

TELECOMMUNICATIONS LAW

AS ENACTED BY THE LEBANESE PARLIAMENT AND PUBLISHED IN THE OFFICIAL
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PART I - GENERAL PROVISIONS:

Art 1: Scope of the Law:

The present Law governs the organization of the telecommunications services sector over the Lebanese territories and determines the rules for its transfer or the transfer of its administration, in part or in full, to the Private Sector, including the role of the State in this field.

Art 2: Definitions:

The following words and expressions shall each have the following corresponding meanings

"Minister" or "Ministry" shall mean, unless otherwise stated, the Minister or Ministry in charge of Telecommunications.

"Authority" means the Telecommunications Regulatory Authority in Lebanon, established under the present law.

"Members" means the individuals appointed by the Council of Ministers to form part of the Authority.

"Company" means Liban Telecom.

"Network" means an integrated system of installations employed to provide one or more telecommunication services.

"Radio Frequencies" or "Radio Frequency Spectrum" shall mean the Radio electric waves naturally propagated along the radio frequency spectrum, utilized for the transmission of data and/or their reception.

"Frequency Allocation" means the apportionment by the Authority of segments of the Radio Frequency Spectrum for various uses and services.

"Frequency Assignment" means the designation by the Authority of specific Radio Frequencies, which a Licensee may use to provide a particular telecommunications, service.

"Information" means the signs, signals, writings, sounds or any other types of information or exhibits.

"License" means the Permit granted by the Authority for the provision of telecommunication services and/or the use of Radio Frequency Spectrum.

"Person" means any individual or body corporate having legal entity.

"Provider" means the Person who provides, directly or indirectly, telecommunications services.

"A Provider with Significant Market Power" means a Provider who has the ability to practically affect the terms of participation in a particular telecommunication service market in connection with the price and supply, as a result of control over essential facilities or use of its position on the market. Essential facilities shall mean a public telecommunication service or an essential infrastructure provided either exclusively or mainly, by one service provider or a small number of them, and that cannot be economically or technically replaced for the provision of the service.

"Licensee" means the person who holds a valid License, duly granted by the Authority."

"Customer" means the person who receives and pays for Telecommunication Services, over a period of time under an agreement entered into with the Provider or pursuant to terms set forth by said Provider and accepted by the Customer.

"User" means any Person, who uses telecommunications services, whether or not such user pays for such services.

"Interconnection" means the *normal* and logical linking of telecommunications networks used by one Provider or more, in order to allow Users or Customers of one Provider to communicate with each other or with Users and Customers of another Provider, *and the connection between any services over the networks* whether locally or internationally.

"Telecommunications Services" means the transmission or routing of information or the combination of the two functions by cables or radio electric waves or by visual means or Electro magnetic systems or any other method, and the provision of the necessary infrastructure for these purposes.

"Public Telecommunications Network" means an integrated interconnected telecommunications system consisting of various facilities of transmission, and transfers used to provide basic telephony service and other public telecommunications services.

"Public Telecommunication Services" means the provision of telecom services to the public or to a group of people whereby such services are generally available, including basic telephony service.

"Basic Telephone Service" means the provision of domestic telecom service for transmission, across a public telecom network, of fixed, portable (two-way), multi directional and live voice telephony service.

"Private Telecommunication Services" means telecom services, provided to closed user groups within a single building, or contiguous buildings or non-contiguous connected by a private line service, for transmission and reception by one person, or his employees, or otherwise by persons belonging to a single group or their employees.

"Domestic Telecommunications Services" means telecom services provided within the Lebanese territory.

“International Telecom Services” means telecom services provided between Lebanon and the external world.

"Private Line Services" means a telecommunications service providing the Customer for a limited period of time with the exclusive use of infrastructure as well as a specific capacity, subject to payment of a fee calculated on the basis of total capacity and not on capacity utilized. Private Line Service may be offered as a Public or Private Telecommunication Service.

“Value Added Services”:

- a)- Alteration in form or content or code or protocol or any feature of transmitted data sent by a User or a Customer by way of telecommunications, without changing their content.
- b)- Provision of information to a User or a Customer, including the re-composition of data transmitted by them.
- c)- Provision of stored data for interaction with a User or a Customer.

"Telecom Equipment" means equipment, including computer hardware and software, but excluding Customer private equipment used to provide telecom services.

"Customer Private Equipment" means the equipment used by a customer subscribing to public telecom services or to private telecom services, to originate, route, or terminate telecommunications, including telephone handsets, whether for wire or wireless communications, fax machines, computer modems, modulations and de-modulations-mechanisms, associated hardware and wiring at the Customer premises where such equipment has been installed.

"Re-sale" means the provision to Customers, on profit basis, of telecommunications services obtained from another Provider.

Any word or term not defined under present law shall be interpreted according to definitions provided by the Authority based inter alia on international telecommunication treaties, to which Lebanon is a party, as well as, definitions provided by the International Telecom Union (ITU).

PART II - Institutional Framework for Telecommunications Sector

Chapter I : The Ministry

Art 3: Powers of the Minister:

A- The Minister shall be vested with the following powers:

- 1)- To set up general rules for regulating Telecom services in Lebanon and supervise implementation thereof through the reports submitted to him by the Authority and to propose to the Council of Ministers project laws and Decrees relating to the Telecom sector.
- 2)- To represent Lebanon at official meetings held by International Telecom organizations.
- 3)- To recommend to the Council of Ministers the nomination of the Chairman and members of the Board of Directors of the Authority, pursuant to the provisions of Art 7 of present law.

- 4)- To nominate and supervise Provider of Telecom services for participation in international telecom organizations, satellite and submerged cable organizations, or others organizations created subsequent to international covenants and treaties
- 5)- To approve decisions taken by the Board of said Authority as resolved pursuant to Arts 10, 11 and 49 of present law.
- 6)- To suggest fees for monitoring and managing Radio Frequencies, such fees to be resolved by Decrees taken in the Council of Ministers
- 7)- To suggest fees for use of Radio Frequencies such fees to be resolved by Decrees taken in Council of Ministers,

B- The Ministry shall be composed of:

- Directorate General of Posts.
- Directorate General of Telecommunications.
- Joint Administrative Division.
- Division of Central Control.

The Directorate General of Telecommunications comprises:

- Division of Economic Affairs.
- Division of Research and Technical Affairs.
- Office of International Relations.

