

TELECOMMUNICATIONS IN BOSNIA AND HERZEGOVINA



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The Law Firm "Sajic" Partnership, in addition to services that represent its core business, has also started with the release of brochures and publications for the needs of its clients and business partners. The brochures are related to the areas of law in which are currently interested both, domestic and foreign investors.

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COMMUNICATIONS

Law on communications of Bosnia and Herzegovina regulates communications in Bosnia and Herzegovina. This law was established by the Communications Regulatory Agency of Bosnia and Herzegovina, which is responsible for the regulation of broadcasting and public telecommunications networks and services, including licensing, determining prices, interconnection, and defining the basic conditions for provision of common and international communication facilities, as well as planning, co-ordinating, allocating and assigning the use of the radio frequency spectrum.

As for telecommunications networks and services, the Agency shall ensure that they are available to everyone in Bosnia and Herzegovina on a reasonable commercial basis and through the requirements stipulated in licenses for operators or providers of these services.

In accordance with the Law on Communications of Bosnia and Herzegovina, the Regulatory Agency issues the following types of licenses:

- License for the provision of public mobile telephone service (GSM and UMTS);
- License for the provision of fixed public telephone services;
- License to perform activities of an operator of public electronic communications networks;
- License to perform activities of the Internet access provider (ISP);
- License for the service of administrator of central administrative database of ported numbers (CADB).

For each of these licenses the Regulatory Agency for Communications prescribes the conditions and procedure for granting the same and all in order to ensure successful provision of telecommunications services, both domestically and internationally.

The conditions and procedures for obtaining a license for the provision of public mobile telephone service (GSM i UMTS)

A request for obtaining a license for the provision of public mobile telephone services is submitted to the Regulatory Agency for Communications. The request must be made on the company's memorandum, stamped and signed by an authorized person, and accompanied with the following documents:

- **Information on the identity of the company**, which includes the name, address, telephone and fax numbers of the company, details about the person in charge (name, title, address, phone, fax, email) and URL (if available).
- **Registration with regulatory authorities**, which means a certified copy of the decision on registration with the state authorities for performing the activity (including the code of activity for telecommunications) and a certified copy of the document titled "Certificate of registration as taxpayer of value added tax" not older than 3 months.
- **Brief description of the company (of the applicant)**, includes a description of current and planned activities, with a special emphasis on activities in the telecommunications sector and related sectors, as well as a vision of his company in the telecommunications market of Bosnia and Herzegovina. In addition, the request should contain a list of licenses that were previously granted to the applicant for the provision of telecommunications services, as well as information on any measures that might have been imposed due to the violation of these

licenses. If the applicant has significant market position that is not related to telecommunications or if he enjoys a special or exclusive rights in other sectors, then he is obliged to present a method of separation of its business activities in the telecommunications sector from other business activities of the company in terms of organization and finance;

- **Evidence of financial eligibility**, this evidence will be treated as confidential. It is necessary to submit a financial plan for the implementation of the project for a minimum of three years including the anticipated sources of funding, and projections of revenues and expenditures based on internal capabilities of the company and market forecasts.
In addition to the above, companies which are already in business must provide a balance sheet and income statement for the previous two years, as well as a report of cash flows for the same period.
- **The organizational structure of the company, the company's references and references of the management, as well as the dynamics and structure of the possible engagement of new staff**
- **Description of the project**, which includes a general description of the project, schedule of implementation (project implementation plan which shows the time schedule of financial investments and service delivery), the list and detailed description of services, the planned market position (potential market, target audience), quality of services (showing quality parameters, defining their target values and characteristics), plan of provision of services at the national and international level, draft contract to be concluded with consumers, the projected price list of services, numbering (with details on the planned requirements for the allocation of numbers)
- **Technical infrastructure**, which includes technical and functional description of the system configuration for services implementation, a block diagram of the system, including necessary points of interconnection, framework technical specification of equipment, a brief description of specified equipment, certificate of conformity of equipment with the applicable standards, flowchart of calls (showing the flow of transmission of national and international in and out calls, from the initiation of the call to the reception at the destination and each flow have to clearly indicate the network operator within which the call takes place), a system for monitoring, control, registration and calculation of transmission capacities,
- **Development Plan**, based on the project it is necessary to prepare a unified development plan, which, in accordance with the provisions of the license for providing public mobile telephone services, should be attached to the license, in the form of Annex 1.
Such development plan, prepared as a separate document, should include the type and scope of services, infrastructure capacity, schedule of implementation, as well as the corresponding parameters of service quality in accordance with the Decision on measuring the quality of GSM services related to Article 8 Licenses for providing GSM services ("Official Gazette of BiH", No. 46/07).

