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iBasis

iBasis, Inc.

LEGAL AND REGULATORY DEPARTMENT
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FCC - MAILROOM

June 30, 2004

By FedEx (651465320050):

Marlene H. Dortch
Secretary
Federal Communications Commission
Office of the Secretary
9300 East Hampton Drive
Capitol Heights, MD 20743

Re: iBasis, Inc. Submission in CC Docket No. 96-128 Addressing C.F.R.
Section 64.1300 et. seq (Inter alia, Requirement to File System Audit
Report) (the "Rules")

Dear Secretary Dortch:

Enclosed herewith are an original and ten (10) copies of the above-referenced submission on behalf of iBasis, Inc. ("iBasis"). We would be grateful if the additional copy could be date-stamped and returned in the postage-paid envelope provided.

1. Carrier Status. iBasis, as an international Internet telephony provider, sells an information service and is therefore not a "carrier" for regulatory purposes associated with the provision of interstate "telecommunications." However, as part of our prepaid calling card business, among others, we purchase certain inputs from telecommunications carriers that we incorporate into the information service we provide to our customers. To date, we have reimbursed our 8XX access vendors – facilities-based long distance carriers from which we have received payphone calls that could be construed to be compensable under the Rules – who have indeed paid payphone compensation for such calls. Such payment, our intention to pay payphone compensation in the future, and our submission today, are in no way intended to alter our position that we provide information services.

2. Current Arrangements for Payphone Compensation. Our arrangements to date in connection with our prepaid calling card business have required that we track payphone calls, either according to call detail records or incoming circuits. In some cases, we provide such information to clearinghouses employed by our 8XX access

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vendors. Our two major vendors have indicated that they would be willing to continue paying payphone compensation if we are willing to reimburse them for all payphone-originated 8XX calls regardless of whether the call is completed. We have decided not to utilize this option going forward.

3. New Arrangements for Payphone Compensation. Given our current intention to continue to pay payphone compensation for 8XX-originated payphone calls in connection with our prepaid calling card business, iBasis is in discussions with two national payphone clearinghouses, National Payphone Clearinghouse (NPC) and Billing Concepts, Inc., and anticipates finalizing arrangements with one of these two companies. In the interim, iBasis is tracking all subscriber toll-free payphone calls to completion and setting aside funds for all compensable calls that could be construed to be compensable under the Rules. We fully expect to enter contractual terms and employ a clearinghouse solution by the end of this fiscal quarter, and will work with our clearinghouse provider to remit funds to the underlying payphone service providers at that time. As we are unable to identify underlying payphone service providers without the assistance of a national payphone clearinghouse, we are not providing any information to payphone service providers at this time.

4. Method of Identifying 8XX Payphone Calls. iBasis identifies calls originating from payphones by the OLI code or information digit passed to us by our 8XX access vendors. We associate this indicator of payphone origination with all traffic originated via 8XX access. To the extent our payphone originated code is attached to call detail records, we are able to identify completed and uncompleted calls, as every call detail record indicates whether the call was completed on the far end, with associated call start time and duration.

5. Inability to Identify 8XX Payphone Calls. The large majority of iBasis's Internet telephony traffic is originated by major carrier customers in the U.S. and throughout the world. Such calls are typically passed to us without details that would enable us to identify if the call is an 8XX-originated payphone call. We are consulting our interests to determine what steps are appropriate to address this traffic in the context of the Rules.

6. Auditor. We have had discussions with our public auditor, Deloitte & Touche, to verify the adequacy of our call tracking system. For reasons relating to auditor independence, such firm may be unable to provide the service to us. As of today, we do not have the verification required by the Rules.

7. Contact. Below is the contact information for the party responsible for handling payphone compensation and for resolving disputes with payphone service providers over compensation:

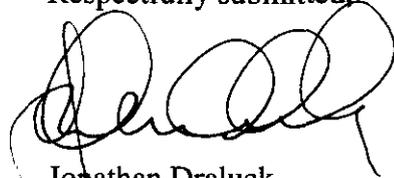
Bradford Guth, Senior Director, Financial Operations and Analysis

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iBasis, Inc., 20 Second Avenue, Burlington, MA 01803
Phone: (781) 505-7411
Fax: (781) 505-7300
Email: bguth@ibasis.net

We would, of course, be happy to discuss our service with any appropriate parties at the Commission or provide additional information. I can be reached at the above address, at 781-505-7955, or jdraluck@ibasis.net.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Jonathan Draluck', written over a circular stamp or seal.

Jonathan Draluck
Vice President Business Affairs
& General Counsel

cc: 8XX Access Vendors