

Regulations for Administration on Fixed Network Telecommunications Business
(May, 13, 2013)

(Unofficial Translation)

Chapter 1 General Provisions

Article 1

These Regulations are promulgated pursuant to Paragraph 6, Article 14 of the Telecommunications Act (hereinafter this "Act").

Article 2

The terms of these Regulations are defined as follows:

1. "Fixed Telecommunications System": means the communication system consisting of the network transmission equipment, in the form of fixed line or other transmission modes approved by the competent authority, that connects a fixed end of origination to a receiving end, the exchange equipment that constitute an integral part of the network transmission equipment, and the auxiliary equipment of the above two.
2. "Fixed Telecommunications Network": means the communication network consisting of Fixed Telecommunications System.
3. "Fixed Telecommunications": means the telecommunications in which voices, data, images, video signals, multimedia signals or other types of information are transmitted through the use of Fixed Telecommunications Network.
4. "Fixed Network Telecommunications Business": means the business of providing fixed telecommunications services by Operators through the use of Fixed Telecommunications Network.
5. "Operators": means the persons who have been granted the concessions and licenses by the competent authority for operation of Fixed Network Telecommunications Business.
6. "Network Infrastructure Facilities": means the ducts, man holes, hand holes, towers, poles, main distribution frame, telecommunication equipment room and other auxiliary or related facilities required for installation of telecommunications lines, lead-in lines, telecommunication subscribers lines, and various transmission lines and circuits, whether over-pass, underground or submerged for local, long-distance and international telecommunications.
7. "Dominant Carrier in Fixed Network Telecommunications Market": means an Operator who is assigned by Article 10 of the Administrative Regulation Governing Tariffs of Type I Telecommunications Enterprises.
8. "Subscribers": means the persons who enter into contracts with Operators and use the fixed telecommunications services provided by such Operators.
9. "Users": means Subscribers and other persons who use the fixed telecommunications services provided by Operators.
10. "Public Pay-Telephone": means the telephones installed by Operators for public use and paid by inserting coins, cash cards, credit cards, or pre-paid cards.
11. "Emergency Telephone": means the telephone that may be used for the reporting of fire, theft, robbery, and other emergencies.
12. "International Submarine Cable System": means the international submarine cable that is laid in the ocean and its auxiliary equipment.
13. "International Submarine Cable Landing Station": means the telecommunications facilities and auxiliary equipment connecting a submarine cable and inland backhaul in order to forward the telecommunications sent or received by the international telecommunications to the prior submarine cable or backhaul for transmission into or out of the country.
14. "Inland Gateway": means the inland telecommunications equipment and auxiliary equipment to interconnect the international submarine cable and publicly switched telecommunications network.
15. "The back-haul facilities": means the high capacity inland transmission links and auxiliary equipment that connect between the international submarine cable landing station and the inland gateway or the exchange equipment of a public switched telecommunications network of any operator.
16. "Multimedia Content Transporting Platform Service": means the service which serves

subscribers with accessibility to multimedia content offered by Content Service Providers through interactive media platform installed by Local Network Business Operator.

17. "Multimedia Content Service": means channel program content service or voice, data and video content service offered by other Multimedia Content Service Providers through Multimedia Content Transporting Platform.

18. "Channel Program Content": means Audio-Video content, in program units, played in a schedule pre-arranged by a Content Service Provider, on Transporting Platform channel, selected and bought by subscribers using an electronic-menu.

19. "Content Service Provider": means a dealer who offers channel program content or multimedia content service by using the Multimedia Content Transporting Platform.

Article 3

The competent authority for Fixed Network Telecommunications Businesses is the National Communications Commission (hereinafter "NCC").

Article 4

Fixed Network Telecommunications Businesses are of the following categories:

1. "Integrated Network Business": means an Operator who engages in the Local Network Business, the Long Distance Network Business, and the International Network Business.

2. "Local Network Business": means an Operator who engages in the business of providing Users with fixed telecommunications services within the same local telecommunications operation area through the use of its Fixed Telecommunications Network and the Leased-Circuit Business within its licensed operation area.

3. "Long Distance Network Business": means an Operator who engages in the business of providing Users with fixed telecommunications services across different local telecommunications operation areas within the country through the use of its Fixed Telecommunications Network and the Leased-Circuit Business within its licensed operation area.

4. "International Network Business": means an Operator who engages in the business of providing Users with international fixed telecommunications services through the use of its Fixed Telecommunications Network and the Leased-Circuit Business within its licensed operation area.

5. "Leased-Circuit Business: means an Operator who engages in the business of leasing its network transmission equipment, which shall have no exchange functions, and the auxiliary equipment thereof.

The local telecommunications operation areas shall be promulgated by the competent authority.

Article 4-1

The applicant who applies for operation of Leased-Circuit Business, whose business scopes are stipulated as follows:

1. "Local/Domestic Long Distance Land Cable Leased-Circuit Business": means an operator who engages in the business of leasing its Local/Domestic Long Distance Land Cable network transmission equipment, which shall have no exchange functions, and the auxiliary equipment thereof.

2. "International Submarine Cable Leased-Circuit Business": means an Operator who engages in the business of leasing its International Submarine Cable network transmission equipment, which shall have no exchange functions, and the auxiliary equipment thereof.

The provisions of this Article, Article 12, and Article 12-1 shall not apply to a license holder of Integrated Network Business, Local Network Business, Long Distance Network Business, International Network Business, which engages in Leased-Circuit Business within its licensed operation area.

Article 4-2

The applicable minimum paid-in capital, the performance bond, the system capacity of a

local network, and the network scale when the applicant applies a Concession License shall be counted with Local Network Operation Weight of the respective county or city where the applicant applies for operation of Local Network Business.

Local Network Operation Weight mentioned in the preceding paragraph is the quotient of the population of each of counties or cities in Taiwan-Fuchien Area and the total population of Taiwan-Fuchien Area, the number of population is based on the Yearly Bulletin of Interior Statistics, and the value is counted to a decimal for the 4th digit after the dot (the rest digits are absolute to carry).

Local Network Operation Weight mentioned in Paragraph 1 is announced by the competent authority every three-year and referred to the Yearly Bulletin of Interior Statistics of the year before the announced year.

A Cable Radio and Television System Operators with its own Cable Radio and Television Operating Area may apply for operation of Local Network Business. Local Network Operation Weight mentioned in the preceding paragraph is the quotient of the population of the Cable Radio and Television Operating Area and the total population of Taiwan-Fuchien Area; the value is counted to a decimal for the 4th digit after the dot (the remaining digits are absolute to carry); this Operation Weight thus is used to calculate the applicable minimum paid-in capital, the performance bond, the system capacity of a local network, and the network scale when the applicant applies for a Concession License.

Paragraph 3 may apply, mutatis mutandis, to the population count in the preceding paragraph.

Article 5

An Operator of Fixed Network Telecommunications Business shall obtain concession and license granted by the competent authority before commencement of its business operation.

The period for filing applications for concession of Fixed Network Telecommunications Business shall be promulgated by the competent authority.

For opening the Fixed Network Telecommunications Businesses, the competent authority may establish review committee for review and screening of applications for concession.

Guidelines for Review and Screening of the Applications for Fixed Telecommunications Businesses shall be promulgated by the competent authority.

Article 6

Subject to the practical needs, the competent authority may enact and promulgate the respective instructions for applications for various categories of Fixed Network Telecommunications Businesses.

Chapter 2 Operation Concession

Article 7

To apply for operation of a Fixed Network Telecommunication Business, an applicant must submit application form, business plan and other relevant documents to the competent authority for approval.

The business plan as referred to in the preceding Paragraph shall include the following information:

1. Scope of business.
2. Operation area.
3. Type of communications.
4. General description of telecommunications equipment.
5. Financial structure.
6. Technological capability and development plan.
7. Fee schedule and calculation method.
8. Personnel and organization structure.
9. Scheduled date for commencement of operation.
10. Other information required by the Instructions for Application.

The format for various application documents as referred to in Paragraph 1 and the headings and details of the required information relating thereto will be specified in

instructions for applications for various categories of Fixed Network Telecommunications Businesses.

In the case where the application documents are incomplete or the contents thereof are incomplete, the competent authority shall notify the applicant and prescribe a time limit for correction; if the applicant fails to correct before the time limit or the correction remains incomplete, the application shall be dismissed.

No correction shall be allowed for failure to submit the application before the time limit prescribed in the announcement promulgated in accordance with Paragraph 2, Article 5 or, for failure to submit the application form or business plan, no correction shall be allowed and the application shall be dismissed accordingly.

Article

7-1

An applicant of Local Network Business, while adding any new city or county for operation, shall be subject to the preceding Article to apply the same for approval. An applicant of Local Network Business, pursuant to Paragraph 4, Article 4-2, may expand its operation area by units of Cable Radio and Television Operating Area promulgated by the competent authority.

