

Telecommunication Regulations of People's Republic of China

Promulgated by the State Council on and effective as of 25 September 2000

PART ONE GENERAL PROVISIONS

Article 1 These Regulations have been formulated in order to regulate the telecommunications market, protect the lawful rights and interests of telecommunications subscribers and telecommunications business operators, ensure the security of telecommunications networks and information and promote the healthy development of the telecommunications industry.

Article 2 Anyone that engages in telecommunications activities or activities related to telecommunications in the People's Republic of China must abide by these Regulations.

For the purposes of these Regulations, the term "telecommunications" means the activity of using wired or wireless electromagnetic or optoelectronic systems to transmit or receive voice, text, data, images or any other form of information.

Article 3 The State Council's department in charge of the information industry shall supervise and administer the telecommunications industry nationwide in accordance with these Regulations.

The telecommunications administration authorities of the provinces, autonomous regions and municipalities directly under the central government shall, under the leadership of the State Council's department in charge of the information industry, supervise and administer the telecommunications industry within their respective jurisdictions in accordance with these Regulations.

Article 4 The supervision and administration of telecommunications shall conform with the principles of separation of government and enterprise, the removal of monopoly control, the encouragement of competition, the promotion of development, transparency, fairness and impartiality.

Telecommunications business operators shall operate in accordance with the law, abide by business ethics and submit themselves to supervision and inspection that is carried out in accordance with the law.

Article 5 Telecommunications business operators shall provide rapid, accurate, secure, convenient and reasonably priced telecommunications services to telecommunications subscribers.

Article 6 The security of telecommunications networks and information shall be protected by law. No organization or individual may use a telecommunications network to engage in activities

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that compromise State security or prejudice the public interest or the lawful rights and interests of third parties.

PART TWO TELECOMMUNICATIONS MARKET

Section One: Telecommunications Business Permits

Article 7 The State implements a system of permits for the operation of telecommunications business that are classified according to the type of telecommunications business.

A telecommunications service operating permit issued by the State Council's department in charge of the information industry or the telecommunications administration authority of a province, autonomous region or municipality directly under the central government must be obtained in accordance with these Regulations in order to engage in telecommunications business.

No organization or individual may engage in telecommunications business activities without obtaining a telecommunications service operating permit.

Article 8 Telecommunications business is divided into basic telecommunications services and value-added telecommunications services.

"Basic telecommunications services" means the business of providing public network infrastructure, public data transmission and basic voice communications services. "Value-added telecommunications services" means the telecommunications and information services provided through the public network infrastructure.

The specific classification of types of telecommunications services is provided in the Classification of Telecommunications Services attached hereto. The State Council's department in charge of the information industry may make partial adjustments to the categories of telecommunications services listed in the Classification in light of actual circumstances and publish it anew.

Article 9 The operation of basic telecommunication services shall require the examination and approval of the State Council's department in charge of the information industry and the obtaining of a Basic Telecommunications Service Operating Permit.

The operation of value-added telecommunications services covering an area across two or more provinces, autonomous regions and/or municipalities directly under the central government shall require the examination and approval of the State Council's department in charge of the information industry and the obtaining of a Cross-regional Value-added Telecommunications Service Operating Permit. The operation of value-added telecommunications services covering an area within one province, autonomous region or municipality directly under the central

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government shall require the examination and approval of the telecommunications administration authority of the said province, autonomous region or municipality directly under the central government and the obtaining of a Value-added Telecommunications Service Operating Permit.

If new technology is used to provide, on a trial basis, a new type of telecommunications service not listed in the Classification of Telecommunications Services, such service shall be placed on the record with the telecommunications administration authority of the province, autonomous region or municipality directly under the central government.

Article 10 The following conditions shall be met in order to operate basic telecommunications services:

1. the operator shall be a legally established company that specializes in basic telecommunications services and in which the State's equity or shareholding is not less than 51%;
2. there is a feasibility study and a technical plan for formation of the network;
3. there are funds and specialized personnel commensurate with the business activities to be engaged in;
4. there is a site and corresponding resources to carry out the business activities;
5. the operator has the reputation or the capability to provide long term service to its subscribers; and
6. other conditions specified by the State.

Article 11 When applying to operate basic telecommunications services, an application accompanied by documentation related to the conditions specified in Article 10 hereof shall be submitted to the State Council's department in charge of the information industry. The State Council's department in charge of the information industry shall complete its examination and render its decision to approve or reject the application within 180 days of the date of the receipt of such application. If it approves the application it shall issue a Basic Telecommunications Service Operating Permit and if it rejects the application it shall notify the applicant in writing and explain the reason therefore.

Article 12 When examining an application for the operation of Basic Telecommunications Services, the State Council's department in charge of the information industry shall consider such factors as State security, telecommunications network security, continuous usability of telecommunications resources, environmental protection and the state of competition in the telecommunications market, etc.