The Directorate General of Posts comprises:

- Post Service.
- Control Service.
- Finance Service.

Schedule N°1 attached to present law defines the establishment for positions in the first and second categories of staff.

Chapter II : The Authority

Art 4: Formation of the Authority:

An Authority is formed under present law and endowed with the legal personality, administrative and financial autonomy, to exercise powers and duties, as set forth herein. Its administrative and financial organization shall be defined and its Chairman and members appointed by Decrees taken in the Council of Ministers, upon recommendation of the Minister.

This Authority shall not be subject to rules governing public institutions but shall be subject to the monitoring a posteriori of the Cour des Comptes.”.

Art 5: Duties and prerogatives of the Authority:

1- The Authority shall be responsible for the following:

- a)- To prepare draft decrees and regulations relating to the implementation of the present law, refer such drafts to the Minister and provide its opinion on all draft *laws and* decrees related to communications sector.

- b)- Take necessary decisions and measures pursuant to the provisions of the present law.
- c)- To encourage competition in the field of telecom.
- d)- To organize concessions, issue licenses, amend, suspend, withdraw and supervise execution of, the same, and impose compliance therewith, in accordance with the provisions of the present law and legislative decrees promulgated in implementation thereof.
- e)- To establish rules of interconnection and review contract of interconnection, upon request of one of more Providers for telecommunication services, or upon the initiative of the Authority.
- f)- To formulate technical standards and procedures for monitoring compliance therewith and to create the numbering system and administer it.
- g)- To monitor tariffs of Providers with Significant Market Power, pursuant to the provisions of present law.
- h)- To fix tariffs and fees and collect them, pursuant to the present law.
- i)- To enforce present law within its powers and set up rules and regulations pursuant to the present law, including formulation of standards and procedures for review of complaints and/or requests that might arise out of present law and their resolution.
- j)- To monitor non-competitive behaviors and ensure market transparency.
- k)- To assist educational and health care institutions in the fulfillment of their programs by use of telecom and to facilitate the access of disabled persons to telecom services.
- l)- To act as a mediator and arbitration organism to resolve disputes arising between licensees, as a consequence of the implementation of present law.

2)- The Authority shall, upon assuming its responsibilities, take into due consideration the best worldwide standards applicable in matter of telecom service and its administration.

3)- The Authority is committed to the principle of development of systems of services offered in the telecom sector, in line with modernized technical facilities and regulatory foundations.

For this purpose, it shall have to prepare means to collect and study remarks and proposals submitted by Providers of Telecom Services and parties concerned with the development of such systems, resorting, in case of need, to the formation of advisory committees, pursuant to statutes of Art 10 of present law.

4)- The Authority shall prepare the annual report on its operations and submit it to the Council of Ministers, within the three months following the end of the fiscal year, through the Minister. Said report shall be published in the official gazette. It shall comprise a summary of measures taken by the Authority in fulfillment of duties so entrusted and the extent of its contribution in the realization of objectives as defined by this law.

Art 6: The Authority Form of Administration:

1)- The Authority is composed of the Chairman and four members, who should be dedicated to the office on full time basis and are appointed by Decree in Council of Ministers for a non-renewable, and non-extendable term of five years, upon recommendation of the Minister and who should have obtained an academic degree in field of telecom, or economics, or business management, or law, or finance and are experienced in their field of specialization.

No one could be removed or terminated except for causes defined by present law.

2)-The Authority shall hold its meetings and take decisions by the absolute majority of members constituting legally said authority.

Art 7: Impediments to Appointment:

With due observance of conditions of appointment stipulated under Art 4 of Legislative Decree N° 112/59, dated 12/06/59 (State employees Regulations), with the exception of the two conditions of Age and Test, Chairman and members of the Authority shall not be appointed from any of the following :

- 1)- Any person who has a direct or indirect interest with *any* person offering in Lebanon or to Lebanon telecom equipment or providing telecom services or private customer equipment or who has a certain *direct or indirect* connection with the telecom sector in Lebanon.
- 2)- Any person who has been declared insolvent or bankrupt by a judicial order
- 3)- Any person who has been convicted by a disciplinary decision having ruled any penalty other than reprimand or warning.

Art 8: End of Membership:

1)- The term of office of Chairman and member of the Board of the Authority shall come to an end upon expiry of the mandate period, or in the event of death, resignation, termination or removal.

2)- The term of office of Chairman or a member shall be terminated by Decree resolved in the Council of Ministers, upon recommendation of the Minister, on grounds of gross default in carrying out one's duties or violations of the conditions stipulated under Art 7 herein above, following an investigation undertaken by a majority vote of a special committee formed at the request of the Minister and composed of Head of State Council, Head of Supreme Court and Head of Cour des Comptes

3)- In the event of vacancy of the post of Chairman or any member, the Council of Ministers shall fill in the vacancy for the remaining mandate period, within a maximum of one month by Decree taken in accordance with regulations of appointment defined by present law.

In case of vacancy of the post of Chairman, the eldest member shall act as Chairman.

Art 9 : Compensations:

The Chairman and members of the Board of Directors of the Authority shall be entitled to a monthly lump sum compensation to be defined by Decree in Council of Ministers, upon recommendation of the Ministers of Telecom and Finance.

Art 10 : Staff Regulations:

The Authority shall establish special regulations for its employees and may, in case of need, seek assistance of Lebanese or non-Lebanese experts, to carry out a specific task and for a limited period.

Art 11 : Budget & Funding:

Budget:

1)- The Authority shall be endowed with both administrative and financial autonomy. It shall be subject only to the control of the Cour des Comptes, a posteriori. Its funds shall be handled by way of a special account to be opened with the Central Bank of Lebanon.

2)- The first Authority shall within three months from its constitution, establish special procedural rules for the administration of its funds, subject to approval of Ministers of Telecom and Finance.

3)- The Authority shall prepare, three months at least prior to the end of the fiscal year, the budget for the following year and submit it to the Minister, who should, within 30 days from its registration at the relevant office of the Ministry, approve such budget or otherwise refer it to the Council of Ministers for a ruling.

4)- The Authority may, as from January 1 and until its budget has been approved, collect revenues and disburse expenditures on the basis of the rule of 12 months drawing on figures of budget of the previous year.