Article

8

To apply for operation of a Fixed Network Telecommunications Business, the applicable minimum paid-in capital is, by application time, set forth below:

1. Up until June 30, 2004:
 - (1) Integrated Network Business: 21 Billion New Taiwan Dollars.
 - (2) International Submarine Cable Leased-Circuit Business: 420 Million New Taiwan Dollars.
2. From July 1, 2004 to January 31, 2008:
 - (1) Integrated Network Business: 8.4 Billion New Taiwan Dollars.
 - (2) Local Network Business: The Product of 6.3 Billion New Taiwan Dollars and Local Network Operation Weight.
 - (3) Long Distance Network Business: 1.05 Billion New Taiwan Dollars.
 - (4) International Network Business: 1.05 Billion New Taiwan Dollars.
 - (5) International Submarine Cable Leased-Circuit Business: 420 Million New Taiwan Dollars.
3. From February 1, 2008:
 - (1) Integrated Network Business: 6.4 Billion New Taiwan Dollars.
 - (2) Local Network Business: The Product of 4.8 Billion New Taiwan Dollars and Local Network Operation Weight.
 - (3) Long Distance Network Business: 800 Million New Taiwan Dollars.
 - (4) International Network Business: 800 Million New Taiwan Dollars.
 - (5) International Submarine Cable Leased-Circuit Business: 320 Million New Taiwan Dollars.
4. From July 1, 2013: International Submarine Cable Leased-Circuit Business: 300 Million New Taiwan Dollars.

By June 30, 2004, the applicant shall subscribe the minimum paid-in capital as referred to in the preceding Paragraph through the following methods:

1. The Integrated Network Business applicant shall open a special capital account with a domestic bank in its own name and deposit Ten Billion New Taiwan Dollars therein before submission of the application and shall submit a copy of the deposit agreement as well as a written document issued by the depository bank verifying the deposit together with the application.
2. The applicant shall deposit an additional Ten Billion New Taiwan Dollars in the special capital account set forth in the preceding Item within the time limit specified in Paragraph 1, Article 16 and shall submit a copy of the deposit agreement as well as a written document issued by the depository bank verifying the deposit.
3. The minimum paid-in capital set forth in Paragraph 1 shall be paid in full within the time limit specified in Paragraph 1, Article 18 and the applicant shall provide the certificate of Company Registration as proof.

The amount of deposit as referred to in Item 1 and Item 2 of the preceding Paragraph may be counted in New Taiwan Dollar, equivalent foreign currency or a combination of the two. In

case the amount is deposited in foreign currency, such amount shall be converted into New Taiwan Dollars by using the exchange rate at the date of deposit.

The deposit kept in the special capital account as referred to in Item 1 and Item 2 of Paragraph 2 shall not be disbursed before a report has been made by the applicant to the competent authority for completion of incorporation or amendment registration; provided that subject to the resolutions adopt at the applicant's promoters meeting and the board meeting, the applicant shall be allowed to use the deposit for acquisition of fixed assets necessary for business operation or for payment of start-up costs after obtaining the Establishment Approval and approved by the competent authority.

The deposit kept in the special capital account as referred to in Item 1 and Item 2 of Paragraph 2 may be disposed of by the applicant upon receipt of the order of rejection from the competent authority, in the case that the application is not approved.

After June 30, 2004, an Integrated Network Business applicant shall subscribe Ten Billion and Sixty Hundred Million New Taiwan Dollars for the minimum paid-in capital, which is not applied to Item 1 of Paragraph 1 and Paragraphs 2 to 5 regarding the regulations for subscribing the minimum paid-in capital.

For an applicant who simultaneously engages in other Type I telecommunications businesses or the cable radio and/or television business, its minimum paid-in capital shall be separately calculated upon approval for establishment, if such other businesses are subject to the minimum paid-in capital restriction.

Article 8-1

Operators with a minimum paid-in capitalization at NT\$ 200 million and with over 200 or more of shareholders are required to apply for an open share issue proceeding with competent government securities authorities within a three-month period from the following day of the initial inception or new share issue modification registration.

An operator who moves to reduce the capitalization as per shareholder's resolution or enact in conducts as stipulated under paragraph 1, Article 185 of the Corporate Law is required to declare a voluntary filing with competent government authorities within a twenty-day period from the following day a resolution is voted through the shareholders' meeting.

Article 9

The "domestic bank" referred to in Paragraph 2, Article 8 shall include:

1. Domestic banks established in accordance with the Banking Law; and
2. Foreign banks as defined in Article 116 of the Banking Law.

The deposit agreement as referred to in Paragraph 2, Article 8 shall be agreed to by and between the applicant and the depository bank on the following provisions:

The deposit agreement shall not be canceled, terminated or subject to any pledge before the applicant may disburse or dispose of the deposit in accordance with the relevant regulations.

The depository bank may not excise the right to set-off before the applicant can disburse or dispose of the deposit in accordance with the relevant regulations.

In the event that the applicant disburses or disposes of the deposit, the depository bank shall allow such disbursement or disposal only if any of the following documents is furnished:

- (1) An official letter issued by the competent authority to verify the report made by the applicant for completion of incorporation or amendment registration, and to approves any disbursement of the capital by the applicant.
- (2) An official letter issued by the competent authority to reject the application made by the applicant.
- (3) An official letter issued by the competent authority to otherwise approve any disbursement or disposal of the deposit in the special capital account by the applicant.

Article 10

To apply for operation of a Fixed Network Telecommunications Business, the applicant shall be limited to a company limited by shares incorporated in accordance with the Company Law, its chairman shall have the nationality of the Republic of China, and the total number of

the shares held by foreign nationals shall comply with the restrictions provided in the latter part of Paragraph 3, Article 12 of the Telecommunications Act.

Article

11

The same applicant may not apply two or more petition cases of the same type of fixed communications operations. Different applicants who fall under any one of the following circumstances are deemed as the same applicant:

- 1.The application holds the shares of other applicants with voting rights that exceed over one half of the total shares of other applicants' shares issued with voting rights.
- 2.The applicant and other applicants share over one half of the same directors.
- 3.Over one half of the applicant and other applicants' total shares issued with voting rights are held or invested by the same shareholders.
- 4.Different applicants who are the subsidiary companies of a third party.
- 5.The controlling companies of different applicants are in a controlling or subsidiary relationship.

The controlling or subsidiary relationship referred in the preceding paragraph 4 and paragraph 5 pertains to the relationships stated in the preceding paragraph 1, paragraph 2 or paragraph 3.

The calculation method for the equity share as stated in the preceding paragraph 2 shall be implemented as per stipulations set forth under paragraph 11, Article 369 of the Corporate Law.

In the instance where an applicant's any given shareholders or subscribers who concurrently holds the share of other applicants of the same type of fixed telecommunications business, said shareholder or subscribers, except one of the applicant's shareholding percentage is unrestricted, and all other applicants' shareholding percentage may not exceed ten percent.

Of an applicant who breaches stipulations set forth under paragraph 1 or paragraph 5, the application case may not be retroactively corrected, and also may not be accepted.

Stipulations set forth under the preceding paragraph 1 and paragraph 5 will also apply to the circumstances where an applicant has been approved for launching and prior to securing the concession license.

The stipulations provided under this article also apply when the applicant and a general networking service operator fall under any one of the circumstances as stipulated under paragraph 2.

The stipulations provided under this article do not apply to those applying to run the electrical circuit leasing service or offering the inner city networking service in different central-ruled municipalities, or counties (municipalities).

Article

11-1

When an applicant withdraws whose application case within ten days following the case submission, the review fee is to be reimbursed without interest within a seven-day period from the following day the withdrawal application is delivered.

When the application submitted by an applicant is declined as per stipulations provided under paragraph 5, Article 7, the review fee is to be reimbursed without interest within a seven-day period from the following day the declined application ruling is delivered.

When an applicant's application submitted is free of any circumstances described in the preceding two paragraphs but falls under any one of the following circumstances, the review fee and the interest will not be reimbursed:

- 1.The application has been declined as per stipulations set forth under paragraph 4 or paragraph 13 of Article 7.
- 2.The application is in violation of stipulations set forth under Article 11.

Article

12

To apply for operation of Local/Domestic Long Distance Land Cable Leased-Circuit Business, an eligible applicant shall possess either of the following two qualifications:

1. A public utility enterprise which is in the form of a company limited by shares under the Company Law and which has legally installed wire transmission network by the time of

application.

2. A company limited by shares under the Company Law which has been authorized to use the legal wire transmission network installed by Item 1.

Public utility enterprises as referred to in the preceding Paragraph shall denote the following enterprises:

1. Power enterprise.
2. Public transportation business.
3. Petroleum business.
4. Tap water enterprise.
5. Natural gas enterprise.
6. Cable broadcasting and television system operator.
7. Other public utility enterprises as determined by the competent authority.

