The below text on the Contractual Relationships under the Framework of International Traffic Termination and International Roaming was used in the speech given at Iraq Telecom Conference in Istanbul on October 9, 2013.

I. INTRODUCTION

In today's global World, where the commerce and the transfer of information, documents and money can be realized within seconds, where the country borders disappeared and travelling became the easiest and most regular activity of our history, telecom services, became ultimately crucial.

In such a global world, telecommunication networks which can provide services to its origin country and to its own customers became old fashioned; being a part of network of world telecommunication network, connecting to other networks and providing telecommunication services to subscribers in the other regions of the world became obligatory for national telecommunication operators.

Currently, the integration of national telecommunication operators into the global telecommunication network is conducted with two types of agreements executed between them:

1. International Interconnection (It includes international call transportation and international call termination)
2. International Roaming

The most important part of these contractual relations between the operators enables the operators to provide telecommunication services to their customers wherever they travel and the receivers are, regardless of the nations and the locations.

1. International Interconnection Agreements

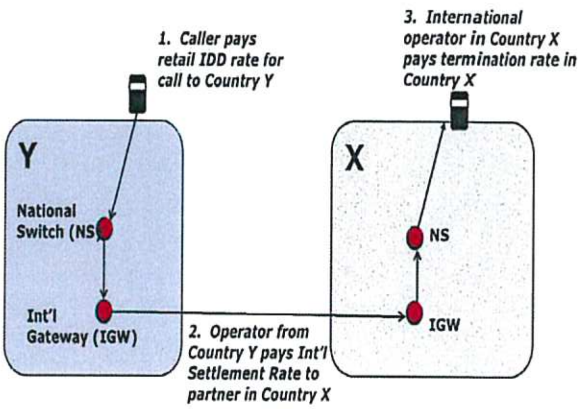
Telecommunication companies need to connect their network with the networks of other countries in order to be able to create access to the world abroad.

Inter-connection agreements share similarities with the transportation agreements except the content. Voice or data could be transferred from one network to another and be delivered to the termination point of call over (inter)connected networks.

This relation brings lots of contractual relations into existence.

First of all, a national operator has to create a physical connection at its origin country with the network of a border country's operator. Since providing telecommunication services requires approval or permission of the competent authority, there is not any option for the operator other than agreeing on a contract with the local operator that have the approval in that country. Because of that it is not logical to take approval or permission from all countries in which there is a traffic transit for the transportation of its own traffic, the most reasonable and only way to ensure transportation of traffic from the country of generation to another country of termination uninterruptedly is the setup of an interconnection between the receiving national operator and delivering national operator for every country in which there is a traffic transit.

Typical call scenario



In an agreement regulating such a relation, it is expected that the costs covered by the delivering operator include the costs arising from the connection of networks with each other, costs of transit transportation in case of transit passing of traffic from more than one country and costs of termination that are valid in the location where the call is being terminated. Thus, the costs are reflected subsequently to the partners and at the end the total cost is born by the caller at the origin point. The amounts to be paid by the parties of such a relationship are as stated below:

q		z		y		x		
S	→	**Oo**	→	**IP1**	→	**IP2**	→	**Ot**

S = q+z+y+x **Oo = z+y+x** **IP1 = y+x** **IP2 = x**

S	:Amount to be paid by Subscriber
Oo	:Amount to be paid by Originating Operator
IP1	:Amount to be paid by International Partner 1
IP2	:Amount to be paid by International Partner 2
Ot	:Terminating Operator
x	:Call Termination Fee
y&z	:Interconnection and Transportation Fee
q	:Call Charge

Besides, it will be sufficient for the originating operator to contractually relate with the operator which firstly receive the call and could physically contact with the first operator.

Transportation and termination of the transit international traffic is conducted through bilateral agreements that are made one-to-one by network operators having function for this issue. Therefore, although the termination fee of the operator terminating the call and the fees of all the networks active on the transportation of such traffic are included within the fee paid by the operator starting the call to the operator receiving the call, there is no need for the operator starting the call to enter into a contractual relationship with all other operators.

2. Roaming Agreements

International Roaming relation relies on the agreement that is executed between two different operators in two different regions. Unlike International Interconnection Agreement, the Roaming provides right on the utilization of the networks of local GSM operators by the subscribers of others, not the transfer of the voice and data.

International roaming agreements enable the subscribers to access the telecommunication services not from its own operator in its country -without the need of changing its own mobile phone or SIM card- (since the SIM cards of the local operators have the ability to recognize other mobile operators' networks) from a different operator in another country while within the coverage area of such operator.

Therefore, unlike the interconnection agreements the parties of the roaming agreements are in a one-to-one and direct relationship; however there is no physical connection between its networks.

Additionally the Roaming Agreements are concentrated on only one network whereas International Interconnection Agreements include two or mostly more different networks.

Nevertheless, charges, invoicing and collection as regards the roaming agreements have similarities with interconnection agreements. The basic principle in this relation is "caller pays". Besides, the operator roaming in its own network collects the cost of service from its original operator, but not from the subscriber and because of that there is no contractual relation between the roaming operator and roamer, although the operator directly provides services to that subscriber. There are contractual relations only between ***i)*** original and roaming operators and ***ii)*** original operator and roamer. On the basis of the subscription agreement with its subscriber (roamer), the original operator receives the costs of service from its subscriber that had been paid to the roaming operator with the inclusion of its mark-up and relevant taxes.

II. CLEARING HOUSE

When you imagine telecommunication traffic that starts on network of ten thousands telecom operators leading operation across the world and terminate networks of another country's operators and billions of minutes, mutual and going and returning multilaterally; it becomes easier to understand the disputes occurred due to making such operators' traffic and accounting entries differently or wrongly and difficulties due to solving such disputes and waste of time and money.

Clearing houses track and record the traffic exchanges between the networks and provide a calculation presenting the net off and the net payer.

Thus, clearing houses provide solutions for the parties of international telecommunication agreements to ease the operator's work in invoicing and also for other similar services the operators provide to their customers.

Clearing Houses can provide the mechanism for implementing a standard reconciliation and settlement process between the Operators that use the Clearing House. A common standard for reconciliation should greatly reduce the time and money spent resolving disputes.

III. TURKISH REGULATIONS IN TERMS OF INTERNATIONAL TRAFFIC

Telecommunication services are considered as public services in Turkey. Therefore;

i. It requires obtaining of a license from the relevant governmental authority in order to provide such services.
ii. The prices, terms and conditions of the services and the rules to be applied to the relations between the operators and subscribers are regulated.

Call termination fees are directly defined by the Information and Communications Technologies Authority («**ICTA**»). With its decision in 2011 the Authority set call termination charges for international calls higher than national calls.

Nevertheless ICTA does not regulate international roaming and international transit traffic transportation and therefore the relevant market is relevant and competitive compared to the national market.

At this point it is worth to state that in accordance with Turkish Regulations the roaming services provided by Turkey for the foreign customers within the scope of the international roaming agreements are exempt from the Value-Added Tax provided that the agreements are reciprocal.

Thank you for your patient.

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