

Policy and Initiatives Committee Meeting Minute – MEF LATAM,

May 12, 2010

Committee Members

- Andréia Borges - Arvato Mobile
- Carlos Dominguez - Spring Wireless
- Luca Ruju - Zero9
- Renato Marcondes - Playphone
- Filippo Satolli - Dada
- Ana Lucia Selvatici - Dada
- Rafael Pellon - CFLA
- Filipe Rosa - MEF
- Priscila Grison - MEF

Agenda:

- Presentation and discussion of the TIM initiative event promoted by the operator on 12/05.
- Positioning MEF in the market for self-regulation
- Discussion of the action plan for the Policies and Initiatives Committee

Items discussed

- Presentation and discussion of the TIM initiative event promoted by the operator on 12/05.

Filipe Rosa described the event on May 12, when the operator TIM met their partners to present their new WAP portal and also their action plan regarding complaints they are getting on value-added services on their call center. The operator presented statistics of participation of these services in total complaints and commented on the

pressure they are receiving from government agencies such as Anatel, Procon and MPF to reduce the number of complaints, which is making them to assume a harder position regarding partners.

Among the main data presented are that the value-added services now count for 46% of complaints. Of the total complaints, text channel is the second cause of complaint (19.4%) and subscription services are the fifth, with 3.4%. The main reasons for complaints are lack of signature (19%) and cancellation is not made (81%).

The operator left a warning message to their partners, which will be required to standardize and clarify the messages. The carrier said its team will focus on quality control and validation of these services, provide training for call center and will test with the aid of robots the WAP portal and services offered by partners.

Among the actions the operator will apply fines when misconduct is identified and payments will be withheld. In order to encourage partners to offer services within the standards, the carrier will offer partner benefits as priority in new services.

Filipe said that in addition to higher fines, government agencies may decide to end the subscription model, as in the past with other services such as reverse auction and 0900.

Positioning MEF in the market for self-regulation

Regarding the position that the MEF may have in relation to self-regulate the industry, Filipe Rosa explains that it is a decision of the members, leaving the options:

- position itself as enabler to help operators or
- take a more proactive position to have power to regulate subscription models. The Association may have a stronger position, bringing the best practices of other countries and acting as a watchdog of the market.

Filippo Satolli agrees with a more active stance, but believes that operators must be members of the Board so that it has validity. Filipe Rosa believes that all operators should be involved and give MEF autonomy to decide. Oi and Claro are interested but not joined yet. Vivo and TIM already answered that will join the Board.

It is needed to have common points between the terms of conduct and see how they affect the revenue, guiding the term in order to balance it. The important point is to show the improvement that the change will bring to all operators.

Renato Marcondes referred to a company that makes compliance tests, and suggested checking if they can do this service in Brazil. Vivo is doing tests with all partners with all the DDDs from Brazil to find the companies that are working with single opt-in.

Filipe Rosa observed the need to make MEF's own black lists, giving the message that the initiative is serious.

Rafael Pellon asked the members if they are willing to "cut their own flesh," since the MEF to take seriously the initiative and show it publicly, as well as members of the association to make public their support, MEF must decide whether the initiative will be carried back when problems with the MEF member companies appear.

Renato Marcondes also adds all companies need to control their own marketing, thinking in terms of conduct not only for operators but also internally, to analyze how the affiliates are going to market, to take this discussion inside companies and see how each company can coordinate their own work.

Filipe recalled the initiative of TIM, who said many people complained they had not signed and services were charged. The real situation is that people join, and when they join they don't have credit, and are charged the next time they purchase credits. One of the alternatives is an additional message saying that the client has no credits, but was added to a club, inviting him to charge the phone or he will be charged later. If they disagree send a message to EXIT.

- Action Plan

1) TERMS OF CONDUCT (TC)

a) Use the summaries made by Pure Bros and Spring Wireless, and review the terms of conduct made by operators to find common points and minimum rules, which must be done in the next 15 days.

b) Talking individually and giving voice to people to criticize and comment on the TC points.

c) Following on face-to-face meeting with all committee members, all points will be reviewed. After that step is necessary to meet with operators and see what could be done.

d) The fines will be levied defined by the operators - are not required by TC

2) BLACK LIST

a) members should inform MEF of media agencies / affiliates who have misconduct, creating a black list.

b) MEF page should contain media agencies / affiliates of the blacklist. Companies will not be on this list forever, they can leave when the company starts to follow the rules.

3) Operators reports

a) Operators should give more complete reporting to determine the origin of the problems, companies responsible for claims, etc.

b) Each company will individually go to Procon to defend and justify the source of complaints.

4) Contact with operators

a) Meeting with TIM scheduled for two weeks

b) Meeting with Vivo and Claro next week during the Tela Viva Móvel event.

c) Oi will be addressed later.

e) Message to the operators: To demonstrate that we are trying to self-regulate the market and they will be involved.

5) Contact media groups

a) schedule meetings with TVs: SBT, and Rede TV Band

b) scheduling meetings with Internet portals: Terra and UOL

6) Schedule meeting with regulators and MPF.

7) Timings:

a) According to CFLA expected timing to solve the problem and self-regulate the market in six months.

b) Similar initiatives in other markets took over a year, as in the case of Hong Kong and England.

Next steps:

- Submission of the minute

-Conference call next week on Tuesday

- Send data to conference call