To apply for operation of Local/Domestic Long Distance Land Cable Leased-Circuit Business, an applicant shall, by the time of application, specify the actual deployment of its wire transmission network already installed, the plan for division of existing transmission network, transmission equipment and network structure diagram. In case the leased circuits of public utility enterprises of Item 1 to Item 5 in the preceding paragraph do not belong to dedicated telecommunications, an applicant may not provide the plan for division of existing transmission network.

In case the plan for division of existing transmission network set forth in the preceding Paragraph involves the change of dedicated telecommunications, it shall be made in accordance with the Regulations Governing the Installation and Use of Dedicated Telecommunications.

The transmission equipment leased by Local/Domestic Long Distance Land Cable Leased-Circuit Business shall comply with the technical specifications promulgated by the competent authority.

The operation scope of Local/Domestic Long Distance Land Cable Leased-Circuit Business provider with the qualification of Item 2 of Paragraph 1 shall not be beyond the legal wire transmission network, otherwise the competent authority shall notify the violator and prescribe a time limit for correction; if the violator fails to correct before the time limit, it shall be punished by the relevant provisions in the Telecommunications Act.

Article

12-1

The applicant for International Submarine Cable Leased-Circuit Business shall acquire the certificate of authorization for connection and use from the international submarine cable system owner or manager prior to the application.

The International Submarine Cable System mentioned in the proceeding paragraph is limited to the system completed after March 1, 2000.

The applicant for International Submarine Cable Leased-Circuit Business shall install its international submarine cable landing to Taiwan and its landing station within the period of its network construction permit. The landing route permit shall be subject to the relevant provisions in the Regulations of Permission on Delineation of Course for Laying, Maintaining, or Modifying Submarine Cables or Pipelines on the Continental Shelf of the Republic of China.

International Submarine Cable Leased-Circuit Business provider shall only install one inland gateway in addition to the one located at the same location of the international submarine cable landing station.

The International Submarine Cable Leased-Circuit Business operator may deploy its own inland backhaul or negotiate a lease of inland backhaul to connect the landing station to the inland gateway from Integrated Network Business operators or Local/Domestic Long Distance Land Cable Leased-Circuit Business operators.

The International Submarine Cable Leased-Circuit Business operator shall not use its inland backhaul to engage in other business than The International Submarine Cable Leased-Circuit Business.

Article

12-2

A Cable Radio and Television System Operator, which applies for simultaneous operation of Local Network Business, shall specify the local transmission equipment and network

structure diagram to be installed, the plan for division of existing transmission network, and the division between the two businesses, in the business plan. This also applies to Local Network Business Operators that apply for simultaneous operation of Cable Radio and Television System.

Article 13

In the case that any of the following circumstances occurs in the process of applying for operation of a Fixed Network Telecommunications Business, the competent authority shall notify the applicant and prescribe a time limit for correction; if the applicant fails to correct before the time limit or the correction remains incomplete, the application shall be dismissed.

1. Failing to pay the review fee as required by the relevant regulations.
2. Violating Article 8.
3. Violating Article 9.
4. Violating Article 10.
5. Violating Paragraph 1 and 2, Article 12.

After the applicant has been approved for establishment, if the circumstances prescribed in Items 2 and 3 of the preceding Paragraph occur, the approval shall be abolished.

Article 14

Except as otherwise provided in these Regulations, the review of applications for concession shall be conducted based on the information set forth in the business plan. Depending upon the categories of businesses, the competent authority may separately enact and promulgate the reviewed items and criteria.

Article 15

As soon as the applications for concession have been reviewed and approved, the competent authority shall make a public announcement. Except in the case of the applications for Local/Domestic Long Distance Land Cable Leased-Circuit Business pursuant to Article 12 where the competent authority shall directly issue the Establishment Approvals, the competent authority shall issue the Establishment Approvals for Integrated Network Business applications after the additional Ten Billion New Taiwan Dollars have been deposited in the special capital account in accordance with Article 8, Item 2 of Paragraph 2 and the performance bonds have been rendered in accordance with Article 16 and Paragraph 1 of Article 17.

For applications before June 30, 2004, except as otherwise provided in these Regulations, the competent authority shall abolish its approval in the case where an applicant fails to render the performance bond in accordance with the relevant regulations.

The competent authority shall issue the Establishment Approvals for International Submarine Cable Leased-Circuit Business applications, Local Network Business applications, Long Distance Network Business applications, or International Network Business applications after the performance bonds have been rendered in accordance with Article 16 and Paragraph 1 of Article 17. The competent authority shall abolish its approval in the case where an applicant for an international cable circuit leasing business fails to render the performance bond in accordance with the relevant regulations.

After June 30, 2004, the competent authority shall issue the Establishment Approvals for Integrated Network Business applications after the performance bonds have been rendered in accordance with Article 16 and Item 2, 3 of Article 17, which is not applied to Paragraph 1 regarding the regulations for rendering the performance bonds and issuing the Establishment Approvals.

Article 16

Within sixty days from the day of receiving the approval of its application for concession, an applicant shall render the performance bond to the competent authority.

The performance bond as referred to in the preceding Paragraph shall be made in any of the following methods:

1. Deposit directly made to the account designated by the competent authority.
2. A letter of guarantee guaranteed by a domestic bank.
3. A negotiable certificate of deposit pledged with the competent authority as pledgee.

In the case where a letter of guarantee guaranteed by a domestic bank is provided to render the performance bond, the guaranteed period shall begin from the date when the performance bond is rendered till three months after the expiry date of the effective period of the Establishment Approval.

In the case where an applicant applies to extend the effective period of the Establishment Approval, the extension of the performance bond as referred to in the preceding Paragraph shall be made accordingly.

Article

17

The amounts of the performance bond for application of various categories of Fixed Network Telecommunications Business are, by application time, set forth below:

1. Up until June 30, 2004:
 - (1) Integrated Network Business: 2.1 Billion New Taiwan Dollars.
 - (2) International Submarine Cable Leased-Circuit Business: 42 Million New Taiwan Dollars.
2. From July 1, 2004 to January 31, 2008:
 - (1) Integrated Network Business: 840 Million New Taiwan Dollars.
 - (2) Local Network Business: The Product of 630 Million New Taiwan Dollars and Local Network Operation Weight.
 - (3) Long Distance Network Business: 105 Million New Taiwan Dollars.
 - (4) International Network Business: 105 Million New Taiwan Dollars.
 - (5) International Submarine Cable Leased-Circuit Business: 42 Million New Taiwan Dollars.
3. From February 1, 2008:
 - (1) Integrated Network Business: 640 Million New Taiwan Dollars.
 - (2) Local Network Business: The Product of 480 Million New Taiwan Dollars and Local Network Operation Weight.
 - (3) Long Distance Network Business: 80 Million New Taiwan Dollars.
 - (4) International Network Business: 80 Million New Taiwan Dollars.
 - (5) International Submarine Cable Leased-Circuit Business: 32 Million New Taiwan Dollars.
4. From July 1, 2013: International Submarine Cable Leased-Circuit Business: 30 Million New Taiwan Dollars.

Article

18

After an applicant obtains the Establishment Approval for operation of a Fixed Network Telecommunications Business, it shall complete company modification registration within six months. If the applicant fails to complete the registration according to the relevant regulations before the time limit, it may state the reasons to apply with the competent authority for an extension before the lapse of the time limit. The extension shall not be longer than six months and shall only be made once. In the case of the lapse of the time limit, the competent authority may abolish the Establishment Approval, and forfeit the performance bond or notify the bank providing guarantee to honor its performance guarantee.

In the case where an applicant completes the company modification registration in accordance with Paragraph 1, its minimum paid-in capital shall be in compliance with the provisions set forth in Paragraphs 1 and 6, Article 8.

Article

19

The effective period of the Establishment Approval for various categories of the Fixed Network Telecommunications Businesses is as follows:

1. Integrated Network Business: seven years.
2. Local Network Business: four years.
3. Long Distance Network Business: four years.
4. International Network Business: four years.
5. Local/Domestic Long Distance Land Cable Leased-Circuit Business: two years.
6. International Submarine Cable Leased-Circuit Business: four years.

After June 30, 2004, the effective period of the Establishment Approval for Integrated Network Business is five years, which is not applied to Item 1 of Paragraph 1.

In the case where an applicant fails to complete the establishment and to obtain the Concession License according to the relevant regulations before the time limit set forth in Paragraphs 1 and 2, it shall provide the reasons to apply with the competent authority for an extension before the lapse of the time limit. The extension shall not be longer than one year and shall only be made once. In the case of the lapse of the time limit, the competent authority may abolish the Establishment Approval, and forfeit the performance bond and its interest or notify the bank providing guarantee to honor its performance guarantee.

