

Consultation on Draft Framework for Mobile Virtual Network Operator (MVNO) Services in Pakistan

24th January, 2024

PTA invites stakeholder comments on draft MNVO Framework to analyze market dynamic for MVNO licensing in Pakistan. All stakeholders are requested to share their comments within fifteen days of issuance of this draft by responding to questions at the end of the document (**Annex-C**). Response may please be shared on: faheemahsan@pta.gov.pk.

DRAFT

FRAMEWORK FOR MOBILE VIRTUAL NETWORK OPERATOR (MVNO) SERVICES IN

PAKISTAN

Mobile Virtual Network Operator (MVNO) is an operator that does not own any spectrum; instead, MVNOs have commercial arrangements with conventional Mobile Network Operators (MNOs) for provision of Mobile Communication Services and Next Generation Mobile Services to their own customers.

1. Legal Framework

This framework allows Mobile Virtual Network Operator (MVNO) services in Pakistan in the light of clause 9.11.1 of Telecommunications Policy 2015. The following terms and conditions shall apply to MVNO service operations in Pakistan.

2. Registration

Only a company registered with SECP (Securities and Exchange Commission of Pakistan) shall be eligible to apply for MVNO license.

3. MVNO Models:

MVNO models are broadly categorized in three categories i.e. Reseller & Services Provider, Enhanced Service Provider and Full/Thick MVNO

3.1 An MNO shall be allowed to make commercial agreements with single/ multiple MVNOs. Similarly an MVNO shall also be allowed to make commercial agreements with single/multiple MNOs. The agreement between MNO and MVNO will define scope of operations of MVNO, however the scope of operations shall remain in line with MVNO models depicted in Figure '1':

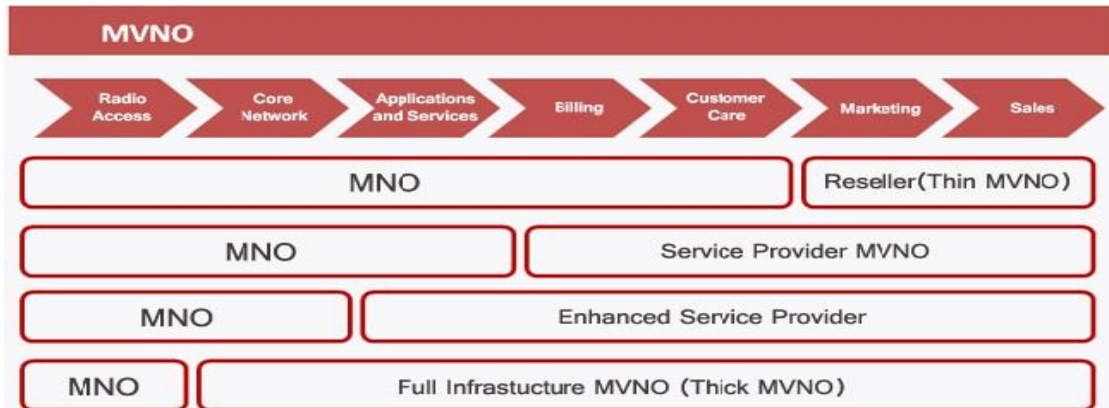


Figure 1: MVNO Models

3.2 A brief description of the MVNO models is as under:

- Reseller:** The MVNO will be allowed to use its own brand name, marketing strategies and sales however will only be allowed to market the services being offered/provided by parent MNO and will not be allowed to install any radio or core network equipment
- Service Provider:** The MVNO will be allowed to use its own brand name, marketing strategies, customer care and billing however will only be allowed to market the services being offered/provided by parent MNO and will not be allowed to install any radio or core network equipment.
- Enhanced Service Provider:** This category of MVNO may provide its own customized services in addition to the services provided by parent MNO and will use its own brand name and marketing strategy. This category may install telecom network elements restricted to its own model.
- Full MVNO:** A full MVNO will be allowed to provide all type of services as provided by MNO's which include branding, marketing and install its own core network elements except access network elements.

4. License Application:

The company (interested in becoming an MVNO) shall apply to PTA for MVNO license as prescribed in Annex-A.

4.1 MNO and MVNO shall jointly submit to the Authority, technical and business plan along with draft commercial agreement between MNO and MVNO as per the checklist. The applicant shall be granted MVNO license after fulfillment of all codal formalities.

