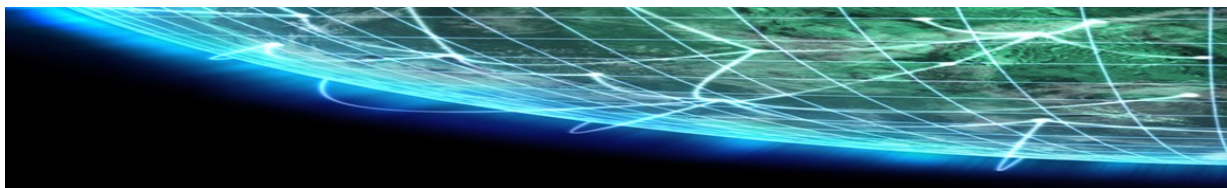


Post and Telecom Administration in Iceland

Annual Report 2010



POST- AND TELECOM
ADMINISTRATION

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Address by the Managing Director

Hrafnkell V. Gíslason

Electronic communications are considered to be a vital infrastructure in a society and the capacity of the service and its accessibility are seen as primary requirements in a modern society. Government policy of recent years has been to privatise the market and to support competition and the European regulatory structure in order to achieve efficient pricing, good service and developments on the market. Parties to the market have generally been well-equipped to meet competition and to continuously introduce new goods and services. Many electronic communications companies were however significantly indebted before the economic recession and that debt status worsened considerably with the economic and currency crash. This has meant that the position of those electronic communications companies that still bear the full burden of their loans is quite difficult, despite the fact that their general operations do not indicate other than that they are healthy. It is important to find ways to achieve long-term solutions in order to ensure that the operations of well-run companies on the electronic communications market is sustainable.



The PTA publishes statistics annually on developments on the electronic communications market. From the statistics it is clear that great achievements have been made in creating an electronic communications market in this country with active competition. In fixed line telephone services the market is split 70%, 26% and 4% between Siminn, Vodafone and Tal, while in mobile telephone services the split is 42%, 31% and 22% between Siminn, Vodafone and Nova and in broadband it is 52%, 30% and 13% between Siminn, Vodafone and Tal. A new company, Alterna Tel, entered the mobile telephone market this year. Siminn has, as before, the strongest market position on all markets, but other companies are making inroads. If this progress continues it is likely that the PTA will be able to lift obligations from parties with significant market power during the next years, allowing competition to take over without specific obligations imposed by the PTA, which is one of the main objectives of the electronic communications regulatory framework.

It is thus likely that this function in PTA surveillance will see some changes in the coming years. Some other changes on this market are also worth mentioning. Recently, there have been various instances where electronic communications companies have breached electronic communications legislation and where the PTA has considered the possibility of referring the matter to the police for the application of penalties that can result from such breaches. This was done in one instance in the year 2010. The Administration has now been informed that the police do not intend to take further action and have dropped the case. In



this connection it is worth noting that the PTA does not have the authority to impose fines. So the situation is that electronic communications companies can breach the law, the PTA can rule that a breach has occurred but there are no penalties imposed for the breach. This situation should not be accepted, particularly in the light of the fact that in all likelihood there will be an increase in incidences of breaches that could warrant penalties.

Major steps were taken in consumer protection on the electronic communications market in 2010. The PTA opened a new website for consumers in June; Reiknivéi.is. The website is an accessible calculator that enables the public to make comparisons on the price of various service options for fixed line telephone, mobile telephone and ADSL Internet connections. The PTA also introduced new rules on price comparison on the electronic communications market. Consumer protection for the use of mobile phones between countries in Europe was also significantly increased with the introduction of the EU regulations on international roaming on public mobile phone networks. In this regulation, lower ceilings are set for prices of telephone calls between countries and new ceilings are set for data transfer in mobile phones and with USB Internet sticks. In addition to this there are provisions on the duty of electronic communications companies to inform consumers about data transfer amounts. The statistics show that Internet use through mobile phones is widespread and there are over 30,000 USB Internet sticks in use in this country. It is predictable that this usage will increase significantly in coming years. So an important step has been taken in protecting the interests of consumers in this respect.

Fibre-optic connections have also increased significantly and there are now more than 10,000 homes connected through fibre-optic. This shows, among other things that innovation and development are taking place on the market and that they are on the increase again despite having decelerated somewhat following the crash.

The NMT system was closed in the year 2010. In its place there are now two GSM systems that cover the whole country and in addition to this a 3G system that reaches 90% of the country's households and also covers coastal waters.

Nature showed its muscle this year with a powerful eruption in Eyjafjallajökull. There was no disruption of electronic communications and the communications systems of the emergency services operated normally, despite ash fall and floods. Investigations were carried out on whether ash fall affected the strength of radio signals. This seemed not to be the case

Network and information security is an important aspect of PTA operations and is becoming an increasingly large part of the Administrations work. In our neighbouring countries there are long-established emergency response groups for cyber threats, so called CERT groups. The Administration has followed their operations and has made proposals for introducing such a group in this country. In 2010, the Administration was authorised to begin



preparations for establishing such a group where its role would be to provide protection against potential cyber-attacks and to increase society's resilience against such attacks, computer viruses and other threats on the Internet.

There is some uncertainty on the postal market about whether and when a new EU directive about abolishing monopoly in the postal market will be introduced in this country through the EEA agreement, among other things, because of the reluctance of the Norwegians to ratify the directive. Nevertheless, work has been done within the PTA on preparing for the introduction, among other things by making a detailed analysis of cost criteria for universal postal services etc. There are various indications that competition can be created on this market so it is important to take the necessary steps to be able to identify how those components of postal services classified as universal services can be funded. Íslandspóstur has had to wrestle with the problems resulting from a reduction in post volume and has dealt with them by, among other things, raising tariffs and improving efficiency in operations. This has put pressure on the Administration because of the number of requests for tariff increases, changes in conditions and changes in the structure of postal deliveries.

Internal work and policy-making

The PTA's internal activities are in a state of continuous development. In 2010 the Administration's main Information Systems were upgraded with the aim of economising, achieving a more efficient working environment and preparing for future development of systems. In the light of increased demands for new functionality, provision of information, improved work efficiency and security it is clear that this aspect of PTA operations needs to be strengthened even more.

By far the largest source of funding for operations of the Post and Telecom Administration are statutory sources of income, operations fees, frequency fees and number fees. These sources of income are then disbursed to the Administration with an authorisation in the national budget. In an era of cuts, the funds gathered from these sources of income are to a certain extent tied, so the PTA only receives part of this income through the budget. This measure restricts the Administration and makes it more difficult for it to concern itself with the interests it is intended to protect. In PTA's Annual Plan for the year 2011 certain tasks are postponed or are implemented at a slower pace because of the above. At the same time it is more difficult for the Administration to compete in salaries in order to retain competent staff. This is food for thought, particularly in the light of chapter 16.7 in the report of the Special Investigation Commission of the Althingi on the bank crash, about an analogous situation with the Financial Supervisory Authority in previous years.

Despite difficulties in the community the Post and Telecom Administration looks to the future. This year, the PTA invested a great amount of work in developing new policy. There the emphasis is placed on developing the Administration's work on the basis of results that



have been achieved in its operations during the past decades. Among the aspects to be emphasised are following up on decisions, the lifting of obligations where competition is considered to be sufficient, matters related to the Internet and security and last but not least, increased emphasis on human resources within the Administration and on development and maintenance of its information systems so that the PTA can fulfil its requirements to the full at any given point in time.



About the Post and Telecom Administration

The Post and Telecom Administration is divided into 4 divisions in addition to the Director's Office. Management is manned by the Director and the managers of the Analytical Division, the Legal Division, and the Technical Division. Quality and human resources and public relations are under the Director's Office which has two employees Anna Dóra Guðmundsdóttir, Human resources and quality manager and Anna Margrét Sigurðardóttir, Public relations officer.

The Legal Division is responsible for handling administrative communications, settling disputes, the imposition and surveillance of obligations that are not financial in nature, universal service and consumer issues. The Division also handles international communications. The manager of the Division is Björn Geirsson. In addition to him the division's staff consists of four legal councillors; Friðrik Pétursson, Guðmunda Ása Geirsdóttir, Margrét Gunnarsdóttir, Óskar Hafliði Ragnarsson and Ari Jóhannsson, political scientist, who is responsible for the Administration's international relations.

