II

(Non-legislative acts)

REGULATIONS

COMMISSION DELEGATED REGULATION (EU) 2021/654

of 18 December 2020


(Text with EEA relevance)

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Directive (EU) 2018/1972 of the European Parliament and of the Council of 11 December 2018 establishing the European Electronic Communications Code, and in particular Article 75(1) thereof,

Whereas:

(1) Pursuant to Article 75(1) of Directive (EU) 2018/1972, the Commission is to establish, by means of a delegated act, a single maximum Union-wide voice termination rate for mobile services and a single maximum Union-wide voice termination rate for fixed services in order to reduce the regulatory burden in addressing the competition problems relating to wholesale voice termination consistently across the Union. The principles, criteria and parameters that the Commission should comply with when adopting the delegated act are set out in Annex III of that Directive.

(2) This Regulation is without prejudice to the powers of National Regulatory Authorities (NRAs) to define relevant markets appropriate to national circumstances, conduct the three criteria test and impose remedies other than price control in accordance with Article 64(3), 67 and 68 of the Code. Consequently, the non-price obligations that are currently imposed by NRAs to operators with significant market power in relation to fixed or mobile termination services are not to be affected by the entry into force of this Regulation, and will therefore remain valid until they are reviewed, in accordance with Union and national rules.

(3) Regulatory practice shows that the number on which mobile or fixed calls are terminated plays a crucial role in demand substitutability and competitive dynamics in voice termination, thus it is the main element giving rise to the termination monopoly that justifies the need for regulation. Therefore, the main criterion used for the definition of termination services should be the numbering range, that is to say whether the call is delivered to a mobile number, in case of mobile voice termination service, or to other types of numbers such as geographic numbers and certain non-geographic numbers, in case of fixed voice termination services.

(4) The termination services should include services provided through any technology used to terminate voice calls by the termination provider such as on a 2G, 3G, 4G or 5G network and/or via WiFi, or any type of fixed network, regardless of the origin of the call.

Any termination service, mobile or fixed, entails the terminating operator's network interconnecting with at least one network other than its own. Providers of voice termination services should therefore be considered those that have technical control and the legal right to use the called number and of the routing of the call to the recipient.

The termination service should exclude the associated facilities that may be required by certain operators or in certain Member States for the provision of termination services. However, interconnection ports, which are currently regulated in many Member States, are essential elements of termination services for any operator as increased capacity for interconnection is needed with increasing traffic, and therefore should be included in the definition of the termination service. A provider of voice termination services should not levy any cost other than the relevant rates set by this Regulation for the full service of terminating a call to a user on its network.

Voice termination services for calls to certain non-geographic numbers, such as those used for premium-rate services, toll-free services and shared-cost services (also known as 'value added services'), do not behave as 'traditional' termination services where there is a monopoly of the operators which terminate the call. Providers of such services have some bargaining power, and are able to negotiate the termination rate as part of the revenue sharing agreement. Therefore, termination providers face certain constraints when setting the charges for terminating calls to these non-geographic numbers, unlike in termination of calls to geographic or mobile numbers. Therefore, termination of calls to such numbers should be excluded from the scope of this Regulation. Numbering ranges specific for machine-to-machine (M2M) communications are not, in the majority of cases, used for providing interpersonal communications, being data traffic and not voice traffic, and thus they should not be included in the scope of this Regulation which is limited to voice communications.

Voice termination services for calls to other types of non-geographic numbers, such as those used for fixed nomadic services and to access emergency services, exhibit the characteristics of the termination monopoly, and are provided over a fixed infrastructure. Therefore, they should fall within the scope of this Regulation and be treated as fixed voice termination services.

Some voice services provided by operators cannot be classified as purely mobile or purely fixed services but are hybrid services. 'Home zone' services are an example of such hybrid services, whereby calls are typically delivered to a fixed number over a mobile network. In line with the definition of voice termination services whereby the called number is the determinant criterion, such hybrid services should be treated as mobile or fixed termination services depending on the number called.

