STATE DECREE of March 10, 2007 for the implementation of Articles 11 and 12 of the Telecommunications Facilities Act (Bulletin of Acts and Decrees 2004 no. 151) (Decree on Interconnection).

THE PRESIDENT OF THE REPUBLIC OF SURINAME

Considering that, for the implementation of Articles 11 and 12 of the Telecommunications Facilities Act (Bulletin of Acts and Decrees 2004 no. 151), it is required to set forth the following;

Having heard the State Council, set forth the following state decree drawn up by the Council of Ministers:

**Definitions**

**Article 1**

In this state decree and the provisions belonging thereto, the following terms shall have the following meaning:

a. connection network : the network that constitutes the connection between the connection points where end user equipment is connected, including lines and number ranges in the number control room;

b. decision : a decision of the TAS in a dispute whereby the TAS establishes valid rules for one or more parties;

c. collocation : the possibility to put equipment of a concession holder in a location of another concession holder;

d. concession holder : a legal person to whom a concession has been granted on the grounds of Article 9 paragraph 1 of the Act;
e. regulated services : services subject to specific terms of delivery;
f. interoperability of services : realization of end-to-end communication services;
g. model agreement : an interconnection agreement model as determined by the TAS;
h. network connection point : any facility in a network that has been appointed by the TAS to provide access to service providers by means of interconnection;
i. non-regulated services : services not subject to specific terms of delivery;
j. TAS : Telecommunications Authority Suriname;
k. telecommunication facility : a structure with the relevant equipment for telecommunications;

Article 2

1. Pursuant to Article 11 paragraph 6 of the Act, the TAS shall be charged with the supervision of the interconnection. This state decree shall set forth rules in this regard.

2. Accordingly, within the scope of the supervision, the TAS shall be authorized to make decisions regarding the realization of interconnection agreements.

Interconnection services

Article 3

1. Pursuant to Article 11 of the Act, interconnection between concession holders shall include the following services:

   a. linking public networks through interconnection;
b. delivering traffic offered by another provider within one’s own network (terminating access);

c. forwarding traffic originating in one’s own network coming from customers of another provider and intended for another network (originating access);

d. attending to traffic in one own’s network coming from a provider and intended for the network of a third provider (transit).

2. Pursuant to paragraph 1 of this Article, every concession holder shall be obligated to provide the abovementioned services within a reasonable period of time to applicants of interconnection.

Article 4

Interconnection shall take place via control rooms equipped for that purpose and designated by the TAS.

Article 5

1. Concession holders shall be obligated to grant collocation to applicants unless they can show to the TAS that this is not possible or not reasonable due to technical or profit-driven reasons.

2. The collocation rates shall be determined in a transparent manner and shall be based on costs.

Article 6

1. In cases where interconnection is not possible and may be blamed on a concession holder, the TAS may order this concession holder through administrative measures to settle traffic of applicants of interconnection as though there was indeed interconnection.

2. The costs of the measures mentioned in paragraph 1 of this Article shall be for the concession holder who is at fault.
Article 7

1. If a concession holder did not supply an interconnection service for which an application was submitted for reasons that may be blamed on him, the applicant shall be compensated.

2. The TAS shall assess and determine the reasonableness and scope of the reported damages.

Leased lines

Article 8

1. Every applicant of interconnection by means of leased lines shall have the right to the delivery of unstructured leased lines.

2. A concession holder shall be obligated, insofar as is possible, to provide the capacity and quality leased lines desired by the applicant for the benefit of interconnection.

3. A concession holder shall be obligated to realize the link in such a manner that the costs of transport from the interconnection point to the network connection point in his own network are minimal.

4. The applicant of interconnection shall fully bear the costs of the facilities that arise from the implementation of his application increased with a reasonable profit margin to be determined by the TAS.

5. The costs of facilities shall be based on the true costs incurred.

Special access

Article 9

Every concession holder shall be obligated to meet all reasonable requests to provide interconnection on other connection points than control rooms and connection points intended for end user peripheral equipment.