The Analytical Division is responsible for market analysis and for imposition and surveillance of obligations subsequent to market analysis. The Division handles general economic analysis in the field dealt with by the PTA, provides information on pricing and statistics and is responsible for their processing and publication. This year, a web based calculator on electronic communications costs for consumers was completed and made accessible on the Internet on 22 June 2010. Work was done on cost analyses on electronic communication markets subsequent to the first round of market analysis according to the EU directive from 2004 and work on the second round of the market analyses was continued. In addition to Óskar Þórðarson, the manager, there were four specialists doing these tasks, Guðjón Helgi Egilsson, Guðmann Bragi Birgisson, Ragnar Kristinsson and Snorri Þór Daðason.

The Technical Division handles organisation and management of frequency matters and surveillance of use of frequencies. The Division conducts market surveillance of electronic communications devices, handles network and information security and is responsible for inspection and surveillance of radio equipment on ships. The Technical Division also provides other departments with consultancy on technical issues that may affect the Administration's surveillance role on the competitive market, now and in the future. The manager of the Technical Division is Þorleifur Jónasson. In addition to him there are five employees working in the Division. Bjarni Sigurðsson, engineer, is responsible for numbers, frequencies, and development and performance of electronic communications networks. He also handles complaints related to interference in electronic communications. Hörður R. Harðarson is head of frequency management, Stefán Snorri Stefánsson, is a specialist on network and information security and is also the Administration's security officer. Two



employees are responsible for inspections of ships' electronic communications equipment. They are Jósef Kristjánsson and Óskar Sæmundsson who are both electronics technicians.

Administration is responsible for the Administration's daily operations, funding, finance and bookkeeping along with telephone answering and reception. The Administration Division provides support to other divisions and handles PTA common tasks. The Administration's manager is Magnús E. Finnsson. In addition to him there were three other staff members this year, Erla Linda Benediktsdóttir, Guðríður Sveinbjörnsdóttir and Ingibjörg Sivertsen.

Renewal of information technology and document management within the PTA

In the first half of the year a major renewal of the PTA's main Information Systems was completed. Most of the Administration's employees were in one way or another involved in this work, and in addition to them Þorsteinn Helgi Steinarsson, engineer, was appointed on a temporary basis as a consultant for this task. The telephone exchange, operations and information system of the Technical Division and the Administration's case registry were all renewed and modernised. The reorganisation of document management within the Administration was also completed and specialists from the company Gagnavarslan were brought in as consultants for this task.

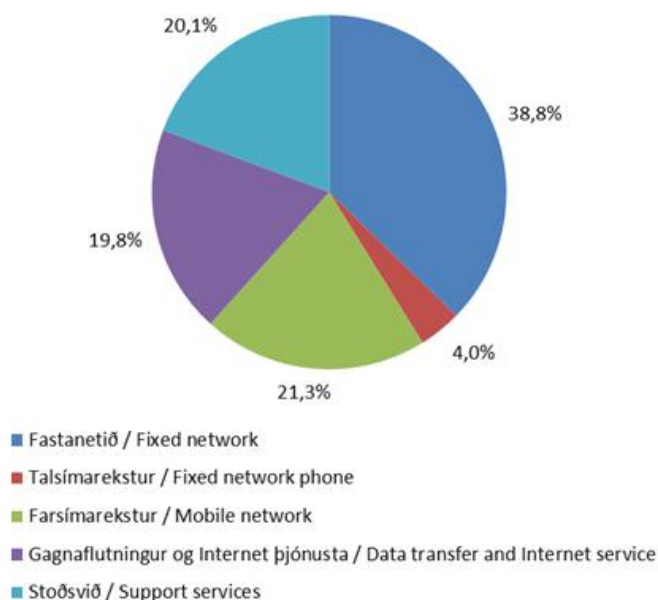
These measures have increased the quality, productivity and performance of the PTA and have improved its efficiency while, as before, emphasising confidentiality, accuracy and accessibility of information.



The Electronic Communications market

The electronic communications market in Iceland has mainly been characterised by stability for the last two years. A new company, Alterna Tel, entered the mobile telephone market this year. Otherwise the main change worthy of note is that investments in the electronic communications market in 2010 increased again after having shrunk by about half between the years 2008 and 2009, or from ISK 8.3 billion in 2008, down to ISK 4.3 billion in 2009. In 2010. However, they increased again by a little under ISK 1 billion and were ISK 5.3 billion for that year. The picture below shows the division of investments on the electronic communications market by type of operation.

Proportion of investments by electronic communications operations in 2010

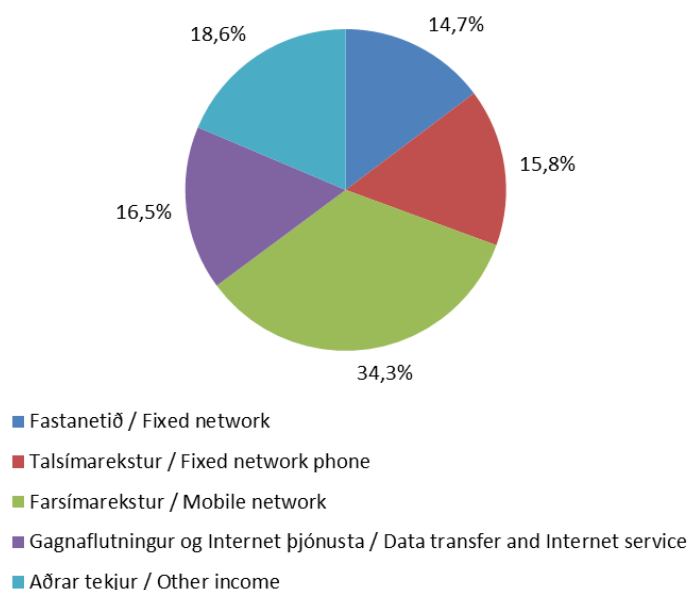


Source: Statistics on the Icelandic electronic communications market 2010, Post and Telecom Administration, June 2011

Total revenue on the TCL has been similar between years from 2008 but has increased slightly. Revenue was ISK 43.4 billion in 2010 against ISK 43.1 billion the year before. The picture on next page shows how total revenue in the electronic communications market is divided by type of operation in 2010.



Proportion of total revenue by electronic communications operations in 2010:



Source: Statistics on the Icelandic electronic communications market 2010, Post and Telecom Administration, June 2011

More detailed information on the electronic communications market in 2010 can be found in the PTA statistics report, which is published on the [PTA's website](#). A list of registered electronic communications companies is also to be found on the website, as is a list of companies that hold frequency licences.

Amendments to laws and regulations

Electronic communications act amended

In cooperation with the Minister for the Interior work was done in 2010 on major improvements to Chapter 4 of the Electronic Communications Act number 81/2003, with respect to the allotment of frequencies and numbers. It was considered necessary to elaborate further on the provisions of the act for calls for tenders and auctions, to prescribe more clearly the rights and obligations of parties in this regard and to establish in law certain criteria for the allocation of the rights in question here. The amendments in question are necessary and due, in the light of the fact that the Administration is about to reallocate large parts of frequency ranges for mobile phone and mobile network services in the coming years. These amendments will support the Post and Telecom Administration official operations in the future. The results of this work were a Parliamentary Bill, which also



included various other amendments to the Electronic Communications Act. The bill was presented to Parliament in the autumn of 2010 but was not passed in its entirety. Only a temporary provision was passed which prescribed the charging of fees for the allocation of frequency rights on specific frequency ranges up to the end of 2012. (See Act number 146/2010 on amendments to the Electronic Communications Act).

Increased consumer protection

A Calculator for consumers

In mid-2010, PTA launched a calculator for consumers; Reiknivél PFS (www.reiknival.is). This is a website that enables users of fixed and mobile phone and data transfer services to make price comparisons on the various service options offered by electronic communications companies. The calculator owes its origin to the issue of regulation number 220/2010 on price comparison of electronic communications services. The objective of the regulation is to increase transparency in pricing of electronic communications services by publishing and making accessible a comprehensive collection of tariffs of electronic communications companies on the market and buy highlighting various aspects of the composition of prices and to give consumers the option of making meaningful comparisons in prices in the context of their own usage. The rules are conceived as being advantageous for consumers on the electronic communications market and are intended to support improved consumer protection and to increase public awareness of prices.

Regulation on roaming within Europe

The regulation number 183/2010 from 9 February 2010 incorporated in Icelandic law the updated regulation from the European Parliament and Commission number 544/2009 from 18 June 2009 on amendments to EU regulation number 717/2007 on roaming on public mobile phone networks within the European Union. In addition to specifying new and lower maximum prices for mobile phone services abroad, it also specifies maximum prices for data services, that is SMS, MMS and data connections. Then there are substantial demands in the regulation for increased transparency in the use of mobile access services between countries and for consumer protection. The regulation includes, among other things:

- Various provisions related to user conditions.
- Information that shall be sent to users of roaming on price for voice and data services
- The possibility to limit total cost and/or total data quantity.
- Maximum period for charging (30/1).
- Various aspects related to wholesale.
- Rules on foreign exchange calculation.
- Exemptions from the regulation.



