipment shall be performed by a governmental non-commercial organization operating within the Authorized Body.

Article 5. Functions of the Regulator

The Regulator shall:

1. Provide for competition in the sector of public electronic communications services and networks by:

a) Ensuring that the end-users derive maximum benefit in terms of choice, price, and quality of provided services and ancillary facilities thereof;

b) Excluding any distortion of competition in the sector of electronic communication services and networks;

c) Encouraging efficient investment in infrastructure and promoting innovation; and

d) Encouraging efficient use of radio spectrums, orbital slots, and numbering resources and ensuring the effective management thereof.

2. Regulate public electronic communications networks and services in accordance with this Law, and for that purpose shall:

a) Classify services and/or facilities;

b) Establish criteria and procedures for application for and issuance, renewal, suspension, and termination of network license and service provider license; number or code reservations, and frequency authorizations;

c) Establish universal service obligations;

d) On its own initiative or upon requests by interested parties, conduct inspections and audits to guarantee the compliance with the requirements of legislature and license;

e) Ensure fair and effective competition for competitive services and networks;

f) Draft regulations governing interconnection of public electronic communications networks;

g) Establish and enforce rate regulation rules;

h) Establish service quality standards for public electronic communications network operators and service providers;

i) Recommend to the Authorized Body technical standards for public electronic communications;

j) Establish accounting standards and reporting requirements for network operators and service providers of public electronic communications;

ja) Establish record retention standards for regulated persons;

jb) Impose sanctions, including fines and penalties for violation of this Law, license or the authorization or the legal acts adopted by the Regulator (including rules and regulations), and where appropriate change, suspend, or request for judicial termination of a license or authorization. The Regulator shall adopt rules governing the procedure and process for the imposition of penalties, following public consultation;

jc) Enforce rules and regulations, investigate and monitor performance by regulated persons;

jd) Manage limited resources, including radio spectrum, numbers and orbital slots managed by the Regulator;

je) Produce and apply the methodology for calculating and allocating the costs of a dominant operator or dominant service provider to prevent unnecessary cross-subsidies, to calculate fair interconnection prices, to establish costs and charges for universal service. This methodology may be modified only if doing so will promote competition or increase end-user choice;

jf) Approve Reference Interconnection Offers (RIOs) upon determining that each such offer is consistent with this Law;

jj) Ensure that end-users have equal and maximum access to leased lines offered by operators and service providers;

jh) Settle disputes between dominant operator and any other operator, service provider and end-user, as well as the dominant service provider and end-user;

ji) Intervene in and settle disputes as authorized by this Law;

k) Establish procedures to determine the dominant operators or service providers as well as adopt special rules governing the activities of such operators or service providers (including special rules related to universal services);

ka) Draft regulations governing the use and connection of terminal equipment to public electronic communications networks;

kb) Approve the Armenian Numbering Plan and grant reservations in blocks or individually for short numbers and short codes in a transparent and non-discriminatory manner;

kc) Establish and publish, to the extent not inconsistent with the security of the Republic of Armenia, a national register listing the persons authorized to use the radio spectrum;

kd) Perform other functions as prescribed by Law;

ke) Assist any authorized body, at their requests, in the functions listed in Article 4; and

kf) If the public interest so requires, adopt special regulations for the phased introduction of competition in connection with some services or geographic areas by limiting the number of licenses for those services or geographic areas for a specific time period, not extending beyond 2012.

3. With respect to radio communications, allocate particular portions of the radio spectrum under its control for specific purposes. In furtherance of this responsibility, the Regulator shall:

a) Arrange for the efficient and purposeful use of radio spectrum after public notice and comment;

b) Assist the Authorized Body in representing the Government of Armenia at international organizations and standard setting bodies;

c) Plan and coordinate the use of the part of the radio spectrum allotted to Regulator;

d) Establish a procedure for transmission of non-governmental radio call signs, bringing, to the extent possible, to conformity with the Radio Regulations annexed to the Convention of the International Telecommunication Union;

e) Take steps to terminate unauthorized use of radio spectrum unless it is used by a state authority; and

f) Adopt rules governing the licensing of amateur radio operators and use by such operators of radio spectrum allocated for that purpose.

4. Adopt justified, fair, and transparent regulations, which conform to laws and public interest, and establish procedures to implement those regulations.

Article 6. Powers of the Regulator

1. The Regulator shall have the powers necessary to perform its functions hereunder.

2. The Regulator, in particular, has the power to:

1) Adopt regulations, establish rules and procedures, and issue orders;

2) Adjudicate disputes between non-dominant operators, non-dominant operators and end-users, or non-dominant service providers and end-users where the Regulator considers such actions justified and necessary to preserve competition in a market, service quality or cost-based rates, considered as a whole;

3) Hold public hearings and meetings pertaining to its functions;

4) Acquire information relevant to the performance of its functions;

5) Conduct investigations and research;

6) Authorize a representative of the Regulator to enter premises or buildings which are utilized for the provision of public electronic communications services or operation of a public electronic communications network;

7) Initiate, in accordance with the laws of the Republic of Armenia, administrative proceedings against a licensee for non-compliance with such laws;

8) On its own motion or upon request of a party, intervene in disputes for the purposes of ensuring effective cooperation and maximum economic efficiency in the electronic communications sector and clarification of the rates or conditions of interconnection agreements; and

9) Levy fees according to the Law.

3. In exercising its rulemaking and adjudicative powers, the Regulator has the discretion to determine the type of hearing or proceeding it will employ and may, but is not obliged to, hold a trial-type hearing or meeting. The Regulator shall afford interested parties the right to present evidence, whether orally or in writing, to cross-examine or challenge opposing witnesses. For good cause set forth in writing, the Regulator shall have the authority to limit participation in the meetings to the parties.

4. In exercising the authority granted under this law, the Regulator shall issue a written statement of its reasons for each regulation or other legislative act and shall make such

statement available to the public. Such statement shall set forth the reasons why the public interest is best served by the approach selected by the Regulator, and why other options were not selected.

5. The Regulator may conduct dispute resolution process in a manner conforming to the reasonable and proper business practice and to the principles of justice. The Regulator shall have discretion in planning its activities, by determining the priorities among the range of its responsibilities, and allocating resources.

Article 7. Financing of the Regulator

The activities of the Regulator shall be financed in accordance with the Law on Public Services Regulatory Authority.

**CHAPTER 3.
LICENSING AND AUTHORIZATIONS**

PART 1. GENERAL PROVISIONS

Article 8. Application of the Licensing Law

The licensing of activities under this Law shall be accomplished in accordance with the Law of the Republic of Armenia on Licensing.

Article 9. Exclusive Rights and Privileges

1. As of the effective date of this Law, the granting of exclusive rights and privileges and frequency authorizations shall be prohibited, except as referred to in Article 5(2)(kf) and Article 10.

2. Any exclusive rights and privileges or frequency authorizations lawfully granted previously shall remain in force, unless they are suspended, terminated or amended in accordance with the license or the authorization or the law.

Article 10. Procedures for Application for License and Authorization

1. Where the number of frequency authorizations is limited because of availability of radio frequencies or based on the decision of the Regulator pursuant to Article 5(2)(kf), the Regulator shall award such authorizations on the basis of competitive applications or auction.

2. Applications for licenses and frequency authorizations shall be filed with the Regulator in the form prescribed by that body; shall comprise the information required under the Licensing Law and any other relevant information required by Regulator rules; and shall be accompanied by a fee set for application. The information in the application shall be available to the public. Where the applicant makes a motion to the Regulator and justifies that certain information to be made public is commercial secret, and the Regulator finds this justification well-grounded, such information shall not be made available to the public. In the event that frequency authorizations or other licenses are awarded by auction, the Regulator may require applicants to submit performance bonds, in a form determined by the Regulator, to guarantee their compliance with the payment obligations.

3. No application for an operator license shall be granted earlier than six months after the Regulator publishes a notice of filing of such application. The Regulator shall act upon applications within six weeks of receipt. Provided, however, there is good cause, the Regulator may, with notice to the applicant, extend the time for acting upon an application by the additional three months.

4. The Regulator may not refuse to issue a license or frequency authorization to any applicant otherwise qualified on the ground that said applicant is wholly or partially owned by a citizen of any foreign country or a corporation created under the laws of any foreign country.

5. The Regulator may adopt rules allowing it to:

1) Grant multiple applications for shared use of limited resources;

2) Auction licenses or authorizations even in the absence of any limitation on resources if it finds that such action best meets the electronic communications needs of the Armenian consumers; and

3) Treat the applications for a license or frequency authorization as concurrently made bids if the applications were filed within six weeks after public notice of the Regulator.