Article

20

An applicant shall, after the Establishment Approval has been obtained and the company modification registration has been completed, submit the documents set forth in the relevant instructions for application and the certificate of a negotiation conclusion with the communication supervisory executive agency to install the communication supervisory system or equipment, to apply with the competent authority for a Network Construction Permit.

The effective period of a Network Construction Permit for various categories of Fixed Network Telecommunications Business is as follows:

- | | | | | | | | |
|----|---------------|-----------|-----------|----------------|-----------|--------|--------|
| 1. | Integrated | Network | Business: | six | years. | | |
| 2. | Local | Network | Business: | three | years. | | |
| 3. | Long | Distance | Network | Business: | three | years. | |
| 4. | International | Network | Business: | three | years. | | |
| 5. | International | Submarine | Cable | Leased-Circuit | Business: | three | years. |

After June 30, 2004, the effective period of a Network Construction Permit for Integrated Network Business is four years, which is not applied to Item 1 of Paragraph 2.

The effective period of a Network Construction Permit for various categories of Fixed Network Telecommunications Business shall not be longer than the effective period of the Establishment Approval; in case there is any change of the original business plan, it shall be made in accordance with the provisions set forth in Paragraph 2, Article 32.

An Operator who wishes to construct extra network that is not included in construction plan within the effective period of a Network Construction Permit as stated in its business plan, it shall provide a detailed network construction plan to apply with the competent authority for an approval.

Without applying for Network Construction Permit or approval according to the relevant regulations, it is not permissible to install a part or the whole of the equipment of a Fixed Telecommunications Network.

In the case where there is a need for an Integrated Network Business applicant to construct microwave links or fixed wireless access equipment, the applicant may apply with the competent authority for approval according to the relevant regulations.

Article

21

Upon receipt of the Network Construction Permit, an applicant shall construct its Fixed Telecommunications Network according to construction plan within the effective period of a Network Construction Permit as stated in its business plan. If the applicant fails to complete the construction before the effective period of the Network Construction Permit, it shall state the reasons to apply with the competent authority for an extension before the lapse of the time limit. The extension cannot be longer than one year and can only be made once. In the case of the lapse of the time limit, the competent authority may abolish the Establishment Approval and forfeit the performance bond or notify the bank providing guarantee to honor its performance guarantee. If the applicant has obtained a license, the concession may forthwith be abolished accordingly.

In the case where the application for an extension is due to a force majeure event, the extension may be made corresponding to the delay of such events and shall not be subject to the time limit set forth in the preceding Paragraph.

In the case where an extension of the Network Construction Permit according to the preceding two Paragraphs goes beyond the effective period of the Establishment Approval, the effective period of the Establishment Approval shall forthwith be extended accordingly.

To apply for operation of Integrated Network Business, an applicant shall, within the effective period of the Network Construction Permit, construct by itself a local network with a system capacity of subscribers' lines, subscribers' ports or a combination of both. The capacity should, by its application time, meet the following requirements:

1. Up until June 30, 2004: no less than 1 Million subscriber lines.
2. From July 1, 2004 to January 31, 2008: no less than 400 Thousand subscriber lines.
3. From February 1, 2008: no less than 300 Thousand subscriber lines.

The construction of lines and ports as referred to in Paragraph 1 shall include exchange equipment and subscribers' loops for connecting customer premise equipment (CPE) . Subscribers' loops shall have the two-way transmission function and be built to roadside curbs or to the home. For fixed wireless subscribers' loops, they shall be built to the base stations or the distribution frame of the buildings.

In the case where the construction of fixed wireless subscribers' loops as planned by an applicant as referred to in Paragraph 1 in construction plan as stated its business plan exceeds two hundred thousand lines, only two hundred thousand lines will be counted for calculation of the capacity.

An applicant set forth in Paragraph 1 shall specify the scale of its network construction, the plan for construction of lines and ports, the applied technologies, and the method for calculation of system capacity in its business plan.

To apply for operation of Local Network Business, an applicant shall, within the effective period of the Network Construction Permit, construct by itself a local network with a system capacity of subscribers' lines, subscribers' ports or a combination of both. The capacity should, by its application time, meet the following requirements:

1. From July 1, 2004 to January 31, 2008: no less than four-hundred thousand (400,000) subscriber lines and the Local Network Operation Weight.
2. From February 1, 2008: no less than three-hundred thousand (300,000) subscriber lines and the Local Network Operation Weight.

The construction of lines and ports as referred to in Paragraph 1 shall include exchange equipment and subscribers' loops for connecting customer premise equipment (CPE) . Subscribers' loops shall have the two-way transmission function and be built to roadside curbs or to the home. For fixed wireless subscribers' loops, they shall be built to the base stations or the distribution frame of the buildings.

The applicant or operator who operates the inner city networking operation for two business districts or more, subject to approval by competent government authorities, may collectively install the exchangers in a given business district or develop the interconnecting circuit between the cross-district inner city network on its own. However, the applicant or operator may not operate in the long-distance networking operation.

In the instance where the foresaid approved developing circuit be of the self-developed fiber optic, copper cable, microwave chain, or satellite chain, the development shall be implemented in accordance with stipulations set by relevant laws and regulations.

An applicant set forth in Paragraph 1 shall specify the scale of its network construction, the plan for construction of lines and ports, the applied technologies, and the method for calculation of system capacity in its business plan.

An applicant of Local Network Business, pursuant to Paragraph 4, Article 4-2, may have its existing Cable Radio and Television Operating System subscriber loops recognized as self-constructing facilities set forth in Paragraph 1 and 2. The facilities shall meet the technical requirements promulgated by the competent authority.

To apply for operation of Long Distance Network Business, an applicant shall, within the effective period of the Network Construction Permit, construct a fiber optical backbone network connecting Grand Taipei Region (including Taipei City, New Taipei City, and Keelung

City), Taichung City and Kaohsiung City.
An applicant set forth in Paragraph 1 shall specify the scale of its network construction in its business plan.

Article 22-3

The applicant for International Network Business, within the period of its network construction permit, shall install its international gateway exchange facilities and international submarine cable landing to Taiwan (including landing station) or fixed earth station.

The landing route permit shall be subject to the relevant provisions in the Regulations of Permission on Delineation of Course for Laying, Maintaining, or Modifying Submarine Cables or Pipelines on the Continental Shelf of the Republic of China.

International Network Business provider shall only install one inland gateway in addition to the one located at the same location of the international submarine cable landing station.

The International Network Business operator may deploy its own inland backhaul or negotiate a lease of inland backhaul to connect the landing station to the inland gateway from Integrated Network Business operators or Local/Domestic Long Distance Land Cable Leased-Circuit Business operators.

The installment of fixed earth station set forth in Paragraph 1 shall be pursuant to the related rules of the Administrative Regulations on Satellite Communication Services.

An applicant set forth in Paragraph 1 shall specify the scale of its network construction in its business plan, and its minimum authorization bandwidth of international submarine cable shall be at least 5 Gbps (Giga bits per second) of full circuit.

An applicant may have two ways to get international bandwidth, one is to install submarine cable by itself and the other is to purchase IRU (Indefeasible Right of Use) .

Article 23

As soon as the Integrated Network Business applicant has completed part of its self-constructed local network as set forth in Paragraph 1 of Article 22, with the network scale of a system capacity (subscribers' lines, subscribers' ports or a combination of both), meets the requirement set forth in Paragraph 2, and the same has been examined and certified by the competent authority, the applicant may provide the following documents to apply with the competent authority for a Concession License:

1. Application form for a Concession License.
2. A copy of the Establishment Approval.
3. A copy of the certificate of Company Registration.
4. A document evidencing the examination and certification of the Fixed Telecommunications Network.
5. A document evidencing the approval or notification of the tariffs by the competent authority.
6. A document evidencing the approval of the code of practices by the competent authority.
7. A copy of the competent authority's approval of a sample of the service contract between the Operator and users.

The amount of self-constructed subscribers' lines prerequisite to apply for a Concession License mentioned in Paragraph 1 is, by its application time, set forth below:

1. Up until June 30, 2004: 150 thousand (150,000) subscriber lines.
2. From July 1, 2004 to January 31, 2008: sixty thousand (60,000) subscriber lines.
3. From February 1, 2008: forty-five thousand (45,000) subscriber lines.

As regards to the examination as referred to in Paragraph 1, and Article 27, the items for inspection and the criteria for certification shall be promulgated by the competent authority.

Article 23-1

An applicant for Local/Domestic Long Distance Land Cable Leased-Circuit Business shall, within the effective period of the Establishment Approval, complete the division of the leased portion of its network technically from its existing transmission network after completion of the company amendment registration. After the leased portion of its network has been examined and certified by the competent authority, the applicant may provide the following documents to apply with the competent authority for a Concession License:

1. Application form for a Concession License.
2. A copy of the Establishment Approval.
3. A copy of the certificate of Company Registration.
4. A document evidencing the examination and certification of the Local/Domestic Long Distance Land Cable Leased-Circuit.
5. A document evidencing the approval or notification of the tariffs by the competent authority.
6. A document evidencing the approval of the code of practices by the competent authority.
7. A copy of the competent authority's approval of a sample of the service contract between the Operator and users.