The issuance of Basic Telecommunications Service Operating Permits shall require the invitation of tenders in accordance with the relevant State regulations.

Article 13 The following conditions shall be met in order to operate value-added

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telecommunications services:

1. the operator shall be a legally established company;
2. there are funds and specialized personnel commensurate with the business activities to be developed;
3. the operator has the reputation or the capability to provide long term service to its subscribers; and
4. other conditions specified by the State.

Article 14 When applying to operate value-added telecommunications services, an application accompanied by documentation related to the conditions specified in Article 13 hereof shall be submitted to the State Council's department in charge of the information industry or the telecommunications administration authority of the province, autonomous region or municipality directly under the central government pursuant to the second paragraph of Article 9 hereof. If the relevant State regulations require that the value-added telecommunications service applied for be examined and approved by the relevant competent authority, the approval document from the relevant competent authority shall also be submitted. The State Council's department in charge of the information industry or the telecommunications administration authority of the province, autonomous region or municipality directly under the central government shall complete its examination and render its decision to approve or reject the application within 60 days of the date of the receipt of such application. If it approves the application, it shall issue a Cross-regional Value-added Telecommunications Service Operating Permit or a Value-added Telecommunications Service Operating Permit and if it rejects the application, it shall notify the applicant in writing and explain the reason therefore.

Article 15 If a telecommunications business operator changes the operating entity or its scope of business during the course of operations, or if it ceases operations, it shall submit an application to the original permit issuing authority 90 days in advance and carry out the appropriate procedures. If it is ceasing operations, it shall also duly take care of the consequences thereof, in accordance with the relevant State regulations.

Article 16 After receiving approval to engage in telecommunications business, the operator shall register with the enterprise registration authority on the strength of its legally obtained telecommunications service operating permit.

Operators of dedicated telecommunications networks that operate local telecommunications services shall submit an application in accordance with the conditions and the procedures specified herein and, after receiving approval and obtaining a telecommunications service operating permit, carry out registration procedures in accordance with the provisions of the preceding paragraph.

Section Two: Interconnection of Telecommunications Networks

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Article 17 Interconnection of telecommunications networks shall be effected on the basis of the principles of technical feasibility, economic sense, fairness, impartiality and mutual complementation.

Leading telecommunications business operators may not refuse interconnection requests from other telecommunications business operators and operators of dedicated networks.

For the purposes of the preceding paragraph, the term "leading telecommunications business operators" means operators that control vital telecommunications infrastructure, have a relatively large share of the telecommunications market and can materially influence the entry of other telecommunications business operators into the telecommunications business market.

Leading telecommunications business operators shall be determined by the State Council's department in charge of the information industry.

Article 18 A leading telecommunications business operator shall formulate interconnection rules that include such details as the procedure and time limit for network interconnection and a list of unbundled network elements in accordance with the principles of non-discrimination and transparency. The interconnection rules shall be submitted to the State Council's department in charge of the information industry for its examination and consent. Such connection rules shall be binding on the interconnection activities of the leading telecommunications business operator.

Article 19 Interconnections between public telecommunications networks and between public telecommunications networks and dedicated telecommunications networks shall require the holding of consultations and entry into an agreement on network interconnection between the parties to the interconnection in accordance with the regulations for the administration of network interconnections formulated by the State Council's department in charge of the information industry.

Network interconnection agreements shall be placed on the record with the State Council's department in charge of the information industry.

Article 20 If the consultations between the parties to a network interconnection fail to produce a network interconnection agreement, either party may apply to the State Council's department in charge of the information industry or the telecommunications administration authority of the province, autonomous region or municipality directly under the central government, depending on the area covered by the network interconnection, for mediation within 60 days from the date a party made the interconnection request. The authority receiving the application shall mediate in accordance with the principles specified in the first paragraph of Article 17 hereof in order to cause the parties to the network interconnection to reach an agreement. If the parties to the

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network interconnection are unable to reach an agreement through mediation within 45 days after the date either or both parties applied for mediation, the mediating authority shall randomly invite telecommunications technology experts and other experts in related fields to conduct open discussions and put forward a network interconnection plan. The mediating authority shall render a decision based on the conclusions reached by the experts in their discussions and the network interconnection plan they put forward, and forcibly effectuate the interconnection.

Article 21 The parties to the network interconnection must effectuate the interconnection within the time limit specified in the agreement or decision. Neither party may sever the interconnection without the approval of the State Council's department in charge of the information industry. If a malfunction occurs in the network interconnection's communications technology, the parties shall promptly take effective measures to eliminate it. If a dispute arises between the parties to the network interconnection during the interconnection of their networks, such dispute shall be handled in accordance with the procedures and methods specified in Article 20 hereof.

The quality of communications through the network interconnection shall comply with the relevant State standards. When a leading telecommunications business operator provides network interconnections to other telecommunications business operators, its service quality shall not be inferior to the quality of similar services on its own network or the quality of similar services it provides to its subsidiaries or branches.