6. Where licenses and/or limited resources are auctioned, the Regulator shall establish and publish reasonable and non-discriminatory requirements governing eligibility, including fees, payment of which is a precondition for participation in auction. The bids and applications shall be submitted within 90 days after publication of the rules. Within ten days after expiration of the date set for submission of bids, the Regulator shall publish a tentative award of such license and/or authorization to the qualified applicant with the highest bid. The Regulator shall provide the applicants, which are not selected, with up to four weeks to challenge the tentative award. After considering the challenges filed, the Regulator may change the tentative selection. The Regulator shall award a final license and/or authorization upon payment by the selected applicant of the bid amount in full, which shall occur no later than six weeks following the announcement of the tentative award. Should the tentative licensee fail to pay the bid amount, the Regulator shall award a tentative license to the next highest bidder under the rules established in this clause.

7. The Regulator shall adopt rules specifying the procedure for the organization of auctions referred to in clause 6 of this Article.

8. The Regulator shall determine the amount of an application fee necessary to recover the costs of processing license and frequency authorization applications pursuant to clause 6 of this Article.

Article 11. Modifications of License and Authorization

A licensee that seeks a modification of a license or frequency authorization shall apply in the same manner as for the initial license or authorization.

Article 12. Suspension or Termination of Licenses and Authorizations

1. The Regulator may suspend the license or file a claim for termination of the license under the procedures set forth in the Licensing Law. The Regulator may suspend or terminate the frequency authorization under its own procedures.

2. In addition to the grounds for suspension or termination contained in the Licensing Law, the Regulator may suspend or file a claim to the court for termination of the license and suspend or terminate a frequency authorization where:

1) The licensee knowingly made a false statement in its application for the license or authorization, or in any statement made to the Regulator;

2) The licensee knowingly failed to provide information or evidence that would have resulted in a refusal to grant the license or authorization;

3) The licensee willfully contravened this Law or any rules or regulations made hereunder;

4) The licensee willfully failed to comply with the conditions of its license or authorization;

5) The licensee violated or failed to comply with a cease-and-desist order issued under Article 60 of this Law;

6) The licensee failed to pay the extension fee for application or license or authorization, or any universal service fee;

7) The suspension or termination is necessary for reasons of national security or the public interest.

3. Suspension and termination provisions of this Article shall not apply to the license of the incumbent operator. The incumbent operator shall be subject to the conditions of its license during the term of its exclusivity.

Article 13. Renewal of License or Authorization

1. The Regulator shall, upon application by a licensee, renew a license or frequency authorization for a period equivalent to the period for which the original license or authorization was granted, if the Regulator is satisfied that:

1) The licensee has operated within all conditions of the original license or authorization; and

2) During the term of the original license or authorization, the licensee has not engaged in conduct significantly violating this Law or any rules or regulations made hereunder.

2. In renewing a license or frequency authorization, the Regulator may modify the conditions of such license or authorization and impose additional conditions and shall not extend or grant any exclusive right or privilege for the renewal period.

3. The Regulator may require any licensee to pay a fee no less than the original license or frequency authorization fee.

Article 14. Transfer of Control of Licensees

1. Prior to the transfer of ownership of the licensed entity, the licensee must have the consent of the Regulator. In order to receive such consent, licensee shall submit a written request to the Regulator and attach any information and documents requested by the Regulator.

2. If the Regulator determines that the transfer will result in the change of the entity able to predetermine the Licensee's activities, it may refuse to grant its consent to the transfer, provided it finds that transferee is not qualified to hold a license, or such transfer is not consistent with national security.

3. If the Regulator determines that as a result of the transfer the beneficial owner or the entity able to predetermine the Licensee's activities will not change, it shall give its consent.

4. The beneficial owner of the incumbent operator may transfer, sell, assign or otherwise deal in less than twenty percent (20%) of the shares in incumbent operator without a prior consent of the Regulator.

5. The beneficial owner of the incumbent operator may, upon prior consent of the Regulator, transfer, sell, assign or otherwise deal in twenty percent (20%) or more of the shares in incumbent operator, in one or more transactions, thereby reducing its interest in incumbent operator to seventy percent (70%) or less. The Regulator shall grant such approval if it is satisfied that the transfer, sale or assignment, or dealing is not harmful to the national interest.

6. The Regulator shall publish a notice of transfer of dominant licensee's ownership in the Official Bulletin.

7. The Regulator shall, in accordance with this Article, permit the transfer of ownership of a licensee with a prior consent of the Authorized Body.

PART 2. LICENSES

Article 15. Required License

1. Any person is entitled, subject to exclusive rights under this Law, to own and operate a public electronic communications network or provide public electronic communications services. The owner of a public electronic communications network must operate such network.

2. No person shall own and operate a public electronic communications network in the Republic of Armenia unless that person holds an operator license. Operator licenses shall be granted under this clause and pursuant to the compound licensing procedures set forth in the Licensing Law. Provided, however, that any person granted a license to operate such a network prior to the enactment of this Law shall not be required to obtain a new license under this Chapter until the effective period of the existing license expires.

3. No person shall provide public electronic communications services unless that person holds an operator license or provider license. The Regulator shall require a person providing public electronic communications services, who does not have an operator license granted pursuant to clause 2 above, to obtain a provider license pursuant to the simple licensing procedures set forth in the Licensing Law.

4. Dominant operators and dominant service providers will be subject to other forms of regulation provided for in this Law.

Article 16. Procedures for Issuing an Operator License

1. In setting the procedures for issuing an operator license, the Regulator shall take into account:

- 1) The technical and financial qualifications of applicants;
- 2) The purposes of this Law and the Licensing Law;
- 3) Whether the objectives of universal service are promoted;
- 4) Whether the interests of end-users of public electronic communications networks and public electronic communications services are protected;
- 5) Whether competition among providers of public electronic communications networks and public electronic communications services is promoted;
- 6) Whether research, development, and introduction of new electronic communications services are promoted;
- 7) Whether foreign and domestic investors are encouraged to invest in electronic communications; and
- 8) Whether the public interest and national security interests are safeguarded.

2. For the public interest, the Regulator may set additional conditions in the procedures for issuing the operator license.

PART 3. SPECTRUM MANAGEMENT

Article 17. Assignment of Spectrum

1. Where the use of radio frequencies is necessary for the operation of an electronic communications network or provision of service, a person shall not operate that network or provide the service without an authorization to use such frequencies.

2. The Regulator shall assign radio frequencies to users for the purposes stated in clause 1 in accordance with Article 10 of this Law and the Licensing Law. The Regulator shall, within one year after the effective date of this Law, establish rules to permit unlicensed operation of low power devices that emit radio frequency rays if such devices are of the types approved by the Regulator or relevant foreign standard setting bodies, as set forth in the appropriate regulations. Such rules may require manufacturers, or vendors, of such equipment to test and certify such equipment to the Regulator prior to importation or offer for sale thereof.

3. The Regulator may publish requests for applications for frequency authorizations.

4. The Regulator may issue frequency authorizations to persons to use specified portions of radio spectrum. However, the Regulator may grant a frequency authorization in connection with the provision of a public electronic communications network only to an applicant who is the holder of an operator license or is eligible for such a license. The Regulator may allow an applicant for an operator license to apply for both an operator license and a frequency authorization in one application and may grant the frequency authorization and operator license simultaneously.

5. In consultation with the Authorized Body, the Regulator shall set out the procedures for issuing the frequency authorizations, where the methods for assignment of frequencies and technical, financial, and legal eligibility requirements for applicants shall be established.

Article 18. Existing Users

The frequency authorizations previously lawfully granted shall remain in force for the period of such authorization.

Article 19. Use of Radio Frequencies

Every person who is the holder of a frequency authorization shall comply with the conditions of that authorization and the directions of the Regulator in relation to the use of radio frequencies.

Article 20. Interference

No person shall use a frequency authorization in a manner that creates harmful interference into the authorized use of radio frequencies by other persons.

Article 21. Amateur Radio

1. After consultation with the Authorized Body, the Regulator shall issue rules classifying various types of amateur radio licenses and specifying the qualifications necessary to hold such licenses, and the procedure for testing a person's qualifications to hold such licenses.

2. The Regulator shall issue rules establishing procedures for the issuance of operating licenses for, and registration, installation and use of, amateur radio stations.
3. Amateur radio shall not be used for broadcasting.

CHAPTER 4. COMPETITIVE SAFEGUARDS

Article 22. Dominant Position

An entity has a “dominant position” in a specific electronic communications market where, as a supplier or consumer, it has no competitors or is not facing any substantial competition; or by its turnover volumes it has at least one-third market share.

Article 23. Determination Regarding Dominant Position

1. In consultation with the State Commission for Protection of Economic Competition, the Regulator shall define electronic communications markets subject to regulation and determine which operators of public electronic communications networks or providers of public electronic communications services have a dominant position in those markets in the context of this Law. In so doing, the Regulator shall provide at least a two-month prior public notice of the intent to classify any operator or service provider as a dominant or, if there is such a determination, reclassify any operator or service provider as a non-dominant, and accept written comments from the operator or service provider and any other interested party.