As regards to the examination as referred to in preceding Paragraph, the items for inspection and the criteria for certification shall be promulgated by the competent authority.

Article 23-2

If an applicant for International Submarine Cable Leased-Circuit Business, within the effective period of the Establishment Approval, has completed the construction its international submarine cable landing to Taiwan and landing station which are set forth in Paragraph 3, Article 12-1 and it has been examined and certified by the competent authority, the applicant may provide the following documents to apply with the competent authority for a Concession License:

1. Application form for a Concession License.
2. A copy of the Establishment Approval.
3. A copy of the certificate of Company Registration.
4. A document evidencing the examination and certification of the International Submarine Cable Leased-Circuit.
5. A document evidencing the approval or notification of the tariffs by the competent authority.
6. A document evidencing the approval of the code of practices by the competent authority.
7. A copy of the competent authority's approval of a sample of the service contract between the Operator and users.

As regards to the examination as referred to in preceding Paragraph, the items for inspection and the criteria for certification shall be promulgated by the competent authority

Article 23-3

As soon as the Local Network Business applicant has completed its self-constructed local network with the network scale of no less than the product of a system capacity (subscribers' lines, subscribers' ports or a combination of both, listed in Paragraph 2) and Local Network Operation Weight, and the same has been examined and certified by the competent authority, the applicant may provide the following documents to apply with the competent authority for a Concession License:

1. Application form for a Concession License.
2. A copy of the Establishment Approval.
3. A copy of the certificate of Company Registration.
4. A document evidencing the examination and certification of the Local Network.
5. A document evidencing the approval or notification of the tariffs by the competent authority.
6. A document evidencing the approval of the code of practices by the competent authority.
7. A copy of the competent authority's approval of a sample of the service contract between the Operator and users.

The amount of self-constructed subscribers' lines as a product factor prerequisite to apply for a Concession License mentioned in preceding Paragraph is, by its application time, set forth below:

1. From July 1, 2004 to January 31, 2008: sixty thousand (60,000) subscriber lines.
2. From February 1, 2008: forty-five thousand (45,000) subscriber lines.

As regards to the examination as referred to in Paragraph 1, the items for inspection and the criteria for certification shall be promulgated by the competent authority

Article 23-4

If an applicant for Long Distance Network Business, within the effective period of the

Establishment Approval, has completed the fiber optical backbone network which is set forth in Paragraph 1, Article 22 and it has been examined and certified by the competent authority, the applicant may provide the following documents to apply with the competent authority for a Concession License:

1. Application form for a Concession License.
2. A copy of the Establishment Approval.
3. A copy of the certificate of Company Registration.
4. A document evidencing the examination and certification of the Long Distance Network.
5. A document evidencing the approval or notification of the tariffs by the competent authority.
6. A document evidencing the approval of the code of practices by the competent authority.
7. A copy of the competent authority's approval of a sample of the service contract between the Operator and users.

As regards to the examination as referred to in preceding Paragraph, the items for inspection and the criteria for certification shall be promulgated by the competent authority

Article 23-5

If an applicant for International Network Business has got international bandwidth of at least 5 Gbps (Giga bits per second), and has completed the constructions set forth in Paragraph 1, Article 12-3, and it has been examined and certified by the competent authority, the applicant may provide the following documents to apply with the competent authority for a Concession License:

1. Application form for a Concession License.
2. A copy of the Establishment Approval.
3. A copy of the certificate of Company Registration.
4. A document evidencing the examination and certification of the International Network.
5. A document evidencing the approval or notification of the tariffs by the competent authority.
6. A document evidencing the approval of the code of practices by the competent authority.
7. A copy of the competent authority's approval of a sample of the service contract between the Operator and users.

As regards to the examination as referred to in preceding Paragraph, the items for inspection and the criteria for certification shall be promulgated by the competent authority

Article 24

A Concession License shall specify the following particulars:

1. The name of the operator, its representative, and its place of business.
2. Category of business
3. Total capital and paid-in capital
4. Operation area
5. Effective period
6. Issue date.

Article 25

An Operator shall commence its business operation within six months after the date of which a Concession License is obtained. In the case of the lapse of the time limit, the competent authority shall abolish the Concession, and forfeit the performance bond and its interest or the competent authority may notify the bank providing guarantee to honor its performance guarantee. In the case where the effective period of the Establishment Approval has not expired, the Establishment Approval shall forthwith be abolished accordingly.

Article 26

The effective period of the Concession License of Fixed Network Telecommunications Business is as follows:

1. Twenty-five years for Consolidated Network Business.
2. Twenty-five years for Local Network Business.
3. Twenty years for Long Distance Network Business.

4. Twenty years for International Network Business.
5. Fifteen years for Local/Domestic Long Distance Land Cable Leased-Circuit Business.
6. Fifteen years for International Submarine Cable Leased-Circuit Business.

An Operator who wishes to continue its operation shall, within three months beginning from nine months prior to the expiration date of its Concession License as set forth in Paragraph 1, apply with the competent authority for an approval for renewal of its Concession License according to the relevant regulations. The provisions with respect to such review and approval shall be promulgated by the competent authority.

Article 27

The performance bond rendered by an Integrated Network Business applicant or a Local Network Business applicant shall be returned in two stages according to the ensuing regulations:

1. During the effective period of its Network Construction Permit, as soon as twenty-five percents (25%) of the total construction as stated in the construction plan of its business plan has been completed and the same has been examined and certified by the competent authority, the Operator may request for return of fifty percents (50%) of the performance bond without interest, or request for a notice to the bank providing guarantee for a release of the guaranteed liability equivalent to fifty percents (50%) of the performance bond.
2. During the effective period of its Network Construction Permit, as soon as the total network construction has been a hundred percents (100%) completed as stated in the construction plan of its business plan and the same has been examined and certified by the competent authority, the Operator may request for return of the remaining fifty percents (50%) of the performance bond without interest, or request for a notice to the bank providing guarantee for a release of the guaranteed liability equivalent to the remaining fifty percents (50%) of the performance bond.

For International Submarine Cable Leased-Circuit Business, Long Distance Network Business, or International Network Business, within the period of the construction permit, the applicant may request return of the performance bond, or request a notice to the bank providing a guarantee for release of the guaranteed liability, upon receiving the operating license pursuant to Article 23-2, Article 23-4 or Article 23-5.

Article 28

In the case where an applicant or an Operator violates the provisions of the relevant laws and regulations, and thereby causing revocation or abolishment of its Establishment Approval or concession by the competent authority, except as otherwise provided in Articles 18, 19, 21 and 25, the performance bond and its interest shall be forfeited or the competent authority shall notify the bank providing guarantee to honor its performance guarantee.

Article 29

In the case of loss or damage of the Establishment Approval, the Network Construction Permit, or the Concession License, an application setting forth the reasons shall be made to the competent authority for a supplement. In the case of any change of the particulars stated therein, an application shall be made to the competent authority for approval for a replacement.

Article 30

The Establishment Approval, the Network Construction Permit, and the Concession License shall not be assigned, leased or sublet.

Article 31

Prior to its receipt of the Concession License, an applicant may request for entering into negotiations with the incumbent Operator for matters in relation to network interconnection, sharing of Network Infrastructure Facilities, leased circuit and the required facilities for

international telecommunications.

The procedures and method for the negotiations as referred to in the preceding Paragraph shall altogether be arranged by the competent authority and the incumbent Operator shall cooperate accordingly.

Chapter 3 Operation Administration

Section 1 General

Article 32

The operator is to carry out the implementation as per the content of whose business plan. However, the operator is not allowed to carry out any implementation when the content of whose business plan is in breach of legal or regulatory stipulations or exceeds the scope of whose concession operation.

When changes are made to the content of the business plan, the operator is to state the reason and submit a comparison table on the content of changes and other documents specified by competent government authorities to file for an approval by competent government authorities, provided that none of the changes made would affect the performance bond or all liabilities as stated in the initial business plan.

The foresaid change categories subject to declaration for approval are to include the followings:

- 1.The operating categories.
- 2.The operating regions.
- 3.The scheduled business commencement date.
- 4.The circuit leasing transmission network scale or the network development capacity planning as specified under Article 22 to Article 22-3 of the administrative regulations.
- 5.The development of various systems (including the network management and maintenance support system) and the main exchange equipment's installation site, make installation quantity and timetable.
- 6.The development of the wireless radio system's exchange station and the station's operating frequency, equipment make and installation quantity.
- 7.The anticipated launching schedule of the various services and the development of the service functionalities.
- 8.Measures for safeguarding the user's equity.
- 9.Other items so specified by competent government authorities.

