



4iG GROUP'S RESPONSE TO BEREC DRAFT REPORT ON THE REGULATION OF PHYSICAL INFRASTRUCTURE ACCESS

4iG Group, a Hungarian majority-owned group based in Budapest is the leading regional telecommunications group in Hungary and the Western Balkans. The holding company 4iG Plc, listed on Budapest Stock Exchange, operates mobile networks in three, and fixed networks in two national markets in Europe.

4iG appreciates the opportunity to provide feedback on BEREC's draft report on the regulation of physical infrastructure access. 4iG's primary vision is to become a regional mobile network operator capable of achieving the customer base and market coverage that will enable it to offer high quality 5G mobile services to its residential and business customers on both public and private networks.

GENERAL COMMENTS

Drawing on the current regulatory regime of the countries surveyed, the report provides operators with an excellent and up-to-date overview on the European situation of the regulation on the access to the physical infrastructure. It also allows us to compare our own processes with the practices and physical infrastructure regulations of other countries.

In addition, BEREC's report also reveals that passive infrastructure access regulation in Europe is far from uniform, with a variety of national solutions reflecting local circumstances. In Hungary, such regulation is sufficiently extensive to enable a telecoms operator seeking to move into a geographic market to access the existing passive communications infrastructure. The regulation covers not only access obligations but also transparency, equal treatment, equivalent access and pricing based on a cost model. The BEREC draft report also notes that telecoms operators in Hungary typically combine the use of their own physical infrastructure with the use of other telecoms operators' infrastructure and also seek access to the physical infrastructure (mainly poles) of non-telecoms (typically electricity) companies.

It is understood that the barriers to development of VHCN arise in terms of the conditions of access to infrastructure controlled by non-telecoms companies and the feasibility of planning joint developments. For these reasons, it seems unlikely that a possible extension of the asymmetric obligations of SMP operators would bring any substantial improvement. On the other hand, a possible deregulation process affecting operators that voluntarily separate and offer only wholesale services could encourage even faster, self-sustained development of networks. Such network operators, irrespective of their ownership structure, have a



fundamental interest in attracting as many customers - i.e. other communications providers - as quickly as possible. As independent profit-centric operators, the wholesale-only operators, are interested in making the most of the available infrastructure, meeting new demand and increasing their revenues from the largest possible customer base. For all these reasons, the 4iG Group sees justification for exempting wholesale-only operators from as much of the significant market power regulation they inherited as possible.

FUTURE CHALLENGES OF THE REGULATION

4iG Group respectfully poses the view that a significant challenge for fixed VHCN development in the years ahead could lie in the regulation of physical infrastructure access obligations based on non-significant market power, particularly in relation to non-telecoms operators. The Gigabit Infrastructure Act has the potential to provide a solid foundation for this, however, there are also a number of issues that require attention and for which a long-term solution remains elusive.

It is in the best interests of society to address the unmet needs in urban areas, with a view to achieving full coverage of subscriber networks, enhancing the density of 5G networks, and further developing 5G capacity in high-traffic areas. To this end, the deployment of an optical backbone up to those endpoints of base stations not under the direct control of telecom operators is a crucial technical condition. Operators require investment certainty and access to infrastructures at the outset of their planning periods, under transparent conditions, at a level that can still be justified and via simplified authorisation mechanisms. While litigation may be a way of resolving some disputes, the predictability needed for large-scale investments could be enhanced by systemic regulation, for example by extending some of the regulatory tools of national authorities to infrastructure owned by non-telecommunications operators but which can be used for communications purposes.

On another side, the supply of rural areas with VHCN or equivalent services is still to be addressed. In situations where the deployment of fixed fibre networks becomes unavoidable, there is often a requirement to cover long distances in a cost-effective and resilient solution. This may involve a wide variety of sites, plots of land and physical infrastructure, under the management of many different owners. It is essential for investment to be launched with a clear understanding of the expected costs and timescales, as well as other technical implementation conditions, at the planning stage. To address this issue, it may be worth considering adapting tools already proven in other telecoms regulatory environments to the physical infrastructure of non-telecoms operators, under the supervision of national telecommunications authorities with considerable experience.