



Bezeq – The Israel Telecommunication Corp. Ltd.
("Company")

October 5, 2020

The Israel Securities Authority

The Tel Aviv Stock Exchange

Immediate Report - Hearing to examine separation of broadband infrastructure service from an Internet Service Provider (ISP)

An immediate report is hereby issued that the Company received a "Hearing document to examine the separation of the broadband infrastructure service from an Internet Service Provider (ISP)". According to the document, following administrative work by an inter-departmental team from the Ministry of Communications examining the issue in question, the Ministry intends to take the following key policy steps:

1. To revoke the policy document entitled "Internet Services Licensing Policy" dated December 17, 2000.
2. To establish that the licenses of the infrastructure owners - the Company and "Hot Telecom" - shall be amended, such that as of January 1, 2022 ("the Determining Date") they shall be allowed to provide end customers with an integrated Internet service that includes the components today known as "broadband access service" and "ISP service", and that they will not be able to offer an infrastructure service to new retail customers. All this, in respect of Internet services directed at the private sector.
3. To establish that the infrastructure owners are prohibited from approaching existing customers with marketing offers in this field until the Determining Date.

The table below, which appears in the hearing document, summarizes the marketing of the services by the infrastructure providers before and after the Determining Date:



	Until the Determining Date			As of the Determining Date		
	Infrastructure only	Reverse bundle	Future offer of an integrated service	Infrastructure only	Reverse bundle	Integrated service
Customers currently subscribed to the service	Yes	Yes	No	Yes	Yes (at the discretion of the infrastructure provider)	Yes
Customers seeking to sign up to the service	Yes	No	No	No	No	Yes

4. To establish that if there is a significant increase in the percentage of an infrastructure owner's customers in an integrated configuration that is not wholesale, from this hearing publication date to a specific date as shall be defined before the Determining Date, the Determining Date for that infrastructure owner will be deferred by a period of six months.
5. To establish that adopting anti-competitive practices in the framework of the wholesale market or of a reverse bundle, including practices of discrimination, margin squeeze, failure to transfer information, and raising of difficulties for access of any kind to the wholesale market on the part of an infrastructure owner will result in a six-month deferral of the Determining Date for that infrastructure owner.
6. To establish arrangements for switching between operators and preventing duplicate charges from arising.
7. To establish that two years after the Determining Date, the Ministry will conduct an inspection regarding the number of customers continuing to be provided with service in a split or semi-integrated configuration, in order to examine the effectiveness of the move and other possible steps.

Comments on the hearing can be submitted until October 22, 2020. The Company and its subsidiary, Bezeq International, are studying the hearing documents and the proposed policy.

Below is a link to the hearing published on the Ministry of Communications website:

https://www.gov.il/he/departments/publications/Call_for_bids/04102020

Sincerely,

Bezeq – The Israel Telecommunication Corp. Ltd.

The above information constitutes a translation of the Immediate Report published by the Company. The Hebrew version was submitted by the Company to the relevant authorities pursuant to Israeli law, and represents the binding version and the only one having legal effect. This translation was prepared for convenience purposes only.