Article 22 The settlement and apportionment of fees for network interconnections shall be handled in accordance with the relevant State regulations, and no fee additional to the specified rate may be charged.

The technical standards, fee settlement methods and specific administration regulations for network interconnections shall be formulated by the State Council's department in charge of the information industry.

Section Three: Telecommunications Charges

Article 23 Cost shall be the basic principle for the fixing of telecommunications charge rates, while such factors as the development requirements of the national economy and society, the development of the telecommunications industry and the telecommunications subscribers' ability to pay shall also be taken into consideration.

Article 24 Telecommunications charges are divided into those regulated by the market, those guided by the government and those fixed by the government.

Charges for basic telecommunications services shall be fixed by the government, guided by the government or regulated by the market. Charges for value-added telecommunications services

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shall be regulated by the market or guided by the government.

Charges for telecommunications services for which there is sufficient competition in the market shall be regulated by the market.

The classification list for the administration of telecommunications charges that are fixed by the government, guided by the government or regulated by the market shall be formulated, and published for implementation, by the State Council's department in charge of the information industry after seeking the opinion of the State Council's department in charge of pricing.

Article 25 The State Council's department in charge of the information industry shall propose the important telecommunications service charge rates that are to be fixed by the government, seek the opinion of the State Council's department in charge of pricing and issue and implement such charge rates after approval by the State Council.

The band for telecommunications service charge rates that are to be guided by the government shall be formulated, and published for implementation, by the State Council's department in charge of the information industry after seeking the opinion of the State Council's department in charge of pricing. Telecommunications business operators shall autonomously determine their charge rates within the band and file their charge rates with the telecommunications administration authority of the province, autonomous region or municipality directly under the central government for the record.

Article 26 When formulating telecommunications service charge rates that are to be fixed or guided by the government, the opinions of telecommunications business operators, telecommunications subscribers and other relevant parties shall be obtained through the holding of hearings.

Telecommunications business operators shall submit accurate and complete business cost data and other relevant information pursuant to the request of the State Council's department in charge of the information industry or the telecommunications administration authority of the province, autonomous region or municipality directly under the central government.

Section Four: Telecommunications Resources

Article 27 The State shall make unified plans for, centrally administer and rationally allocate telecommunications resources and implement a system of compensation for use thereof.

For the purposes of the preceding paragraph, the term "telecommunications resources" refers to such limited resources used to enable telecommunications functions as radio frequencies, orbital slots and telecommunications network numbers.

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Article 28 Telecommunications business operators that possess or use telecommunications resources shall pay a telecommunications Resource fee. The specific measures for charging fees shall be formulated by the State Council's department in charge of the information industry in concert with the State Council's finance department and department in charge of pricing, and, after approval by the State Council, be published for implementation.

Article 29 When allocating telecommunications resources, consideration shall be given to telecommunications Resource planning, the purposes for which such resources will be used and projected service capabilities.

Telecommunications resources may be allocated through allotment or auction.

Entities that have obtained the right to use telecommunication resources shall, within the specified time limit, commence using the resources allocated to them and attain the minimum specified scale of use. Telecommunications resources may not be used, assigned or leased nor the purpose for which they are used changed without the approval of the State Council's department in charge of the information industry or the telecommunications administration authority of the province, autonomous region or municipality directly under the central government.

Article 30 After a user of telecommunications resources legally obtains numeric resources for a telecommunications network, leading telecommunications business operators and other relevant work units shall be under obligation to adopt the necessary technical measures to cooperate with the user of the telecommunications resources in enabling such user's numeric resources to function.

If laws or administrative regulations contain special provisions concerning the administration of telecommunications resources, such provisions shall govern.

PART THREE TELECOMMUNICATIONS SERVICES

Article 31 Telecommunications business operators shall provide services to telecommunications subscribers in accordance with the telecommunications service rates specified by the State. The types and scopes of, and the charge rates and time limits for, the services provided by a telecommunications business operator shall be made public and filed with the telecommunications administration authority of the province, autonomous region or municipality directly under the central government for the record.

Telecommunications subscribers have the right to select at their own discretion the various types of legally operated telecommunications service that they wish to use.

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Article 32 When a telecommunications subscriber applies for telecommunications terminal equipment to be installed, or to be reinstalled in a new location, the telecommunications business operator shall ensure that the equipment is installed and functioning within the operator's published time limit. If the equipment is not installed and functioning within the time limit due to a reason attributable to the telecommunications business operator, such operator shall pay the telecommunications subscriber liquidated damages at the rate of 1% per day of the fee for the installation, the fee for the reinstallation in a new location or other fee charged.

Article 33 If a telecommunications subscriber reports an interruption of telecommunications services, the telecommunications business operator shall make repairs or tune the connection within 48 hours, if in an urban area, or 72 hours, if in a rural area, from the date of receipt of the report. If the operator is unable to make the repairs or tune the connection on schedule, it shall promptly notify the telecommunications subscriber and exempt him from the payment of the monthly rental fee for the period when service is interrupted. However, interruptions of telecommunications services arising from a reason attributable to the telecommunications terminal equipment shall not be covered hereby.