2. The Regulator may classify an operator or service provider as dominant in connection with some services and/or geographic areas but non-dominant in connection with other services or geographic areas.

3. Any interested person can request that the Regulator initiates a process under clause 1 with regard to any operator or service provider:

Article 24. Safeguards

1. The Regulator may establish rules (hereinafter referred to as “Rules of Competitive Safeguard”) which:

- 1) Prohibit anti-competitive pricing and other practices;
- 2) Require a dominant operator or dominant service provider to provide competitive public electronic communications services only through one or more fully separated subsidiaries or affiliates;
- 3) Require a dominant operator or dominant service provider to implement structural separations between its dominant operations and its competitive operations;
- 4) Require a dominant operator or dominant service provider to restrict transactions, or the sharing of information or employees, or to take other steps, which the Regulator considers reasonable and necessary for the purpose of safeguarding competition;
- 5) Require, if no other measure will protect competition, the divestiture of one or more affiliates from the dominant carrier.

2. The Regulator may, in consultation with the State Commission for Protection of Economic Competition of the Republic of Armenia, develop guidelines with respect to:

1) The types of anticompetitive practices to which the rules of competitive safeguard apply; and

2) The procedures for determining whether to impose competitive safeguards in relation to any such practice.

3. The Regulator shall promulgate the rules of competitive safeguard only if it is satisfied that:

1) Such rules are necessary for the identification or prevention of abuse of a dominant position by a dominant operator or dominant service provider or any other anticompetitive practice by such operator or service provider; and

2) No other effective means are available to the Regulator for the provision of an adequate remedy for such abuse or practice.

4. Nothing in this law is intended to preempt or affect the ability of any person to petition the appropriate court for relief under the Law on Protection of Economic Competition or the Licensing Law.

Article 25. Obligations of Dominant Operators Regarding Line Facilities

1. Any dominant operator that owns a line facility shall allow any other operator to lease the capacity of such a line facility.

2. All dominant operators shall publish information concerning the location of their line facilities and available capacity thereof in accordance with the requirements set by the Regulator.

3. Any operator seeking to lease the line facility of a dominant operator shall request in writing that operator. The dominant operator from whom the line facility or the authorization to use such a facility is sought shall inform in writing the requesting operator within 14 days whether it intends to provide the requested line facility or the authorization to use thereof.

4. The dominant operator which owns the line facility may refuse the request of an operator only if it demonstrates to the Regulator that:

1) This will do damage to the line facility or will be electromagnetically incompatible with the dominant operator's network; or

2) The capacity of the line facility at issue is exhausted or will be exhausted within three years from the date of the request. However, upon request of another operator and subject to technical and economical feasibility, the dominant operator shall construct the requested facilities.

5. The dominant operator owning the line facility shall grant equal treatment to all operators seeking to lease the line facility. The conditions and requirements for the use of a line facility by other persons shall be identical to the terms and conditions for use, sell, and lease applicable to the dominant operator itself or to its affiliates.

6. The charge levied for the use of a line facility shall be proportionate to the costs of building and maintenance of the line facility incurred by the dominant operator.

7. A dominant operator shall not impose any conditions, related to the purpose and manner of using the line facility, on operators requesting to lease a line facility.

**CHAPTER 5.
TARIFFS AND FEES**

Article 26. Basis of Charges

1. All tariffs for a public electronic communications service shall be just and reasonable. Any such tariff that is unjust or unreasonable shall be deemed unlawful. A similar tariff already set for a similar service may be a reason for considering the tariff to be just and reasonable.

2. All tariffs for a public electronic communications service subject to a rate regulation pursuant to Article 27 shall be based on the costs of providing such services, with such costs to be defined and allocated in accordance with Article 31.

Article 27. Tariff Regulation

1. The Regulator shall determine and regulate the tariffs for use of public electronic communications services, subject to regulation, that are provided by dominant service providers.

2. The Regulator may regulate the tariffs for public electronic communications services provided by non-dominant service providers upon finding that such regulation is necessary to promote competition and the public interest. However, the Regulator shall not have authority to regulate the tariffs charged by an Internet service provider for Internet access.

3. The Regulator shall regulate the tariffs for universal services provided to the public by non-dominant service providers.

4. In regulating the tariffs for public electronic communications services, the Regulator shall require and promote the rebalancing of tariffs for the services subject to regulation under clauses 1 to 3 of this Article to bring prices more closely in line with actual costs.

5. In regulating the tariffs for public electronic communications services, the Regulator may require service providers subject to regulation under clauses 1 to 3 to file information justifying the conditions and tariffs for their public electronic communications services.

6. The Regulator shall on its discretion select the mode of tariff regulation to be applied to service providers subject to rate regulation under clauses 1 to 3 of this Article. The Regulator is entitled to determine the price caps for the provided services.

Article 28. Public Filing of Tariffs

1. All service providers subject to tariff regulation by the Regulator shall file with the Regulator, and make publicly available, schedules showing all tariffs for public electronic communications services, as well as the classifications and conditions related to the provision of services. The schedules and the information enclosed shall be printed in such form, and posted and kept open for public inspection in such places, including on a widely available website or by means of mass media, as the Regulator may require by regulation.

2. No tariff, which is subject to tariff regulation, shall become effective without the Regulator's approval. Tariff shall become effective after 45 days following submission thereof to the Regulator, provided there is no objection by the Regulator.

3. Whenever the Regulator, after a public consultation, determines that any tariff subject to regulation will be in violation of any provision of this Law, the Regulator is authorized to:

1) Modify the tariff so that it is just and reasonable;

2) Suspend the application of the tariff, or any part thereof, for a period not to exceed 90 days, during which it shall investigate the justification for such tariff and reject, modify, or accept it.

Article 29. Particulars of Tariffs

Regulated tariffs shall be as follows:

- 1) Clearly specified and easily understood, without cross reference to documents outside the tariff;
- 2) Associated with an identified service element;
- 3) Setting forth the units (e.g., bandwidth, time, speed) used in calculation of the charge;
- 4) Unbundled to the extent required by competition rules established by the Regulator;
- 5) Based, subject to a reasonable transition period to permit the rebalancing of tariffs over time as set forth in Article 27(4), only on the allowable costs incurred in the provision of the public electronic communications service requested by an end-user; and
- 6) Fully and in advance disclosing any rebate and any information on payment of such rebate.

Article 30. Discounts

1. Service providers, subject to tariff regulation, may discount services either:

1) On the basis of the volume of services supplied to the end-user if cost justified; or

2) On the basis that the service subject to a discount is a service with recently established tariffs, provided the discount is limited to ninety days following customer subscription to the service. Any discount shall be public, transparent, and available identically to all similarly situated customers.

2. Volume discounts may be calculated by cumulating the traffic of different persons, provided those persons are engaged in a common business (other than the business of providing electronic communications services) and receive no more billing statements for subsets of the cumulative charges than single entities of the same traffic volume.

3. No discounts shall become effective without the Regulator's approval. Notwithstanding clauses 1 and 2, the Regulator may reject a discount proposed by a dominant service provider if that discount would prejudice the competitiveness of other persons in the relevant public electronic communications service market.

Article 31. Additional Requirements for Service Providers Subject to Tariff Regulation

1. The Regulator shall establish for dominant service providers an accounting system that requires such service providers to demonstrate that the charges for the public electronic communications services, in which they hold a dominant position, are cost-based. Accounting system shall allow allocation of costs to all public electronic communications services, enable the Regulator to verify and audit cost allocations, ensure consistency (proportionality) of cost allocations among regulated service providers, and ensure consistency of costs incurred by the latter.

2. The Regulator shall ensure that service providers subject to tariff regulation apportion the total costs of providing their product and service offerings, including the individual elements thereof together with such products, services, and elements, in such a manner as to separate the costs as subject to full allocation in accordance with the following principles:

1) Costs directly attributable to a single product, service or element shall be directly assigned;

2) Costs not directly attributable to a single product, service or element shall be apportioned among all products, services, and elements on the basis of actual use; and

3) Costs assigned or apportioned under sub-clauses above to products, services, and elements subject to competition may not be paid from the provision of non-competitive products, services, and elements.

3. The cost-accounting of service providers, as referred to in clause 1 of this Article, shall be separated to the extent that would be required if the public electronic communications services specified herein in the same clause were provided by different persons not affiliated with each other, with the possibility of determining income and expense items related to their public electronic communications services, including a breakdown of fixed assets.

4. At least once per calendar year, the Regulator shall require all service providers subject to tariff regulation to submit an audited statement of their cost accounting for public electronic communications services. Such statements shall be made available to the public, provided they do not contain trade secrets. The selection of the auditors shall be subject to approval by the Regulator.