The regulated rates for voice termination services should apply to calls originated from and terminated to a number included in national numbering plans corresponding to E.164 country codes for geographic areas belonging to the territory of the Union (Union-numbers). Third country-numbers are all numbers other than Union-numbers. The inclusion of calls originating from third country-numbers and terminating to a Union-number, in the case where third country operators charge termination rates higher than the single maximum Union-wide voice termination rates or where such termination rates are not regulated according to cost-efficient principles that are equivalent to those set out in Article 75 and Annex III of the Code, would risk undermining the objectives of this Regulation, in particular those of ensuring internal market integration.

The combination of low regulated termination rates for calls originated from third country-numbers and terminated to Union-numbers and high and non-cost-efficient termination rates for calls to third country-numbers would likely result in higher termination rates for calls originating from Union-numbers and terminating to third country-numbers, which would have a negative impact on retail tariffs in the Union and on the cost structure of Union operators. The different degrees of exposure of Union operators to calls terminated by such third-country operators charging high and non-cost-efficient termination rates would lead to imbalances in the cost structures of Union operators due to factors out of the control of the operators themselves. This would likely prevent the emergence of pan-European retail offerings that include calls to certain third country-numbers, due to higher termination rates for calls to those countries, which could have a negative impact on consumers and especially businesses in the Union. Furthermore, it would distort competition as the asymmetrical impact of the exposure to high termination rates for calls terminated to third country-numbers would result in different competitive conditions faced by
different Union operators, which would also ultimately distort investment ability and incentives across the Union (both investment in operators and by operators). All these effects would clearly run counter to the objectives of this Regulation, which are to promote the integration of the single market by removing distortions between operators due to termination rates charged well above cost.

(12) With the aim of applying the single maximum Union-wide voice termination rates in an open, transparent and non-discriminatory way, and to limit the exclusion of calls originated from third country-numbers to what is strictly necessary to ensure the achievement of the internal market objectives and to ensure proportionality, the rates set by this Regulation should apply to calls originated from third country-numbers and terminated to Union-numbers where the termination rates applied by third country providers of voice termination services to calls originated from Union-numbers are at a level equal or below the level of the maximum voice termination rates set by this Regulation. During the transitional period for fixed voice termination rates in 2021 and during the glide path for mobile voice termination rates (from 2021 to 2023), the relevant maximum mobile termination rates that will trigger this mechanism will be those set out by paragraphs 2 to 5 of Article 4 of the Regulation. The relevant maximum fixed termination rates that will trigger this mechanism in 2021 will be those set out by Article 5(2) of the Delegated Regulation. Providers of voice termination services in the Union should apply such rates on the basis of rates applied or proposed by providers of voice termination services in third countries.

(13) Given that Union providers of voice termination services may not always be in the position to know the level of the termination rate applied by third-country operators, it should normally be for the latter to provide verifiable information proving the level of the termination rate offered. Where transit providers (or other intermediaries) resell termination services to Union operators, the termination rate applied or offered by those transit providers would be the relevant one for determining if it is equal or lower than the maximum voice termination rates set by this Regulation.

(14) When third countries' operators charge termination rates for calls originated from Union-numbers and terminated to third country-numbers which are higher than the Union-wide termination rates, the rates set by this Regulation should also apply for calls originated from third country-numbers and terminated to Union-numbers, where the Commission determines, based on information provided to the Commission by such third countries, that the regulation of termination rates in these countries is based on principles equivalent to those set out in Article 75 of Directive (EU) 2018/1972 and Annex III thereto. The list of third countries which meet such requirements should be subsequently included in this Regulation and duly updated.

(15) As the origin of the call would define whether the Union-wide termination rates apply or not, it is essential for Union operators to be able to identify the country of origin of the caller. For this purpose, operators may rely on the country code within the calling line identification (CLI). In order to ensure a correct application of this Regulation, Union operators should receive a valid CLI assigned to every incoming call. Consequently, Union operators would not be bound to apply Union-wide termination rates to termination of calls if the CLI is missing, invalid or fraudulent.