The applicant shall, submit to the Agency all data according to the requirements of the Joint Steering Board for the interception, arranged in accordance with the documentation submitted to the Applicant by the Agency.

The Agency shall forward the application to the Joint Steering Board for interception, which makes a decision on whether the Applicant meets the requirements for legal interception and delivers it to the Agency. The Agency may issue a license for providing public mobile telephone services only in the case if it is approved by the Joint Steering Board for the interception following the submitted application.

The Application and attachments, must be also electronically submitted to the Agency, which will then invoice the fee for processing the application in the amount of BAM 1,000. The Agency shall then within two, or four months for more complex cases, decide on the application

and issue a license or refuse the same. In the case of a decision is negative, all reasons for denial of the license have to be stated and the same can be appealed before the Council of the Agency.

Time required for obtaining approval by the Joint Steering Board for interception, which makes an essential part of the procedure for obtaining a license for the provision of public mobile telephone service, is not included in the above mentioned two or four months required for the processing of applications.

GSM license shall be issued for a period of fifteen (15) years from the date of award and the licensee may apply to the Agency to extend the license no later than one (1) year prior to its expiration. The license will be extended for a period of ten (10) years, unless the manner, in which the licensee has installed, operated or maintained the GSM network does not require the Agency to reject the extension of the same or if there is a need for re-planning of frequencies assigned to the licensee.

The license will expire:

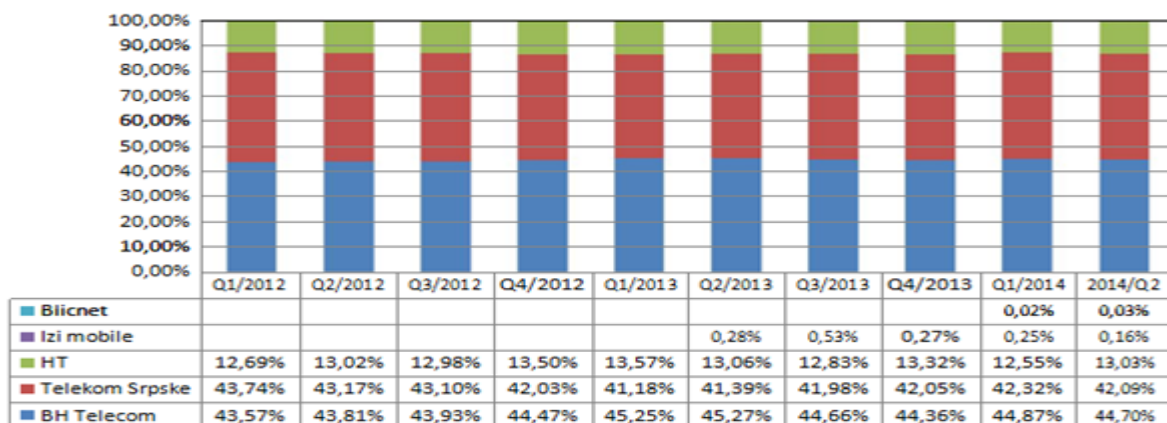
- at the request of the licensee;
- due to *force majeure* when the licensed activity cannot be performed after removal of the cause of *force majeure*;
- after expiration of the license provided that the licensee does not submit an application for renewal of license;
- in the case of revocation of the license.

The license may be revoked in the following cases:

- The licensee substantially and constantly violates the provisions of the license;
- If the benefits and contributions for the use of the license have not been paid for six (6) months after the expiration of the terms of payment;
- If the licensee has failed to implement decisions or orders issued by the Agency within the defined timeframe;
- In the case of initiated bankruptcy or liquidation proceedings against the licensee.