5. The statements specified in clause 4 of this Article shall include:

1) The auditor's report on compliance of the cost accounting with the provisions of this Law;

2) Identification and quantification of all expense items for each public electronic communications service for each network part through which such service is provided; and

3) The basis for attribution of joint and common costs to each public electronic communications service.

6. After providing the interested parties with the opportunity to comment on the statement of any service provider subject to tariff regulation, the Regulator shall determine whether the service provider's cost accounting is lawful and appropriate. In reaching that decision, the Regulator shall balance, on one hand, the ability of the service provider in terms of the opportunity to ensure a reasonable rate of return and, on the other hand, the interest of the public and any other service providers in ensuring low prices and in promoting competition where possible.

7. The Regulator shall establish the methods for attributing the costs identified in clause 1 of this Article and the method of cost accounting specified in clause 2 of this Article, which shall:

1) Ensure that damages, fines or penalties assessed on a service provider subject to tariff regulation are not borne by competitors or end-users;

2) Prohibit a service provider subject to tariff regulation from cross-subsidizing between competitive public electronic communications services and non-competitive public electronic communications services; and

3) Extend the requirements for cost allocation established for providers of the services subject to tariff regulation that possess solely or jointly the leased line mobile telephone networks.

8. A provider of services subject to tariff regulation who renders a leased line or other public electronic communications service shall bring the calculation of its charges and its

cost-accounting system into compliance with this Law and the timeframes set by the Regulator for this purpose.

Article 32. Reasonable Return on Investment

1. In regulating the prices charged by service providers, the Regulator shall ensure that such service providers have an opportunity to recover, based on efficient management, a reasonable rate of return on the reasonable value of their investments made in providing services to the public. This may include investments rendered, in whole or in part, uneconomic or inefficient by the advance of technology or changes in public policy.

2. In determining the rate of return referred to in clause 1, the Regulator may take into consideration international benchmarks and the particularities of the Republic of Armenia.

**CHAPTER 6.
INTERCONNECTION**

Article 33. Obligation to Grant Interconnection

1. Each operator shall, upon request, interconnect its public electronic communications network to the public electronic communications network of any other operator.

2. An operator shall provide interconnection in accordance with the following principles:

1) Any-to-any connectivity shall be granted in such a manner as to enable all customers of each public electronic communications network to communicate with all customers of other public electronic communications networks or to obtain services from such other networks;

2) Point-to-point operability shall be maintained in order to facilitate the provision of public electronic communications services to any customer of one network by the operator of another network;

3) Interconnecting operators shall be equally responsible for ensuring that interconnection is provided in a reasonable time.

Article 34. Permitted Arrangements for Interconnection

1. Every dominant operator shall file with the Regulator a Reference Interconnection Offer (RIO) setting out its interconnection services and the conditions upon which other operators may interconnect with the public electronic communications network of that dominant operator.

2. If agreed upon by both parties, the conditions and pricing of interconnection involving at least one dominant operator may be contained in a contract that supersedes the applicable Reference Interconnection Offer. Each dominant operator shall file copies of all interconnection agreements with the Regulator which may reject, suspend or modify any such agreement in a prescribed manner.

3. The conditions of interconnection with a dominant operator shall be determined:

1) In accordance with the Reference Interconnection Offer, approved by the Regulator pursuant to Article 35 and 36 or any part thereof, which applies to the provision of those

services; where more than one Reference Interconnection Offer is applicable, the Regulator shall determine which offer governs;

2) Where clause 3(1) does not apply, by an agreement between the interconnection seeker and the interconnection provider that has been approved by the Regulator pursuant to clause 2 of this Article; and

3) Where clause 3 (1) or 3 (2) do not apply, by the Regulator acting as arbitrator pursuant to the arbitration rules referred to in Article 38.

4. Non-dominant operators may set forth proposed rates and conditions of interconnection by contract or in a Reference Interconnection Offer.

5. The conditions of interconnection with a non-dominant operator shall be determined:

1) By agreement between the interconnection seeker and the interconnection provider;

2) Where clause 5(1) does not apply, in accordance with a Reference Interconnection Offer, approved by the Regulator pursuant to Article 35 and 36 or any part thereof, which applies to the provision of those services; where more than one Reference Interconnection Offer is applicable, the Regulator shall determine which offer governs; and

3) Where clause 5(1) or 5(2) do not apply, by the Regulator acting as arbitrator pursuant to the arbitration rules referred to in Article 38.

Article 35. Reference Interconnection Offers

1. Each dominant operator who is required under this Chapter to provide interconnection for the provision of public electronic communications services shall submit a Reference Interconnection Offer (RIO) to the Regulator:

1) Within ninety days after the date of determination of dominance;

2) At least ninety days before the expiry date of an existing Reference Interconnection Offer.

2. A Reference Interconnection Offer of any operator or any part thereof shall take effect upon approval by the Regulator.

3. A Reference Interconnection Offer shall address the particulars specified below:

1) The validity period of the offer not to exceed the validity period of the offering party's license;

2) The interconnection service, any electronic communications and other ancillary services requested by the party seeking interconnection;

3) Procedures for ordering interconnection lines and capacity thereof;

4) Procedures for estimating and managing traffic volumes;

5) Measures employed to ensure the security of network operations;

6) Technical and other standards for interconnection;

7) Location of each interconnection point and conditions for use of each such point;

8) Conditions for use of numbers or number series;

9) Procedures to be followed when either interconnecting party wishes to change the configuration of its network and where such change may affect the interoperability of the interconnected networks or the interconnection services provided;

10) Any joint use of network equipment and line facilities;

11) Quality requirements for the interconnecting networks and any electronic communications and other related services, and measures to ensure compliance with such requirements;

12) Procedures for settling accounts and payment conditions;

13) Procedures for testing interconnection and interoperability of the networks;

14) Description of the interconnection charges and procedures for changing the rates thereof;

15) Conditions and charges for use of interconnection lines and other interconnection services;

16) Procedures for amending the interconnection conditions;

17) Procedures for receipt of information concerning breakdowns and elimination thereof;

18) Requirements for repairs and maintenance;

19) Liabilities of the parties and any restrictions;

20) Dispute resolution procedures;

21) Procedures for suspension and termination of the interconnection agreement upon breach by either party;

22) Any other information necessary to evaluate and implement interconnection;

23) Other information as specified in the rules by Regulator.

4. All Reference Interconnection Offers of dominant operators shall include a commitment by the dominant operator to provide interconnection to a requesting operator no later than forty-five days after that operator agrees to the conditions of interconnection.

Article 36. Obligations of the Dominant Operator

1. Without prejudice to Article 33, a dominant operator shall provide interconnection in accordance with the following principles:

1) The conditions under which interconnection is provided shall be as follows:

a) Non-discriminatory as between similarly situated entities;

b) Reasonable and transparent as to technical specifications and the number and location of interconnection points; and

c) Inclusive of charges calculated in accordance with the principles specified in Article 47.

2) Interconnection shall be established by the Regulator at any point specified in the interconnection request:

a) No later than in forty-five days after the operator agrees to the conditions of interconnection under a Reference Interconnection Offer;

b) Within two months after receipt of such a request under an interconnection agreement, unless a special construction is required, in which case the parties shall agree to a reasonable time period.

3) A dominant operator must provide an operator requesting interconnection with an access to information necessary for interconnection.

4) A dominant operator shall use information received from an operator requesting interconnection only for the purpose of providing interconnection services, and shall not disclose such information to third parties, unless otherwise provided by law.

5) A dominant operator shall provide reasonable advance notice to an interconnected operator of changes in technical standards or operating characteristics of the dominant operator's network.

6) A dominant operator shall provide interconnection on the terms it provides interconnection to itself or its affiliates.

7) No cross-subsidies shall be allowed.

8) Where technically and economically reasonable, interconnection services and elements shall be disaggregated to the extent that an operator requesting interconnection does not have to pay for network components or facilities it does not need.

2. Each dominant operator shall keep separate accounts in the forms and details enabling the Regulator to determine whether that operator provides interconnection services in accordance with the principles specified in clause 1(1) of this Article.

3. Each dominant operator shall permit other operators and service providers to route calls from their end-users to its facilities used to support the short codes of the police, emergency medical aid, fire fighting, and rescue services.

Article 37. Underlying Principles of Interconnection Pricing

1. Charges for interconnection are as follows:

1) Charges that cover the costs of interconnecting networks;

2) Charge for rental of network equipment, buildings, facilities, and line facilities unless the parties to an interconnection agreement have agreed otherwise;

3) Charges to ensure an on-going integral interoperability of the interconnected networks;

4) Charges relating to the mutual routing of traffic, switching and transmission of signals between interconnected networks; and

5) Charges for extra services rendered.

2. Charges for interconnection or elements thereof shall be established based upon:

1) Long-Run Incremental Costs of such service or element thereof for the total duration of service and a reasonable allocation of forward-looking costs, including:

a) Costs incurred in ensuring equal interconnection;

b) Costs resulting from performance of the requirements established for interconnection of networks; and

c) Reasonable cost of capital.