(16) In order to estimate the efficient cost of terminating a voice call on a hypothetical mobile or fixed network in the Union in compliance with the principles set out in Article 75(1) of Directive (EU) 2018/1972 and Annex III thereto, two cost models, respectively for mobile and fixed termination, were developed taking into account costs in each Member State.

(17) Based on the feedback on costs in each Member State received through the consultation process, the cost models were finalised for both the mobile and fixed networks. Pursuant to Annex III to Directive (EU) 2018/1972, the cost models delivered rates on the basis of the recovery of costs incurred by an efficient operator. Therefore, the rates are based only on the incremental costs for providing the wholesale voice termination service, that is to say only those traffic-related costs which would be avoided in the absence of a wholesale voice termination service.
The single maximum Union-wide mobile and fixed voice termination rates were established in reference to the efficient cost in the highest-cost country according to the cost models commissioned, thus ensuring the principle of cost recovery across the Union, and subsequently adding a minor safety margin to account for possible inaccuracies in the cost models.

The single maximum Union-wide voice termination rates established by this Regulation should start applying two months after its entry into force, in order to ensure that operators have the necessary time to adjust their information, invoicing and accounting systems, and make the necessary changes to the interconnection agreements.

Where current average voice termination rates in the Union are significantly higher than rates to be imposed in the future, that is to say the cost-efficient single maximum Union-wide voice termination rates set out in this Regulation, a glide path, which is a common regulatory practice, should be applied. In such cases, the glide path should provide an effective tool to smoothen the application of lower rates in compliance with the principle of proportionality.

Considering the current average of mobile voice termination rates across Member States, a glide path should be devised to reach the single maximum Union-wide mobile voice termination rate. In order to strike a balance between a swift implementation and the need to avoid significant disruptions for operators, the glide path should start at a level close to the current average of mobile termination rates and decline yearly over a period of three years before reaching the single maximum Union-wide mobile voice termination rate in 2024.

Therefore, this Regulation establishes a three-year glide path, reaching the cost-efficient single maximum Union-wide mobile voice termination rate in 2024. No transitional period should be necessary in case of providers in Member States which apply rates above the single maximum Union-wide mobile voice termination rates for 2021, as the glide path fulfils the objective of smoothening the impact of the implementation of the single maximum Union-wide mobile voice termination rate.

In some Member States current regulated maximum mobile voice termination rates are below the mobile voice termination rates set for 2021, 2022 and 2023 as a result of the glide path, and close to the single maximum Union-wide mobile termination rate. In order to avoid potential increases in retail prices in those Member States, resulting from a temporary increase of regulated mobile termination rates, it should be possible to continue applying the current regulated mobile voice termination rates in those Member States until the year where the maximum mobile termination rate set by this Regulation for that year is at a level equal or below those Member States' current termination rates for that year.

Since the difference between the average of current fixed termination rates and the single maximum Union-wide fixed voice termination rate set in this Regulation is smaller than that of mobile termination rates, a glide path in the case of fixed voice termination should not be necessary. However, granting a transitional period to certain Member States should be appropriate for ensuring a smooth transition to the single maximum Union-wide fixed voice termination rate and avoiding any unnecessary delays for its application.

Based on the current levels of fixed termination rates in certain Member States and the level of the single maximum Union-wide fixed voice termination rate set in this Regulation, it is justified to grant a transitional period to some Member States. The transitional period should start from the date of application of this Regulation and should end on 31 December 2021. During the transitional period, specific rates, different from the single maximum Union-wide fixed voice termination rate, may apply in the Member States concerned.