Article 10

A license holder as meant in Article 13 of the Act who applies for the interconnection must exploit a telecommunication facility that can be linked to the network of a concession holder.
Article 11

The costs of interconnection that can be specifically and directly assigned to an applicant of interconnection shall be charged directly and in full to the applicant.

Suspension and refusal of interconnection

Article 12

1. The duty of the concession holder to provide interconnection may be suspended if:
   a. the security of the network is compromised;
   b. the integrity of the network is affected;
   c. the protection of privacy cannot be guaranteed;
   d. exclusive rights are violated;
   e. contract provisions are violated;
   f. invoices are not paid.

2. In the cases meant in paragraph 1 of this Article, the concession holder may refuse or suspend interconnection after written permission of the TAS.

3. A concession holder shall not be authorized to refuse interconnection through leased lines by appealing to network integrity or interoperability of services if the relevant published specifications for network connection points have been met.

Article 13

A concession holder may refuse to transport traffic intended for a control room where interconnection is possible but for which no application has been submitted.

Interconnection offer

Article 14

1. A concession holder shall draw up an interconnection offer that shall include at least the following documents:

   - The model agreement in which the contractual obligations that are valid in general practice and that shall apply to parties have been set forth and which shall include references to other parts of the agreement mentioned below;
• Service descriptions of the interconnection services that the concession holder shall be obligated to provide and the valid terms of delivery; service scripts of optional, non-regulated services that are complementary or supplementary to the obligatory services;
• Technical, operational and maintenance manuals that, among other things, indicate the technical specifications, the standards used, process descriptions and the procedures to be complied with, including those regarding the projection of traffic;
• Procedures for invoicing and collection;
• Definitions that would be applicable in this offer;
• A list of rates with the valid rates for the regulated and non-regulated services that will be provided;
• A parameter list in which matters such as they shall specifically apply between parties have been set forth in this agreement;
• Various annexes with further details and explanations.

This offer shall be submitted to the TAS for review and approval.

2. A concession holder shall be obligated to supply the applicant with all information relevant to interconnection. He shall also indicate any changes that may occur in this information in the next twelve (12) months.

**Article 15**

1. Every concession holder shall be obligated to publish his valid specifications for network connection points.

2. The TAS shall see to the publication of the specifications for network connection points.

**Article 16**

Providers of interconnection-related services shall be obligated to provide the TAS with all information it deems necessary for the purpose of supervision.

**Rates**

**Article 17**

1. Suppliers of regulated services shall determine their rates based on costs.
2. The TAS, after having heard the concession holder, shall determine the system for allocation of interconnection.

3. For the time that there has not been a complete rebalancing of rates, the TAS may allow an increase of interconnection rates to compensate the underabsorption of costs on the connection network.

4. The TAS shall determine the level of compensation of the annual underabsorption on the connection network.

5. Providers of regulated services shall be obligated to report changes in their terms of delivery to the TAS at least two (2) months before these become effective.

6. Suppliers of services that consist of regulated and non-regulated services must allow the TAS to review the terms of delivery at any time to verify whether or not the terms of delivery of the regulated services have changed.

7. A concession holder shall be obligated to see to it that the interconnection services are itemized in such a manner that the applicant is provided with only the services he desires.

Duty to report

Article 18

1. A concession holder who provides end user services as well as interconnection services shall be obligated to maintain separate accounting systems for the interconnection activities and the other activities.

2. The TAS shall issue guidelines for the organization of adequate separate accounting systems.

Article 19

1. With regard to the supervision on interconnection, every year before May 1, a concession holder shall be obligated to submit a report on the previous calendar year on:

   a. realized costs and profits of the regulated services and the average invested capital;
b. total realized costs and profits of the non-regulated services and the average invested capital.

2. The report meant in paragraph 1 of this Article shall be accompanied by a report from an external certified public accountant.

3. In his report, the concession holder shall indicate what the consequences, in his opinion, may be for the rates of regulated services for the following year.

4. The report shall be based on a cost distribution system approved by the TAS.

5. The TAS may issue further instructions with regard to the organization of the cost distribution system meant in paragraph 4 of this Article.