Funding:

1)- The Authority shall draw its revenues from the following sources:

a)- Fees collected on licensing requests and annual fees paid by licensees in consideration for control, supervision, enforcement and implementation of tasks entrusted to the Authority, provided that such fees shall be compatible with the actual cost of regulating this sector and, where appropriate, with the overall turnover for the providers of public telecom services.

b)- Fees collected for monitoring and administering Radio frequencies which shall be determined by Decree, upon recommendation of the Minister and in accordance with the opinion of the Authority, based on studies showing feasibility in relation to the actual cost of such administration.

c)- A fixed percentage of fees of Radio Frequency, as specified under Art 17 of present law, to be determined by Decree upon recommendation of the Minister, provided it should not exceed ten (10) percent of revenues for utilization of such radio frequencies.

d)- Unconditional grants and subsidies from sources with no direct or indirect interest with Telecom sector, subject to approval of the Council of Ministers.

f)- Sums due to the Authority by the Ministry transferred from the Treasury account to the account of the Authority twice a year: in February and July.

2)- In addition to the revenues noted herein above, the Authority shall be exceptionally funded and for a maximum period of two years from the date of its constitution, by way of allocations in the General Budget, provided that all operations of the Authority shall be funded, upon the lapse of said period of two years, in accordance with the provisions of Par. 1 of clause Second herein above.

3)- Returns of concession processes shall not be listed as ordinary revenues of the Authority and should thus be deposited in the account of the Treasury.

- 4)- Shall be carried forward to budget of the Authority for the following year, any deficit or surplus, realized annually, provided such excess does not exceed twenty percent (20 per cent) of budget of previous year. The Authority may also allocate sums to reserves to serve its special purposes, provided such reserves do not exceed the level of 15 percent of the annual budget figure.
- 5)- Any surplus funds resulting from the exercise of functions of the Authority shall be transferred to the account of Treasury, on quarterly basis.
- 6)- Books of record of the Authority shall be subject to internal audit and also to external audit to be performed by independent audit firms, as stipulated under Art 73 of Law 326 of June 28, 2001 (Code of the Budget of year 2001).

Art 12 : Disclosure of Information:

- 1)- Except for all that might jeopardize the commercial confidentiality and the rule of free competition, the Authority shall make available to the public all data, information, statements and records. Anyone who wishes to have access to or a copy of such information shall have to submit a written request and pay the fee fixed by the Authority in proportionate consistency with costs.
- 2)- At the close of each fiscal year, the Authority shall publish in the official gazette and in at least two daily newspapers a statement of position of its funding and assets, together with a briefing on the budget.

Art 13 : Decisions of the Authority:

The decisions of the Authority shall be subject to the principle of motivation stating in the recitals of the decision its causes and objectives.

The decisions of the Authority shall not take effect until date of their notification or publication including their notification in the official gazette.

Art 14 : Courses of Revision of Decisions:

1)- Any party who has an interest or right may request a revision of the Authority's decisions within a period of 2 months as of their publication or notification. The Authority may decide ex officio within two months from issuance of the decision, or within two months of presentation of the revision request, the annulment of the decision or the suspension of its implementation or any temporary measure to maintain the status quo and to prevent any damage until the final decision is rendered whether administratively or judicially.

2)- The Supreme State Council shall look into cases for revision of administrative decrees issued by the Authority, subject to compliance with procedures and delays accredited by the Council.

As to disputes arising between the Authority and its employees, or parties who are contracting with the Authority, they shall be subject to the jurisdiction of the competent judicial courts . Arbitration clauses shall be applied when included in contracts executed with third parties.

PART III
Management of Radio Frequency Spectrum

Art 15: Radio Frequencies:

- 1)- Radio frequencies fall into the public domain and shall not be subject to sale. Leasing or licensing use thereof shall be subject to provisions of present law. The Authority shall be endowed with the exclusive power to administer, distribute and monitor such frequencies.
- 2)- The Authority may set up an annual plan for distribution of frequencies utilized in commercial communication between providers of services and operations of radio- TV diffusion and wireless telecommunications of public departments and institutions and all physical or legal entities, including the amateur radio.

The use of Radio Frequencies for services of TV-Radio broadcast shall be subject to the consultation of the Ministry of Information and/ or competent departments and concerned boards, in line with rules and regulations in effect. Any dispute in respect hereof shall be referred to the Council of Ministers for a ruling.

- 3)- The Authority shall publish the request for licensing the use of radio frequencies, at the cost of the concerned party in the official gazette and in two local papers. In the event of receipt of an opposition, the applicant shall be given a delay of one month for his reply.
The Authority shall issue its motivated decision in acceptance or refusal of the application detailing the material facts and legal causes for such decision .
- 4)- The Authority shall have the right to alter the licensed frequencies, provided such alteration shall not influence the quality and effectiveness of the service, subject to a prior notice within a delay of not less than three months.
- 5)-The Authority shall have the right to cancel the License without any compensation if licensed frequencies were not utilized for a period of six months during one calendar year.

Art 16: Licensing the Utilization of Radio Frequencies:

- 1)- Whenever it should be possible and upon providing a telecom service subject to licensing necessitating the use of Spectrum of Radio Frequencies, the Authority shall issue one License to cover the provision of telecom service and the use of the Spectrum of Radio Frequencies required for such service.
- 2)- The application for licensing the utilization of radio frequencies must include information related to financial, legal and technical capacities of the applicant, as seen necessary by the Authority for establishment and operation of a station using such frequencies. The Authority may request updated information, during the period of review of application, or to provide additional information during the licensing period, or upon presentation of a request for renewal.

- 3)- The Authority shall be bound for the plan of distribution of frequencies by the public policy set out by the Council of Ministers and also, in line with requirements of sectors utilizing such frequencies, together with the recommendations of the International Telecom Union or any other world organization of competence of which Lebanon is a member. The Authority shall further take into consideration, in exercising its powers, the plans of distribution of frequencies adopted by neighboring countries.

Art 17: Collection of special fees for use of radio frequencies:

The fees for use of Radio Frequencies shall be fixed by a decree taken in the Council of Ministers upon recommendation of the Minister and the opinion of the Authority and shall be collected directly by the Ministry.