Article 34 Telecommunications business operators shall facilitate telecommunications subscribers' payment of fees and making of inquiries. If a telecommunications subscriber requests a list of charges for domestic long distance communications, international communications, mobile communications and information services, etc., the telecommunications business operator shall provide such list free of charge.

The moment that a telecommunications business operator discovers that a telecommunications subscriber has incurred unusually huge telecommunications charges, it shall notify the telecommunications subscriber as quickly as possible and take appropriate measures.

For the purposes of the preceding paragraph, the term "huge telecommunications charges" means charges that arise suddenly and exceed by more than five times the telecommunications subscriber's average monthly telecommunications charges for the preceding three months.

Article 35 Telecommunications subscribers shall pay timely and in full their telecommunications charges to the telecommunications business operator by the agreed time and by the agreed method. If a telecommunications subscriber fails to pay his telecommunications charges on time, the telecommunications business operator has the right to demand that he pay the telecommunications charges and may charge him liquidated damages at the rate of 0.3% of the unpaid charges per day.

If a telecommunications subscriber has still failed to pay his telecommunications charges 30 days after the agreed time limit for payment, the telecommunications business operator may suspend the provision of telecommunications services to him. If the telecommunications subscriber has still failed to pay his telecommunications charges and liquidated damages within 60 days after the

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telecommunications business operator has suspended the provision of telecommunications services to him, such operator may terminate the provision of services to him and pursue the payment of the charges owed and the liquidated damages in accordance with the law.

An operator of mobile telecommunications services may agree upon the time limit for, and method of payment of, telecommunications charges with telecommunications subscribers, and, in doing so, it shall not be bound by the time limits specified in the preceding paragraph.

The telecommunications business operator shall restore suspended telecommunications services within 48 hours of the payment of the overdue telecommunications charges and the liquidated damages by a telecommunications subscriber who had failed to pay his telecommunications charges on time.

Article 36 If normal telecommunications services will or, may be, affected by a telecommunications business operator's engineering work, network construction, etc., the operator must promptly inform subscribers within the specified time limit and make a report to the telecommunications administration authority of the province, autonomous region or municipality directly under the central government.

If telecommunications services are interrupted due to a reason as specified in the preceding paragraph, the telecommunications business operator shall reduce or exempt the subscribers' payment of the charges for the corresponding period during which telecommunications services were interrupted.

If a circumstance as specified in the first paragraph of this Article arises and the telecommunications business operator fails to promptly notify subscribers, it shall indemnify subscribers for losses incurred as a result thereof.

Article 37 Telecommunications business operators that operate local telephone services or mobile telephone services shall provide to subscribers free of charge such public service telecommunications services as hot lines for reporting fire, crime and traffic accidents and for medical emergencies and ensure that traffic flows freely on such communications lines.

Article 38 A telecommunications business operator shall provide equal and reasonable access services in a timely manner to group subscribers that require access to the operator's telecommunications network through a trunk line.

The telecommunications business operator may not discontinue the access services without approval.

Article 39 Telecommunications business operators shall establish a sound internal service

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quality management system and may formulate, publish and implement enterprise standards that exceed the telecommunications service standards fixed by the State.

Telecommunications business operators shall adopt various methods to listen to the opinions of telecommunications subscribers, subject themselves to supervision by the public and continuously improve the quality of their telecommunications services.

Article 40 If a telecommunications business operator's telecommunications services do not meet State standards for telecommunications services or the enterprise standards published by the operator, or a telecommunication subscriber has objections to the telecommunications charges he is paying, the subscriber has the right to require the telecommunications business operator to resolve the problem. If the telecommunications business operator refuses to resolve the problem or if the telecommunications subscriber is not satisfied with the results of the resolution, the subscriber has the right to appeal to the State Council's department in charge of the information industry or the telecommunications administration authority of the province, autonomous region or municipality directly under the central government. The authority that receives the appeal must deal with it in a timely manner and respond to the appellant within 30 days of the date of receipt of the appeal.

If a telecommunications subscriber has an objection to the local telephone charges he is paying, the telecommunications business operator shall provide free of charge, at the telecommunications subscriber's request, the basis on which local telephone charges are billed and be under obligation to take the necessary measures to assist the telecommunications subscriber in investigating the cause.

Article 41 While providing telecommunications services, a telecommunications business operator may not carry out any of the following acts:

1. limiting, by any means whatsoever, telecommunications subscribers to using the telecommunications services that it has designated;
2. limiting telecommunications subscribers to using telecommunications terminal equipment it has designated or refusing telecommunications subscribers' use of self-supplied telecommunications terminal equipment for which they have obtained permission to connect to the network;
3. violating State regulations by modifying, or modifying in disguised form, its charge rates, or by increasing, or increasing in disguised form, the items for which it charges fees, without authorization;
4. refusing, delaying or terminating the provision of telecommunications services to a telecommunications subscriber without a legitimate reason;
5. not performing the undertakings it publicly made to telecommunications subscribers or making false publicity that is likely to cause confusion; or

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6. making use of improper means to harass telecommunications subscribers or retaliating against telecommunications subscribers who have filed a complaint.

