



Telecommunications Regulatory Authority Issues Determination to Batelco to Comply with Accounting Separation Regulation

-- Determination specifies changes needed to Batelco's Accounting Procedures Manual --

Manama 5 February 2005 – The Telecommunications Regulatory Authority (TRA) issued today a Determination to Batelco regarding the Accounting Separation Regulation (Regulation). The determination sets out the changes that must be made by Batelco to its accounting procedures manual.

The Regulation was issued by the TRA on 2nd August 2004. Under this Regulation, all companies with multiple licenses operating in the telecommunications sector in Bahrain will provide separate financial reports on each of their activities for which they have a license, which must be detailed and transparent in compliance with the standards and conditions contained in the Regulation. Such reports will assist the TRA in monitoring and guaranteeing the fairness and reasonableness of the tariffs for the services provided.

At the same time, the implementation of the accounting separation system will ensure that companies having more than one license will not exploit the situation in an anticompetitive manner.

According to the Regulation licensed operators were required to submit their accounting procedures manual to the TRA for approval within 60 days of the publication of the Regulation or seek an exemption under specific provisions. Batelco has submitted its manual to the TRA in accordance with the Regulation. The TRA after receiving the manual and conducting the relevant and necessary review came to the conclusion that the manual submitted by Batelco was not in compliance with the terms of the Regulation. While working with Batelco to identify the amendments needed to the accounting procedures manual, the TRA as required has issued this Determination that sets out in the detail the amendments required and deadline for submitting the amended accounting manual by Batelco.

Commenting on the Determination, the General Director of the TRA Mr. A. Andreas Avgousti said: "We are issuing this Determination to Batelco in line with our legal obligations as the Authority responsible for the regulation of the telecoms sector in the Kingdom. The Regulation was issued to ensure that telecoms operators with multiple licenses keep separate accounts for different licenses so that they do not abuse their

position over other licensees. As the market is open and more players start offering their service, we need to ensure that what they are charged by other companies such as Batelco is based on proper costs and are in compliance with the law. Batelco has been given until 7 March 2005 to make the necessary changes so as to be in compliance with the law. The TRA hopes that the cooperation shown so far in this project by the respective Batelco and the TRA teams to ensure compliance with the Regulation will become the norm as opposed to the exception“

The TRA is carrying out similar exercises for other licensees.

About the TRA

The Telecommunications Regulatory Authority (TRA) was established by Legislative Decree No. 48 promulgating the Telecommunications Law. The TRA is an independent body and its duties and powers include, among other things, protecting the interests of subscribers and users and promoting effective and fair competition among existing and new licensed operators. More information regarding the TRA can be viewed at www.tra.org.bh