Part IV

Licensing to Providers of Telecom Services and their obligations

Art 18 : Principle of equality and competition :

With the aim of ensuring equality and the realization of competitive conditions, licenses shall be granted to providers of public and private Telecom Services, including basic telephone services to persons who meet the conditions and prerequisites determined by the Authority. There should be no discrimination or imposition of restrictions on provision of services. Moreover, such restrictions may not be imposed on the ownership or operation of the infrastructure necessary for the provision of these services.

Compliance with stipulations of present law and the regulations of the Authority, even if not expressly mentioned in the License itself, are considered to be part of the License conditions.

Art 19 : Licensing Telecom Services :

1)- Shall be granted, by Decree in Council of Ministers, upon recommendation of the Minister, and after the conduct of an international public auction, and pursuant to the terms of reference prepared by the Authority the License to the providers of the following public Telecom Services:

- (a)- Basic Telecom Services.
- (b)- Services of cellular telephone.
- (c)- Services of international telephony.
- (d)- New categories of licenses to provide services of public telecom including UMTS on local or international level.

2)- The Authority shall grant licenses to providers of the following Telecom Services :

- (a)- Private line service.
- (b)- Offices of telecom and public telephone service.
- (c)- Service of leased lines.

- (d)- Service of telex and telegraph, both local and international.
- (e)- Internet services.
- (f)- DATA services.
- (g)- Any other Telecom Service established by the Authority for similar licensing.

Art 20 : Licensing Procedures :

1)- Without prejudice to the provisions of art 19 of present law, the Authority shall establish procedures for presentation of requests for licensing and their further processing. It must grant the License to any person or group of persons who possess the qualifications and meet the requirements of the set specifications.

In the event of impossibility of accepting all requests submitted, the Authority shall observe, in the method of selection, principles of transparency and competition and may also base its selection on standards adopted by the Authority provided such standards shall be known to the public and the applications are made available to the public for review, in accordance with provisions of art 12 of present law.

2)- The Authority may, in addition to qualifications, criteria and requirements specified under present law, establish regulations requiring prior approval of the Authority for installation and operation of equipment, without prejudice to rights of Licensees in providing services by way of radio frequencies.

3)- The License shall include the obligations of the Licensee pursuant to the provisions of the present law or those regulations that are established by the Authority to meet the objectives of this law, including fees, provision of information and acceptance of inspection authority, duration of licensing and conditions of its termination or renewal.

4)- No person shall be entitled to provide or offer any service of the Telecom Services, except in conformity with provisions of present law and stipulations adopted by the Authority in execution of said provisions. Any violation thereof, including the provision of a service requiring the licensing without obtaining such license, shall expose party involved to sanctions enacted under art 41 of present law.

Art 21 : Services of Added Value :

This Authority shall not restrict the provision of value added services. However, the Authority may restrict the right of any provider of services with significant market power in providing such services, by way of imposing limitations on rules of organization, tariffs and accounting, or by way of precautionary measures which are found by the Authority consistent with provisions of present law.

Art 22 : Provision of telecom equipment and private equipment of Customer:

The Authority shall not impose restrictions on the provision of telecom equipment and private equipment of Customer, including production, development, sale, lease, installation and maintenance thereof, except as expressly stipulated herein or under regulations promulgated in application of its provisions.

However, the Authority shall have the right to restrict the capacity of Provider of services with a significant market power, in providing telecom equipment and equipment of the Customer, by way of limitations relating to with rules of organization, tariffs, accounting and precautionary measures found to be compatible with provisions of present law.

Art 23 : Approval of Equipment – Standards :

1)- The Authority shall fix standards and technical conditions to be applied in respect of telecom equipment and private equipment of Customer to assure absence of any damages to telecom networks or harm to health or public safety. Every importer is bound under this law to comply with all standards and technical conditions established by the Authority. Also, these standards and conditions bind every Licensee when connecting telecom equipment and customer private equipment with the public telecommunications networks.

2)- The Authority may establish general or special standards for performance, compatibility of work and interconnectivity of different categories of equipment and for ensuring that specifications thereof are in full agreement with stipulations of the law and the rules fixed by the Authority in application of provisions of said law.

3)- The Authority may seek for this purpose the assistance of those responsible for health and public safety, providers of services and manufacturers in order to establish conditions of agreement on types of equipment. It may also have resort to industrial groups of advisory quality for testing the equipment, developing and updating it.

Any violation to statutes of this article shall expose involved party to sanctions set forth under art 41 of present law.

Art 24 : Transfer of Licenses :

1)- The Licensee may not assign the License to any other person. It shall not also be allowed to change legal or administrative control of the legal entity holding the License until it has obtained the prior agreement of the Authority, provided such transfer or assignment is in compliance with provisions of applicable law and regulations promulgated.

2)- The Authority may suspend validity of the License, revoke or terminate it, in the event of:

(a)- Repeated failure to comply with an order requiring execution.

(b)- Willful and repeated breach of conditions of licensing or the provisions of present law, or the regulations imposed in application of its terms.

(c)- Death of the Licensee when none of his legitimate heirs is found to meet the conditions required for licensing.

(d)- Winding up of the company holding the License on grounds of bankruptcy or liquidation.

Part V

Public Telecommunications Services

Art 25 : Special Provisions for Providers of Public Telecom Services :

In addition to the previous provisions connected with Providers of Telecom Services, the following provisions shall be applicable to Providers of public Telecom Services:

1)- The license shall be granted for a maximum period of twenty years and the Licensee must notify the Authority, two years prior to expiry date, of the request of renewal .

The request for renewal shall be submitted to the Council of Ministers for a ruling within six months from the date of its presentation and registration at the secretariat of the Council of Ministers.

The non-issuance of the decree of renewal of the licensing within the aforesaid delay of six months shall be taken as an implicit refusal of requested renewal of the licensing.

2)- The License for the provision of public telecom services shall include, mandatory and elective infrastructure, targets of expansion of scope of services and standards forming quality control, in all that the Authority should deem appropriate and ensuring public interest. The standards of quality control include for example, without limitation, requirements connected with timing of service provisions, rate to complete the communication, error rate and time for rectification, dial tone delays and dialing errors upon making the phone call.

The Authority shall determine the measures for establishing standards, preparation of reports, monitoring compliance with basic structures, objectives of expansion and standards of quality control.

The License must include clear conditions providing for the continuity of the service at the end of the license period.

Art 26 : Comprehensive Service Obligation :

1)- The Authority shall set a plan to grant licenses for provision of public telecom services, in a way that ensures availability of such services to all nationals and residents of all districts.

