

# VoIP Service Provider Regulatory Compliance Guide

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Your Comprehensive Guide for Ensuring  
Compliance with Federal Communications  
Commission (FCC) and State Regulations  
Applicable to Interconnected VoIP and other  
Cloud Communications Services



**Communications Law  
Compliance Series**  
*from The CommLaw Group*



## **VoIP Service Provider Regulatory Compliance Guide:**

*Your Comprehensive Guide for Ensuring Compliance with Federal Communications Commission (FCC) and State Regulations Applicable to Interconnected VoIP and other Cloud Communications Services*

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Federal, State, and International laws and regulations governing communications are subject to change through legislation, court decisions, and regulatory decisions, policy shifts and rulemakings. Many such changes are often subject to adequate advance public notice before taking effect allowing time to adjust to any new requirements. However, recently, some changes are being effected with little or no advance notice. Before any major initiatives are undertaken the most prudent practice is to check on the current status of any applicable laws and regulations that may apply. Some of the content on this document may be considered Attorney Advertising under the applicable rules of certain states. Prior results do not guarantee a similar outcome.

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# INTRODUCTION

Within the last decade, Voice over Internet Protocol, or VoIP, has grown from a nascent, unregulated industry into a potential replacement service for traditional telephony. While the growth in internet-based communication services has yet to completely eradicate existing wireline services, the emergence of VoIP as a strong competing alternative has recently caused Federal and State regulatory agencies to re-examine their unfettered treatment of IP-based communications services. The official position of both Federal and State regulators has been to maintain a “light-touch” regulatory approach to VoIP services. Nevertheless, the emergence of VoIP as a viable alternative to existing telephone service has raised the specter of regulatory oversight for certain aspects of VoIP.

Thus far, while Congress has addressed regulation of VoIP in limited ways, comprehensive Congressional legislation on VoIP regulation has yet to emerge. And the country’s chief telecommunications regulatory agency, the Federal Communications Commission (FCC), has been reluctant to fully classify VoIP services as either an unregulated, information service or a heavily-regulated, traditional telecommunications service. Instead, the FCC has engaged in a piecemeal approach over the past several years, imposing specific regulations on interconnected VoIP services, a particular flavor of VoIP service that utilizes the Public Switched Telephone Network (PSTN).

The FCC has determined that “interconnected” VoIP services—which enable users to place calls to *and* receive calls from the PSTN—should be subject to many of the requirements applicable to traditional telephone services, while other forms of VoIP services (such as peer-to-peer services that do not make use of traditional telephone numbers) have been left largely unregulated.

Specifically, the FCC has subjected interconnected VoIP services to regulations concerning emergency communications (E911), disability access obligations including telecommunications relay services for hearing-impaired individuals, customer privacy (CPNI), Local Number Portability (LNP), and the facilitation of wiretaps and government surveillance (CALEA). In addition, the FCC ruled that providers of interconnected VoIP services must pay FCC regulatory fees and contribute to the Federal Universal Service Fund (USF), Telecommunications Relay Service (TRS) Fund, North American Numbering Plan, and the support of LNP administration.

As the VoIP industry continues to evolve, Congress and the FCC are starting to bring other varieties of VoIP services within the regulated sphere. The passage of the Twenty-First Century Communications and Video Accessibility Act of 2010 marked the first time that Congress expanded the Communications Act to bring non-interconnected VoIP services within the realm of regulated services. Specifically, the Act amends the Communications Act of 1934 to require certain non-Interconnected VoIP providers to comply with specific disability access obligations. With the law firmly in place, expanded regulation of IP-enabled services, such as those that provide instant messaging, Internet gaming and computer-to-computer voice communications services, is likely.

As the VoIP industry develops into a mature, established industry, state regulation continues to increase. As the FCC has limited the scope of federal preemption of Interconnected VoIP services, states are now quickly moving to expand state USF, TRS, and other regulatory requirements to Interconnected VoIP providers. The result has been a complicated, fluid, and often conflicting approach to the regulation of VoIP service.

The new willingness by both State and Federal authorities to press forward with VoIP regulation sends a clear signal that the unregulated honeymoon is over. It is certain that VoIP regulatory compliance will continue to remain dynamic and change over time as these issues are worked out.

The implications of this are monumental and may carry significant consequences for new and existing VoIP service providers.

In an effort to assist interconnected VoIP service provider's navigation of the complex world of VoIP regulation and ensure compliance with such regulation, The *CommLaw* Group prepared this **Interconnected VoIP Regulatory Compliance Guide**.

This **Interconnected VoIP Regulatory Compliance Guide** presents a comprehensive summary of regulatory requirements applicable to providers of interconnected VoIP services. This Manual should be used as a reference tool to understand an interconnected VoIP service provider's regulatory obligations at the federal and state level and ultimately keep VoIP service providers in compliance with all major regulations that affect the provisioning of VoIP services.

This Guide **does not** provide a comprehensive review of the state or local taxation of VoIP services and should not be relied on for tax advice.

## **ABOUT THE AUTHORS**

**Marashlian & Donahue, PLLC, [The CommLaw Group](#)**, is not your ordinary law firm. Together with [The Compliance Group](#), its affiliated consultancy, The *CommLaw* Group is a professional services "organization" that was specially designed and staffed to service the full-range of legal, consulting and compliance needs of the telecommunications, broadcast, information technology and Internet services and manufacturing industries. Boasting a vibrant and diverse communications law practice, The *CommLaw* Group currently serves hundreds of clients throughout the U.S. and internationally. The firm's loyal base includes clients of all shapes and sizes, from start-ups to Fortune 100 enterprises, and from practically every sector of the communications and info tech industries. The firm also serves the intellectual property, privacy, cyber-security, litigation and general business law needs of its clientele.

In 2005, anticipating the seismic shift in the market for effective, yet affordable legal services, The *CommLaw* Group set out to engineer its one-of-a-kind, "[Full Spectrum](#)" professional services business model. The ground-breaking processes developed by the firm enable it to provide value-driven, high-quality professional services that deliver business-savvy solutions for reasonable, predictable, task appropriate costs; all provided with the customer-friendly approach that has become the firms' hallmark characteristic.

The *CommLaw* Group is led by its founder and managing partner, Jonathan S. Marashlian, an AV Preeminent Rated, nationally-recognized expert in the areas of communications taxes, regulatory fees, regulatory litigation, audits, advocacy and defense. Winner of a SmartCEO Executive Management Award for his [innovation and leadership](#) in the legal profession, Mr. Marashlian also earned multiple [Client Choice Awards](#) by Lexology/International Law Office; named overall winner in the Telecommunications Law – USA category.

The *CommLaw* Group is the recipient of several ACQ Law and ACQ Global Awards and was named "Customer Service Law Firm of the Year" and "Best Communications Law Firm of the Year" in the U.S., and was profiled in the Wall Street Journal as one of Washington D.C.'s [Premier Law Firms](#).

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