Of any change to the shareholdings held by foreign shareholders as stated in the content of the business plan, the operator is required to voluntarily declare the information with competent government authorities.

The stipulations set forth in the preceding paragraph 1 to paragraph 4 will also apply when the applicant has surpassed the competent government authorities' view but prior to obtaining the concession license.

Article 32-1

Operators shall not install a part or the whole of the equipment of a Fixed Telecommunications Network without approval from the competent authority.

If the telecommunications network facilities are added or altered after the carrier acquires concession, the carrier shall submit the detailed network development plan to the competent authority for approval. After the addition or the alteration is completed, the carrier shall apply to the authority for a technical examination of the telecommunications network. After passing the examination, the authority shall issue a certificate to prove the passing of the telecommunications network technical examination and allow the telecommunications network facilities to operate. The Operator is required to complete the implementation as per the content of its network development plan, and in the wake of any change category as enlisted under Paragraph 3, Article 32, the Operator is required to state the reason and submit other documents specified by competent government authorities to file for approval from competent government authorities.

When the addition or change of the foresaid telecommunications network should involve addition or change to the business service categories, the Operator is to state in the network development plan the service categories and the anticipated service starting date.

Article 33

The telecommunications facilities installed by an Operator shall meet the telecommunications equipment technical requirements.

The telecommunications facility technical requirements as referred to in the preceding Paragraph shall be promulgated by the competent authority.

Article 34

The telecommunications facilities installed by an Operator shall comply with the following regulations:

1. Operators shall sufficiently protect the privacy of users.
2. Operators shall maintain appropriate quality of communications.
3. Operators shall not damage the facilities of users or other public communications network.
4. Operators shall have a precise point of division of liabilities between its telecommunications facilities and the facilities of other public telecommunications network.
5. Operators shall have a precise point of division of liabilities between its telecommunications facilities and the facilities of users.
6. The switching equipment for voice of E.164 number Internet telephony and local telephony shall provide country code CLIP (Calling Line Identification Presentation) function in inbound international call and blocking inbound international call service by trusted user.
7. The switching equipment for voice of International network shall provide a function of blocking the receiving of specific international calls .

The point of division of liabilities as referred to in item 4 of the preceding Paragraph shall be reported by the Operator to the competent authority for records.

The point of division of liabilities as referred to in item 5 of the preceding Paragraph shall be determined pursuant to the relevant provisions under Article 15 of the Rules for Installation of the Telecommunications Facilities Inside/Outside the Buildings of Subscribers.

An Operator shall provide the service of item 6 and item 7 of the Paragraph 1 from 1st Jan 2012.

Article 35

In the case of any violation of the preceding two Articles, the competent authority shall command the Operator to improve or confine its use within a time limit.

Article 36

During the construction of Network Infrastructure Facilities for its Fixed Telecommunication Network, where other laws or regulations require that relevant permits, licenses, approvals or consent of other competent or administrative authorities be obtained, an Operator or an applicant who has received the Establishment Approval shall comply with the provisions of such other laws or regulations.

Where there is a need for an Operator to collocate its lines on the duct or other relevant facilities owned by public utility enterprises so as to construct its Fixed Telecommunications Network, the Operator shall so proceed in accordance with the relevant laws and regulations.

Except as otherwise provided in the relevant laws or regulations, the expenses and other terms or conditions for collocation as referred to in the preceding Paragraph shall be subject to the negotiations between the Operator and the public utility enterprises in a fair and reasonable manner. If the negotiations cannot be successfully concluded, the competent authority may, upon application, coordinate the matter by consultation with the competent authority having jurisdiction over the business of such public utility enterprises.

Article 37

During the construction of Network Infrastructure Facilities for its Fixed Telecommunication

Network, where the bottleneck facilities in the telecommunications network cannot be self-constructed or substituted for by other available technologies within a reasonable period of time, an Operator or an applicant who has received the Establishment Approval may request for sharing of Network Infrastructure Facilities with Operators of Fixed Network Telecommunications Business who have the possession of bottleneck facilities.

The request for sharing of Network Infrastructure Facilities pursuant to the preceding Paragraph shall not be rejected by such other Operator without proper reason.

Operators shall mutually negotiate, in an equal and reciprocal manner, the terms and conditions with regards to the charges for sharing of Network Infrastructure Facilities, management and maintenance of the shared portions, the handling procedures for damages to or interruption of telecommunications in the shared portions, quality and safety of telecommunications, point of division of liabilities and other relevant matters. The sharing agreement shall be reported to the competent authority for records within one month after the execution thereof. In the event where an agreement is not concluded within three months after the negotiations are commenced, or the negotiations are not commenced within one month after the request is made, either party may request for mediation by the competent authority.

The bottleneck facilities as referred to in Paragraph 1 shall be approved and promulgated by the competent authority.

Article 38

In order to facilitate the effective use of telecommunication network resources, Operators or applicants who have received the Establishment Approval shall form and establish, upon the competent authority's direction, a task force for coordinating the construction of Network Infrastructure Facilities, so as to coordinate the negotiations for planning, construction and sharing of Network Infrastructure Facilities.

Article 39

The frequency applied by an Operator or an applicant who has received the Establishment Approval that is required for construction of microwave links and fixed wireless loop equipment may be approved and distributed by the competent authority according to the relevant regulations, depending upon the relevant technological development and the situation where frequency resources are used.

In the case where the concession of an Operator is revoked or abolished, the approval for use of radio frequency shall forthwith be revoked or abolished by the competent authority.

Article 40

Local Network Business Operator who install Telecommunications equipment and its space for subscriber buildings shall conduct in accordance with Regulations Governing the Installation and Use of Telecommunications Equipment and its space for Buildings.

Article 41

An Operator shall appoint the person who possesses the qualification certificate of advanced telecommunications engineer to be responsible for and supervise the construction, maintenance and operation of its telecommunications network, and to sign and ratify the construction logs and maintenance logs.

The construction logs and maintenance logs as referred to in the preceding Paragraph shall at least be preserved for one year. An Operator shall provide them for examination by the officials dispatched by the competent authority.

Article 42

The tariffs for the Fixed Network Telecommunications Businesses shall be determined by Operators in accordance with Administrative Regulations Governing Tariffs of Type I Telecommunications Enterprises and Article 26 of the Telecommunications Act.

Article

42-1

An Operator providing Subscribers with a dial-up service to download videos, pictures, audio, data or messages via operator-self-assigned simplified numbers, or via allocated telecommunication numbers by the competent authority, shall inform the Subscriber of the tariff right after the call has been established, and prompt the Subscriber that he should immediately quit using the service if he doesn't agree to the tariff. After which, the Operator is permitted to begin charging.

An Operator cooperating with another organization to provide the service as referred to in the preceding Paragraph shall report to the competent authority with records regarding 1) the cooperator, 2) cooperating method, and 3) the simplified or telecommunication number used, within 7 days before the service is online.

Since the service as referred to in Paragraph 1 is online, the Operator shall perform a daily test on its service content and keep the test record for one month in preparations for random inspections by the competent authority. If necessary, the competent authority may demand an Operator to cooperate accordingly to test the telecommunication terminal equipment.

If the service content doesn't coincide with that had been reported to the competent authority for records, the Operator shall cease the supplying of the service in compliance with the written notification of the competent authority.

Article

43

By and between any two Operators, when one Operator requests for network interconnection with the other's network, except as otherwise provided by the laws and regulations, the other cannot refuse.

The matters relating to arrangement for network interconnection, calculation of fees, and negotiations and conciliation procedures, and so on, as referred to in the preceding Paragraph shall be made in accordance with the Regulations Governing Network Interconnection among Telecommunications Enterprises promulgated by the competent authority.

Article

44

In order to safeguard the basic telecommunications rights and interests of nationals, the competent authority may designate an Operator to provide universal telecommunications services. The designated Operator cannot reject.

An Operator shall be required to share the losses resulting from universal telecommunications services and the necessary management fees relating thereto according to the relevant regulations.

The matters relating to specific service items of universal telecommunications services, determination of the universal services areas, designation of the Operators for provision of universal services, calculation of the net cost for providing universal services and the method for allocation, the ratio for universal services contribution, the procedures for applying subsidy, and so on, shall be made in accordance with the Regulations Governing the Universal Telecommunications Services promulgated by the competent authority.

Article

45

A Dominant Carrier in the Fixed Network Telecommunications Market shall not engage in any of the following acts:

1. improperly determine, maintain or change the prices or the manner for provision of telecommunications services.
2. without proper reason, refuse requests made by other telecommunications enterprises or subscribers for lease of circuits.
3. without proper reason, provide other telecommunications enterprises or subscribers with discriminatory treatment.
4. without proper reason, refuse requests made by other telecommunications enterprises or subscribers for negotiations or testing.
5. conduct other acts by abusing its market standing.