2)- Licenses granted to Providers of Public Telecom shall include a definition of their obligations to provide a comprehensive geographic coverage, voice service, directory service, emergency call service, alternatives to Users who do not need an intensive use of such service, with no discriminative treatment.

Applicants for licensing should demonstrate possession of technical and practical aptitudes to abide by such obligations all through the duration of the licensing.

Licensees shall be allowed to collect the actual cost resulting from such compliance, on global basis, by means of arrangements connected with the tariff and approved by the Authority. In case

of insufficiency of such arrangements, the Authority shall have the right to resort to other mechanisms to finance such costs, including the establishment of a “Comprehensive Service Fund” financed through mandatory contributions imposed on other providers of public telecom services.

Art 27 : Resale of service :

The Authority may provide in Licenses granted to providers of services with a significant market power specific obligations to ensure resale of their services without restriction, except for any resale of basic telephone service, granted exclusively and for a limited period to Liban Telecom, provided that the Authority shall determine the obligations relating to resale of such services following the end of the exclusivity period.

Art 28 : Rates and tariffs.

1)- Providers shall determine, rates and tariffs for Public Telecommunications Services as compatible with cost and market conditions.

2)- Providers of Public Telecommunication Services shall notify the Authority and shall detail all information relating to tariffs, prices of the services provided as well as all costs, terms and conditions applicable upon provision of such services, rights of the users and measures available to them in the event of undue billing or of any other conflict or claim relating to bills or service provision.

3)- The Authority may monitor and regulate the rates and tariffs of all Public Telecommunications Services as it may deem appropriate for example by issuing regulations or including conditions in the Licenses or undertaking a specific calculation of cost and revenue of operations; and the Authority may impose on all Telecommunication Providers prices and tariffs for Telecommunication Services if it becomes known by the Authority that existing tariffs and prices are the result of a Monopoly or Cartel or a situation that favors the same, for the purpose of protecting the Customer.

4)- All Providers of Public Telecommunications Services shall offer their services pursuant to prices and tariffs filed with the Authority. No changes may be made in the rates of tariffs or other terms of service filed with the Authority, except after due notification of the Authority and if the Authority does not object in a motivated decision within a maximum of 60 days.

Silence of the Authority is deemed to constitute implicit approval of the new prices and tariffs after passage of the above period.

Art 29 : Interconnection.

1)- All Providers with Significant Market Power shall be required to establish Interconnection with other Providers for transport and delivery of Information, to establish and provide the facilities and arrangements for that purpose, and to establish charges and the division thereof, under the conditions prescribed by the Authority.

2)- Interconnection shall be undertaken by agreements and the Authority shall determine a maximum period for the execution of such agreements. In the event that Public Telecommunications Service Providers fail to agree on terms of Interconnection within the period specified by the Authority, the Authority may unilaterally impose terms of Interconnection pursuant to the rules and requirements of the Authority. The Authority will publish at the expense of the concerned parties, in the Official Gazette and at least two domestic newspapers a summary of the basic terms of the interconnection agreements.

3)- The Authority may approve or amend arrangements relating to Public Telecommunications Service providers authorized by foreign countries in accordance with the international accounting rate framework, including the accounting rate and settlement arrangements agreed upon by the parties, before the agreement can become effective.

4)- Public Telecommunications Service Providers shall comply with all international treaties and bilateral agreements relating to international accounting arrangements, as well as any rules adopted by the Authority concerning such arrangements, where international services are provided pursuant to an international accounting rate framework.

5)- Disputes between Public Telecommunications Service Providers over Interconnection conditions and practices shall be resolved by arbitration in equity unless the Interconnection agreement provides otherwise.

The Authority shall regulate the rules and procedures of arbitration with respect to disputes arising out of interconnection agreements.

Art 30 : Competitive Markets :

1)- The Authority may take into account, upon determining the significance of marketing power of a Provider of public telecom service, the extent of his influence on the Lebanese market. In this instance, the resulting organizational arrangements shall be limited to the influenced region.

2)- The Authority may review any existing or suggested agreement or any contractual relationship between a provider of public telecom service with a significant marketing power and his affiliates, or between him and another provider of a public telecom service to ensure compliance with provisions set hereto and establish the fact that it does not limit competition in related markets without offsetting benefits required generally by the public.

The Authority may review all other agreements that might have a non-competitive effect on the Lebanese telecom market and take suitable measures to remedy the situation arising therefrom.

3)- The Authority shall ensure that the provider of public telecom service with significant market power does not abuse its marketing position and can bar him from obtaining additional licenses for public telecom services, or require him to comply with regulatory rules, tariffs or accounting regulations or take other precautionary measures deemed by the Authority suitable to conserve the competitive market.

The Authority may initiate such measures as deemed necessary prior or after submission of any agreement, or any suggested contractual relationship or occurrence of any abuse of a significant marketing position, with the purpose of conserving the development of competitive telecommunication markets.

4)- The Authority may protect fair competition or impose conditions on provider of public telecom service, by way of a series of measures, including:

a)- amendment of conditions of licensing.

b)- suspending its agreement on any request to shift control of licensing, under statutes of article 24 of present law.

c)- formulating decisions applicable to all providers of public telecom services.

5)- The Authority may take any measure to ensure competitiveness, including for example without limitation, the measures taken to face:

a)- mutual and cross-subsidization of non-competitive character.

b)- use of information obtained from competing entities, which entail non-competitive results.

c)- obstruction of other providers of telecom service from obtaining on timely basis, technical information on essential facilities and relevant commercial information needed by them to provide the services.

6)- The Authority may take all possible measures for the purpose raising the level of competition on the Lebanese market for telecommunications; rather than having to impose restrictions on activities or attitudes of providers of public telecom services with a significant power.

The Authority shall immediately reconsider such measures as soon as it appears that the evolution of market competition requires the revocation or the amendment of these measures.

7)- The Authority shall take into account, upon exercising its duties as defined in this article, the provisions of present law and competition principles adopted by countries maintaining fair competitive telecom markets.

Art 31: Control of Numbering:

1)- The Authority shall be responsible for control of numbering needed by customers/subscribers and users in the handling of public telecom services.