Regulation on premium rate services

In October a new regulation on premium rate services in fixed line and mobile phone networks, number 780/2010, came into force. The regulation applies to telephone calls, SMS messages, MMS messages and other premium rate services in fixed line and mobile phone networks for specific numbers and number ranges.

Premium rate services are additional services at an extra price in fixed line and mobile phone networks that are offered by service providers where the user is connected with a phone call or SMS/MMS message to a specific telephone number or short number in a public fixed line or mobile phone network. The objective of the regulation is to increase consumer protection in fixed line and mobile form services with regards to value added service and at the same time to prevent, as far as possible, potential misuse or fraudulent operations related to such services.

More efficient number and service transfers

During the summer of 2010, the revised rules, number 617/2010 on number and service transfer in public electronic communications networks, came into force. The main object of the amendments was to increase efficiency and speed in the implementation of number transfer, among other things in accordance with the requirements of the Directive from the European Parliament and Commission number 2009/1136/EC on amendments to Directive number 2002/22/EC on Universal Services and User's Rights Relating to Electronic Communications Network and Services. When reviewing the rules, the Post and Telecom Administration also took into consideration amendments designed to clarify consumer rights and the rights and obligations of electronic communications companies regarding the implementation of number and service transfer and to further define the surveillance measures available to the PTA. The main innovations in the rules are the following:

- Requests for transfer in fixed line and mobile telephone networks shall be processed in general within one working day. The rule for exceptions for certain fixed line networks in specific circumstances shall continue to be in force.
- Formal conditions set for the changing of the holders of rights for numbers.
- Electronic communications companies' obligations to inform consumers about the implementation of transfer.
- More detailed provisions on electronic communications companies' obligations to inform the PTA, for example, regarding the delivery of data in standard format, which also applies to Hið íslenska númerafélag ehf. (HÍN).
- Authorisation to deny number transfer because of default, except in the case of users on the market for individuals.
- Increased leeway for electronic communications companies to contact users who are discontinuing their subscription, in the number transfer process after specific limitations in this respect were lifted



Increased opportunities for competition in fixed line services

Article 53 of the Electronic Communications Act prescribes that companies with significant market power for provision of connection to the public fixed line network shall enable their subscribers to access the services of any interconnected provider of public telephone services. This is implemented by the user dialling a carrier selection code before each phone call, that is by pre-selection, or by fixed pre-selection. An obligation of this nature was imposed on Siminn subsequent to market analysis of the markets for access for homes and companies to public fixed line networks (M1-2), see Decision number 30/2008 from 5 December 2008. The objective of imposing the obligations in question on Siminn was, among other things, to prescribe that the service in question should be provided on one invoice, but up to that point in time the user had received two invoices, one for the service line charge and the other for the users' consumption with the service provider. The inefficiency of this was considered to affect the possibilities of electronic communications companies to have competition in fixed line telephone services.

When this process was completed it was clear that review was required of the rules that had applied to pre-selection and fixed pre-selection from 2002 and it was not considered possible to implement the rule on *electronic communications services on one invoice* before certain amendments had been made to the rules, regarding, among other things, a more detailed description of the organisation and division of costs. In addition to this the barrier had to be removed that access to pre-selection and fixed pre-selection did not cover three digit telephone numbers. The new Rules number 655/2010 on pre-selection and fixed pre-selection in fixed line telephone networks were issued on 9 August 2010.

Changes to enhance public security

Rules number 463/2010, published on 12 May 2010, constituted amendments to existing Rules on number display, number 629/2008. The nature of the amendments was to prescribe the obligation of electronic communications companies to ensure that number display is always available when calling the call-out number for the coastguard authority, 511-3333 and the number for the Maritime Traffic Service, 545-2100. These numbers are in addition to the numbers of the integrated emergency call number 112, which was already bound by conditions that number display is always available when calling the number. This requirement is such that it increases public security and that of seafarers by making it easier to gather information about the possible location of those calling the number in question. This can be critical in determining the reaction time of the rescue service in the case of an emergency.



Changes in EEA law

Comprehensive review of EU electronic communications regulatory framework

At the end of 2009 the process of review of the EU electronic communications legislation review ended with the publication of two directives that dealt with amendments to all 5 directives that form the EU regulatory framework for electronic communications. These are on the one hand the Directive of the European Parliament and Council of Ministers no. 2009/136/EC, which constitutes amendments to the Universal Service Directive no. 2002/22/EC and the Directive on privacy and electronic communications no. 2002/58/EB, and on the other hand the Directive of the European Parliament and Council of Ministers no. 2009/140/EC, which constitutes amendments to the Framework Directive no. 2002/21/EC, Access Directive no. 2002/19/EC and Authorisation Directive no. 2002/20/EC.

It would require too much space to itemise all the new provisions in the directives. On the other hand one can list in a few words the most significant changes that will affect the current regulatory framework in the next two years:

- *Number portability between electronic communications companies shall be implemented within one day.* Transfer of numbers and services is being made more efficient which enhances mobility for consumers on the electronic communications market.
- *Improved provision of information to consumers.* Requirements will be made for improved provision of information for consumers so that they can better appreciate the nature of the services they are buying. Stricter requirements will be made for terms of business with electronic communications companies, e.g. such that they specify a given minimum quality of service and that they provide information on compensation to consumers in the event of non-compliance.
- *Protection of civil rights regarding access to the Internet.* Access to the Internet will be defined as a civil right such that all limitations to such access must be in accordance with the European Human Rights Convention and with the main principles of EU law on this issue.
- *Conditions for open access to networks and for technical neutrality of networks.* Requirements in this connection have the objective of increasing the offer of services on networks, of making services more accessible to users and of preventing technical solutions from stopping competition between networks.
- *Increased consumer protection against breaches of privacy.* The protection of personal data related to use of electronic communications will be increased with respect to unlawful access to such information or to its misuse. The responsibilities of electronic communications companies regarding the documentation of such information and its storing will be increased. The increased requirements will introduce a duty for electronic communications companies to notify the regulatory authority of all security events.



- *Better access to the emergency number 112.* The requirement will be made that consumer access to the emergency number 112 will not be restricted to traditional voice and mobile phone telephony services but also to newer electronic communications technology as appropriate, and in addition to this the obligation of electronic communications companies to provide the emergency line with positioning information will be more explicit.
- *Increased autonomy for electronic communications regulatory Administrations.* The new regulatory framework will increase the autonomy of regulatory Administrations with the objective of preventing political interference with their daily operations, and in addition limitations will be imposed on the unilateral dismissal of directors of such Administrations.
- *Increased options for the Commission and for ESA to influence imposition of remedies on the electronic communications market.* Increased power for ESA is provided for, to influence the elaboration of remedies imposed on companies with significant market power on the electronic communications market in order to ensure active competition.
- *Authority to impose functional separation.* This obligation is intended to deal with competition problems that may result from vertical integration in electronic communications operations. This means authority for regulatory authorities to impose obligations on electronic communications companies with significant market power to separate in their operations the activities that are classified as operation of an electronic communications network from activities related to the provision of services on that network.
- *Increased public access to broadband connections* With better organisation of frequencies and emphasis on efficiency in allocation of frequencies that can be used for the introduction of high speed networks in rural areas it is hoped that the distribution of high speed connections can be widened. In addition to this, states are given the option of extending what is called the universal service obligation with relation to this kind of development.
- *More active competition with an incentive to invest in the next generation of access networks.* Electronic communications networks comprised of fibre optic and wireless access networks are little by little replacing older and less efficient electronic communications technology based on copper lines. To encourage investment by electronic communications companies in new technology one must create predictability in the rules that will apply on access and competition on these new networks. As soon as conditions have been established that ensure active competition on these new networks one must ensure that electronic communications companies that invest in development of these new networks enjoy appropriate profits from the networks.



The above items have not yet been included in the EEA Agreement. When this has been done then the relevant amendments will be made to Icelandic laws and regulations.

PTA Statistical reports

The collection of statistical information on the Icelandic electronic communications market is an important part of the work of the PTA. The Administration considers it natural that part of this information is published openly in order to increase transparency in the market and to provide access to information for parties to the market and for consumers. Since 2007 such reports have been published twice a year.

Statistical reports from the PTA on the Icelandic electronic communications market can be accessed on the statistical section of the PTA website, www.pfs.is.