Article 42 During the course of telecommunications business operations, a telecommunications business operator may not carry out any of the following acts:

1. using any method whatsoever to limit a telecommunications subscriber from selecting telecommunications services legally provided by other telecommunications business operators;
2. unreasonably cross-subsidizing other business that it operates; or
3. engaging in unfair competition by providing telecommunications business or services below cost, in order to squeeze out competitors.

Article 43 The State Council's department in charge of the information industry or the telecommunications administration authority of the provinces, autonomous regions or municipalities directly under the central government shall ex officio supervise and examine the quality of the telecommunications services and the business activities of telecommunications business operators and make public the results of their supervision and spot checks.

Article 44 Telecommunications business operators must perform their corresponding obligations to make telecommunications services universally available, in accordance with relevant State regulations.

The State Council's department in charge of the information industry may determine which telecommunications business operators shall assume specific obligations in respect of the universal availability of telecommunications services by designating such operators or by inviting tenders.

The procedures for the administration of the compensation for the costs of making telecommunications services universally available shall be formulated by the State Council's department in charge of the information industry in concert with the State Council's financial department and department in charge of pricing, and, after approval by the State Council, be published for implementation.

PART FOUR TELECOMMUNICATIONS-RELATED CONSTRUCTION

Section One: Construction of Telecommunications Facilities

Article 45 The construction of public telecommunications networks, dedicated telecommunications networks and radio and television transmission networks shall be subject to overall planning and industry administration by the State Council's department in charge of the information industry.

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Before the construction of a public telecommunications network, dedicated telecommunications network or radio or television transmission network that is a national information network project or a construction project above the limit set by the State is submitted for approval in accordance with the procedures for the examination and approval of State capital construction projects, the consent of the State Council's department in charge of the information industry shall be obtained.

Basic telecommunications construction projects shall be incorporated into the urban construction master plans and village and town construction master plans of the various levels of local people's governments.

Article 46 The installation of telecommunications facilities shall accompany construction in urban areas and in villages and towns. The telecommunications cables and cable distribution facilities in buildings and the telecommunications cable ducts within the areas used for construction projects shall be incorporated into the design documents for the construction projects and shall be constructed and accepted at the same time as the construction projects. The necessary funds shall be included in the budgets for the construction projects.

When relevant work units or authorities plan and construct roads, bridges, tunnels or subways. They shall notify the telecommunications administration authority and the telecommunications business operators of the province, autonomous region or municipality directly under the central government and consult with them on such matters as reserving space for telecommunications cables.

Article 47 Operators of basic telecommunications services may attach telecommunications circuits to or install such public telecommunications facilities as small antennae and mobile communications base stations on civilian buildings, provided that they notify the holders of title to or users of the buildings in advance and pay a usage fee to the holders of title to or other rights in the buildings in accordance with the rates set by the people's government of the province, autonomous region or municipality directly under the central government.

Article 48 Signs shall be put up in accordance with the relevant State regulations when constructing underground, underwater or other such hidden telecommunications facilities or elevated telecommunications facilities.

An operator of basic telecommunications services shall obtain the consent of the State Council's department in charge of the information industry to lay submarine telecommunications cables and shall carry out the relevant procedures in accordance with the law after obtaining the consent of the relevant authorities. The relevant department of the State Council shall indicate submarine telecommunications cables on marine charts.

Article 49 No work unit or individual may modify or move the telecommunications circuits or

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other telecommunications facilities of a third party without authorization. If a situation arises where such circuits or facilities must be modified or moved, the consent of the holder of title to such telecommunications facilities shall be obtained, and the work unit or individual that made the request to modify or move the facilities shall bear the expenses necessary for, and compensate for the financial losses caused by, such modification or move.

Article 50 Such activities as construction, production and the planting of trees may not compromise the safety of telecommunications circuits or other telecommunications facilities or impede the flow of traffic on the circuits. In the event that telecommunications safety may be compromised, the relevant telecommunications business operator shall be notified in advance, and the work unit or individual engaging in such activity shall be responsible for taking the necessary precautions to protect the safety of such telecommunications facilities.

If the provisions of the preceding paragraph are violated, resulting in damage to telecommunications circuits or other telecommunications facilities or impeding the flow of traffic on the circuits, the facilities shall be restored to their original state or repaired and compensation shall be paid for the financial losses incurred.