2)- The Authority shall run the numbering without discrimination and put the plan of numbering for information of the public and ensure in particular that all providers of public telecom services should obtain promptly the numbering and without any unjustified delay, provided no alteration in numbering should cause unusual disturbance to Customers and Users or to providers of public telecom services and that the allocation of numbers should not give rise to any competitive priorities or any obstruction to activities of public telecom providers.

Art 32: Annual or Periodic Reports:

1)- The Authority may request all providers of public telecom services or any class of them to submit annual or periodic reports, as need may be, containing information as defined and deemed necessary by the Authority to exercise its functions in regulating the telecom sector.

2)- The Authority may request the presentation of copies of all contracts and agreements or other arrangements agreed upon among public telecom service providers, or with resellers, or any information related thereto.

3)- All reports and data provided by providers of public telecom services are confidential and should not be disclosed by the Authority to any party.

Article 33: The Obligation of Submitting Reports:

The Authority shall submit to the Council of Ministers annual reports showing collected receivables and explaining how such receivables have been utilized and containing an evaluation of the auctions undertaken during the previous year.

Part VI

Use of Public and Private Property

Art 34: Environmental Protection and Classified Sites:

Due observance of legal and regulatory statutes related to the protection of environmental conditions and classified tourist and historical sites is required in establishing all systems of telecom in relation to the use of public or private property and in licensing granted to providers of services.

Art 35: Use of Public Property:

1)- Licensed providers of telecom services may, for the purpose of providing said services to the public and in compliance with the conditions set hereunder, enter any public property, including streets, pavements, drainage system, railway lines and , construct and maintain infrastructure for telecom services, on, above, under or along such public domain and if needed, amend, with the approval of competent department, the form and specifications of such public property to provide such telecom service, provided however that such amendment would not obstruct the use of the public property for its designated purpose.

2)- The licensed provider of telecom services must obtain agreement of competent department prior to his entry into a public domain or to carrying out certain works or establishing any installations thereupon.

In case it was not possible to obtain said agreement for any reason whatsoever, within one month from date of presentation of the request and upon terms acceptable to him, he shall submit a written request to the Authority, within another delay of one month, for intervention with said competent department. In case of difference between the Authority and said department, the matter would be raised before the Council of Ministers for the required final ruling.

3)- Shall be fixed by Decree in Council of Ministers upon recommendation of the Minister, based on a study prepared by the Authority and the opinion of the competent department, the conditions

of use of public property and the procedures regulating requests for approval of their utilization and the principles of allocation of charges, compensations and fees collected in return thereof.

Art 36: Use of Private Property:

Providers of telecom services holding licensing, upon agreement of the Authority and pursuant to provisions of present law, shall derive benefit from legal easements on private property, subject to conditions as shown hereunder:

1)- they shall have the right to enact and install infrastructures and basic equipment for operation of the network in the common parts of the property, after advising the authority, the owners or the association of owners, if present, of works to be undertaken at specific locations, calling concerned parties to indicate their remarks on the project three months prior to commencement of work.

The agreement of the Authority and owners or association of owners shall be mandatory prior to undertaking any work. In case of objection on the part of owners or the said association, the matter shall be referred to the Authority for its intervention with the aim of arriving at a solution acceptable amicably in order to ensure provision of the service.

In case of abusive opposition on the part of either party, the Authority can impose on provider of service, the implementation of means that are seen appropriate from the technical and legal points, provided the abuse came from said provider. But, if the abuse came from the part of owners, the authority may then dispense with works and deprive owners of telecom services; or proceed with formalities of expropriation of necessary parts for performing required works if that expropriation were feasible and the provision of telecom services deemed necessary.

However, the fixing units of connection and disconnection on walls and façades not overlooking public roads requires only notification of owners or the owners association within the set delay of three months and their opposition if any, would be of no effect, unless the Authority should find such opposition justifiable.

2)- Providers of telecom services shall put special infrastructure installations for their network at the disposal of other providers upon the latter's request and in accordance with written agreements between them communicated to the Authority for registration its records:

a)- Requests for joint use of infrastructures should be made in writing, and shall be answered in writing within 60 days from the date of presentation of request.

b)- Requests for joint use of infrastructures cannot be rejected except for valid causes supported by written justifications.

c)- The party requesting the joint use of infrastructure shall support the costs resulting from such use.

d)- Shall be fixed by Decree the procedure to be adopted by the Authority in handling disputes arising from common use of infrastructure systems and referred to the Authority by said providers of telecom services.

3)- Providers of services benefiting from easements shall have the right to send their employees or agents to inspect, operate or maintain installations placed on private property, after notification

of the owners, within an adequate delay in light of the work to be done. In case of opposition or prevention of said person from access; the latter should not resort to forced entry except by judicial order. Opposing owners shall be liable for damages that might be sustained by providers benefiting from such easements.

4)- The installation of equipment on private property shall not interfere with the right of owners to repair or alter or demolish their private property, subject to due notification of providers of services three months prior to commencement of works.

5)- Providers of services benefiting from easement or private property shall be liable for any material or moral loss caused to owners or residents and resulting directly and definitely from the installation of equipment, its operation and maintenance.

Shall remain in effect the easements, expropriations and assignments in favor of the Ministry, with no right of rebuttal or claim in respect thereof as a result of change of circumstances arising from the application of this law.

Part VII

Procedures of Control, Inspection and enforcement of Penalties

Art 37: Personnel of control and inspection:

The staff establishment of the Authority comprises a special unit for control and inspection, with members considered as special police force specialized in telecom sector and reports submitted by them shall have the power of proof of procès- verbaux of judicial police. Public prosecutors and examining judges may seek their assistance in gathering evidence and investigating cases brought up before them, subject to the requirement of taking the oath before the civil court of appeal prior to assuming the duties of their function.

Art 38: Proceedings of control and inspection:

1)- The Authority shall establish regulations, subject to approval of the Minister, fixing rules of control and inspection, with due observance of provisions of law and regulations in force. Periodic work programs shall be set for inspectors and controllers and orders for surprise checks may be given spontaneously or on the strength of a call from an informer.

2)- In the performance of their duties as officially requested from them and whenever the execution of a task so requires, inspectors and controllers may enter upon all public and private premises to inspect or solicit information on established installations or installations that should have been established to review records and documents and draw extracts or copies thereof, to request presentation of any document or the provision of any information deemed to be useful. In cases of forced entry, procès- verbaux shall be set whenever there is enough evidence to indicate presence of violations to statutes of law, as enacted under the Penal Procedure code and the procedures of operation of judicial police corps.