2) A reasonable allocation of forward-looking costs.

The assignment of costs among services or elements thereof shall be consistent with the cost assignment and apportionment principles in Article 32. Notwithstanding any other provision in this Article, the rates established pursuant to this clause shall not exceed the amount necessary to recover the costs specified herein.

3. Dominant operators shall calculate the charges for interconnection and interconnection services in accordance with the following basic principles:

1) Costs shall be borne by the operator or operators whose activities cause those costs;

2) Non-recurring costs shall be recovered through non-recurring charges and recurring costs shall be recovered through recurring charges;

3) Costs that do not vary with usage shall be recovered through flat charges and costs that vary with usage shall be recovered through charges that are based on usage;

4) Costs shall include attributable operational expenditures and depreciation and an amount estimated to achieve a reasonable rate of return;

5) Interconnection price shall not bear the recovery of common cost;

6) where the Regulator is unable to obtain cost information, which is reasonably satisfactory, relevant, and reliable, it may take into account comparable international benchmarks; the Regulator may establish additional regulations governing the prices that a dominant operator may charge for interconnection services;

7) the Regulator may establish additional rules governing charges for interconnection services, following public consultation.

4. The charges for interconnection and interconnection services established by a dominant operator shall be transparent and public. The elements of the charges shall be clearly distinct, and the method of cost calculation shall be made public.

5. The charges for the interconnection services of a dominant operator shall not depend on the type of network on which a communication originates or terminates, or the type of transmission through the interconnection point, except where the type of network or type of transmission affect the cost of providing such interconnection services.

6. The obligation to prove compliance of interconnection and interconnection service charges with the requirements of this Article rests with the dominant operator. Upon availability of sufficient cost data, international benchmarks may serve as a guideline.

7. A dominant operator who interconnects its public electronic communications network to another public electronic communications network shall bring its charges and its cost-accounting system into compliance with this Law within the timeframe established by the Regulator. Prior to that, an international benchmarking may be used by the Regulator to unilaterally establish interconnection rates, following public consultation.

Article 38. Disputes Regarding Interconnection

1. Where negotiations for the provision of interconnection do not result in agreement after two months or in the case of disputes arising after agreement, either person may refer in writing the dispute to the Regulator for settlement.

2. Upon receipt of a written complaint regarding a dispute, the Regulator within ten days shall notify the operator (against whom the complaint was filed) and shall demand an explanation of the disputable conditions applied by the operator.

3. The operator shall present a written explanation within thirty days after receiving the request from the Regulator.

4. The Regulator shall grant or deny a complaint within two months after receipt of such complaint.

5. If the Regulator grants a complaint, the Regulator shall issue an order to the operator to promptly amend all agreements and offers containing the disputed conditions. In exceptional cases the Regulator may require changes to be made to interconnection agreements already concluded if this is justified by the need to ensure effective competition and/or interoperability of public electronic communications services. The order shall be implemented promptly. Contesting of the order shall not suspend implementation thereof.

6. Throughout any dispute or disagreement the parties shall keep their networks connected for the provision of services and conveyance of calls. No party shall disconnect the other party's network without a prior approval of the Regulator; any party wishing to disconnect a network shall apply to the Regulator, and the latter shall decide upon the matter.

7. The Regulator may develop additional rules applicable to resolution of interconnection disputes.

8. A decision of the Regulator in relation to an interconnection dispute shall be consistent with:

- 1) Any agreement reached between the parties as to matters that are not in dispute;
- 2) The conditions set out in a Reference Interconnection Offer or any part thereof that applies to the interconnection provider; and
- 3) The principles specified in Article 33 and Article 36.

9. Where neither party to the dispute is a dominant operator, the Regulator may decline to act as an arbitrator in relation to the dispute.

10. Nothing in this Article restricts the ability of an operator, having entered into an interconnection agreement, to dispute or challenge the rates or conditions of interconnection at the Regulator by filing a complaint in writing.

Article 39. Collocation

1. An operator shall provide, upon reasonable rates and conditions, for physical collocation by another operator or service provider of equipment necessary for interconnection with or access to its public electronic communications network at the premises of the operator. Provided, however, that the operator may provide for virtual collocation if the operator demonstrates that physical collocation is not feasible for technical reasons or because of space limitations.

2. An operator shall make available to any operator or service provider such infrastructure, technology, information, facilities, and functions of public electronic communications network as may be requested by such operator or service provider to provide services.

3. Collocation includes the provision of space, power of required voltage and lights as well as cross connections between the collocated equipment and switches or loops designated by the collocating operator or service-provider.

CHAPTER 7. UNIVERSAL SERVICES

Article 40. Universal Services

1. Universal service consists of a specified minimum set of services to be defined by the Regulator's regulation, in accordance with the policy objectives specified by the Authorized Body, and in consultation with all stakeholders, to be made available at an affordable price and with quality parameters specified for all end-users, irrespective of their geographical location.

2. The scope of universal service shall evolve to reflect advances in technology, market developments, and changes in user demand.

3. It is incumbent upon the Regulator:

1) to determine the most efficient and appropriate solutions for ensuring the provision of universal service;

2) to develop objectives for services to be provided with the purpose of ensuring that the public electronic communication services, in particular basic telephone service, is accessible to the majority of users;

3) the Regulator may include in the license of any operator or service provider, as a condition, the requirement to provide one or more universal services and capabilities of universal service. The Regulator may impose any requirement in a transparent, non-discriminatory, and competitively neutral manner. The incumbent operator shall provide all universal services and capabilities of universal services;

4) to establish a fund into which all providers of electronic communication services shall pay fees the Regulator may set as universal service fees. The fund shall be managed by the Regulator to compensate any operator who is required to provide universal service. Any operator or service provider may recover its share of universal service contributions through a charge on the customer's bill, but this charge shall not exceed amounts assessed, shall be fairly apportioned among customers, and shall be described in an understandable and non-misleading fashion on customer bills.

CHAPTER 8. NUMBERING, IDENTIFICATION CODES, AND SHORT CODES

Article 41. Armenian Numbering Plan

1. The Regulator shall establish by rule an Armenian Numbering Plan, setting whereby the regime governing use of number series, identification codes, and short codes for electronic communications in Armenia in accordance with the international standards. The Armenian Numbering Plan shall specify the number series, identification codes, and short codes necessary for the provision of electronic communications services in the country.

2. In formulating and amending the Armenian Numbering Plan, the Regulator shall:

1) observe the obligations assumed by Armenia under international agreements and methods for use of number series, identification codes, and short codes accepted in electronic communications industry;

2) take into account the needs for the use of number series, identification codes, and short codes in Armenia;

3) inform international organizations, engaged in the regulation of number series, identification codes, and short codes, of Armenia's plans for the use of such number series, identification codes, and short codes;

4) provide service providers with appropriate number series, identification codes, and short codes; and

5) inform operators and service providers of developments and amendments affecting the use of number series, identification codes, and short codes for electronic communications.

3. After providing notice and the opportunity for public comment, the Regulator may, on its own motion or at the request of any person, amend its numbering plan:

1) to harmonize it with international agreements, or

2) to harmonize it with the development of electronic communications technology.

Provided, however, that the period between publication of any amendment adopted pursuant to clause 3.1 and entry into force thereof shall be at least two years.

4. Identification codes include:

1) the international code of an electronic communications network which identifies an international exchange in the exchange of technical signals (International Signaling Point Code);

2) the international code of an electronic communications network which identifies a national exchange in the exchange of technical signals (International Signaling Point Code);

3) a mobile network code which identifies the mobile exchange in the national electronic communications network (Mobile Network Code);

4) the code of a service provider which is used in the provision of electronic communications services and accounting (Issuer Identifier Number); and

5) data network identification codes (DNICs).

5. The Armenian Numbering Plan shall not regulate the use of world-wide and internal addresses of international data communication networks.

Article 42. Number or Code Reservation

1. Any operator or service provider may apply to the Regulator for number or code reservation. The Regulator shall prescribe the requirements for an application for a number or code reservation, which shall incorporate the information enabling the Regulator to determine whether the applicant is qualified to hold or use such numbers or codes.

2. The Regulator shall issue a number or code reservation to an applicant unless:

1) The requested number series, identification code or short code has been reserved for another person;

2) The requested number series, identification code or short codes have been reserved for other purposes by international agreements;

3) The planned use does not conform to the Armenian Numbering Plan;

4) The applicant fails to establish a need for operation of electronic communications networks or provision of electronic communications services.

3. Having regard to the clause 2 of this Article, the Regulator shall rule on application:

1) Within three months after submission of the application and all the necessary documents to the Regulator if the number series, identification code or short code are not in use, and the use thereof does not require co-ordination with international organizations;

2) Within twelve months if the applicant fails to supply sufficient information, permitting the Regulator to determine whether the grant of the number or code meets the conditions in clause 2.