Article 46

An Operator shall, depending upon the business engaged by it, establish an accounting system which can separately calculate its assets, liabilities, income, cost and profit and loss.

The accounting system established pursuant to the preceding Paragraph shall enable an Operator to provide the costs of engaging in Local Network Business, Local Distance Network Business, International Network Business and Leased-Circuit Business as well as the costs of providing unbundled network element.

Article 47

The accounting system and accounting handling of an Operator shall be made in accordance with the Guidelines for Type I Telecommunications Enterprises Accounting System and Accounting Handling promulgated by the competent authority.

Article 48

An Operator shall, within six months after the end of each fiscal year, report the relevant information relating to its business, financial and telecommunications equipment to the competent authority for records. The relevant information reported by an Operator shall not have any false entries.

The categories, contents, formats and methods for submission of the relevant information as referred to in the preceding paragraph shall be determined by the competent authority.

Where necessary, the competent authority may demand an Operator to provide the relevant information relating to its business, financial and telecommunications equipment or dispatch officials to examine the conditions of its business, financial and telecommunications equipment, to which an Operator shall not hinder or reject.

Article 49

An Operator shall provide the existence and contents of communications for the purpose of investigation or collection of evidence upon requests in accordance with the legal procedures.

The supervision of communication content as referred to in the preceding Paragraph shall be undertaken under the Communication Protection and Interception Act.

Article 49-1

Operators shall maintain the records of local network telecommunications for at least three months, and the records of long distance network telecommunications as well as international network telecommunications for at least six months.

Operators shall provide the records as maintained in the preceding paragraph accordingly upon application of personal inquiry by subscribers.

Article 49-2

The operator is to verify and catalog the user's information, and may only activate the access upon uploading the information onto the operator's system pending further verification, who is required to retain the information at least one year after the service contract has been terminated; when inquired by relevant government agencies legally, the operator is to supply the information. The operator, when verifying and cataloging the subscriber information of government agencies, public schools and state-run enterprises, may utilize an agency (institution)'s official document letterhead as the proof of documentation.

The foresaid subscriber's information is to encompass information of the subscriber's name, other from of proof of identity document number other than the uniformed identification card, address, assigned number and so forth.

The foresaid identification document number, in the case of an application filed by a foreign national refers to the passport number or other form of proof of identify document number; of

an application filed by an incorporated entity, it refers to the uniformed company registration number and the representative's uniformed identification card number.

The entry of the subscriber information as stated in paragraph 1 is to be completed within a two-day period following the operator accepts the application.

Article

50

An Operator shall prescribe the terms and conditions for its services in the Code of Practice and report to the competent authority for approval before the announcement of the implementation thereof. The Code of Practice shall be furnished respectively at its business locations and websites for consumers' review. In the case of any changes relating thereto, the same rule shall apply.

The Code of Practice as referred to in the preceding Paragraph shall stipulate fair and reasonable service terms and conditions, which shall include the following particulars:

1. Service items provided by the Operator
2. Fee schedule of each service item and conditions for adjustment of fees.
3. Limitation and terms for the use of the Subscribers' data.
4. Compensation scheme for damages caused to the Subscribers as a result of revocation or abolishment of the Operator's concession, or suspension or termination of its business.
5. Handling procedure for damages caused to the Subscribers as a result of errors, delay, interruption, or lack of signals due to the malfunction of telecommunications lines and equipment.
6. Measures in response to the Subscribers' complaints and matters in relation to the Subscribers' rights and interests.
7. Other service terms and conditions.

The competent authority may direct the telecommunications enterprise to change the Code of Practice within a prescribed time frame, if it infringes upon consumers' rights and benefits, and appears apparently unfair.

The standard service contract to be entered into by and between an Operator and its Subscribers shall include the particulars set forth in Paragraph 2 and be reported to the competent authority for approval before the implementation thereof and shall not be contrary to telecommunications laws and regulations or Code of Practice. The same rule shall apply to any change relating thereto.

Operators shall carry out a copy of service contract to make respectively with the subscribers in accordance with verification.

Any change or modification to the standard service contract between an Operator and its Subscribers shall be announced via the media before the implementation thereof.

Article

51

An Operator shall be fair in providing its services, and shall not reject an application for provision of services within the operation area in which it has been approved to operate the Fixed Network Telecommunications Business.

Article

52

In the case where there is a change or amendment to the service contract form between an Operator and its Subscribers, the Operator shall announce the contents relating thereto through media before the implementation thereof.

Article

53

In the case where a Subscriber refuses or delays to pay the tariff, an Operator shall prescribe a time limit to demand for payment of the tariff in arrears, and shall inform the Subscriber that the services will be disconnected in accordance with the service contract if the tariff in arrears is not paid before the prescribed time limit.

Before expiration of the demand period as referred in the preceding Paragraph, an Operator shall not disconnect the telecommunications services without proper reason.

Article 54

For a Fixed Telecommunications Network operated by an Operator, its quality of customer services and quality of network performance shall comply with the quality of service requirements set out by the competent authority.

Depending on actual needs, the competent authority may proceed with evaluation by itself or by engagement of a private institution, and may periodically announce the evaluation report with respect to the quality of service of the respective Operators.

Article 55

In the case where an Operator suspends or terminates the whole or a part of its business, it shall report to the competent authority six months before the scheduled suspension or termination date for approval and shall notify its Subscribers three month before the scheduled suspension or termination date. Where an Operator is approved by the competent authority to terminate all of its business, the competent authority shall forthwith abolish its concession.

Section 2 Local Network Business

Article 56

Applicants or operators shall use telecommunications numbers in accordance with provisions of the Regulations Governing the Numbering of Telecommunications.

Article 57

An operator shall provide equal access service in accordance with related provisions of the Regulations Governing Equal Access Service.

The network interconnection among the operators and Type II telecommunications carriers that provide long-distance or international telecommunications services shall be processed in accordance with the following requirements:

- 1.Management of tariff shall apply mutatis mutandis to Article 22 of the Administrative Rules for Network Interconnection between Type I Telecommunications Carriers;
- 2.The remainder shall be negotiated by both parties.

Article 58

An Operator shall provide Directory Services to its Users upon commencement of its operation, and shall begin providing Directory Services to Users of other Operators pursuant to the time table promulgated by the competent authority.

The Directory Services referred to in the preceding Paragraph shall at least include the services of 104, 105 and 106.

Operators shall mutually provide to each other the information pertaining to their Subscribers as necessary for provision of the Directory Services, except for information requested by Subscribers to be kept in confidence.

The provision of and inquiry to Subscribers' information as referred to in the preceding Paragraph shall be made on a reciprocal basis.

The charges for provision of Directory Services shall be determined on the basis of costs of the respective Directory Services.

Article 59

An Operator shall provide Users with Emergency Telephone services of 110 and 119 free of charge.

An Operator shall take priority in handling telecommunications for Emergency Telephone.

Operators shall provide Users with Public Pay-Telephone services.

Article 60-1

An Operator providing Multimedia Content Transporting Platform Service, shall specify in the Code of Practice the particulars set forth in Paragraph 2, Article 50 and the following:

1. Channel Program Content Service Providers limited to those who obtained approval or license pursuant to Radio and Television Act, Cable Radio and Television Act, and Satellite Broadcasting Act.
2. Provide fair and unbiased slotting allowance for rental platform.
3. Ensure no interference with the Channel Program Content Service Provider's Content Service planning and combining, sales, and tariffs.
4. Ensure sales methods will retain the freedom of the Subscriber to select and purchase a standard uniform Content Service, or a different combination of Content Services.
5. Provide an electronic menu planned on fair basis with a space allocated for Channel Program Content Service Provider's planning.
6. An electronic menu listing necessary-for-select information - all Content Service names, provider, discription of content, and tariffs, etc for Subscribers to select and purchase by themselves - and providing an operation guide on the homepage.
7. Set-Top-Box with open spec, that can be rented from the Operator, Content Service Provider, or self-prepared by the Subscriber.
8. Channel-adopting and program-content-storage facilities are provided for Channel Program Content Service Provider.
9. While technically feasible, Subscribers of other Internet Access Service Operators or Local Network Business Operators are able to gain access to the content services provided by the Content Service Provider.

Section 3 Long Distance Network Business

Provisions of Articles 56 may apply, mutatis mutandis, to Long Distance Network Business.

Section 4 International Network Business

An Operator shall, depending upon the services provided by it, construct or procure the infrastructure facilities for completion of the international telecommunications, including international submarine cable landing station, back-haul facilities, international gateway exchange facilities, satellite transponders, satellite earth stations and exchange equipment, and other auxiliary facilities.

Where it is necessary for an Operator at the initial phase of operation to request for a lease from another Operator the satellite or submarine cable facilities required for intentional telecommunications, such other Operator shall not reject such request without proper reason.