Consultancy and dispute settlements

Part of PTA operations is to decide on major and minor disputes and to handle complaints received by the Administration concerning electronic communications and postal matters. Many such cases are received by the Administration every year, both from companies and from individuals. Forty one formal administrative decisions were made concerning electronic communications and postal matters in 2010. This is a record number and a significant increase from the year before, which was, however, rather lower than average. In addition to this 100 smaller cases were processed without administrative decisions being made. According to Article 13 of the Act on the Post and Telecom Administration number 69/2003 it is authorised to refer the decisions of the Administration to the Rulings Committee for Electronic Communications and Postal Affairs. In 2010, 8 rulings were pronounced by the Rulings Committee for Electronic Communications and Postal Affairs of which five concerned electronic communications and three concerned postal matters. Of the eight rulings, three were complaints by consumers while the rest were disputes between companies on the electronic communications and postal markets. In all cases the decision of the PTA was either confirmed or the demands of the referring party were rejected.

The allocation of licences and surveillance of the use of the radio spectrum

PTA handles allocation of electronic communications licences for transceivers and other radio devices. A total of 1,117 electronic communications licences were allocated in 2010.

An important part of the Administration's operations is surveillance of the use of the radio spectrum. PTA receives a large number of complaints every year about interference in



electronic communications. Such complaints are dealt with as quickly as possible and a search for the source of the interference is made. In 2010 there were 34 call-outs dealt with for problems of this nature.

Frequency Issues

NMT service terminated

Siminn NMT service was extended at the end of 2009 to 1 September 2010. This was done with information in mind from electronic communication companies about planned development and distribution of GSM and 3G mobile phone systems up to 1 September 2010. The NMT transmitters were to be closed down in step with progress in this development in the regions. Siminn had provided a schedule for closing these regions. The operation of NMT services was terminated according to plan on 1 September 2010.

Frequency licence cancelled

On 11 March 2010 the decision was made to cancel the frequency licence held by IceCell ehf. The company was allocated a frequency licence for a GSM 1800 mobile phone network on 28 June 2007. In item 3 of the licence it was specified that IceCell was obliged to develop a mobile phone network. The obligation was in accordance with the company's offer in the call for tenders by the Post and Telecom Administration on 2 February 2007 when the frequency licence was advertised for allocation. As the company did not fulfil the above obligation to develop the system it was decided to cancel the company's frequency licence, despite the fact that the Administration had shown great patience and had gone as far as the law permitted in that respect. Subsequent to the cancellation, IceCell appealed the PTA Decision to the Rulings Committee for Electronic Communications and Postal Affairs. The Rulings Committee confirmed PTA's Decision on 5 June 2010.

Appellation Committee confirms PTA's decision concerning a frequency allocation for radio broadcasting

On 15 January 2010, the frequency licence for Lýðræðishreyfingin (The Democracy Movement) for broadcasting the radio station Lýðvarpið (FM 100,5 MHz) expired, along with its licence for location of a transmitter in Bláfjöll. Following this, Concert ehf. was allocated the frequency temporarily to broadcast the radio station Kaninn from the same transmitter in Bláfjöll. Subsequent to this the Lýðræðishreyfingin made a request to the PTA that the frequency in question would only be for the use of its radio station, Lýðvarpið. The PTA rejected this request with its Decision of 19 May 2010. Lýðræðishreyfingin appealed the Decision to the Rulings Committee for Electronic Communications and Postal Affairs which confirmed the PTA Decision on 14 September 2010. Public consultation was invoked in the allocation of the frequency in question during the period 26 October to 5 November 2010. The frequency was subsequently allocated to the company that operated Kaninn, which in



the meanwhile, had adopted a new name, ÚÍ1 ehf. The licence allows for a new location for the transmitter that fulfils the PTA conditions.

Numbers

The Post and Telecom Administration allocates numbers to general electronic communications networks (number sequences in telephone systems) and identity numbers for ships. A total of 2.7 million numbers have been allocated for general telephone systems in Iceland in the current number systems which is equivalent to 8.6 numbers for each inhabitant of the country. In 2010 110,000 numbers were allocated for general telephone systems. In addition 300 identity numbers for ships were allocated.

In 2010 some changes were made regarding rules on numbers. New rules were introduced for transfer of numbers and service in general electronic communications networks, which among o things prescribe that the time for processing requests for transfer in mobile phone networks is normally one working day. Changes were also made to the rules on the organisation of number display (Rules number 463/2010 and fixed pre-selection (Rules number 655/2010).

Ship inspections

The Post and Telecom Administration manages inspection and surveillance of electronic communications equipment on ships. The objective of the surveillance is to ensure that radio equipment is working properly and is active in case of an emergency. The two PTA employees who carry out these tasks inspected 207 ships during the year on behalf of the Administration. In addition to the PTA there are three accredited inspection agencies that conduct inspections of electronic communications equipment in ships and boats.

The agencies inspected a total of 1,218 ships and boats during the year, so the total number of ships and boats inspected in 2010 was 1,425. In addition to this there were inspections of sport boats where the owners are authorised to make their own inspections. However, an inspection office must inspect these boats at four year intervals. There were 102 such inspections by owners during the year.



Market analysis

The objective of the electronic communications legislation and of the Post and Telecom Administration with market analysis is to analyse the status of competition on the electronic communications market and to impose appropriate obligations in order to strengthen competition, where it is considered to be not sufficiently active, for the benefit of consumers.

ESA (EFTA Surveillance Authority) issued a new Recommendation on 5 November 2008 where 7 markets are specified in advance instead of the 18 that were specified in the recommendation from 2004. It is however not possible to change obligations or to withdraw them without conducting a new market analysis and without its conclusions giving reason for change, even where the market is no longer in the new Recommendation.

The PTA completed analysis of the market for voice call termination on individual mobile networks (market 7) and published its decision on 16 July 2010. On the basis of the market analysis, the Administration decided to declare Siminn as having significant market power in terminating telephone calls in its own GSM (2G and 3G) and NMT mobile phone networks, Vodafone in its own GSM mobile phone networks (2G and 3G), Nova in its own GSM mobile phone network (3G) and IMC/Alterna its own GSM mobile phone network (2G).

In addition to this, the PTA imposed obligations on Siminn for the company's 2G and 3G mobile phone networks for access, non-discrimination, separation of accounting, monitoring of tariff and cost accounting. The same obligations were imposed on Vodafone with the exception of the obligation for cost accounting. Also, obligations were imposed on Nova and on IMC/Alterna for access, non-discrimination and monitoring of tariffs.

On the basis of the obligation of monitoring of tariff for GSM/UMTS mobile phone networks, the PTA decided to impose the obligations on mobile phone companies that they lower and converge their tariffs for termination charges in their own GSM/UMTS mobile phone networks from its ISK 7.49-12 to ISK 4. This shall be done in four steps up to 1 January 2013.

At the end of 2010 work was being done on market analyses in four markets:

- The market for voice call termination on individual mobile networks (market 7, third round)
- The market for call access and origination in public mobile phone networks (market 15 according to the older directive)
- The wholesale market for network infrastructure access at a fixed location (market 4)
- The wholesale market for broadband access (market 5)

In the PTA annual schedule for the year 2011 it is planned to complete analysis of the market for voice call termination on individual mobile phone networks (market 7, third-round), the



market for call access and origination in public mobile phone networks (market 15 according to the older directive). It is expected that the analysis will be completed for the wholesale market for network infrastructure access at a fixed location (market 4) and the wholesale market for broadband access (market 5) in the first part of 2012. In addition it is planned to commence analysis on the lease line markets at the end of 2011 and to complete that with a decision at the end of 2012.

Follow-up of obligations on the electronic communications market

The PTA has usually imposed obligations on access, non-discrimination, separation of accounting, supervision of tariffs and cost accounting on companies with significant market power. While publishing obligations subsequent to market analysis, the PTA has placed increased emphasis on following-up obligations based on market analyses. There is organised surveillance to ensure that the obligations are met by the parties on whom they have been imposed. For example one could mention that reference offers have been prepared and published on most markets that have been analysed in accordance with obligations for transparency.

This is a way to create a basis for new operators to enter a market with minimum initial outlay, which in the long term should support increased competition for the benefit of consumers.

Cost analysis subsequent to obligations on monitoring of tariff

In 2010, the PTA completed with decisions its scrutiny of the following cost analyses on the basis of obligations for monitoring of tariffs of companies with significant market power on the markets in question.

- On 26 March 2010 the PTA published Decision number 7/2010 on cost analysis for bitstream access (market 12).
- On 16 April 2010 the PTA published Decision number 8/2010 on cost analysis of Siminn wholesale prices for origination and access of telephone calls in GSM and UMTS mobile phone networks. (market 15).
- On 16 April 2010 the PTA published Decision number 9/2010 on cost analysis of Siminn wholesale prices for termination from telephone calls in telephone calls in GSM and UMTS mobile phone networks.
- On 30 December 2010 the PTA published Decision number 41/2010 on cost analysis by Míla ehf. of tariff for hosting.