6. The information submitted to the TAS as meant in this Article shall be subject to confidentiality on the part of the TAS.

**Final stipulations**

**Article 20**

Without prejudice to the provisions of Articles 22 and 23 of the Act and the relevant Decree on Dispute Settlement (Bulletin of Acts and Decrees 2007 no. 27), parties may also include in an interconnection agreement provisions regarding dispute settlement insofar as these provisions are not in violation with the Articles of the Act and the state decree mentioned above.

**Article 21**

1. This state decree shall be referred to as the Decree on Interconnection.


3. It shall become effective on the day that the Telecommunications Facilities Act becomes effective.

4. The Minister charged with communications shall be responsible for the implementation of this state decree.
Drawn up in Paramaribo on March 10, 2007

R.R. VENETIAAN

Issued in Paramaribo on March 19, 2007
The Minister of Home Affairs,

M.S.H. HASSANKHAN
STATE DECREE of March 10, 2007 for the implementation of Articles 11 and 12 of the Telecommunications Facilities Act (Bulletin of Acts and Decrees 2004 no. 151) (Decree on Interconnection).

EXPLANATORY MEMORANDUM

General introduction

It is necessary to provide clarity as to the providers of telecommunications services. These market parties are discussed in two Chapters of the Act, namely in Chapter 3 (“Telecommunications infrastructure and services) and Chapter 5 (“Telecommunications structures of a special nature or of limited size”).

Article 9 of the Act grants the exclusive rights for the exploitation of networks to concession holders and Article 13 of the Act sets forth the adoption of a licensing regime for all other providers of telecommunications services. For brevity’s sake, this group will be referred to as the license holders. The licensing regime concerns all providers who do not have the disposal of a telecommunications network but still wish to provide telecommunications services. These license holders must be separated from the license holders of Chapter 5. This group includes end users who exploit special telecommunications facilities or special telecommunications networks to provide different types of communications services, such as broadcasting, whether or not for their own private use. Under the previous legislation (Decree C-38) this group was referred to as authorization holders. Therefore, within the scope of interconnection, the license holders of Chapter 5 do not play any role because, by definition, end users cannot provide public telecommunications services.

There is a great variety of telecommunications services that may be provided without a telecommunications infrastructure. For the provision of these services a telecommunications facility may or may not be used. A distinction must be made between providers who provide telecommunications services using a telecommunications facility and other providers who neither have a telecommunications network nor a telecommunications facility. In the first case, it concerns a physical structure enabling cooperation with other physical structures, such as telecommunications networks. In the second case, it concerns mostly a business function. Strictly speaking, the second group does not fall under the Act since their only link to telecommunications is that they operate within the sector. Registration would be sufficient for organizational purposes. Therefore, the license granted to this group has the nature of a registration and differs from the group with telecommunications facilities that can change telecommunications structures.
With regard to interconnection, within the group of license holders, only the group exploiting a telecommunications facility is relevant.

**EXPLANATION PER ARTICLE**

**Article 3**
The term “interconnection” must be considered in a broad perspective. Interconnection in the sense of Article 11 of the Act does not only include the connection between two networks but also the required network services to see to it that end-to-end communication services are possible. It involves the interoperability of services.

The link is a necessary condition for these network services and is inextricably bound up with them. After all, it would not be useful to make linking of networks obligatory without doing the same for network transport services. A party may then refuse to deliver a signal that is offered in his network to its end destination. The link would then be of little use.

The most important network transport services meant within the scope of this Article are:
- delivering traffic offered via interconnection links in one’s own network by providing the network service (“Terminating Access”);
- attending to traffic offered via interconnection links intended for another network by providing the network service (“Transit”);
- forwarding traffic generated in one’s own network coming from customers of another party intended for another network to the interconnection links by providing the network service (“Originating Access”).

The rules set forth in Article 11 of the Act apply to the link in the restricted sense, namely the interconnection links, as well as for the network services mentioned.

