

NCC initiates regulatory reform and digital convergence

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On December 31 2015, after a long run of ambitious regulatory reform (for further details please see "[NCC invites comment on proposed Communications Convergence Act](#)"), the National Communications Commission (NCC) officially released its legislative proposal on five new laws to replace the existing Telecommunications Act, Terrestrial Radio and Television Act, Cable Television and Radio Act and Satellite Broadcasting Act. All five new draft bills are pending review with the Executive *Yuan* and are expected to complete submission at the end of April 2016 for further consideration.

The NCC says that it will change from a silo model to the horizontal-layers model used in telecommunications, traditional radio and television regulation in order to address the enhanced effect of the Internet. Practically speaking, the NCC follows the Japanese approach of the last century by splitting the existing Telecommunications Act into two separate statutes – the Telecommunications Business Act and the Law Governing Telecommunications Infrastructure and Resource Management. This liberalises the communications service market and removes entry barriers to further investment in both basic and enhanced services. Terrestrial television and radio stations, as well as cable television systems, will in future be categorised as telecommunications platform providers that carry content subject to NCC approval and licencing. The NCC clarified that the new proposal does not suggest any business separation or entity spin-off of existing telecommunications carriers and licensed operators; nor will the NCC require more licences and prior approvals for emerging communications services. It appears that the NCC no longer persists in pressing Chunghwa Telecom to implement functional and structural separation.

The draft laws have yet to be finalised, as the NCC continues to consult the relevant government agencies to ensure that the process is fine tuned. Nevertheless, it would be embarrassing if the legislative proposal won enough support in the newly formed Taiwan Congress. KMT, Taiwan's long-ruling party, suffered a landslide defeat in the national election on January 16 2016. The Executive *Yuan* is now caretaker until May 20 2016, when the government will be handed over. Further, five of the seven NCC commissioners – including the chairman and vice chair – will be appointed by the new government by the end of May 2016. This will cast a shadow over the review of the proposed regulatory reform.

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