Article 51 When constructing telecommunications circuits, the required safe distance from existing telecommunications circuits shall be maintained. If the existing circuits are difficult to avoid or must be crossed or if it is necessary to use existing telecommunications cable ducts, consultations shall be held with the holder of title to the existing telecommunications circuits and an agreement entered into. If the consultations fail to produce an agreement, the State Council's department in charge of the information industry or the telecommunications administration authority of the province, autonomous region or municipality directly under the central government, depending on the circumstances, shall resolve the matter through mediation.

Article 52 No organization or individual may prevent or hinder the construction of telecommunications facilities or the provision of public telecommunications services to telecommunications subscribers by operators of basic telecommunications services in accordance with the law with the exception, however, of areas to which State regulations prohibit or restrict access.

Article 53 Telecommunications vehicles that are being used for special or emergency communications, or for emergency repairs or for dealing with emergencies may, subject to the approval of the public security and traffic control authority, be exempted from observing the various restrictions imposed by signs prohibiting the passage of motor vehicles, provided that the safety and free flow of traffic is ensured.

Section Two: Connection of Telecommunications Equipment to Networks

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Article 54 Telecommunications terminal equipment, wireless communication equipment and equipment used in network interconnection shall be subject to a State-implemented permission system for connecting to networks.

Telecommunications terminal equipment, wireless communication equipment and equipment used in network interconnection that is connected to public telecommunications networks must meet State standards, and a network connection permit must be obtained therefore.

A list of telecommunications equipment subject to network connection permission shall be formulated by the State Council's department in charge of the information industry in concert with the State Council's product quality supervision department and be published for implementation.

Article 55 When carrying out the procedures for a network connection permit for telecommunications equipment, an application shall be submitted to the State Council's department in charge of the information industry together with a testing report issued by a telecommunications equipment testing organization recognized by the State Council's product quality supervision department or a product quality certificate issued by a certification institute.

The State Council's department in charge of the information industry shall complete its examination of the application and the telecommunications equipment testing report or product quality certificate within 60 days of the date of receipt of the application for a telecommunications equipment network connection permit. If the equipment is found to meet the standards after examination, a network connection permit shall be issued. If the equipment is found not to meet the standards, a response shall be given in writing explaining the reason.

Article 56 Telecommunications equipment producers must ensure that the quality of the telecommunications equipment for which they have obtained a network connection permit is stable and reliable and they may not lower the quality or performance of their products.

Telecommunications equipment producers shall affix a sticker bearing the network connection permission symbol to the telecommunications equipment for which they have obtained a network connection permit.

The State Council's product quality supervision department in concert with the State Council's department in charge of the information industry shall perform spot checks to track and supervise the quality of telecommunications equipment for which a network connection permit has been obtained and publish the results of such spot checks.

PART FIVE SECURITY OF TELECOMMUNICATIONS

Article 57 No organization or individual may use telecommunications networks to produce, reproduce, disseminate or transmit information with content that:

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1. opposes the fundamental principles determined in the Constitution;
2. compromises State security, discloses State secrets, subverts State power or damages national unity;
3. harms the dignity or interests of the State;
4. incites ethnic hatred or racial discrimination or damages inter-ethnic unity;
5. sabotages State religious policy or propagates heretical teachings or feudal superstitions;
6. disseminates rumors, disturbs social order or disrupts social stability;
7. propagates obscenity, pornography, gambling, violence, murder or fear or incites the commission of crimes;
8. insults or slanders a third party or infringes upon the lawful rights and interests of a third party; or
9. includes other content prohibited by laws or administrative regulations.

Article 58 No organization or individual may carry out the following acts that compromise the security of telecommunications networks or information:

1. deleting or modifying functions of a telecommunications network or the data or application programs stored, processed or transmitted thereon;
2. using a telecommunications network to steal or damage a third party's information, thereby prejudicing the lawful rights and interests of such third party;
3. deliberately creating, replicating or disseminating computer viruses or using other methods to attack the telecommunications network or other such telecommunications facilities of a third party; or
4. carrying out other acts that compromise the security of a telecommunications network or information.

Article 59 No organization or individual may carry out the following acts that disrupt the telecommunications market:

1. operating international telecommunications services or telecommunications services to the Hong Kong Special Administrative Region, Macao Special Administrative Region or Taiwan region without authorization, by leasing dedicated international telecommunications lines, privately installing relay equipment or otherwise;
2. illegally connecting to a third party's telecommunications circuit, reproducing a third party's telecommunications number(s) or using what one is well aware to be illegally connected or reproduced telecommunications facilities or numbers;
3. counterfeiting or altering telephone cards or any other valuable vouchers for telecommunications services; or
4. using a sham identification document, or passing off oneself under another's identification document, to carry out network access procedures and use a mobile telephone.

Article 60 Telecommunications business operators shall establish a sound internal security system and implement a security responsibility system in accordance with the State regulations on

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telecommunications security.

Article 61 In the course of designing, constructing and operating a telecommunications network, a telecommunications business operator shall plan, construct and operate its network in a manner that keeps pace with the security demands of the State and of telecommunications networks.