During the year work was done on scrutinising the Siminn cost analysis for wholesale prices for origination, termination and transfer in the companies fixed line network (market 8-10)



and the Míla cost analysis for leased lines and for bitstream access (markets 13-14) in accordance with obligations for monitoring of tariffs on wholesale markets of the companies in question. It is expected that the PTA scrutiny will terminate with a decision in early 2011.



Postal market

In the year 2010 the Post and Telecom Administration made 11 formal decisions related in one way or another to postal services in Iceland. The cases concerned the services of Íslandspóstur from a number of aspects. Descriptions of the main decisions made by the PTA related to the postal service in this country in 2010 follow here below.



Extension of the Íslandspóstur operational licence

The PTA extended Íslandspóstur's operational licence until 31 December 2012. The operational licence was initially issued on 3 December 2007 and was valid until 31 December 2010. The reason for the extension is that the Icelandic administration had applied for an exemption from the introduction of Directive number 2008/6/EC to EFTA, as the Directive prescribed among other things the abolition of monopoly in postal services. The intention of the authorities is to incorporate the Directive into Icelandic postal legislation by the end of 2012. The period of validity of the extension is in accordance with the planned abolition of monopoly on letters under 50 g.

Changes in Íslandspóstur conditions for distribution of post from large users

In September, Íslandspóstur announced changes in the company's conditions, with respect to the distribution of bulk mail from large users that receive an additional discount according to a special discount tariff. According to the new conditions the distribution would take place during the period of the first to the fifth working day after reception. The PTA published its Decision number 36/2010 regarding this case in November. In the PTA conclusions it said among other things, that neither Article 21 of the Act on postal services nor Article 10 of the Regulation on universal services could be interpreted such that it is only authorised to offer one category of goods in this country. Both of these articles prescribe that posts categorised under universal service shall be delivered all working days. The Administration also considered that the quality requirements currently in force, that up to 85% of domestic in the fastest category should be delivered daily after posting (D+1), does not exclude the possibility of offering less expensive service options/goods category than A-post.

The PTA made no objections to the change that distribution would take place in the period of the first to fifth working day after reception. In the Administration's decision it says among other things that large users receive an additional discount of up to 11% on top of the highest discount percentage in force for general bulk mail. This difference in discounts



cannot be explained fully with a longer distribution time that the company plans to make a general rule.

The Administration also considered that Íslandspóstur customers could in this instance, as before, post their letters according to the general tariff for bulk mail which gave the right to a discount of up to 30% and assure at least 85% distribution the day after posting.

Íslandspóstur shall, in its work processes, ensure that all post that comes in for distribution by the company, according to the discount tariff for large users, receives the same distribution, with the aim of ensuring non-discrimination between the company's customers. The company shall send the Administration a description of the work processes in question before the announced change takes force.

Changes to tariff structure within the monopoly and the related changes in conditions

With an announcement on the Administration's website on 28 June 2010, the PTA initiated consultation with parties on the market in relation to the changes that Íslandspóstur had announced on the company's goods offer within monopoly.

The changes among other things are that there will be two categories of goods on offer within monopoly (0-50 g) with separate base prices for general and bulk mail along with the relevant discounts. The Administration received detailed comments from stakeholders on the proposed changes. A conclusion has not yet been reached.

Location of post boxes in rural and urban areas

In 2010 the PTA made three formal decisions related to the location of post boxes in rural areas, decisions numbers 29, 31, 32/2010 and one about the location of post boxes in urban areas.

In Decision number 29/2010 the issue in dispute was among other things, that the inhabitants on an island in Ísafjarðardjúp fjord wished to be paid for collecting their own post on the mainland. In the decision the conclusion was reached that Íslandspóstur was not obliged to pay inhabitants specially for collecting their own post. Reference was made to Article 16 of the regulation on universal services number 364/2003 that covers the location of post boxes. It was also taken into consideration that inhabitants received a communications grant from the state road works to collect goods and service as required. The PTA considered that it would be relatively easy for inhabitants to collect their mail in connection with those trips that the inhabitants considered necessary because of their domicile on the islands.

In the decision of the PTA number 16/2010 the dispute was on the location of post boxes in an apartment building in Reykjavik. The decision was appealed to the Rulings Committee for



Electronic Communications and Postal Affairs (see ruling number 5/2010). The circumstances of the case were that the apartment building was designed with what is called "open balcony corridors" where three half-closed stairways lead residents and guests in the building into the balcony corridors. Then there was an entrance into each apartment from the balcony corridor. In this case the dispute was whether the Íslandspóstur postmen were obliged to walk up to all floors of the building and deliver post into the letter boxes of each individual door. In the case there was an opinion from the Reykjavik building officer on interpretation of article 80.2 in building regulations number 441/1998. There it is stated, among other things that where more than three apartments in a building have access through each stairwell then the letterboxes should be located on the ground floor of each building. With this opinion in mind it was the conclusion of the PTA that the letterboxes for the multiple apartment building should be in the open stairwell area that is interconnected and that is used as a way up to apartments on the second and third floors of the building. This conclusion was then confirmed by the Rulings Committee for Electronic Communications and Postal Affairs. Then the committee also agreed with PTA's view that it was not within the scope of the Administration's authority to interpret provisions of building regulations and thus assess whether specific buildings fulfilled its requirements or not.

Closing of post offices

Íslandspóstur closed one post office during the year, having received PTA authorisation to do so. This was the post office at Stöðvarfjörður, where according to the PTA Decision no. 23/2010, the PTA accepted Íslandspóstur's request for authority to close the company's post office at that location. Instead of the post office, post services at that location are provided by a mobile postal delivery.

Tariff increases within monopoly

The Administration made two decisions during the year related to increases in tariff within monopoly. With its Decision number 4/2010, the PTA accepted Íslandspóstur's request for an increase in tariff for letters within monopoly. The Administration had previously authorised the company to merge its weight categories 0-20 g and 21-50 g into one weight category of 0-50 g. After the merge the postage for domestic letters within monopoly was ISK 75. The increase was a little over 5% and came into force from and including 1 March 2010.

The Administration rejected on the other hand, with its Decision number 30/2010, the Íslandspóstur request for further increases in its tariffs. In the PTA conclusions, the Administration said among other things that although the coming into force of the last changes in tariff had been later than the company had planned, then this did not mean that the company would be compensated for its loss of revenue as the processing by the Administration of the request for an increase had been within a normal timeframe. Then the



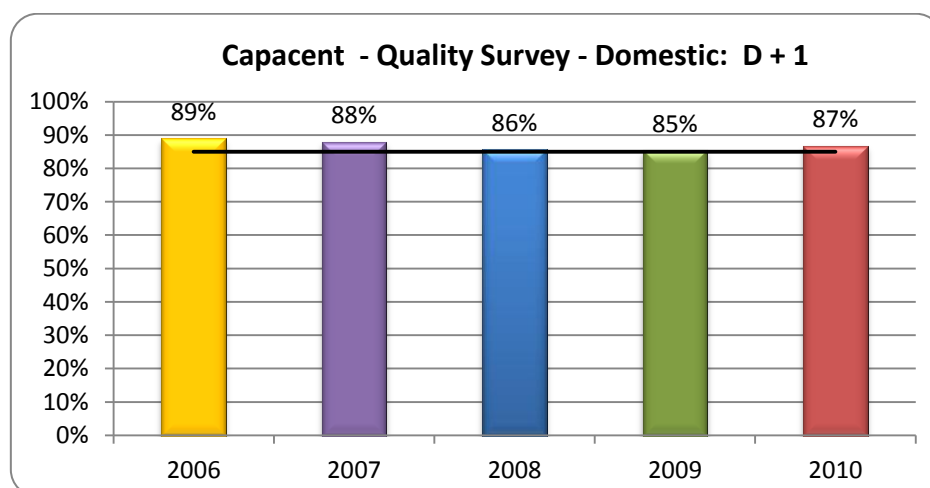
request for tariff increase would mean that Íslandspóstur was being recompensed for certain discount terms that the company considered it was obliged to offer following the temporary decision of the Competition Authority without it having been shown that they would provide returns to Íslandspóstur in the form of increased cost efficiency. In this way one would in fact be passing on the cost directly to the users of the service, that is the public. The PTA also referred to the fact that the increase in the insurance fee had already been taken into account with an increase in tariff according to Decision number 4/2010. Then the PTA considered that the increased efficiency resulting from Íslandspóstur's planned changes to distribution of post would not be assessed without the provision of a detailed analysis of the underlying costs for the company, the structure of the discount etc.