In Bosnia and Herzegovina there are several operators of public mobile services, and users of GSM licenses, among which by percentage of services provided at the market as the dominant stand out: BH Telecom Sarajevo, Telekom Srpske a.d. Banja Luka and JP Hrvatske telekomunikacije d.d. Mostar, and few smaller operators including IZI Mobile d.o.o. Sarajevo and Blicnet d.o.o. Banja Luka. According to the information from the Communications Regulatory Agency the market participation of operators according to the number of services on the territory of Bosnia and Herzegovina is as follows:

Mobile telephone communications – operator participation in the market



Market share by operators – mobile telephone communications in Bosnia and Herzegovina

UMTS license- at the request of the authorized operator of GSM services, the Communications Regulatory Agency of Bosnia and Herzegovina, on the basis of decisions on licenses for universal mobile telecommunication systems, grants licenses for the Universal Mobile Telecommunication Systems (UMTS).

The license is issued for the period of validity of fifteen(15) years, and a licensed operator has to pay the amount of 15,000,000.00 EUR, which has to be paid in BAM according to the middle exchange rate of the Central Bank of Bosnia and Herzegovina on the payment date.

The authorized operator is obliged to pay the given amount within seven years starting from the date of obtaining the license.

The grace period is two years, and after it ends, the operator shall pay for the obtained license an annual amount of 3,000,000.00 EUR, which has to be paid in BAM according to the middle exchange rate of the Central Bank of Bosnia and Herzegovina on the payment date.

All conditions and procedures related to the duration, extension and termination of GSM licenses shall be applied in the same way and shall be valid for the duration, extension and termination of UMTS licenses.

Conditions and procedures for obtaining a license for the provision of fixed telephone services

Procedure for obtaining a license for the provision of fixed public telephone services is the same as for obtaining a license for the provision of public mobile telephone service (GSM and UMTS), and the only difference is in the conditions for obtaining the mentioned license in terms of the content of individual attachments that must be submitted to the Agency along with the request for issuance of a license.

Therefore, the difference is only in the content of attachments which refers to the following:

- **Description of the project**, including a general description of the project, schedule for implementation (plan of project realization that shows dynamics and schedule of investment funds and implementation services), description of services, market position (potential market, target audience), quality of service, to show quality parameters, define their target values and characteristics, in accordance with ETSI EG 201 769 and ETSI TR 101 949, plan of the scope of traffic by type of traffic (local, national, international), draft consumer contracts, the projected price list of services, numeration (details on planned requests for number allocation),
- **Data on interconnection**, i.e. if it is intended to achieve interconnection with other licensed operators, then basic commercial and technical parameters of interconnection have to be submitted in accordance with the CRAs Rule on Interconnection no. 16/2002.
If it is intended to achieve interconnection with dominant operators, then basic commercial and technical parameters of interconnection have to be submitted in accordance with the appropriate reference interconnection offer (RIO).
- **Development Plan**, based on the project it is necessary to draw up a unified development plan that would comply with the provisions of the license for fixed public telephone services, which should be attached to the license, in the form of Amendment 1. Such development plan, drawn up as a separate document, should include the type and scope of services, infrastructure capacity, schedule of implementation, as well as the

appropriate service quality parameters in accordance with the tables of recommendations ETSI TR 101 949 (Table 1, 2 and 3 on page 16, 24 and 28 of standards respectively), as well as tables of ETSI EG 201 769 (Table 1 and 2 on page 10 and 11 of standards respectively, and the form in Appendix E of the standard), with their characteristics and target values.

Data on interconnection are additionally attached, which is understandable given the nature of fixed telephone services. As for other attachments and contents, everything remains unchanged.

This license is to be issued for a period of fifteen (15) years from the date of award and the licensee may apply to the Agency for renewal of the license no later than one (1) year prior to the expiration of the same. The license will be extended for a period of fifteen (15) years unless the manner, in which the licensee has installed, operated or maintained the network is such that the Agency has to reject extension. The decision on refusing extension which the Agency may adopt may be appealed before the Council of the Agency in accordance with the applicable procedural regulations.