**Article 4**
Interconnection can only take place in control rooms that have been equipped for that purpose with the necessary facilities, such as meter systems to guarantee proper and well-managed services.
In order to prevent a waste of resources, the locations will be established by the TAS in consultation with the concession holder. These locations may be at the level of traffic control rooms or at the level of number control rooms.
In establishing the interconnection control rooms, the TAS will take into consideration the number of subscribers that may be reached directly from a certain location, and the costs.
Article 5
An important threshold for providing interconnection is an available, suitable location near the control room where the interconnection is to be located (access control room) to place the equipment of the applicant. Although locations at greater distances do not necessarily have to pose technical problems, this option may meet with profit-driven objections. Therefore, for the implementation of the Act, it is important that there are suitable facilities in the vicinity of the access control room. These facilities do not necessarily have to be in the same building as the access control room.

Creating facilities, such as separate physical access, electricity, cooling, etc. especially for the applicants of interconnection requires the necessary financial sacrifices on the part of the provider. The rates that are charged to the applicants in this regard must be transparent and cost-oriented.

Article 6
It is possible, without a physical link, to distinguish traffic of service providers on the network of a concession holder, for example, by using a special range of numbers. This is referred to with the term “virtual interconnection”.

However, the definition of interconnection in the Act clearly indicates that it concerns the link of different types of infrastructure. It involves physical links. Types of virtual interconnection are not included in the term “interconnection”. However, the TAS may order a concession holder by way of a coercive or emergency measure to provide virtual interconnection for a limited period of time to another service provider that needs interconnection and who can temporarily not be accommodated technically by the concession holder. The costs of this measure are for the account of the concession holder. This brings about effective competition without there being interconnection involved in the sense of the Act.

Article 7
Links of networks by means of leased lines is the case if, in another network, specific geographical locations must be approached. The networks are, then, linked to those specific locations as it were. This may be for the benefit of a customer or because one concession holder has gained customers in those specific locations. Links by means of leased lines is, therefore, a very effective means of promoting competition.

In linking the leased lines, the transmission system of the concession holder providing interconnection may be used. However, this may not be used as an argument in rejecting an application for unstructured leased lines.
Unstructured leased lines are leased lines of which all channels are freely available. That means that allocation of channels is not prohibited or prescribed. The party providing interconnection will not be permitted to impose technical restrictions with regard to the linking of leased lines in addition to the published specifications for network connection points.

The application may pertain to any location in the network of the concession holder. Therefore, it is not ruled out that the concession holder will have to provide for specific facilities with regard to the application. The costs of these facilities increased with a reasonable profit margin to be determined by the TAS, will be entirely for the account of the applicant.

The term “reasonable profit margin” will be described as the minimum profit margin on the average invested capital that is required for guaranteeing continuity of the company. The continuity of a company is guaranteed by making the right renovative and innovative investments. It is necessary for concession holders to operate on the basis of a business plan.

Article 8
The interconnection agreement includes rules that apply when a party fails to provide an interconnection service. This Article does not pertain to that situation. This Article concerns situations that arise in putting the agreement into practice. This may involve delays in making the interconnection links operational, delays in the delivery of leased lines, insufficient capacity of the access control room and/or transmission, etc. Matters that may generally be attributed to inadequate planning delaying, as a result, the provision of interconnection services, are also included.

Delays in the provision may also be the result of unreasonable or unrealistic demands of the applicant and/or too optimistic prognoses. In these cases, on request of the concession holder, the TAS will pass judgment.

Demonstrable damage incurred by the applicant will have to be compensated after mediation by the TAS. The TAS will assess the reasonableness and size of the claim and determine the damages to be paid.

Articles 9 and 10
License holders pursuant to Article 13 of the Act provide telecommunications services, whereby they may or may not use a telecommunications facility. If they do not exploit a telecommunications facility, they cannot link to a network. The link always requires a physical connection.

The implication is that if there is no physical link, there is no interconnection. Every concession holder, pursuant to Article 8 of this state decree, is obligated to meet all reasonable requests. “Reasonable requests” are understood to mean requests that
are technically feasible. In case of difference of opinion in this regard, the TAS will determine whether or not a certain request is reasonable.