Quality in postal services

Each year, quality surveys are made concerning delivery of post within the country and to foreign countries in order to ascertain whether minimum requirements for delivery times are fulfilled. On the following pages one can see quality tables on delivery times for domestic post 2006 – 2010 and the quarters for 2010 for post from Iceland. The eruption in Eyjafjallajökull affected flights to and from the country and resulting delays in transport of post are included in these statistics for post from the country.

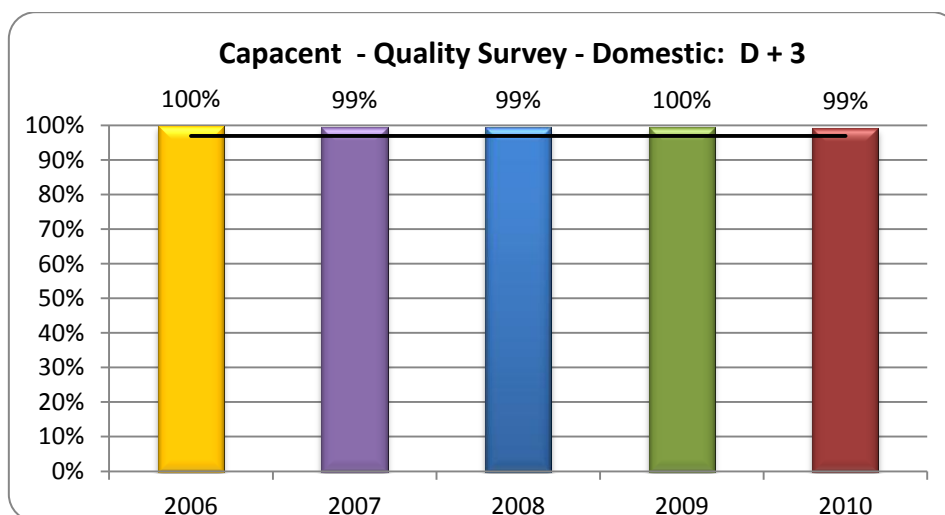
Domestic, within one day from date of posting

According to the regulation then a minimum of 85% of first class post shall be delivered the day after it has been posted (D + 1). As can be seen on the bar chart below, 85% of this mail achieved this minimum in 2009 and 86% the year before.



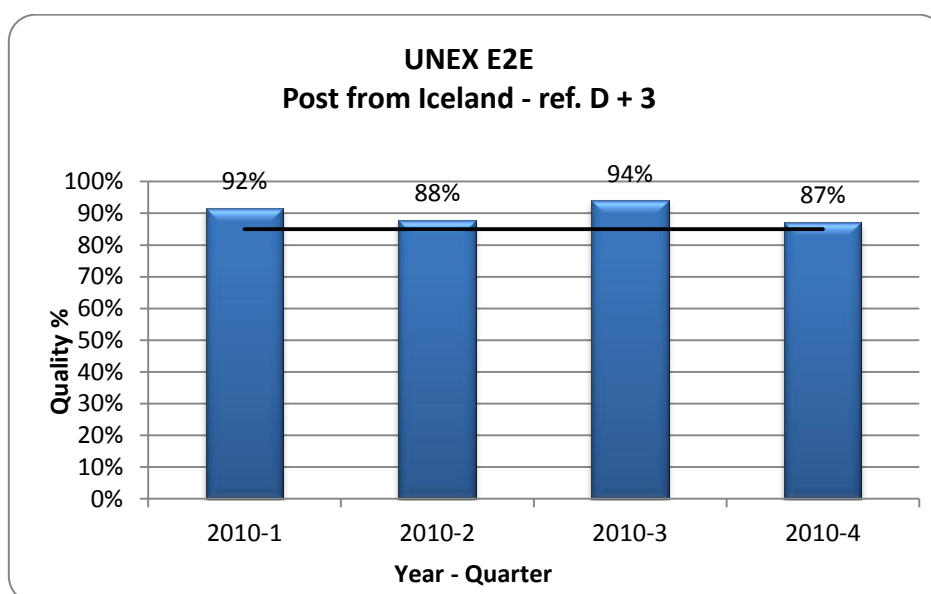
Domestic, within three days from date of posting

According to regulation a minimum of 97% of first class post shall be delivered within 3 days (D + 3) of the day of posting. 99% of mail deliveries met this requirement in 2009 as can be seen on the bar chart below.



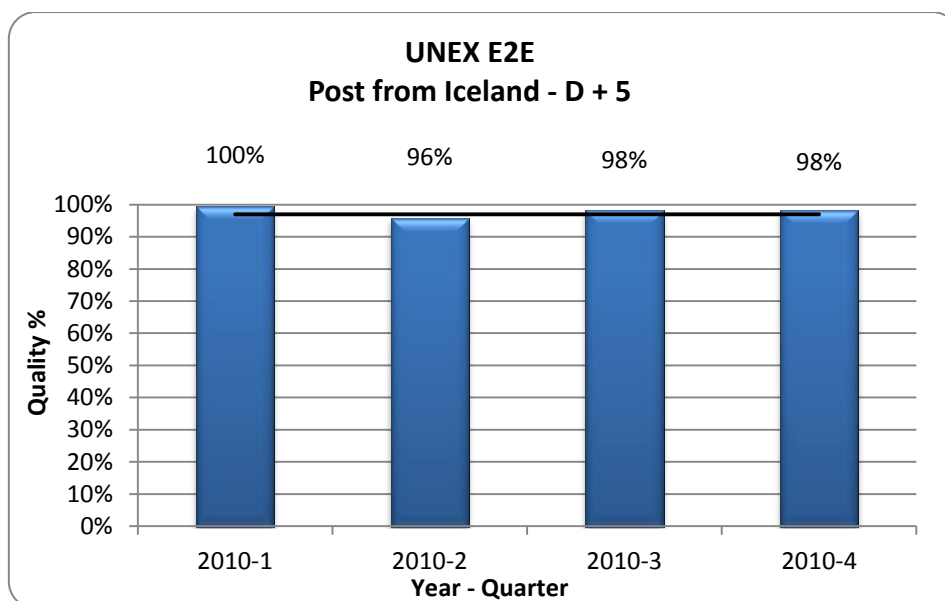
To foreign destinations, within three days from date of posting

According to the regulation then a minimum of 85% of first class post (A post prioritaire) to destinations within the EEA shall be delivered within 3 days of the day of posting (D + 3).



To foreign destinations, within five days from date of posting

According to the regulation then a minimum of 85% of first class post (A post prioritaire) to destinations within the EEA shall be delivered within 3 days of the day of posting (D + 3) . Here below we can see the results of quarterly measurements of the speed of transport of post from the country to recipients abroad in 2010. delays in the transport of post in the second quarter resulting from the Eyjafjallajökull eruption are included in these figures.



Consumer issues

The Post and Telecom Administration plays an important role for consumers. The Electronic Communications Act prescribes that the Administration shall support consumer protection and assure the interests of the consumer in postal services and in electronic communications. The Administration performs this role in a number of ways and is constantly working on strengthening this part of its operations.

A PTA calculator for consumers launched

A major step was taken towards strengthening service for consumers on the electronic communications market in June 2010 when a new PTA website was launched; the PTA calculator (www.reiknivél.is). With the advent of this website consumers in Iceland now have an accessible tool that makes it possible for them to compare various service options offered by electronic communications companies for the most common types of electronic communications services, that is home telephone, mobile phone and ADSL Internet connection. It is possible to use the website in two ways, either by choosing in advance given values for use of the type of service in question, or by entering one's own values. The prices of service options are updated by PTA staff at least once a month and the date of the last update is always visible in the website header. On www.reiknivél.is there are also prominent links to accessible consumer information available on the PTA main website.

The screenshot shows the homepage of the PTA calculator website, REIKNIVÉL PFS. The header includes the logo and the text "Leiðbeiningar" and "Síðast uppfært 21. Júní 2010". The main content area has a heading "Veldu leið" (Choose a way) with three radio buttons: "Farsími" (selected), "Heimasími", and "Nettenging". Below this is a section "Til að sjá notkun á mánuði" (To see usage per month) with a slider and a button "REIKNA". A sidebar on the right contains links for "Spurningar og svör", "Gagnlegar upplýsingar á vef PFS", and buttons for "Farsími", "Heimasími", and "Nettenging". The footer contains contact information for the Post- and fjarskiptastofnun.

Screenshot of the PTA calculator from the day of launching the website.