Article 62 If during the course of providing public information services a telecommunications business operator discovers information transmitted on its telecommunications network that clearly falls within the scope of content specified in Article 57 hereof, it shall immediately stop the transmission thereof, keep the relevant records and make a report thereon to the relevant authority.

Article 63 Telecommunications subscribers shall be responsible for the content of the information they transmit by means of a telecommunications network and the consequences thereof.

If the information transmitted by a telecommunications subscriber through a telecommunications network is secret State information, he must take measures to maintain the confidentiality of such information in accordance with the law concerning the maintenance of State secrets.

Article 64 During such emergency situations as the occurrence of a major natural disaster, the State Council's department in charge of the information industry may, subject to the approval of the State Council, temporarily requisition various kinds of telecommunications facilities to ensure the flow of important communications.

Article 65 International communications business conducted in the People's Republic of China must pass through an international communications gateway bureau that has been established with the approval of the State Council's department in charge of the information industry.

Communications between the mainland and the Hong Kong Special Administrative Region, the Macao Special Administrative Region and the Taiwan region shall be handled mutatis mutandis in accordance with the preceding paragraph.

Article 66 Telecommunications subscribers' freedom to legally use telecommunications and the confidentiality of their communications are protected by law. No organization or individual may, for any reason whatsoever, inspect the content of telecommunications, except that public security authorities, the State security authority and the People's Procuratorate may do so in accordance with the procedures stipulated by law in response to the requirements of State security or the investigation of criminal offences.

No telecommunications business operator or its employees may provide, without authorization, to a third party the content of information transmitted through the telecommunications network by

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telecommunications subscribers.

PART SIX PENAL PROVISIONS

Article 67 If a violation of Article 57 or Article 58 hereof is committed and such violation constitutes a criminal offence, the criminal liability of the perpetrator shall be pursued in accordance with the law. If the violation is insufficient to constitute a criminal offence, the public security authority or State security authority shall punish the perpetrator in accordance with the relevant laws and administrative regulations.

Article 68 If any of the acts specified in Items (2), (3) and (4) of Article 59 hereof is carried out and such act disrupts the telecommunications market and constitutes a criminal offence, the criminal liability of the perpetrator shall be pursued. If such act is insufficient to constitute a criminal offence, the State Council's department in charge of the information industry or the telecommunications administration authority of the province, autonomous region or municipality directly under the central government shall ex officio order rectification of the matter, confiscate the illegal income and impose a fine of not less than three times and not more than five times the illegal income; if there is no illegal income or if the illegal income is less than RMB 10,000, it shall impose a fine of not less than RMB 10,000 and not more than RMB 100,000.

Article 69 If these Regulations are violated by counterfeiting or assigning a telecommunications service operating permit or telecommunications equipment network connection permit, or by fraudulently using a third party's telecommunications service operating permit or telecommunications equipment network connection permit, or by fabricating the network connection permit code marked on telecommunications equipment, the State Council's department in charge of the information industry or the telecommunications administration authority of the province, autonomous region or municipality directly under the central government shall ex officio confiscate the illegal income and impose a fine of not less than three times and not more than five times the illegal income; if there is no illegal income or if the illegal income is less than RMB 10,000, it shall impose a fine of not less than RMB 10,000 and not more than RMB 100,000.

Article 70 If these Regulations are violated by the commission of any of the acts set forth below, the State Council's department in charge of the information industry or the telecommunications administration authority of the province, autonomous region or municipality directly under the central government shall ex officio order rectification of the matter, confiscate the illegal income and impose a fine of not less than three times and not more than five times the illegal income; if there is no illegal income or if the illegal income is less than RMB 50,000, it shall impose a fine of not less than RMB 100,000 and not more than RMB 1,000,000; if the case is serious, it shall order the perpetrator to suspend operations and undergo rectification:

1. operating telecommunications business without authorization or beyond one's scope of business, in violation of the third paragraph of Article 7 hereof or by commission of an act

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specified in Item (1) of Article 59 hereof;

2. establishing an international communications gateway and operating international communications without the approval of the State Council's department in charge of the information industry;
3. using, assigning or leasing telecommunications resources, or changing the purpose for which the telecommunications resources are used, without authorization;
4. severing a network interconnection, or discontinuing access services, without authorization;

or

5. refusing to perform obligations in respect of making services universally available.

Article 71 If these Regulations are violated by the commission of any of the acts set forth below, the State Council's department in charge of the information industry or the telecommunications administration authority of the province, autonomous region or municipality directly under the central government shall ex officio order rectification of the matter, confiscate the illegal income and impose a fine of not less than one time and not more than three times the illegal income; if there is no illegal income or if the illegal income is less than RMB 10,000, it shall impose a fine of not less than RMB 10,000 and not more than RMB 100,000; if the case is serious, it shall order the perpetrator to suspend operations and undergo rectification:

1. violating regulations by charging additional fees in the course of telecommunications network interconnection;
2. failing to take effective measures to eliminate a malfunction arising in the technology for communications between networks;
3. providing, without authorization, to a third party the content of information transmitted through a telecommunications network by telecommunications subscribers; or
4. refusing to pay fees for the use of telecommunications resources in accordance with regulations.