The license shall be terminated:

- a) after expiration of the license if the extension is not sought or granted;
- b) at the request of the licensee;
- c) due to *force majeure* when the licensed activity cannot be performed after removal of the cause of *force majeure*;
- d) in the case of revocation of the license.

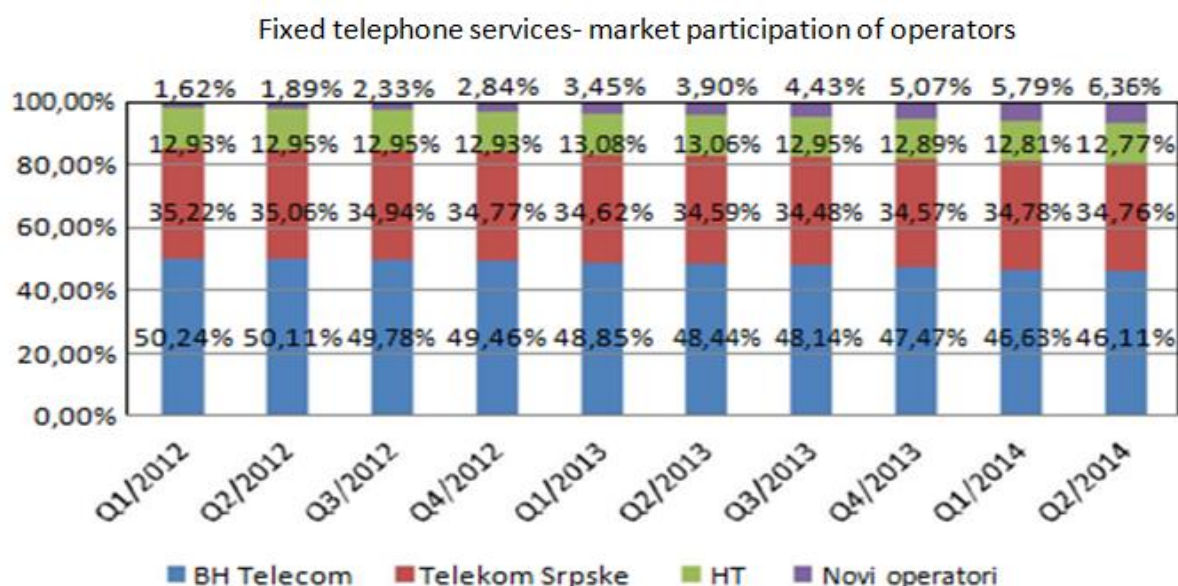
The license may be revoked in the following cases:

- a) The licensee substantially and constantly violates the provisions of the license;
- b) In case the license fee has not been paid three (3) months after the expiry of the payment deadline;
- c) If the licensee has failed to implement decisions or orders issued by the Agency within two (2) months after the decision;
- e) If the licensee declares bankruptcy;
- f) If, in relation to provision of services licensed, the licensee has been found guilty of an offense under any relevant legislation;
- g) If the licensee ceases to provide all services licensed;
- h) If such revocation is necessary in order to comply with current law.

Besides three dominant operators (BH Telecom d.d. Sarajevo, Telekom Srpske a.d. Banja Luka and JP Hrvatske telekomunikacije d.d. Mostar), there are 13 more licensees in BiH registered for the provision of public fixed telephone services which, by the percentage of services provided to the market of Bosnia and Herzegovina, are considered as the smaller operators, and this group consists of the following:

1. AIRABA d.d. Sarajevo
2. AKT.ONLINE d.o.o. Sarajevo
3. AUSTROFON d.o.o. Tuzla
4. BLICNET d.o.o. Banja Luka
5. DASTO SEMTEL d.o.o. Bijeljina
6. ELTA-KABEL d.o.o. Dobo
7. EUROPRONET BOSNIA d.o.o. Sarajevo
8. LOGOSOFT d.o.o. Sarajevo
9. M&H COMPANY d.o.o. Sarajevo
10. TELEMACH d.o.o. Sarajevo
11. TELRAD NET d.o.o. Bijeljina
12. T3 d.o.o. Sarajevo
13. SOFTNET d.o.o. Sarajevo