Maximum price for roaming within Europe and increased transparency for consumers

On 1 July 2010 the provisions of the regulation on roaming on public mobile phone networks within the EEA area came into force. This regulation goes even further than the previous regulation on the same issue from 2008. The main innovations are that a maximum price of Euro 0.15 is set for SMS messages and electronic communications companies are obliged to inform consumers about the tariff for data connections and to introduce an automatic maximum for roaming data services. According to the regulation it is also unauthorised to charge for receiving mailbox voice messages. In addition to this, the price of telephone calls that are made in roaming service within the area is reduced from Euro 0.46 to Euro 0.39 and the wholesale price for roaming data services in mobile phones or with a 3G Internet connection is reduced from Euro 1 to Euro 0.8 per MB. According to the regulation, the price of originated and received telephone calls will be reduced even further in July 2011. Mobile phone companies were also obliged to change the billing period of mobile roaming calls such that operators are obliged to use per second billing after the first 30 seconds for calls made and immediately for calls received.

In July, the PTA made a study of how companies had managed to fulfil the obligations that were imposed on them by the regulation. The conclusion was that the conditions that were set in the regulation had in some cases been fulfilled by mobile phone companies before the regulation came into force and that in general, Icelandic mobile phone companies had gone a long way to fulfil the conditions of the regulation.

Regulation on value added service for consumer protection

In October a new regulation came into force on value-added services in fixed line and mobile phone networks. The objective of the regulation is to increase consumer protection in fixed line and mobile form services with regards to value added service and at the same time to prevent as far as possible potential misuse or fraudulent operations related to value-added services in fixed line and mobile phone networks. The nature of the consumer protection is that it is possible to lock certain categories of numbers with value-added services and it is planned that a connection to a value added service phone call will be cut off unless there is acceptance or an action by the purchaser of the service after a given time, while the connection is open.

PTA's website – www.pfs.is

The PTA's website is an important information source for consumers on electronic communications and postal matters. The website has price information on telephone services (fixed and mobile) and on ADSL internet connections. This information is updated in the beginning of each month. Also to be found on the website is information on the use of mobile phones abroad, on CE markings and purchase of devices, billing and other useful



information about electronic communications technology and about the electronic communications market.

Twice every year the Administration publishes accessible statistical reports on development, competition and price on the electronic communications market. These reports give a good overview of this market and are good source of general information for consumers, even though their manner of presentation is first and foremost directed at parties to the market.

The Post and Telecom Administration accepts complaints from consumers where they feel that electronic communications or postal companies breach their obligations according to the law or according to general authorisation or to their operational licences. Consumers can access complaints forms on the website and send in through the web or by mail. Many complaints were received by the Administration during the year and more than 100 such were processed.

Price surveillance – consumer service

The PTA is working towards having prices for electronic communications services in Iceland as advantageous as the best in our neighbouring countries. This objective is measured by comparing the prices of electronic communications services with the prices in OECD countries. For this comparison, data is used from the European research company Teligen.

In the table on below the 30 countries covered by data from OECD are split into 4 groups: A, B, C and D. Group A contains the countries that are in the top 7 places i.e. they have the least expensive services, group B has countries in places 8 – 14, and group C has countries in places 15 – 21 and group D in places 22 – 30.

As can be seen in the table, Iceland is in the A group, that is to say in the group of those countries that have the least expensive services for home phone, company phone and mobile phone. It is another story when one looks at Internet service, where Iceland is in D group. 22. – 30th place.

Iceland's position within the OECD

Þjónusta/Ár (year)	2010	2009	2008	2007	2006	2005	2004	2003
Breiðband (broadband)	D	C	D	D
Heimilissími (home telephone)	A	A	A	A	A	A	A	A
Fyrirtækjasími (company telephone)	A	A	A	A	A	A	A	A
GSM – eftirágreitt (Mobile-subscriptions)	A	B	A	A	B	B	A	A
GSM – fyrirframgreitt (<i>Mobile-pre-paid</i>)	A	A	A	B	B	A	A	A

Source: Teligen.

Explanation: There are 30 countries with OECD data. A means that Iceland is in the group of countries that has the least expensive service of countries measured within OECD for electronic communications. Calculated from electronic communications companies' tariffs.



Network and information security

Network and information security is one of the main concerns of PTA. The Administration's main objectives in this field are as follows:

- To improve internet security so that the public can trust it in business and in daily life.
- To encourage improved public awareness of network and information security.
- To support operational security of electronic communications networks, including connections with other countries. To ensure that security requirements are specified and that there is active surveillance to ensure that access to electronic communications is always at least as good as specified minimum requirements.



A number of projects were being implemented at the PTA during 2010 to support increased network and information security. Among them:

- **Security of electronic communications company network systems.** Subsequent to rules on security in electronic communications company networks coming into force in the middle of 2008, procedures were elaborated to investigate the quality of network connections between electronic communication companies and their customers and also to investigate customer accessibility to data on the state of these connections at any given time. Questionnaires were then sent to the companies in December 2010. The results of a questionnaire will be published on the Administration's website at the beginning of 2011. The purpose of this is to increase consumer protection by making it easier for consumers to compare the quality of services of electronic communications companies.
- **Risk analysis of Internet connections.** A project for risk analysis of Internet connections, both domestic and foreign, was completed in the year. The risk analysis will not be made public as it contains certain sensitive data.
- **Raising public awareness of Internet and information security.** The PTA maintains an advisory website, www.netöryggi.is, where one can find practical information for the public and for SMEs on how to enhance one's own security on the Internet. The Administration also cooperates with others that work on Internet and information security such as the SAFT project of Heimili og skólar (Home and school) and Barnaheill (Save the Children, Iceland). The advisory website www.netsvar.is is a cooperative project of these three parties. There one can find, or send in, questions and answers on



safe use of the Internet and receive answers to the questions. The website is aimed not least at children and teenagers.

- **Survey of Internet security among the public.** Work was done on development of metrics to assess level of public awareness of network security. In the first part of the year a survey was made on various aspects of this concern in cooperation with Statistics Iceland. In addition to this, and for the first time there were questions dedicated to specific aspects of network security in Statistics Iceland's annual survey on Icelanders' use of computers and the Internet. The results of these surveys are used to indicate a course of action with respect to raising public awareness of security in Internet use.
- **Decision to found a CERT team in Iceland.** The PTA has for many years worked towards founding a national CERT-team, a response team against security incidents in electronic communications and information technology infrastructure that threaten state security (CIIP – Critical Information Infrastructure Protection). Towards the end of 2010 the government made the decision to found such a team. It will be located within the PTA and preparations were already begun on founding the team and organising its operations.
- **Protection of critical infrastructure in electronic communications and information technology.** Along with the Ministry of Internal Affairs and the National Commissioner of Police, the Administration took the first step towards introducing government strategy on national critical information infrastructure protection and towards cyber security strategy. Further steps will be taken in this direction in 2011.
- **Pan European cyber security exercise.** In November 2010 the European Union, in cooperation with the European Network and Information Security Agency (ENISA), organised the first joint exercise in defence against serious security events in the region's network systems. All EU countries and the EFTA countries, Iceland, Norway and Switzerland took part in the exercise, as participants or observers. More than 150 specialists from 70 public bodies took part in the exercise. They were exposed to more than 320 security incidents, or 'injects'. The exercise was a first, key step for strengthening Europe's cyber defence. Specialists on network and Internet security from the Post and Telecom Administration observed the exercise on behalf of Iceland.
- **Cleansing of Icelandic websites of malicious programmes.** An initiative begun in 2009 was continued well into the year to remove a variety of malicious programmes from the Icelandic websites. This work was done in cooperation with the electronic communications companies and has returned results. No decision has yet been made on further work of this nature.
- **Emergency response plans of the electronic communications companies against natural disasters.** The PTA requested that the electronic communications companies



included the possible danger from natural disasters in their emergency response plans. The Administration provided them with consultancy on how to make such plans.

- **Survey on security strategy and risk assessments of electronic communications companies.** The survey was made on the existence of security strategy and risk assessment of electronic communications companies, according to the rules of the Administration. Special emphasis was directed at new companies on the market, some of whom had not completed such plans.
- **Eruption in Eyjafjallajökull.** After the Eyjafjallajökull eruption the Administration held meetings with electronic communications companies and with parties that operate security electronic communication in order to take the first steps towards coordination between parties on effective measures under such circumstances
- **Consultancy to government.** The Post and Telecom Administration provided consultancy to the Ministry of Internal Affairs on many matters related to Internet security, such as work on the new electronic communications plan, about matters related to the CERT team and other issues.



