

Act on Third-Generation Mobile Telephony

**no. 8/2005
15 February**

Entered into force 24 February 2005.

Article 1 *Objective and scope.*

The objective of this Act is to protect the interests of consumers and to guarantee effective competition in the Icelandic mobile phone market with regard to the allocation of frequencies for third-generation mobile telephony in Iceland.

This Act applies to the allocation of frequencies for the operation of mobile phone networks on the frequency ranges 1900–1980 MHz, 2010–2025 MHz, and 2110–2170 MHz.

For the purposes of this Act, the term *third-generation mobile telephony* refers to wireless mobile telephone networks according to the International Mobile Telecommunications-2000 (IMT-2000) standards of the International Telecommunication Union, including the Universal Mobile Telecommunications System (UMTS) standards.

For the purposes of this Act, the term *UMTS mobile telephone network* refers to a wireless mobile telephone network that offers broadband and multimedia services at greater speeds than do first- and second-generation mobile telephone networks.

Article 2 *Allocation of frequencies.*

The Post and Telecom Administration shall allocate frequencies in accordance with Article 1.

The allocation of frequencies shall take place following a public tender offer in accordance with the provisions contained in Article 5.

It is permissible to stipulate that frequency allocations shall be revoked unless the frequencies are brought into use within a suitable length of time. Frequency allocations shall be linked to one name and are non-transferable.

The period of validity for frequency allocations is 15 years.

Article 3 *Distribution.*

The minimum requirement for each rights holder is that UMTS/IMT-2000 services reach 60% of the population of the following areas:

- a. The greater Reykjavík area;
- b. West Iceland, the West Fjords, and Northwest Iceland;
- c. Northeast Iceland and East Iceland;
- d. South Iceland and the Sudurnes peninsula.

Further provisions concerning phases and speed of build-up, as well as requirements for transmission speed, shall be defined at the time the tender takes place.

Article 4 *Frequency fees.*

A frequency fee of ISK 190 million shall be paid for each frequency allocation pursuant to Article 2. Of that amount, the rights holder shall pay ISK 5 million at the time the frequency is allocated, and the balance of the frequency fee shall be remitted to the State Treasury in four equal payments, beginning at the time the frequency allocation takes place and ending two years thereafter.

A discount shall be granted for build-up of an electronic communications network over and above the minimum requirement provided for in Article 3. The discount shall be in the amount of ISK 10 million for each one percent of population in excess of 60% distribution outside the greater Reykjavík area. The discount for distribution over and above 60% will be taken into account from the beginning. The frequency fee shall never, however, be lower than ISK 40 million.

In addition to the frequency fee, the holder of each allocation shall remit a fee in the amount of ISK 4 million. The Post and Telecom Administration is authorised to sell tender documents in order to defray the costs incurred in preparation of the tender documents specified in Article 5.

Article 5

Tenders.

The Post and Telecom Administration shall, by means of a public tender offer, provide those wishing to receive frequency allocations pursuant to Article 2 the option of submitting a tender offer for frequencies for the operation of a UMTS/IMT-2000 mobile telephone network in this country. Up to four tenderers will receive frequency allocations by means of tender offers.

The Post and Telecom Administration shall decide what portion of the frequency range specified in Article 1 shall accompany each individual allocation.

The Post and Telecom Administration shall prepare a detailed tender description that sets forth the terms of the tender in a clear and impartial manner, including all items that will form the basis for the selection of rights holders in accordance with the objectives of this Act. The tender description shall also specify the weight of individual items in the evaluation of tender offers.

The Post and Telecom Administration may set minimum requirements concerning financial position and technological capability and may stipulate that potential tenderers must meet those requirements in order to participate in the tender offer.

The Post and Telecom Administration may reject a tender offer if it is not in accordance with the tender description or if the tenderer does not submit the information or documentation that the Administration considers necessary in order to evaluate the offer.

Among the items that must appear in the tender offer are a business plan based on the assumption that the tenderer will build up his network himself; a plan for mobile telephone network distribution and services, by population and geographical area; a schedule for the rate of network build-up; and a plan for the finishing of buildings and structures.

Each tenderer may only submit one tender offer. The Post and Telecom Administration is authorised to reject tender offers from tenderers with a controlling ownership share in other tenderers.

If no tender offer received for frequency allocations conforms to the UMTS standard, a maximum of three tenderers will be allocated frequencies for third-generation mobile telephony.

Article 6

Provisions of the Electronic Communications Act.

The provisions of the Electronic Communications Act and the Act on the Post and Telecom Administration shall apply to third-generation mobile telephony as appropriate.

Upon the allocation of frequencies, the Post and Telecom Administration shall set conditions that conform to the provisions of this Act, the Electronic Communications Act, and the tender offer of each individual rights holder.

Article 7
Entry into force.

This Act shall enter into force immediately.