In those Member States where the current fixed voice termination rates are significantly higher than the single maximum Union-wide fixed voice termination rate, it is justified to grant a transitional period to allow for a gradual adjustment of those rates. In all Member States but two where the current fixed voice termination rates are above EUR 0.0875 cent (the single maximum Union-wide fixed voice termination rate plus 25%), the maximum fixed voice termination rate in 2021 should be equal to their current rates decreased by 20%. In Poland and Finland,
which have not so far followed the principles set out in Commission Recommendation 2009/396/EC (2) and currently have very high fixed termination rates, a decrease of 20 % would be an insufficient step towards the single maximum Union-wide fixed voice termination rate. Therefore, their rate for the transitional period should be that of the Member State with the highest rate during the transitional period, excluding those two Member States. For the remaining Member States where current fixed termination rates are below the single maximum Union-wide fixed voice termination rate, or where a 20 % decrease would bring them at or below the single maximum Union-wide fixed voice termination rate, no transitional period should be established.

(27) The Body of European Regulators for Electronic Communications was consulted in accordance with Article 75(1) of Directive (EU) 2018/1972 and delivered an opinion on 15 October 2020.

HAS ADOPTED THIS REGULATION:

Article 1

1. This Regulation sets a single maximum Union-wide mobile voice termination rate and a single maximum Union-wide fixed voice termination rate to be charged by providers of wholesale voice termination services for the provision of mobile and fixed voice termination services.

2. This Regulation is without prejudice to the powers of national regulatory authorities under Article 64(3) and Articles 67 and 68 of Directive (EU) 2018/1972.

3. Articles 4 and 5 shall apply to calls originated from and terminated to Union-numbers.

4. Articles 4 and 5 shall also apply to calls originated from third country-numbers and terminated to Union-numbers where one of the two following conditions is met:

(a) where a provider of voice termination services in a third country applies to calls originated from Union-numbers, mobile or fixed voice termination rates equal or lower than the maximum termination rates set out in Articles 4 or 5 respectively for mobile or fixed termination, for each year and each Member State, on the basis of rates applied or proposed by providers of voice termination services in third countries to providers of voice termination services in the Union; or

(b) when:

(i) the Commission determines that, on the basis of information provided by a third country, voice termination rates for calls originated from Union-numbers and terminated to numbers of that third country are regulated in accordance with principles equivalent to those set out in Article 75 of Directive (EU) 2018/1972 and Annex III thereto; and

(ii) that third country is listed in the Annex to this Regulation.

5. Articles 4 and 5 shall be understood as per minute charges (without VAT) and shall be charged on a per second basis.

Article 2

1. For the purposes of this Regulation, the following definitions apply:

(a) ‘mobile voice termination service’ means the wholesale service required to terminate calls to mobile numbers that are publicly assigned numbering resources, namely numbers from national numbering plans, provided by operators with the ability to control termination and set the termination rates for calls to such numbers, where there is interconnection with at least one network, irrespective of the technology used, including interconnection ports;

(b) ‘fixed voice termination service’ means the wholesale service required to terminate calls to geographic numbers and non-geographic numbers used for fixed nomadic services and to access emergency services, that are publicly assigned numbering resources, namely numbers from national numbering plans, provided by operators with the ability to control termination and set the termination rates for calls to such numbers, where there is interconnection with at least one network, irrespective of the technology used, including interconnection ports;

(c) ‘Union-number’ means a number from national numbering plans corresponding to E.164 country codes for geographic areas belonging to the territory of the Union.

Article 3

1. A provider of mobile or fixed voice termination services shall not charge any rate higher than the relevant maximum voice termination rate for the service of terminating a call to an end user on its network as provided in Articles 4 and 5.