3)- All information that may come to the knowledge of inspectors and controllers in the course of executing their duties shall be treated as confidential and should not be disclosed except to their direct superiors or upon request of the competent judicial department. Rules of confidentiality shall apply to all persons who are privy to such information by virtue of their work with the Authority or the Ministry.

4)- Shall be subject to punishment under penalty of forgery and false testimony any person who should provide controllers or inspectors with records, or documents or verbal information that should be found incorrect or untrue.

Art 39: Notice and amicable settlement:

The Authority may, upon being assured of occurrence of a violation, notify the concerned party of the request to cease such act, within a maximum delay of 30 days, subject to compliance with instructions of the Authority to abide by law and the conditions of licensing, prior to imposing the appropriate penalty. The Authority may call parties involved in such matter or those who have suffered damages therefrom to a meeting for agreement on an amicable solution, leading to the

removal of the violation and the abidance by law and conditions of licensing and the compensation of Authority and /or third parties.

Art 40: Penalties imposed:

1)- The Authority may, upon verifying that a violation of law or of the License conditions has been committed and following the notification and call for a meeting to reach an amicable solution or otherwise dispensing with such means, impose penalties specified under art 41 of Present law.

2)- Decisions of the Authority to impose penalties shall be subject to rebuttal before the penal court of appeal of jurisdiction at the domicile of the charged party. If several parties are involved in the same case or in interconnected cases, the general statutes of judicial competence in matter of concomitance of crimes shall be applicable.

Decisions of the Authority shall remain executory unless the court of appeal should decide to suspend their enforcement.

Art 41: Penalties of law:

The Authority may impose one or more penalties as provided hereunder, depending on the gravity of the violation and the circumstances surrounding each case:

1)- Amendment of conditions of the License or imposition of new terms to ensure the elimination of the infringement and compliance with the provisions of the present law.

2)- Suspension of License for a limited period or final cancellation thereof, prohibiting the infringing party from obtaining any license, whether provisional or definite, upon repeated infringements or committing a grave violation, as evaluated by the Authority.

3)- Imposition of fines to be evaluated by the Authority in light of seriousness of the incident or its repetitiveness taking into account the assets of the physical or legal entity as listed in its balance sheet, the value of equipment and installations used and estimated revenues to be realized out of such violation, provided that the fine should not be in excess of one-fourth of total value of said assets.

The Authority shall have the right to impose an additional fine per each day of delay in eliminating such violation.

4)- The Ministry of Finance shall effect collection of the fines so determined.

Art 42: Judicial prosecution:

Measures taken by the Authority should not prevent penal prosecution before the competent court if the violation were to constitute a crime punishable under applicable law force, unless such matter were an infringement on rights of third parties, and settled amicably under the sponsorship of the Authority.

Should the Court decide confiscation of equipment and installations employed in the violation of an act, such confiscation would be regarded in favor of the Authority, who shall then dispose of them by auction sale for the benefit of the Treasury.

Art 43: Resolution of disputes:

1)- The Authority shall have the power to resolve disputes raised in between providers of telecom services or between the latter and their clients or the beneficiaries of their services, subject to observance of statutes of above arts 41 and 42 in an attempt to reach an amicable settlement, subject to due respect of rights of defense upon taking a resolution in respect of any such litigation.

2)- Decisions of the Authority in settlement of disputes are appealable before the Civil Court of appeal competent for the subject matter of the litigation.

Rulings of the Court of appeal shall not be subject to any ordinary or extra-ordinary means of revision.

3)- The Authority shall preserve the right to notify or make the call for an amicable solution, or impose a suitable penalty, in accordance with the provisions of previous articles, if it should appear, in the course of review of the complaint that an act has been committed in violation of the License conditions or stipulations of present law and the regulations promulgated in application of its enactment.

Part VIII

LIBAN TELECOM

Art 44: Formation of the Company:

1)- Shall be constituted by decree taken in Council of Ministers, upon recommendation of the Minister, a joint-stock company, governed by statutes of the Code of Commerce, except article 78 thereof in all aspects not specifically covered under present law, under the name of " Liban Telecom", with subject of providing telecommunications services, in accordance with provisions of present law.

2)- Said Decree shall fix the capital of the Company which could be in foreign currency and shall approve the Articles of Association, noting that shares of the Company shall be held in their totality upon constitution, by the Lebanese Government who should remain the sole shareholder until the time of full or partial privatization of the Company.

3)- The evaluation of assets, rights, obligations and current operations whose ownership is to be transferred from the Ministry to the Company shall be achieved by a financial firm or an international audit firm nominated by the Council of Ministers following tender and receipt of offers as per accredited procedures.

Such formality shall be regarded as having fulfilled the requirement of verification as per art 86 of the Code of Commerce.

4)- The shares of the Company shall be and shall always remain nominal. Notwithstanding any text to the contrary, the shares of the Company, including shares representing in kind contributions, shall be listed immediately for dealings on the Beirut stock exchange.

5)- The Board of Directors of the Company shall be composed, as long as all share capital is owned by the State of Lebanon, of chairman and members appointed by the Council of Ministers. Upon partial or full privatization, members of the Board shall be elected by the ordinary general assembly, without observing the condition of nationality as set under art 144 of the Code of Commerce, provided the State is represented all through the period of its participation in the share capital of the Company by members proportionate in number to such shareholding and nominated by the Council of Ministers, provided they should not be less than three.

6)- The Company, upon its constitution and prior to listing its shares for privatization, shall be exempted from notary fees appertaining to the State, fees of registration at the Commercial register, including solidarity fees of judges and order of advocates, fiscal stamp duty on capital and all fees of conveyance of advances in kind.

7)- The Company shall have to appoint the statutory auditor for a period of three years and be exempted from the requirement of having an auxiliary auditor.

Art 45: Granting the licensing to the Company with the temporary exclusivity:

1)- The Company shall be granted the licensing for a period of 20 years to provide the following telecom services:

- a) Basic telephony service.
- b) Voice public- international service
- c) Telex and telegraph service –local & international.
- d) Cellular telephone service.
- e) Private local telephone service.
- f) Private international telephone service-
- g) Telecommunications offices and public phones
- h) Emergency phone calls service.
- i) Information service and telephone directory.
- j) Any other services deemed by the Authority to serve public interest.