The terms and conditions of leasing the facilities required for international telecommunications as referred to in the preceding Paragraph shall be negotiated by and between Operators on a fair and reasonable basis.

In the case where the request by an Operator for a lease of the facilities required for international telecommunications is made due to technical constraint, the rental shall be calculated on the basis of the lessor's cost.

Upon execution of the agreement as referred to in Paragraph 2, the requesting party shall report and submit the agreement to the competent authority for records within one month thereafter.

At the initial phase of operation, an Operator may request another Operator, who has procured the Indefeasible Rights of Use of international submarine cable capacity ("IRUs"), to act as an intermediary to assist in negotiations with international submarine cable organization for obtaining the IRUs to use the international submarine cable capacity, or to transfer a part of its IRUs, of which the royalty or licensing fees for the IRUs, the price for the partial transfer or other terms and conditions shall be subject to negotiations between the Operators concerned.

Such other Operator who has procured the Indefeasible Rights of Use of international submarine cable capacity shall not reject a request made pursuant to the preceding Paragraph without proper reason.

Where an Operator is operating its International Network Business by means of international leased circuits, the competent authority may, depending upon the actual needs, require, either ex officio or upon application, the Operator to negotiate with the international submarine cable organization for conversion of its leased circuits into IRUs, and to provide a part thereof for use by other Operators pursuant to the preceding Paragraph.

Upon execution of the agreement as referred to in Paragraph 1, the requesting party shall report and submit the agreement to the competent authority for records within one month thereafter.

The Indefeasible Rights of Use of international submarine cable capacity as referred to in Paragraph 1 means the right of an Operator who, based on its membership at an international submarine cable organization or pursuant to the applicable agreement for operation and management of an international submarine cable, is entitled to use a specified proportion of the telecommunications capacity of the international submarine cable.

An Operator may request another Operator, who has procured the right to use international satellite circuits, to act as an intermediary to assist in negotiations with international satellite telecommunication organization or its licensee for obtaining the right to use the international satellite circuits in accordance with the applicable regulations of the international satellite telecommunication organization, or to transfer a part of such other Operator's right to use, of which the royalty or licensing fees for the right to use, the price for the partial transfer or other terms and conditions shall be subject to negotiations between the Operators concerned, or between the Operators and the international satellite telecommunication organization or its licensees.

Such other Operator who has procured the right to use the international satellite circuits shall not reject a request made pursuant to the preceding Paragraph without proper reason.

Upon execution of the agreement as referred to in Paragraph 1, the requesting party shall report and submit the agreement to the competent authority for records within one month thereafter.

Where a foreign country is not a member of the World Trade Organization, or where there is only one international telecommunications operator within that foreign country, any agreement between an Operator and a telecommunications operator of that foreign country in relation to the handling of international telecommunication traffic and settlement rate shall be made in compliance with the principles of International Proportional Returns and Parallel Accounting Rate.

The International Proportionate Returns as referred to in the preceding Paragraph means an Operator shall request to be included in an agreement under which the incoming volume of any international telecommunications traffic originated from the network operated by a specific foreign telecommunications operator shall be divided and delivered to the respective Operators of our country in such a percentage as proportional to the volume of outgoing international traffic originated from the respective Operators of our country and terminated at the network operated by such foreign telecommunications operator, out of the total volume of outgoing international traffic originated from our country and terminated at the network operated by such foreign telecommunications operator.

The principle of Parallel Accounting Rate as referred to in Paragraph 1 means the principle

under which the accounting rates to be mutually agreed upon through negotiations between an Operator and a specific foreign telecommunications operator in regard to the international telecommunications traffic shall be equally applicable to all other domestic Operators without any discriminatory treatment. This principle shall apply to other telecommunications operators in that foreign country as well.

The agreement referred to in Paragraph 1 shall be made through negotiations between the representative(s) jointly appointed by Operators and the telecommunication operators of a foreign country, or shall be made in accordance with the current settlement rate.

Before negotiations is proceeded pursuant to the preceding Paragraph, all Operators shall negotiate and mutually agree upon the rights and obligations between themselves together with other terms and conditions in advance, and such an agreement and any amendments thereto shall be reported to the competent authority for review and approval.

Article 67

Where a foreign country is a member of the World Trade Organization and there are two or more international telecommunication operators in that foreign country, the agreement in relation to the handling of international telecommunication traffic and settlement rate shall be subject to negotiations between an Operator and a telecommunication operators in that foreign country.

Any agreement referred to in the preceding Paragraph shall not hinder or interfere with the negotiations between other Operators and foreign telecommunications operators, and shall not cause foreign telecommunications operators to refrain from providing international telecommunications services to other Operators, and shall not otherwise create other anti-competitive practice.

Article 68

An agreement relating to the handling of international telecommunications traffic and settlement rate between an Operator and a foreign telecommunications operator shall be reported and submitted to the competent authority for records within one month after execution thereof.

In the event where there is a significant change on the international practice of the accounting rate for international telecommunications, or where there is a change in the competition within the telecommunications market of foreign countries, or where there are any other material events, the competent authority may make a announcement to amend the foreign countries to which the preceding two Articles applies, and Operators shall then implement the necessary adjustment to the pertinent agreements in accordance with such announcement.

Article 69

Provisions of Articles 56 may apply, mutatis mutandis, to International Network Business.

Provisions of Articles 63, 64, 65, 66, 67, 68 may also apply to the applicants who have obtained an Establishment Approval.

Article 70

The telecommunication networks run by operators for communications with Mainland China shall be conducted by either of the following means:

1. Communications shall be established via communication networks that are connected by a circuit relay via a third region or an international telecommunication network (including international submarine cables, international satellites, international communication exchange facilities, and international relay equipment).

2. Communications shall be established via communication networks that are connected by other means to be promulgated.

Applicants or operators that provide communications by means of the second item of Paragraph 1 shall accord with the regulations of the international network.

Applicants or operators that install telecommunications line facilities and equipment in order to provide communications by means of the second item of Paragraph 1 shall provide the necessary interconnection circuit and functions for the interception of communications. Those related to national defense and security shall carry out physical segregation and conduct regular security inspections.

In addition, applicants or operators that provide communications by means of the second item of Paragraph 1 shall ensure the interception of communications and the management of information security conform to the related regulations stipulated by related authorities.

Article 71

A Dominant Carrier in Fixed Network Telecommunications Market shall not reject any request for lease of its circuits without proper reason.

The competent authority may require a Dominant Carrier in Fixed Network Telecommunications Market to provide and make available for lease of certain circuits of such technical specifications and in such quantities promulgated by the competent authority.

Article 72

The quality and conditions of the circuits provided by an Operator for lease shall not be less than the quality and conditions of the circuits provided by such Operator for its own use or its affiliated enterprises.

Article 72-1

The provision of international submarine cable leased-circuit service shall accord with the regulations set forth in Article 70.

Section 6 Number Portability

Article 73

Operators shall provide number portability service in accordance with provisions of the Regulations Governing Number Portability Service.

Article 74

The provisions of this Section shall not apply to the Operator of the Leased-Circuit Business.

Chapter 4 Settlement Of Disputes

Article 75

With respect to sharing of Network Infrastructure Facilities and related telecommunications facilities, and other matters that shall be subject to negotiations between Operators pursuant to the provisions of these Regulations, Operators shall so negotiate with each other in good faith. In the event where more than one Operator request for negotiations on the same matter, the negotiations may be conducted concurrently.

An agreement shall be concluded within three months after the beginning date of the negotiations as referred to in the preceding Paragraph, and the written agreement shall be submitted to the competent authority for records within one month after the conclusion thereof. In the event where the requested Operator fails to begin the negotiations within one month after the receipt of such request, or an agreement cannot be concluded within the

three-month period, either Operator may submit a written request for mediation by the competent authority.

Operators shall provide number portability service in accordance with provisions of the Regulations Governing Number Portability Service.

Chapter 5 Other Provisions

Article 76

For those who have been operating, pursuant to the applicable laws, Fixed Telecommunications Network Business prior to the promulgation and enforcement of these Regulations, the competent authority will promulgate rules governing the reissue of their concession license.

Article 77

With respect to the application for concession, review, examination, and license, and other related procedures pertaining to Fixed Network Telecommunications Businesses, an applicant shall pay the competent authority the concession fee, review fee, certification fee, examination fee, and license fee in accordance with the schedule of rate established by the competent authority.

An Operator shall pay the competent authority the radio frequency usage fee for the radio frequencies used in its business in accordance with the schedule of rate established by the competent authority.

Article 78

Violators against stipulations of this Regulation shall be punished pursuant to Article 63 of the Telecommunications Act.

Article 79

The Regulations shall come into force upon the date of promulgation.

The revised articles, which were implemented on December 25, 2010, were amended on January 11, 2011.

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