2. Where voice termination rates are currently set in a currency other than the euro, the maximum mobile and fixed voice termination rates under Articles 4(1), 4(2), 4(4), 4(5) and 5(1) shall be converted into the national currency by applying the average of the reference exchange rates published on 1 January, 1 February and 1 March 2021 by the European Central Bank in the [Official Journal of the European Union](https://eur-lex.europa.eu/

3. The maximum mobile and fixed voice termination rates denominated in currencies other than the euro shall be revised annually and updated by 1 January each year, using the most recent average of the reference exchange rates published on 1 September, 1 October and 1 November by the European Central Bank in the [Official Journal of the European Union](https://eur-lex.europa.eu/)

Article 4

1. The single maximum Union-wide mobile voice termination rate shall be EUR 0,2 cent per minute.

2. By derogation from paragraph 1, providers of mobile voice termination services may apply the following maximum mobile voice termination rates:
   (a) from 1 July 2021 to 31 December 2021, in Member States other than those mentioned in paragraph 3: EUR 0,7 cent per minute;
   (b) from 1 January 2022 to 31 December 2022, in Member States other than those mentioned in paragraph 4: EUR 0,55 cent per minute;
   (c) from 1 January 2023 to 31 December 2023, in Member States other than those mentioned in paragraph 5: EUR 0,4 cent per minute.

3. By derogation from paragraph 1, from 1 July 2021 to 31 December 2021, providers of mobile voice termination services may apply the following maximum mobile voice termination rates in the following Member States:
   (a) HRK 0,045 per minute in Croatia;
   (b) EUR 0,20 cent per minute in Cyprus;
   (c) DKK 0,0385 per minute in Denmark;
   (d) EUR 0,622 cent per minute in Greece;
   (e) HUF 1,71 per minute in Hungary;
   (f) EUR 0,43 cent per minute in Ireland;
   (g) EUR 0,67 cent per minute in Italy;
   (h) EUR 0,4045 cent per minute in Malta;
   (i) EUR 0,581 cent per minute in the Netherlands;
   (j) EUR 0,36 cent per minute in Portugal;
   (k) EUR 0,64 cent per minute in Spain;
   (l) SEK 0,0216 per minute in Sweden.
4. By derogation from paragraph 1, from 1 January 2022 until 31 December 2022, providers of mobile voice termination services may apply the following maximum mobile voice termination rates in the following Member States:

(a) EUR 0,20 cent per minute in Cyprus;
(b) EUR 0,52 cent per minute in Denmark;
(c) EUR 0,47 cent per minute in Hungary;
(d) EUR 0,43 cent per minute in Ireland;
(e) EUR 0,40 cent per minute in Malta;
(f) EUR 0,36 cent per minute in Portugal;
(g) EUR 0,21 cent per minute in Sweden.

5. By derogation from paragraph 1, from 1 January 2023 until 31 December 2023, providers of mobile voice termination services may apply the following maximum mobile voice termination rates in the following Member States:

(a) EUR 0,20 cent per minute in Cyprus;
(b) EUR 0,36 cent per minute in Portugal;
(c) EUR 0,21 cent per minute in Sweden.

**Article 5**

1. The single maximum Union-wide fixed voice termination rate shall be EUR 0.07 cent per minute.

2. By derogation from paragraph 1, from 1 July 2021 to 31 December 2021, providers of fixed voice termination services may apply the following maximum rates for fixed voice termination services in the following Member States:

(a) EUR 0,089 cent per minute in Austria;
(b) EUR 0,093 cent per minute in Belgium;
(c) HRK 0,0057 per minute in Croatia;
(d) CZK 0,0264 per minute in Czechia;
(e) EUR 0,111 cent per minute in Finland;
(f) EUR 0,076 cent per minute in Latvia;
(g) EUR 0,072 cent per minute in Lithuania;
(h) EUR 0,110 cent per minute in Luxembourg;
(i) EUR 0,111 cent per minute in the Netherlands;
(j) PLN 0,005 per minute in Poland;
(k) EUR 0,078 cent per minute in Romania;
(l) EUR 0,078 cent per minute in Slovakia.

**Article 6**

1. This Regulation shall enter into force on the day following that of its publication in the *Official Journal of the European Union*.

2. It shall apply from 1 July 2021.
This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 18 December 2020.

For the Commission

The President

Ursula VON DER LEYEN
ANNEX

List of third countries pursuant to Article 1(4)(b) of this Regulation:

1.