On request of license holders, their telecommunications facilities may be linked to the networks of concession holders. It mostly concerns telecommunications facilities that add a certain value to the basic services. In order to make use of these facilities, subscribers must gain access thereto. The desired link is a consideration of the costs and the reach of potential customers given the nature of the services to be rendered.

This type of interconnection is referred to as “Special Access”. The link takes place on network connection points other than those of the central hubs or the interface of the end user peripheral equipment.

**Article 11**

A consequence of interconnection is that, in general, adjustments have to be made to the network. The reason is that, besides the additional volume, the traffic streams follow an opposite route as a consequence of interconnection in comparison to what was general practice up to that point. In order to maintain the agreed level of quality, the party providing interconnection, must expand the capacity on the network based on his own prognoses and the prognoses of the parties requesting interconnection. It concerns mainly investments in control rooms and transmission between the control rooms.

The costs of these expansions are included in the rate that is charged for network transport services. The average costs are distributed among all consumers of interconnection services regardless of the scope of their application. Therefore, these costs cannot be individualized and each applicant pays dependent on his use of the network transport services.

Because these costs cannot be individualized, there is a danger of applicants going about their prognoses of traffic rather lightly. Since this can lead to costs and risks for the provider and higher traffic rates for all interconnecting parties, sanctions should be attached to such behavior. Therefore, the TAS will support procedures and sanctions that discourage this behavior by approving the relevant parts of the interconnection offer.

Costs that can be individualized in whole or in part pertain to the interconnection links and the relevant gates. Interconnection links may be installed by either party or by both parties. The costs are, of course, in whole or in part for the account of the party who does not do the installation himself. Furthermore, the interconnection links can be used jointly by parties, whereby a certain distribution code of costs
may be agreed upon. In any case, both parties must pay for the costs of gates that they consume.

Article 12
The duty of the concession holder to provide or continue interconnection will be suspended if one or more of the “Essential Requirements” is not met. These requirements are related to public interest.

Interconnection may not:

- compromise the security of the network;
- influence the integrity of the network negatively;
- endanger interoperability of services;
- affect the protection of privacy.

In addition, the concession holder may refuse or suspend interconnection if, due to interconnection, the following is violated/breached:

- his exclusive rights;
- contract provisions of services and/or invoices that are not being paid.

The concession holder who appeals to one or more of the abovementioned considerations to refuse or suspend interconnection will have to show sufficient evidence in this regard to the satisfaction of the TAS.

However, no appeal may be made on network integrity or interoperability to refuse interconnection through leased lines if the applicant meets the published specifications for network connection points. It is, then, technically impossible to violate the requirements mentioned.

Article 13
Concession holders are obligated to establish their own networks with a certain geographical coverage. Establishing networks is expensive and involves long repayment periods. It must be prevented that new concession holders, from a cost perspective, transfer investment risks onto contract parties. The concession holder who is the provider will be facing larger traffic streams and capacity investments that the requesting party is trying to avoid.

To guarantee a proportionate distribution of costs and risks, the concession holder providing interconnection, may refuse to link more than one control room of the applicant of interconnection to his access control room.

Also, the concession holder may refuse traffic intended for a traffic control room where interconnection is possible but for which no application has been submitted.
This refusal of the so-called “routing of traffic” is allowed regardless of the willingness of the applicant of interconnection to pay the transit costs.

**Article 14**
Most of the interconnection agreements will be entered into with the established provider because, certainly in the beginning, he controls the access to all fixed subscribers.

The established provider will draw up an interconnection offer that must be submitted to the TAS for review and approval. This offer consists of a model agreement with references to a number of documents that determine the offer in technical, operational as well as financial terms and will be inextricably bound up with the model agreement.

In the interconnection offer, it is essential that adequate descriptions of the obligatory services to be provided are included together with the valid terms of delivery and the necessary technical specifications, such as network connection points.