4. A number or code reservation shall be issued for a period of up to ten years unless the applicant requests a shorter period; provided, however, that such reservation shall not be issued for a period longer than the period of the operator or service provider license. Upon the expiration of a number or code reservation, the Regulator may refuse to extend the license only under the conditions of clause 7 of this Article.

5. A number or code reservation shall allow the operator or service provider to use such number series, identification code or short code for the purposes of electronic communications and to organize such use. The holder of a number or code reservation may assign such number or code to consumers but may not assign such number or code to other operators or service providers.

6. A number or code reservation shall set forth at least the following:

1) The allocated number series, identification codes or short codes; and

2) The mandatory conditions, objectives, manner, and purpose of use of the number series, identification codes or short codes.

7. The Regulator shall terminate or reject to renew a number or code reservation in accordance with the Licensing Law if:

1) The holder of such reservation uses the numbers or codes in a manner inconsistent with the conditions of such reservation or the Armenian Numbering Plan;

2) The holder of the reservation has not commenced use of the number series, identification code or short code within one year after the reservation, or the Regulator has not received documents certifying commencement of use of the reserved number series, identification code or short code within the next twelve months.

The termination or refusal to renew a reservation on this ground shall not prohibit the holder from submitting a new application for a number or code reservation.

CHAPTER 9. CONSUMER PROTECTION

Article 43. Uninterrupted Provision of Services in Non-Discriminatory Manner

1. Service providers, normally, must provide services to the public on reasonable request. A service provider may either refuse to provide retail services to customers or discontinue or

interrupt the provision of such services to a customer pursuant to any tariff or agreement with that customer provided that:

1) Its actions do not discriminate between similarly situated subscribers and the grounds for such refusal are clearly set forth in any tariff or, in the case of a non-dominant service provider not filing tariffs, in a contract;

2) The end-user connects a non-certified terminal equipment to a public electronic communications network, or the service provider reveals a physical or technical harm caused to such network;

3) The end-user fails to submit the information required under the tariff for such service, as well as identifiers of point of connection to the public electronic communications network or an address, allowing the provision of requested services;

4) The end-user has outstanding charges for electronic communication services provided to it by the same service provider.

2. A service provider may not refuse to provide services to any end-user in bankruptcy or liquidation unless the end-user declines to make the minimum deposit required under the tariff.

3. A person who submits a request for a public electronic communications service may withdraw the request at any time before commencement of this particular service.

4. A service provider must provide services to new customers in a reasonable period of time. The Regulator shall establish a maximum period for service order not to exceed ten days.

5. A service provider must provide leased line services, not requiring special construction, in a reasonable period of time. In any case the service provider shall satisfy 95 percent of all legitimate and properly documented requests within forty-five (45) days of receipt of each request, unless the Regulator establishes, after consultations, different time-to-deliver parameters. Properly documented applications for point-to-point leased line services shall include details with respect to the type of terminal equipment to be connected and relevant interface specifications necessary for the provision of the requested service.

6. However, the service provider shall not be subject to these obligations in cases where the Regulator determines that special construction is required which justifies additional time to satisfy a particular request, and when the request is not properly documented. Where a special construction determination is made, the Regulator shall take into account the demand forecasts of the requesting party and the extent of the required special construction, and it shall take one or more of the following decisions:

1) Release service provider of the obligation to provide leased line capacity;

2) Set a new deadline for the service provider to provide leased line capacity;

3) Require the requesting party to pay, in whole or in part, the costs directly associated with the provision of leased line capacity;

4) Establish reasonable penalties payable to the service provider by the requesting party, in the event the latter failed to meet the demand forecasts and failed to utilize the requested lines.

7. In the event a dominant operator or a dominant service provider proposes to discontinue a service or abandon its license, or is declared insolvent by a court, the Regulator

may order said dominant licensee to continue its operations on the conditions specified by the Regulator in order to secure uninterrupted service to subscribers.

Article 44. Terminal Equipment

1. An operator shall permit the connection of properly certified terminal equipment to its public electronic communications network unless it demonstrates, as prescribed by Regulator rule, that such connection will cause physical or technical harm to its network.

2. The Regulator shall establish, on a service-by-service basis, the demarcation point between the network equipment and facilities of an operator and the terminal equipment of an end-user. All terminal equipments must be connected on the end-user's side of the demarcation point.

3. An operator or service provider providing public electronic communications services shall enable a subscriber to use terminal equipment immediately upon being connected unless the operator or service provider and subscriber have agreed otherwise.

4. Operators of public electronic communications networks shall design such networks so as to allow the public to use short codes to connect to the police, emergency medical aid, fire fighting and rescue services through all lawful terminal equipment connected to that network, provided that such connection is technically possible and is based on the operating principles of the public electronic communications network and terminal equipment.

5. Any subscriber to a public electronic communications service shall make available its terminal equipment to permit others (where an emergency exists) to connect to the police, emergency medical aid, fire fighting services and rescue services, or shall transmit an emergency message himself.

Article 45. Restriction and Suspension of Service

1. A service provider may restrict or suspend the provision of public electronic communications services to a subscriber if:

- 1) The subscriber has failed to pay for the provided services in a timely manner;
- 2) The subscriber has connected non-certified terminal equipment to a public electronic communications network;
- 3) The subscriber has connected terminal equipment that is incompatible or interferes with the operation of a public electronic communications network or with the ability of others to use public electronic communications services;
- 4) The restriction or suspension is necessary for the installation, repair, exchange or maintenance of equipment or line facilities;
- 5) The subscriber breaches the conditions of the tariff filed by a service provider or the service contract under which the service is provided;
- 6) The service provider discovers that the subscriber submitted incorrect data in requesting such service and such error is not harmless;
- 7) The period of the service agreed between the service provider and the subscriber has expired.

2. A service provider may restrict or suspend the provision of a public electronic communications service if the provider has informed the subscriber by means of a public

electronic communications network, or if such notice is not possible, in writing, at least five business days before the restriction or suspension of the communications service commences, and shall notify the subscriber of the duration of, and reasons for, the restriction or suspension. Provided, however, that such notice is not required if the immediate restriction or suspension of the communications service is necessary in the cases referred to in clauses 1.2 and 1.3 of this Article.

3. The provision of public electronic communication services shall not be restricted or suspended if a subscriber eliminates the circumstances underlying the restriction or suspension prior to the application of the planned restriction or suspension of service.

4. Upon restriction or suspension of a public electronic communications service, a service provider must ensure that the subscriber affected by such restriction or suspension retains the ability to call the police, emergency medical aid, fire fighting, and rescue services, if technically possible.

5. Service providers shall not restrict or suspend the provision of public electronic communications services if, prior to the period specified in the tariff or contract of payment, a subscriber contests a charge for such service in writing and simultaneously pays the portion of the charge not contested.

6. In the event of service discontinuity caused by an operator or service provider, such operator or service provider shall restore service to a subscriber within two business days after the elimination of the circumstances that caused the discontinuity. The tariffs of dominant operators must oblige such operators to impose no charge on subscribers for the period of disconnection or suspension.

7. The subscriber to a public electronic communications service has the right to suspend service for a period from one month to one year at its discretion, unless the Regulator establishes otherwise for a specific public electronic communications service. The subscriber shall notify the service provider of such suspension at least ten days in advance and perform all other obligations set forth in the tariff or service contract with respect to suspension of service.

8. A service provider shall suspend service if technical conditions make it impossible to perform the task above by the date requested, and if a subscriber wishes to change the connection location of the subscriber's terminal equipment or number assigned to the subscriber.

9. Upon suspension of service:

1) Provision of public electronic communications services and any subsequent payment obligation is suspended;

2) Terminal equipments or the end-user's line are disconnected; and

3) Service provider may give the terminal equipments and number necessary for the service and belonging to the service provider to another subscriber.

10. Upon elimination of conditions that warranted suspension of service, the service provider shall resume the service at the request of the subscriber.

11. Any end-user may terminate a service without prior notice, subject to the termination and penalty clauses contained in the tariff or service contract.

Article 46. Customer Service

Every operator or service provider shall maintain and staff at least one business office in each geographic area, as defined by the Regulator, where it operates a public electronic communications network or provides a public electronic communications service. Such offices shall provide information relating to services and rates, accept and process requests for service, explain charges on customer bills and adjust charges made in error. Any such offices maintained by a dominant operator or dominant service provider shall have copies of tariffs and maps showing rate areas and zones.

Article 47. Repair and Elimination of Breakdowns in Network

1. In the event of any failure or impairment of service, an end-user of communications services shall notify the repair service of the operator. Operators and service providers shall organize receipt of information concerning service impairments and the time required to restore service. All operators and service providers must report such data, on a consolidated basis, in electronic form, to the Regulator, in a format specified by the Regulator. Such reports shall be available for public inspection in their entirety notwithstanding any claim of confidentiality.

