

Dr. Syed Ismail Shah
Chairman
Pakistan Telecommunication Authority (PTA)
Islamabad

Subject: Separation of PTCL's accounts for retail and wholesale broadband services

Dear Sir,

Broadband operators filed complaints with PTA on 10 November 2010 on PTCL's cross subsidy to its DSL services and undercutting the private operators by charging them a higher price for wholesale broadband, i.e., Internet bandwidth and offering low price to its own retail customers.

2. PTA, after conducting hearings for almost a year, issued a Determination on 18 November 2011 (Annex-I) in para 8.4 of which, it was noted that *"the Authority was of the view that PTCL, owing to its position in both retail and wholesale segment of broadband services, i.e., provision of Internet bandwidth, shall provide separated accounts for broadband services, in addition to services already covered in Accounting Separation Regulations/guidelines 2007"*.

3. In the final order recorded at para 9, PTA directed PTCL to *prepare and submit its audited separated accounts for retail and wholesale segment of broadband services in addition to services already covered in Accounting Separation Regulations/Guidelines 2007 by 31 December 2011*.

4. PTCL challenged this Determination in Islamabad High Court (IHC) and got an injunction order. Broadband operators became party to the proceeding of the case at IHC and finally on 26 February 2014, IHC has dismissed PTCL's appeal. Copy of IHC Judgment is at Annex-II.

5. From 2010 when the complaints were actually lodged with PTA and today, i.e., 2014, almost all private DSL operators have become extinct due to predatory pricing and anti-competitive practices of PTCL. The WiMax and FTTH operators are also falling prey to the predator and their survival is becoming difficult day by day.

The forthcoming 3/4 G operators would face similar fate if that PTA does not get its own orders implemented so as to create a level playing field for all operators.

6. We therefore request that PTCL should be asked to submit its separated accounts for retail broadband and wholesale Internet bandwidth services to PTA immediately for at least last one year. After examining the separated accounts, PTA can then check the element of subsidy and direct the incumbent to implement the rule of law accordingly.

With kind regards.

Yours sincerely,



Wahaj us Siraj
Convener

Encl. As stated