In addition to the services to be provided, optional services may also be included in the offer. These services are mostly complementary and supplementary to the obligatory services to be provided. The concession holder is obligated to provide the services included in the approved offer pursuant to the specifications as they have been set forth.

The interconnection offer of the established provider approved by the TAS will be the basis for the model agreement that will be published in the Advertiser of the Republic of Suriname.

**Article 15**
For proper compatibility of equipment, it is essential that the driver interfaces are the same.

This concerns the physical, functional and electrical characteristics that must be compatible. Where it involves fairly simple driver interfaces in end user peripheral equipment, this is entirely different for services. It involves mostly extensive and complex technical information.

These specifications for driver interfaces or network connection points must, therefore, be known to applicants of services in an early stage. Therefore, it is necessary to provide for these specifications for driver interfaces in this state decree.

The concession holder is responsible for indicating, publishing and updating the right specifications for driver interfaces.

The supervision by the TAS will be limited to verifying if the specifications for network connection points have been published by the concession holders.
The concession holder will not be able to appeal to the responsibility of his supplier in case of damage due to incorrect specifications for network connection points that have been published. The concession holder is fully responsible for the services that he provides regardless if he is able to have his supplier compensate him for the claim of another market party. Therefore, he cannot make the settlement of a claim as a result of incorrect specifications dependent on the settlement of the claim on his supplier. These are two entirely separate cases.

**Article 16**
The TAS can only give proper substance to its supervisory duties if it has the disposal of all essential information. The supervisory duties span the entire telecommunications sector and, therefore, include all parties and all services in the sector.

For this reason, the TAS will also grant a license to parties meant in Article 13 of the Act that do not have the disposal of a telecommunications network or telecommunications facility but still undertake activities within the sector.

As already set forth in the general introduction of this explanatory memorandum, this license will have the character of a registration. Naturally, the supervision of the TAS on the latter parties and, in the case of non-regulated services, will not reach as far and will be less intensive than in the case of concession holders and market parties that have the disposal of a telecommunications facility and provide regulated telecommunications services.

After all, the point is that the transition from a monopoly to a competitive structure goes orderly to the letter and spirit of the Act. In the case of concession holders and license holders that have the disposal of a telecommunications facility and provide regulated services, the TAS will require full transparency on the operational management in accordance with the relevant statutory provisions.

**Article 17**
The TAS will have to review the cost-orientedness of the interconnection rates as they are determined by the concession holder. This requires the establishment of a cost standard that will be the basis for cost distribution systems that concession holders will apply. The TAS, after consultation with the concession holders, will determine the cost standard to be applied. In the determination hereof, the TAS will take into consideration the objectives of the Act and the quality of the administrative organization of concession holders.

Concession holders will implement cost distribution systems that reflect their operational management and will follow any guidelines of the TAS in this regard. The TAS will ensure that the operation of the cost models is completely transparent, that the model parameters used are accurate and the input data correct and relevant. If the review is positive, the TAS may accept the results of the
model as a basis for further talks with parties. The interconnection rates will be
determined based on the cost distribution systems approved by the TAS. These
calculated rates will be submitted to the TAS for review and approval.
The rate is the sum of the costs that are relevant in the provision of the service and
a reasonable profit margin established by the TAS on the invested capital in the
facilities required for interconnection.

Annually, the TAS will evaluate if the requirement of cost-oriented rates has been
met in the previous period.

A company is a dynamic entity in which changes take place in product portfolio,
organization, processes, production resources, technology, administrative
organization, etc. These changes have as a consequence that the cost distribution
model that reflects the operational management, must be adjusted.

Within the scope of the government policy aimed at making telecommunications
accessible to every citizen, the costs of connections have been below the actual
costs. The difference, also called underabsorption of costs on the connection
network, is financed from the income of traffic.

In a liberalized market with interconnection, it must be prevented that competing
concession holders make use of this imbalance in rates. This may bring about false
competition. Therefore, it is necessary to rebalance the rates of connections and traffic and to
base them on actual costs. Since it is not possible to achieve this rebalance all at
once or in a fairly short period of time due to social reasons, the established
provider must be temporarily compensated for this disadvantage or the competing
concession holders must be denied this unjust advantage altogether.
One way to realize this is by applying an additional charge on the interconnection
rates.