2. In order to restore service, operators and service providers may insist that an end-user, whose service is impaired, provide access to:

- 1) Any equipment, which forms part of the network;
- 2) Demarcation point,
- 3) Wires and any terminal equipment connected to the network.

3. The expense of any repairs shall be borne by the end-user provided the latter is responsible for breakdown that caused the need for repair.

Article 48. Leased Line Services

1. Except for mobile services, all dominant operators must provide leased line service pursuant to the procedures and the conditions set forth in this Law.

2. The Regulator shall establish by rule the conditions set out in clauses 4(1), 4(2), and 4(6) of this Article for dominant operators.

3. In order to permit the Regulator to monitor the provision of leased line services, each dominant operator shall file an annual report as of March 1 for the prior calendar year setting forth its compliance with clause 4.

4. All dominant operators, non-dominant operators, and service providers supplying leased lines shall specify, in their respective tariff or contracts, conditions covering at least:

- 1) Technical standards;
- 2) Deadline for provision of leased line service after receipt of a request for such service;
- 3) Possible geographic areas or locations for the termination of leased lines and capacity options;
- 4) Procedures and conditions for maintenance work;
- 5) Procedures and conditions for notification and elimination of breakdowns;
- 6) The charge for the service; and

7) Procedures for payment for the service.

5. An operator or service provider providing leased line service may not inquire into or condition its offering of such service on the purpose, use or connectivity planned by the end-user.

6. An operator may restrict the provision of leased line service if:

- 1) The end-user has failed to pay for the service in a timely manner;
- 2) The restriction is necessary for the installation, repair, replacement or maintenance of the operator's network;
- 3) The restriction is necessary due to state of war or other emergency situation; and
- 4) Following the Regulator's determination of illegal use.

In cases described in clauses 6(1) and 6(2) of this Article, the operator or service provider shall notify the end-user and the Regulator of the restriction in writing at least ten days in advance of the suspension. Such notice shall indicate the reason for, nature, extent and duration of the restriction.

7. The end-user whose leased line service is restricted pursuant to clause 6 of this Article may contest such restrictions by filing a complaint with the Regulator pursuant to Article 60.

8. Upon receipt of such complaint, the Regulator shall notify, within ten days, the operator or service provider and shall demand an explanation and justification of the disputed restriction from the operator.

9. The operator or service provider shall present a written explanation within five days after receiving the request referred to in clause 8 of this Article from the Regulator.

10. The Regulator shall grant or dismiss the complaint within ten days after receiving such complaint and shall notify the complainant and the operator of its decision. The Regulator shall issue an order reflecting its decision.

11. An operator or service provider may terminate the provision of leased line service unilaterally if the grounds for restriction of service exist for six months after imposition of such restriction.

12. An end-user may terminate leased line service at any time by notifying the operator or service provider in writing no later than thirty days prior to the date when termination of the service is desired. Notwithstanding the above, the financial penalties pursuant to Article 43, clause 6 (4) may apply.

Article 49. Privacy of Customer Information

1. Every operator and service provider shall regard and treat as confidential all information regarding the type, location, use, destination, quantity, and technical configuration of services used by their customers.

2. An operator or service provider may disclose such information:

- 1) As authorized by law in connection with the surveillance, investigation or prosecution of a criminal offense or threat to national security;
- 2) With the written consent of the customer;

3) Where the disclosure is necessary in defense of the operator or service provider (in any proceedings brought against that operator or service provider). The customer may request that such disclosure be made on a confidential basis at an in-camera proceeding.

3. An operator or service provider shall not be liable for any damage resulting from a disclosure of information made pursuant to clause 2.

Article 50. Interception, Wiretapping or Disclosure of Messages

1. No person other than a party to a message transmitted by any electronic communications means may intercept, tap or disclose the content of this message unless authorized to do so in writing by the parties to the message or by a court decision pursuant to the Law.

2. Notwithstanding clause 1 of this Article, operators of public or private communications networks and providers of public or private electronic communications services, or employees or agents thereof, may intercept or retransmit signaling and messages, not disclosing them, if the interception or retransmission of signals falls within the scope of their official duties.

3. In the cases and in accordance with the procedures prescribed by the law all operators and service providers must grant law enforcement or security personnel access to any equipment, facilities, switches, routers or other similar equipment, including eavesdropping devices.

Article 51. Improper Use of Service or Facility

An operator or service provider who knowingly permits its network or service to be used by any person to defraud, abuse, annoy, threaten or harass any other person shall be subject to a penalty established in Article 63, not exceeding 5 million drams.

Article 52. Emergency and other Operator Services

No later than one year after the effective date of this Law, the Regulator shall promulgate rules and regulations that specify which operators of public electronic communications networks must provide access to local assistance operators, who are capable of connecting calls to appropriate emergency services and providing other operator services, and specify how such access shall be provided.

Article 53. Directory Services

No later than one year after the effective date of this Law, the Regulator shall promulgate rules and regulations that specify:

1) Which operators providing public electronic communications services must provide access to directory assistance and how such access shall be provided; and

2) Which operators providing public electronic communications services must publish directories and specify how such publication shall occur.

**CHAPTER 10.
RIGHTS AND RESPONSIBILITIES OF OPERATORS,
SERVICE PROVIDERS AND END-USERS**

Article 54. Rights and Responsibilities of Operators and Service Providers

1. In addition to any rights the Regulator may prescribe by rule operators and service providers shall be entitled to:

- 1) Receive defined payments for services provided; and
- 2) Appeal the Regulator's decisions in a court according to law.

2. Operators and service providers have the following obligations:

- 1) To comply with the laws of the Republic of Armenia;
- 2) To comply with the rules and regulations of the Regulator;
- 3) To comply with the obligations contained in any license granted under this Law;
- 4) To respect any exclusive rights that may be held by the incumbent operator in accordance with the terms of its license;
- 5) To safeguard the privacy of customer information and communications, except as specified by law;
- 6) To provide the Armenian people with access to switched and leased communications services, including, as set forth herein, to expand the types of services available and to extend into geographic areas not served now;
- 7) To follow applicable technical standards;
- 8) To assist the Government of Armenia at the International Telecommunication Union, standard setting bodies and other similar organizations;
- 9) To ensure the quickest communications possible in the event of accidents, emergencies or threats to life, and national security;
- 10) To maintain tariffs or service conditions, as appropriate;
- 11) To provide timely, accurate, detailed, and clear invoices to subscribers, and to forgo any erroneous charges;
- 12) To provide, to the extent feasible, regular, uninterrupted, and widespread services to the public;
- 13) To afford customers credits on invoices, when specified by tariff or contract, by indicating as a prepayment the amount, calculated for the whole period of failure or impairment of service, and correct the failures and faults as soon as possible;
- 14) To disseminate timely and accurate notices of major network accidents and timetables of probable disconnections in the mass media;
- 15) To inform the end-users about new tariffs; and
- 16) To provide information to the Regulator within the format and time established by the Regulator.

Article 55. End-Users' Rights and Responsibilities

1. The end-users are entitled to:

- 1) Use public electronic communications services on equal terms;
- 2) Receive invoices with detailed information about their service fees;

- 3) Refuse to pay for services that are not set forth in the tariff or service contract;
 - 4) Privacy in electronic communications; and
 - 5) Any other rights afforded by this Law and the laws of the Republic of Armenia.
2. End-users have the following obligations:
- 1) To comply with the law, including this Law;
 - 2) To comply with the conditions of service tariffs or contracts, including the obligation to pay lawful service charges;
 - 3) To respect the contractual conditions and fees of local, domestic, and international public electronic communications services; and
 - 4) Not to use non-certified terminal equipment.

CHAPTER 11. EFFECT AND REVIEW OF ADMINISTRATIVE DECISIONS

Article 56. Effect of Regulator Decisions

1. Regulator decisions shall be considered precedents that may be cited as argument or evidence to be followed in future cases disputed with the Regulator involving similar circumstances.
2. Regulator precedents shall be followed until the Regulator adopts a decision on policy shift. Actions taken under the previous policy shall remain valid.

Article 57. Reconsideration

1. Any person who is aggrieved by a decision of the Regulator may, within thirty days after publication of the decision, petition the Regulator for reconsideration of the decision.
2. Where a petition is filed under clause 1, the Regulator:
 - 1) May order that the decision in question must not have effect until the matter is reconsidered and further determined; and
 - 2) Shall, within 180 days of the filing of the petition for reconsideration, confirm, modify or reverse the decision or any part thereof.
3. Where no order is made under clause 2 (1), the decision shall remain in effect.
4. A petition for reconsideration shall not be a prerequisite to judicial review of a Regulator decision.