International cooperation

The Post and Telecom Administration plays an active role in cooperation with various international Administrations and with Nordic and European sister Administrations. International cooperation includes among other things, replying to international queries, participation in statistical surveys and cooperation on network security. It also includes work on reports about individual issues and memoranda on foreign matters of opinion. The work of the PTA also involves dealings with the Ministry of communication and with the Ministry of foreign affairs, for example for ratifying international agreements.

ITU Plenipotentiary Conference

The Plenipotentiary Conference of the International Telecommunications Union was held in October 2010. The Union is an Administration of the United Nations. The Plenipotentiary Conference is held up four yearly intervals and sits for three weeks. There the union's main policy is formed until the next plenipotentiary and the board elected. The event is conducted using similar practices and rules of procedure as those used at the United Nations. For example, the votes of all delegates have equal weight at the Conference. There were about 180 nations that have the right to participate. The Director Hrafnkell V. Gíslason, Director and Ari Jóhannsson, the PTA International representative attended the Conference on behalf of Iceland in this instance.

At the Conference, great emphasis was placed on development on the Internet, on network security and on the position of developing nations with respect to electronic communications issues and resolutions were passed related to these issues.

Among the resolutions that were passed at the ITU Plenipotentiary in this instance, one could mention:

- A resolution regarding the impending shortage of IP addresses in the existing Internet standard IPv4 and the transfer to the new Internet Standard IPv6 which gives multiple possibilities for increase of IP addresses in the world. A special resolution was passed that the ITU should help those member states but so request with management and allocation of IP addresses and it was proposed that member states initiate a joint effort which would unify the powers of government, the private sector and the higher education community in this field.
- Resolutions that call for further cooperation and consultation with those associations that have most to say about matters related to the Internet. There one could mention associations such as ICANN (Internet Corporation for Assigned Names and Numbers) which allocates domains in the world, regional associations for the registration of domains (RIR), IETF (Internet Engineering Task Force), ISOC (The



Internet Society), and W3C (World Wide Web Consortium), an international association that works on the development of standards for the Internet.

- Resolutions concerning network security issues and the development of trust in the use of information and electronic communications technology. Among other things, it is recommended to the Management Board of the ITU to take the necessary steps to increase understanding of member states of the damaging effects of illegal use of information and electronic communications technology and to maintain the role of the ITU in cooperation with other Administrations of the United Nations in the battle against illegal use of information and electronic communications technology. Emphasis is placed on ITU exercising its influence in order to strengthen network security and to assure at the same time the independence of member states with regards to domestic matters and national security.
- Other resolutions that could be mentioned are those concerning environmental matters, warning systems for natural disasters, the protection of children and young people on the Internet, equality issues, telemedicine and development aid for the distribution of Internet connections.

BEREC - a new European Administration on coordinated electronic communications surveillance

At the end of January 2010 a new Administration within the European Union formally commenced operations on coordinated electronic communications surveillance in Europe. The Administration is called Body of European Regulators for Electronic Communications (BEREC). BEREC replaces ERG (European Regulatory Group) which was formerly the platform for cooperation for European regulators for electronic communications.

The board of BEREC is composed of the directors of regulators for electronic communications in 27 member states of the European Union. In addition to them there are observers from the EFTA states (Iceland, Norway, Switzerland and Lichtenstein) and the countries that are in the accession process to the European Union. A member of the European Commission also has a seat at BEREC meetings as an observer.



Registered providers of electronic communications networks and service at year-end 2010

Nr.	Licence holder	Issued/ registret	Services
1	Alternat Tel ehf.	8.1.2010	Voice telephony, mobile and data transmission
2	A.T.C. Avant Telecom Consulting AG	29.4.2010	Voice telephony and data transmission
3	Ábótinn ehf.	28.3.2003	Data transmission and service
4	Backbone ehf.	25.8.2010	Data transmission and service
5	Bloomberg Finance L.P.	19.7.2007	Leased line and network
6	Brimrún ehf.	3.4.2008	Data transmission via satellite
7	Datacell ehf.	25.8.2010	Data transmission services
8	Davíð og Góliat ehf.	3.5.2010	Voice telephony and data transmission
9	DVD-Margmiðlun ehf.	6.2.2004	Broadcast cable network
10	EJS hf.	4.6.2007	Voice telephony, data transmission and network
11	Emerald Network Computing Inc.	3.9.2009	Submarine cable and data transmission service
12	Equant á Íslandi ehf.	7.7.2004	Data transmission service
13	Farice hf.	2.9.2003	Submarine cable
14	Fjarski ehf.	24.1.2001	Leased line and network
15	Fjölnet ehf.	26.10.2001	Voice telephony, data transmission and network
16	Flugfjarskipti ehf.	7.7.2004	Voice transmission service for aircrafts
17	Fónn ehf.	26.5.2009	Voice telephony, data transmission and network
18	Gagnaveita Reykjavíkur ehf.	23.3.2007	Data transmission and service
19	Gagnaveita Skagafjarðar ehf.	30.11.2006	Data transmission service
20	GlobalCall ehf.	4.9.2008	Voice telephony
21	Gullskógar ehf.	5.2.2010	Voice telephony
22	Hátíðni hf.	24.1.2001	Voice telephony, data transmission and network
23	Hestaferðir ehf.	9.11.2010	Voice telephony and data transmission service
24	Hringiðan ehf./Vortex Inc.	3.12.1998	Voice telephony, data transmission and network
25	IceCell ehf.	28.6.2007	Mobile DSC 1800 and VOIP service
26	iCell ehf.	25.8.2010	Voice telephony, mobile, data transmission and network
27	IMC Ísland ehf.	27.6.2000	Mobile DSC 1800
28	Internet á Íslandi hf.	3.2.1998	Network, voice telephony and data transmission
29	IP fjarskipti ehf. (TAL)	15.9.2004	Voice telephony, mobile and data transmission
30	Irja ehf.	3.5.2010	Data transmission
31	Já upplýsingaveitur ehf.	21.11.2007	Publication of directories, directory enquiry service
32	Kukl ehf.	20.3.2009	Voice telephony, data transmission and



			network
33	Ljós og gagnaleiðari ehf.	10.8.2009	Data transmission network
34	Magnavík ehf.	1.4.2004	Data transmission service
35	Martölvan ehf.	26.11.2007	Voice telephony, data transmission and network
36	Material ehf.	6.10.2008	Data transmission service
37	Míla ehf.	4.4.2007	Network
38	Nepal hugbúnaður	21.2.2005	Data transmission service and wireless data transmission
39	Netsamskipti ehf.	4.12.2002	Voice telephony, data transmission and network
40	Neyðarlínan hf.	6.10.1999	Voice telephony - emergency service
41	Nova ehf.	12.7.2006	Voice telephony and data transmission
42	NyX ehf.	5.11.2010	Data transmission
43	Og fjarskipti ehf.	27.3.2007	Voice telephony, mobile, data transmission and network
44	OnAir S.A.R.L.	29.4.2008	Mobile communication services on aircraft (MCA)
45	Radíó ehf.	14.5.2004	Cable network
46	Radíó ehf. - Íslensk fjarskipti	22.8.2006	Telecommunication service
47	Ríkisútvarpið ehf.	29.7.1997	Transmission of radio and television signals
48	SIP ehf.	15.10.2008	Voice telephony and network
49	Síminn hf.	30.7.1998	Voice telephony, mobile, data transmission and network
50	Sjónvarpsmiðstöðin ehf.	8.10.2009	Data transmission service
51	Skygnir hf.	14.10.2002	Data transmission service
52	Skýrr hf.	17.4.2002	Resale data transmission
53	Snerpa ehf.	17.8.2000	Network, voice telephony and data transmission
54	Softverk ehf.	20.3.2009	Voice telephony, data transmission and network
55	Stykkishólmur	2.5.2002	Data transmission network
56	Svar tækni ehf.	21.12.2007	Telecommunication service
57	TAS Tækniþjónusta ehf.	14.10.2010	Data transmission service
58	TELE Greenland A/S	24.6.2008	Submarine cable
59	Tengir ehf.	20.9.2002	Fiber optical network
60	TSC ehf.	18.1.2002	Voice telephony, data transmission and network
61	Tæknimiðlun ehf.	27.8.2010	Data transmission service
62	Tölvu- og rafeindaþjónusta Suðurlands ehf.	29.3.2004	Data transmission service
63	Tölvun ehf.	25.4.2003	Data transmission and service
64	Tölvustof ehf.	15.4.2009	Data transmission service
65	Varnarmálastofnun Íslands	29.9.2010	Management and lease of NATO's optical fibre network
66	Þekking - Tristan hf.	16.1.2004	Data transmission and service
67	Örugga símafélagið ehf.	13.12.2010	Voice telephony and network
68	Öryggisfjarskipti ehf.	6.10.2008	Telecommunication service and network / TETRA