Therefore, every year, the established provider will submit to the TAS a calculation
of this underabsorption of costs on the connection network for review and approval.
After approval, the TAS will determine how and to what extent this amount will be
compensated. In this regard, the TAS will be guided by the objective of promoting
competitiveness and the quality of the connection network. After all, it must be
prevented that cumulative overdue maintenance that now manifests itself in high
costs are transferred to competitors and subscribers. Overdue maintenance is a
matter of policy choices of which the consequences are for the account of the
policy makers of the established provider and not for the account of subscribers
and new players on the market.
In a liberalized market there will be many new products and services. These will often be a combination of regulated and non-regulated services. Also, packages of products and services will be put together to be offered with a certain discount. By combining services and products and/or creating new combined services false competition may be the driving force, which may result in discriminatory conduct. That is why the TAS, within the whole of combined services and packages, must be able to review if the terms of delivery of the regulated services have not been affected. This means that it must be possible to break down these services in their combination parts so that it may be verified if the terms of delivery of the used regulated services may reasonably be considered not to have been affected. The TAS may conclude that the terms of delivery of the used regulated services may reasonably be considered to have been affected if, for example, it turns out that the rate of one of the other components is lower than its variable costs.

The concession holder will also have to adequately describe and fix the rates for the network services that he will provide to his own provider of end user services so that the TAS may review it.

**Article 18**

One of the main objectives of the Act is the promotion of competition by creating equal competitive relations for service providers. Market domination has an adverse effect on the creation of equal competitive relations.

Market domination may be used to obstruct or slow down the establishment of competitors. This may be done by manipulating the market to one’s own advantage by, for example, favoring one’s own service provider in a vertically integrated company. In such a situation, it is very difficult for the supervisory body to verify if, indeed, equal terms of delivery have been set and realized for equal services.

In order to be able to effectively verify this in such a situation, sufficient transparency will have to be obtained from administrative measures. A necessary condition for obtaining transparency is to see to it that the information of the relevant departments within the vertically integrated company can be sufficiently separated. This will enable verification of internal deliveries. This distinction may be achieved by structural separation or by administrative separation. Considering the drastic nature of the first, companies will prefer administrative separation or separation of the accounting systems. What it comes down to is separation of the accounting systems of the departments involved in the provision of interconnection services and the departments involved in the provision of end user services.

The TAS will issue guidelines for adequate separate accounting systems for the purpose of obtaining the necessary insights to be able to assess whether or not discriminatory conduct is the case.
For the review of the submitted information as well as for the assessment of the relevancy and accuracy of the information, the TAS may call in the assistance of external experts (such as accountants), where necessary.

Article 19
The supervision on the cost-orientedness of rates takes place afterwards on the previous financial year by looking at how the costs per unit relate to the realized profits per unit. In this regard, a certified report of the annual accounts by an accountant must be used. The foundation for this report is the cost distribution model approved by the TAS for that particular year in which the costs information is entered as it is included in the officially adopted annual accounts.

By comparing, among others, the realized margins with the “reasonable” margin as determined by the TAS, the TAS will assess to what extent the rates have been cost-oriented in the previous financial year.

This report from concession holders must be submitted to the TAS before May 1 of the following financial year. Furthermore, this report will be accompanied by a report of an accountant other than the company accountant that includes an assessment of the cost distribution system and the cost information used. In forming his opinion, said accountant will follow the guidelines set forth by the TAS in this regard.

In general, the realized margins will deviate from the “reasonable” margin. In addition, based on his plans, the concession holder has a vision of developments pertaining to the sector. Therefore, in reporting, the concession holder will be asked to include a properly motivated proposal with regard to the interconnection rates for this year as well as for the following year.

The TAS will take this proposal into consideration when making its decision regarding the determination of the interconnection rates for this year as well as for the following year.

Paramaribo, March 10, 2007

R. R. VENETIAAN