Article 58. Judicial Review

1. Any court reviewing decisions of the Regulator shall verify whether such decisions are adopted by proper procedures. The court may not substitute its judgment for the Regulator's decision. The court shall defer to any interpretation of this Law by the Regulator, so long as:
 - 1) The Regulator's decision is consistent with the prior judgments on similar cases; and
 - 2) The Regulator's decisions contain no any inconsistency.

2. The court may hold unlawful and set aside Regulator actions, decisions, and conclusions only on the basis that they are found:

- 1) Arbitrary or discriminatory;
- 2) Contrary to constitutional right, powers, privileges or immunity;
- 3) As adopted through violation of the law, jurisdiction, authority or limitations (according to clause 1 (1) of this Article);
- 4) Without observance of procedure required by law;
- 5) Unsupported by substantial evidence;
- 6) To have relied upon irrelevant facts or failed to consider relevant facts.

CHAPTER 12. ENFORCEMENT

Article 59. Complaints to the Regulator

1. Any person aggrieved by the actions of an operator or service provider subject to this Law in contravention of the provisions thereof, including, but not limited to, a denial of service under Article 45, may file a complaint with the Regulator.

2. The Regulator shall forward the complaint to the operator or service provider, alleged to have committed a contravention, who shall be called upon to answer the complaint in writing within a reasonable time specified by this Law or, where no time period is specified herein, by the Regulator.

3. If the operator or service provider, within the specified time, makes reparation for the injury alleged to have been caused, the operator shall be relieved of further liability to the complainant. If the operator or service provider does not satisfy the complaint within the time specified or there appears to be a reasonable ground for investigating the complaint, the Regulator shall investigate the subject matter of the complaint in such manner and by such means as it shall deem proper.

Article 60. Power to Issue Cease-And-Desist Orders

1. Where the Regulator has enough grounds to believe that a person is operating an unlicensed public electronic communications network or providing an unlicensed public electronic communications service, the Regulator may, on its own initiative or on the application of any person, issue to the person concerned, a cease-and-desist order in accordance with clause 5 of this Article.

2. An order shall state the facts constituting the alleged conduct and, where appropriate, the name of the person against whom the allegation is made. The order shall enclose documents, if any, in support of the allegation.

3. Before issuing a cease-and-desist order, the Regulator shall cause a notice to be served on the person concerned. Such notice shall:

- 1) Contain a statement of the facts referred to in clause 2 of this Article; and

2) Specify the time and place of hearing so as to afford the person concerned an opportunity to offer an opinion.

4. Where at the hearing referred to in clause 3 of this Article:

1) The person concerned fails to show cause why a cease-and-desist order should not be made, the order shall be issued; or

2) the Regulator determines that the alleged conduct has not occurred, a cease-and-desist order shall not be issued.

5. A cease-and-desist order shall be served on the person to whom it is addressed and shall:

1) Contain a description of the alleged conduct;

2) Require the person concerned to cease and desist from the conduct giving rise to the order.

6. The order shall take effect from the date specified therein.

Article 61. Offenses Warranting Enforcement Action

1. The Regulator may apply sanctions for:

1) Knowingly making false statements in a license application;

2) Failing to provide information or evidence that would have warranted denial of an application;

3) Willfully or repeatedly failing to comply with license conditions, this Law or the Regulator's rules, regulations or policies;

4) Violating a cease-and-desist order;

5) Operating a public electronic communications network or providing a public electronic communications service without a license;

6) Failing to submit timely Universal Service Fund payments, and

7) Failing to pay the amount assessed pursuant to Article 63.

Article 62. Application for Judicial Enforcement of Order

1. Before making an application to a court the Regulator shall:

1) Notify in writing the licensee concerned regarding the nature of the alleged contravention; and

2) Afford the licensee an opportunity to:

a) Remedy the alleged contravention, to the satisfaction of the Regulator, within such period as the Regulator shall specify in the notice or on the application of the licensee; and

b) Make submissions to and be heard by the Regulator concerning the matter, where any such hearing is held; the Regulator shall notify the licensee of its determination in the matter;

3) Take into consideration any relevant circumstances including:

a) The resources available to the licensee or to any person or entity affected by the licensee's actions;

- b) The continued economic viability of the licensee or any other affected person; and
- c) The conduct of any such other person or entity or the licensee's competitors.

2. If a court is satisfied on an application by the Regulator that a licensee has failed to comply with any conditions of its license or authorization or has contravened any provision of this Law or any rules or regulations made hereunder, the court may issue an order restraining the licensee from engaging in such conduct or revoking or suspending its license or authorization.

3. In exercising its powers under this Article, the Regulator shall have regard to:

- 1) The nature and extent of the conduct giving rise to the application;
- 2) The nature and extent of any loss suffered by a person as a result of the alleged contravention;
- 3) The circumstances of the alleged contravention; and
- 4) Any previous determination against the licensee concerned.

Article 63. Fines and Penalties

1. If the Regulator determines after notice and a hearing that a licensee who is a natural person has failed to comply with any provision of this Law, the Regulator may order the offending licensee to pay a fine or penalty from 1,000 minimum salaries but not to exceed 2,000 minimum salaries. If the Regulator determines that such violation was knowing or willful, or the violation was committed more than once within one year, it may require the offending licensee to pay an additional fine or penalty of 2,000 minimum salaries.

2. If the Regulator determines after notice and a hearing that the licensee who is a legal person has failed to comply with any provision of this Law, the Regulator may require the licensee to pay a fine or penalty of 2,000 minimum salaries, but not to exceed 4,000 minimum salaries. If the Regulator determines that such violation was knowing or willful, or the violation was committed more than once within one year, it may order the licensee to pay an additional fine or penalty of 4,000 minimum salaries.

3. If the Regulator determines after notice and a hearing that a licensee who is a natural person has failed to comply with any conditions of its license or authorization or any provision of the Regulator's rules or regulation, the Regulator may order the offending licensee to pay a fine or penalty of 500 minimum salaries, but not to exceed 1,000 minimum salaries. If the Regulator determines that such violation was knowing or willful, or the violation was committed more than once within one year, it may order the offending licensee to pay an additional fine or penalty of 1,000 minimum salaries.

4. If the Regulator determines after notice and a hearing that a licensee who is a legal person has failed to comply with any conditions of its license or authorization or any provision of the Regulator's rules or regulation, the Regulator may order the offending licensee to pay a fine or penalty of 1,000 minimum salaries, but not to exceed 2,000 minimum salaries. If the Regulator determines that such violation was knowing or willful, or the violation was committed more than once within one year, it may order the offending licensee to pay an additional fine or penalty of 2,000 minimum salaries.

5. If the Regulator determines after notice and a hearing that a licensee, who is a legal or natural person, has failed to comply with the Regulator's order to provide an uninterrupted

service, the Regulator may impose a fine or penalty of 2,000 minimum salaries, but not to exceed 5,000 minimum salaries.

6. All fines and penalties levied by the Regulator will be paid to the State Budget.

CHAPTER 13. TRANSITIONAL PROVISIONS

Article 64. Keeping to the Existing Licenses

1. A person authorized to operate a public electronic communications network or provide a public electronic communications service or use radio frequencies as of the date of entry into force of this Law shall be deemed to be operating such network or providing such service or using such radio frequencies pursuant to a license issued under this Law, to the extent such a license is required under this Law.

2. Nothing in this Law shall be construed to abrogate the rights granted to the incumbent operator under License No 60, as amended and restated. If in the License No 60 a timetable is defined for specific obligations of the incumbent operator, the timetable established in License No 60 shall govern.

3. Nothing in this Law shall be construed to abrogate the rights granted to the second GSM operator under License No 765. The second GSM operator shall enjoy rights, privileges and benefits for its licensed activities which are no less favorable than those granted to or enjoyed by the incumbent operator under License No 60, as amended and restated, and the legislation of the Republic of Armenia, unless otherwise provided in the operators' licenses.

Article 65. Transition to Competition

The Regulator shall, in accordance with the objectives of this Law, transition the markets in the electronic communications sector to competition as soon as practicable. However, nothing in this Law shall require the Regulator to remove any existing exclusive rights.

Article 66. Transitory Issues

Entities designated as dominant or as having significant market power under the Law on Protection of Economic Competition will be considered as having dominant position under this law within one year after this law enters into force or until the Regulator conducts a market analysis and determines which entities are "dominant" in the communications sector under Articles 22-25 of this Law, whichever comes first.

The Ministry of Transport and Communications shall transfer all electronic communications documents to the Regulator by January 1, 2006.

From the effective date of this Law and until January 1, 2006 the functions of the Regulator shall be carried out by the Ministry of Transport and Communication of the Republic of Armenia.

Starting from January 1, 2006 the Regulator shall incur all the regulatory functions over the electronic communications sector.

To declare the Republic of Armenia Law on Telecommunications, as adopted on February 17, 1998, invalid.

Article 67. Entering into Force

This Law shall enter into force on the 10th day after the official publication.

August 13, 2005

AL-176-N