According to CRA data, the operator market share according to the number of services performed in the territory of Bosnia and Herzegovina is as follows:



Quarterly comparative data of electronic communications
Market share of operators- fixed telephony in Bosnia and Herzegovina

The conditions and procedures for obtaining licenses for activities of operators of public electronic communications networks

Based on the "Rules 66/2012 on the performance of activities of operators of public electronic communications networks", interested legal entity may submit a Request for a license to perform activities of operators of public electronic communications network only if it is registered for all or one of the following activities:

- Wired telecommunications activities, for a wire networks (61.10)
- Wireless telecommunications activities, for a wireless network (61.20)
- Satellite telecommunications activities, for satellite networks (61.30)

Application is made by sending the Agency a Request which contains data about the applicant, as well as basic information about the activity of operators of public electronic communications networks.

The data about the applicant include: name, address, telephone and fax numbers of the company, email address of the company, website address, contact person and account number of the company, while basic information about the activity of operators include: description and purpose of the network, the network coverage area, a description of points that are planned for interconnection with other networks, information on the planned number of network users and network technology and capacity.

Along with the completed form, certified by the signature and seal of the authorized representative the following documents have to be attached:

1. Copy of the court registry on company registration, where the excerpt cannot be older than one month before the application,
2. Certified copy of tax registration of the company with the competent tax authority,
3. Certified copy of certificate of assigned unique identification number (UIN) of the company,
4. Network scheme which indicates location of patch panels, capacity and equipment.

Once the applicant submits to the Agency completed application form with necessary attachments, the Agency shall issue a Conclusion requesting the applicant to pay the fee for processing the application in the amount of 1,000.00 BAM and administrative fee in the amount of 5,00 BAM.

After submitting the proof of payment, the Agency will request the applicant to pay the annual fee for a license, as well as the administrative fee for the decision (license).

The license fee is to be paid annually and depending on the character of the license in the following amounts:

- Local network license (including one municipality) 1,000 BAM
- Local network license (includes up to three neighboring municipalities) 3,000 BAM
- Regional network license (includes up to 10 neighboring municipalities) 5,000 BAM
- National network license (includes more than 10 municipalities) 30,000 BAM

Upon submission of proof of all fee payments, the Agency shall issue the License for performing activities of operators of public electronic communications networks.

Conditions and procedures for obtaining license to perform activities of the Internet provider

According to the Rule on the provision of Internet access, the interested legal entity may file an Application on the intention to perform the activity of an Internet provider only if registered for one or more of the below activities:

- Wired telecommunications activities, for a wire networks (61.10)
- Wireless telecommunications activities, for a wireless network (61.20)
- Satellite telecommunications activities, for satellite networks (61.30)

An application is made by submitting to the CRA a Request which has to contain information about the applicant, as well as basic information related to the implementation of internet access services.

Applicant's data are the following: name, address, phone and fax number of the company, email address of the company, website address, contact person and account number of the company, **while the basic information related to the implementation of Internet access services** include: a list of services offered, area of service and the planned number of users, data on equipment for provision of services, information on the links (name head-provider, port location, type and capacity), types of user's access (cable, wireless, ...) and capacity, supply ratings (whether there is backup power, on which locations), information on data retention (how long the data is stored, method of storing the same, ..), method of implementation of data security and privacy (encryption, firewalls, ..), customer care, information if own or leased networks are to be used (specify the owner), or both.

The following must be submitted along with the completed form:

1. The copy of the court registration with all documents and the date of verification not older than one month,
2. The certificate of tax registration of the company with the competent tax authority,

3. Certificate of assigned a unique identification number (UIN),
4. Block scheme of the network through which it will be provided internet service.
5. Copy of the proof of payment of administrative fee.

Once the applicant provides the Agency with the completed application form including all necessary attachments, the Agency will issue a conclusion for payment of the registration fee in the amount of 100 BAM, as well as for the payment of the administrative fee for the decision in the amount of 15 BAM.

After submitting the proof of payment of fees, the Agency will issue a Conclusion by which the applicant will be at the same time invited to submit a "Declaration of acceptance of license conditions" and to make the payment of the annual license fee in the amount of 1,000 BAM, payable in four (4) equal installments of 250 BAM.