Article 72 If the provisions of Article 42 hereof are violated by competing unfairly in the course of engaging in telecommunications business, the State Council's department in charge of the information industry or the telecommunications administration authority of the province, autonomous region or municipality directly under the central government shall ex officio order rectification of the matter and impose a fine of not less than RMB 100,000 and not more than RMB 1,000,000; if the case is serious, it shall order the perpetrator to suspend operations and undergo rectification.

Article 73 If these Regulations are violated by the commission of any of the acts set forth below, the State Council's department in charge of the information industry or the telecommunications administration authority of the province, autonomous region or municipality directly under the central government shall ex officio order rectification of the matter and impose a fine of not less than RMB 50,000 and not more than RMB 500,000; if the case is serious, it shall order the perpetrator to suspend operations and undergo rectification:

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1. refusing requests from other telecommunication business operators for interconnection;
2. refusing to implement the decision on interconnection rendered in accordance with the law by the State Council's department in charge of the information industry or the telecommunications administration authority of the province, autonomous region or municipality directly under the central government; or
3. providing to other telecommunications business operators services through network interconnection that are inferior in quality to those on the telecommunications business operator's own network or to those it provides to its subsidiaries or branches.

Article 74 If a telecommunications business operator violates the provisions of the first paragraph of Article 34 or the second paragraph of Article 40 hereof by refusing to provide to a telecommunications subscriber a list of charges for domestic long-distance communications, international communications, mobile communications and information services free of charge or refuses to provide to a telecommunications subscriber free of charge with the basis on which the local telephone charges are billed when such subscriber has an objection to his local telephone charges and requests to be informed of such basis, the telecommunications administration authority of the province, autonomous region or municipality directly under the central government shall order it to rectify the matter and apologize to the telecommunications subscriber. If the telecommunications business operator refuses to rectify the matter and apologize to the telecommunications subscriber, the telecommunications administration authority of the province, autonomous region or municipality directly under the central government shall punish it with a warning and a fine of not less than RMB 5,000 and not more than RMB 50,000.

Article 75 If a telecommunications business operator violates the provisions of Article 41 hereof, the telecommunications administration authority of the province, autonomous region or municipality directly under the central government shall order it to rectify the matter, apologize to the telecommunications subscribers and compensate such subscribers for their losses. If the telecommunications business operator refuses to rectify the matter, apologize to the telecommunications subscribers and compensate such subscribers for their losses, the telecommunications administration authority of the province, autonomous region or municipality directly under the central government shall punish it with a warning and a fine of not less than RMB 10,000 and not more than RMB 100,000. If the case is serious, it shall order the telecommunications business operator to suspend operations and undergo rectification.

Article 76 If these Regulations are violated by the commission of any of the acts set forth below, the telecommunications administration authority of the province, autonomous region or municipality directly under the central government shall order rectification of the matter and impose a fine of not less than RMB 10,000 and not more than RMB 100,000:

1. selling telecommunications terminal equipment for which no network connection permit has been obtained;
2. unlawfully preventing or hindering a telecommunications business operator from

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providing public telecommunications services to telecommunications subscribers; or

3. modifying or moving a third party's telecommunications circuits or other telecommunications facilities without authorization.

Article 77 If these Regulations are violated by lowering the quality or performance of products after a telecommunications equipment network connection permit has been obtained therefore, the product quality supervision authority shall impose punishment in accordance with the relevant laws and administrative regulations.

Article 78 If any of the prohibited acts specified in Article 57, Article 58 and Article 59 hereof is carried out and the case is serious, the original authority that issued the perpetrator's telecommunications business permit shall revoke the same.

After the State Council's department in charge of the information industry or the telecommunications administration authority of the province, autonomous region or municipality directly under the central government has revoked a telecommunications business permit, it shall notify the enterprise's registration authority thereof.

Article 79 If an employee of the State Council's department in charge of the information industry or the telecommunications administration authority of a province, autonomous region or municipality directly under the central government is derelict in his duties, abuses his authority or practices graft and such act constitutes a criminal offence, his criminal liability shall be pursued; if such act is insufficient to constitute a criminal offence, he shall be subjected to administrative sanctions.

PART SEVEN SUPPLEMENTARY PROVISIONS

Article 80 The State Council shall separately formulate specific procedures governing the investment in and operation of telecommunications business in the People's Republic of China by foreign organizations or individuals and investment in and operation of telecommunications business on the mainland by organizations or individuals from the Hong Kong Special Administrative Region, the Macao Special Administrative Region and the Taiwan region.

Article 81 These Regulations shall be implemented as of the date of promulgation.

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