2)- The Authority may grant an exclusive right to the Company to provide any of the services noted under items (a), (b) and (c) of previous clause, for a period not exceeding five years from date of its formation.

3)- The Authority may grant a non-exclusive license to any applicant for the provision of a service covered by exclusivity, should the Company fail to provide such service in one region or more, following official notification within a delay of not less than 60 days.

PART IX –

Transfer of telecom services to the private sector

Art 46: Procedure of privatization:

The government may, by decree taken in the Council of Ministers and within a maximum period of two years from date of constitution of the Company, proceed with the sale of not more than 40 per cent of shares of the company to an investor in the private sector, possessing experience, specialization, by way of an international bidding and in accordance with terms of reference to be set by the Higher Council of Privatization, upon recommendation of the Minister, and a Decree shall be resolved in the Council of Ministers. The investor winning the bid shall be named the "Strategic Partner" who shall be entrusted with Management of the company as long as he shall continue to hold at least half of the shares originally purchased and to abide by the obligations, as per the terms of reference and as long as the Lebanese State remains the owner of majority shares of the Company. The Council of Ministers, upon recommendation of the Minister, shall determine dates of offering the other shares of the Lebanese State for allocation to private sector investors, fixing percentage thereof, price per share and means of disposal.

Part X

Miscellaneous and Transitory Provisions

Art 47: National Security

The Council of Ministers upon occurrence of events touching on national security, may give directives to providers of telecom services to preserve first priority for telecom of security corps and civil organizations put under service of these corps.

Art 48: Handling of licensing in effect

- 1)- Licenses granted prior to the enactment of present law shall remain valid for provision of telecom services for a maximum period of one year starting from date of its enforcement. Statutes of present clause do not apply to the two Cellular Phone Companies in operation at present.
- 2)- Shall be transferred to the Authority immediately upon its constitution, all requests for obtention of licenses that are pending with the Ministry on date of promulgation of this law. No licensing shall be given in respect thereof until it is established that all conditions imposed by virtue of provisions of present law are met and after the Authority has started operating, in accordance with rules of its By-laws.
- 3)- It is possible for those who have contracted with the Ministry to provide telecom services, that have become subject to licensing under this law, to continue in providing such services until expiry of relevant contractual period.

Art 49: Conditions of employees, state employees, and contractual employees of OGERO and the Ministry:

First: Transitory Period

1- Within three months from date of publication of this law in the official gazette, the Ministry shall issue organizational decrees appertaining thereto and defining its staff establishment. Staff of the Ministry and OGERO who are needed and transferred to the new establishment in accordance with provisions of said organizational decrees.

2- As for the Authority and the Company, the terms of selection of needed staff of the Ministry and OGERO shall be determined within three months following the appointment of the two Boards of Directors, in coordination with the Minister and status of parties concerned shall be regularized in line with provisions noted under Par. "second" of present article.

3- Any staff or employee of the Ministry and OGERO may request the termination of his services, within a period starting from date of publication of this law in the official gazette and ending six months after the appointment of the administration of the Authority and the Company. The employee whose registration is accepted shall be given additional compensation equivalent to the sum of his salaries and indemnities for 30 days provided such sum is not less than thirty million Lebanese Pounds and not more than two hundred million Lebanese Pounds, if such employee has been recruited for more than 5 years. If not, the employee shall be granted an additional compensation equal to two months salary for each year, provided such compensation shall be no less than 30 million LBP and not more than 50 million LBP.

Registration requests may not be withdrawn after its registration with the competent administration.

Second: In matter of Regularization of staff conditions

The conditions of staff and workers of the Ministry and those with OGERO shall be regularized as follows:

a)- Staff of the Ministry:

1)- If remaining with the new staff of the Ministry, they conserve their status without any change especially as to rank and pay.

2)- If they are selected to work with the Authority, they shall be de-listed and attached thereto, in accordance with statutes governing placement outside the Establishment as contained in employees' regulations of civil servants, without the need for any annual renewal, provided their remuneration should not be less than their previous pay.

3)- If they are selected to work with the Company with the latter's approval they shall be paid pursuant to the terms and provisions of this Act, and they shall enter into an agreement with the Company pursuant to the latter's regulations. In the other instances, staff shall be transferred to positions on the establishment of other departments, in accordance with staff regulations governing transfers in public service.

As for those who shall remain in excess of needs, they shall be put at the disposal of the Ministry and continue to receive their pay and compensation, together with due grading until they reach the age of retirement. It shall be for the Council of Ministers or the concerned Minister, at any

time, to charge them with any task at the public departments or institutions, or municipalities or the municipal federation and shall then receive their emoluments from the organization to which they have been attached, subject to action on the part of "Civil Service Council" to fix them in vacant positions, in line with staff regulations and whenever possible during such interim period.

4)- Provisions of Par. Second shall apply to employees of the general post directorate.

b)- As for contractual employees of the Ministry, and OGERO:

1)- Should they be selected to work with the Authority, their previous services with the National Social Security Fund shall be combined with their subsequent services and their monthly emoluments shall not be less than amount of pay and allowances received previously.

2)- If they are selected and accept, to work with the Company, they shall be subject to applicable laws and regulations.

3)- In other instances, statutes relating to excess staff shall be applicable.

Article 50 : Transfer of Assets and Functions of Ogero.

1)- All functions and prerogatives defined in this law and previously entrusted to the Ministry or Ogero shall be transferred to each of the board of directors of the Authority after the Authority's commencement of activities pursuant to its internal regulations, and to the Company once its constitution procedures are finalized.

2)- If necessary, a decree of the Council of Ministers shall upon recommendation of the Ministers of Telecommunications and Finance, shall determine the rights and assets to be transferred out of the public property and the rights and assets to be transferred from the Ministry's or Ogero's property to the Authority

3)- Following liquidation of staff and employees rights with Ogero and the transfer of functions and prerogatives as well as assets and rights, Ogero shall be liquidated pursuant to a decree of the Council of Ministers.

Article 51 :

All provisions of laws and regulations that were in force prior to the enforcement of the present law shall remain in full force and effect until the Council of Ministers decides to enforce this law.

Article 52:

Details of application of the present Act shall be determined by decrees taken in the Council of Ministers following the Minister's recommendation.

Article 53:

The present Act shall take effect upon its publication in the official gazette.