Upon submission of the signed "Declaration of acceptance of license conditions" and the proof of payment of fees, the Agency shall issue prescribed Decision on registration establishing that the applicant is issued a license for performing services of the internet provider.

If the internet access will be provided through its own network, it is necessary to submit an application for the award of a license for operator of public electronic communication networks, pursuant to Rule 66/2012 on the performance of activities of public electronic communication network operator.

License for the service of administrator of central administrative database of ported numbers (CADB)

Pursuant to Rule 32/2008 on telephone number portability, the Law on Communications, general acts of the Communications Regulatory Agency and other relevant regulations, the Communications Regulatory Agency granted to the company "QSS" d.o.o. Sarajevo the license for the service administrator of central administrative database of ported numbers.

"CADB" understands the Central administrative database of ported numbers (Central Administrative Data Base).

Service of CADB operators includes the following:

- a. user connection to CADB services under the terms specified in the license;
- b. exchange and recording of all data pertaining to the status actions in the process of number porting, arising from Rule 32/2008;
- c. forwarding the data to be recorded in the operational databases and used in the process of establishing a connection to ported numbers;
- d. storing data referred to in subparagraphs b) and c) of this paragraph;
- e. performing of individual and collective reporting on the status of ported numbers, according to the contents of the report prescribed by the Agency;
- f. providing applications and services in connection with the public telephone service which are not covered by Rule 32/2008, with the previous approval of the Agency

The provider is a company QSS d.o.o. Sarajevo, registered according to the decision of the Municipal Court in Sarajevo, number 065-0-Reg-08-001843, registered with the competent court under the registration number: 1-19981, company based in Sarajevo at address Dejzina Bikića bb.

CADB operator is obliged to provide the following:

- a. that CADB contains data on all ported numbers in the public telephone network of Bosnia and Herzegovina which relate to the number porting and data used in the process of reestablishing calls to a ported number;
- b. that the CADB system enables successful connection and exchange of information between the CADB and operational database of ported numbers;
- c. that the characteristics of the CADB system and adopted administrative/operational procedures allow that time for each transaction in the procedures of data exchange with users of CADB is as short as possible;
- d. that the CADB system enables refreshing the data of operational database in case of detected errors in routing calls from a user, and at the user's request;
- e. that within seven days of receipt of the approval of the Agency CADB operator submits request to the authorized operators to conclude a contract on access and use of CADB, and to enable the use of service not later than 15 days from the date of signing of the contract;
- f. to report to the Agency and operators who use CADB in the prescribed or required form;
- g. to provide services in the terms and under the conditions defined in the license and Rules 32/2008 on the number portability.

To ensure successful operation of the CADB system the service provider is obliged to:

- a. to define appropriate adjustments (interface) to each operational database and enable each of these bases to have the ability to connect and exchange necessary data with CADB;
- b. to clearly identify and process administrative procedure of applying for a transfer of the number up to the realization of the application which is an obligation of all participants of CADB system;
- c. that method and form of the procedure of transferring phone numbers is in accordance with Rule 32/2008 on number portability;
- d. to provide access to the CADB system to authorized users only.

The service provider is obliged to provide data protection in the CADB system from unauthorized changes CADB, deletion, creation, use and provide identification of authorized and unauthorized activities.

The service provider is obliged to protect personal data of subscribers and their confidentiality.



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The Law Firm "Sajic" is the partnership Banja Luka which was founded in 2003 with headquarters in Banja Luka.

We almost predominantly deal with civil and commercial law. We provide legal advice in all areas of law, represent clients before all courts and government institutions in the Republic of Srpska and Bosnia and Herzegovina, participate in negotiations with domestic and foreign legal and physical entities, give opinions and recommendations regarding the application of regulations, etc.

Our team consists of 20 employees, of which six lawyers. Each of us specializes in just a few narrow fields of law, which allows us to provide our clients with high quality, professional service.

*The services we provide in the field of **telecommunications law** are, among others, regulatory issues, investments and projects, consumer protection, disputes in telecommunications and others.*