4.2 MVNOs shall be allowed to install their own network elements depending upon the scope of operations agreed as per the agreement with parent MNO duly approved by the Authority. Further, the agreement once approved by PTA shall not be changed by any party without prior approval of PTA.

5. **Number Allocation and Number Portability:**

5.1 Number allocation to MVNOs would be in accordance with the procedure specified for this purpose and attached as **Annex- B**.

6. **Quality of Service (QoS) and National Security:**

Quality of Service and National Security compliance will be sole responsibility of MVNOs as per the License conditions

6.1 **Quality of Service** shall be the sole responsibility of MVNO. Since MVNO shall hold its own brand name, consumer ownership and market its own SIMs, it must ensure that its users receive good quality of service as per benchmarks set by PTA. MVNO while entering into an agreement with MNO(s) shall look into this aspect and individual responsibilities in this regard should clearly be pronounced in the document.

6.2 MVNO shall be responsible to fulfill the **National Security** requirements. Appropriate clauses will be included in the agreement to ensure efficient resolution of issues related to security, Lawful Interception (LI), data records etc. and terms and conditions for activation/de-activation of SIMs as set by PTA and its amendments thereto, prior to commencement of its commercial services.

7. **Customer Care and Service Provisioning:**

MNO shall provide un-interrupted services to MVNO and shall not degrade, suspend, discontinue or terminate any services without prior approval of PTA.

7.1 Once an MVNO commences its services, the MNO shall provide service to MVNO without interruption. Also, the parent MNOs shall not degrade, suspend, discontinue or terminate any service provided to MVNO or take any measures which effect the delivery of service to MVNO without prior approval of PTA. Similarly, MVNO shall not stop provision

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of services to its customers without at least a three (3) months' notice and prior approval from PTA.

7.2 As MVNO will hold the ownership of its customers, it will be responsible for making necessary arrangements to facilitate them. The MVNO shall address the complaints of its own users and for this purpose shall establish at least one customer care center in each city of its operation and a 24/7 nationwide helpline.

7.3 MVNO shall be required to take action against its customer related to its services as required under the prevailing law.

7.4 MVNO shall be responsible for the resolution of billing or other disputes with its customers as per its scope.

7.5 The MVNO shall submit its Code of Commercial Practice and Standard Contract of Service to PTA for approval and shall follow the same in true letter and spirit.

7.6 MVNO shall ensure necessary safeguards are in place to abide by PTA's DIRBS and loss/stolen device requirements.

8. Interconnect and Roaming Agreements:

8.1 MVNO shall be allowed to use only parent MNO's roaming and interconnect agreements with other operators.

9. Fee and Contributions:

9.1 MVNO shall pay regulatory fees and contributions including USF and R&D in the same way as applicable on MNOs, however MVNO will pay USF and R&D contributions through their parent MNOs. Detailed mechanism for payments will be provided.

9.2 Initial License Fee for an MVNO will be US Dollar xxxxxx (US \$ xxxxx) or its equivalent in Pak Rupees to be converted at the National Bank of Pakistan (NBP) Telegraphic Transfer (TT) selling rate prevailing on the day preceding the date of payment.

10. License Term and Cancellation:

Initial license term will be for xx years and can be renewed as per the decision of the Authority, the license will be cancelled/terminated in case the agreement between MVNO and MNO is terminated after approval of PTA.

10.1 The MVNO license shall be issued for an initial period of xx years which can be renewed, subject to provision of mutual agreement between the parties. If the agreement between MVNO and parent MNO is terminated for any reason before the license term of xx years and MVNO has no other valid agreement with any other or same MNO the MVNO license will be suspended for one year, if the MVNO provides a valid agreement with another or same MNO the license will be restored otherwise the MVNO license will be terminated. In case of termination MVNO has to ensure and complete all legal and codal formalities.

11. General

PTA may conduct a comprehensive market study as and when required to ascertain number of MVNO licenses based on the market capacity and saturation.



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<http://www.pta.gov.pk>

Application No.(to be filled by PTA)

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CHECK LIST FORM
(TO BE SUBMITTED WITH THE APPLICATION)

#	Items	Check (√) if attached	# of pages	For PTA use only
1.	Applicant(s) profile;			
2.	Evaluation fee in shape of Demand Draft/Pay Order: USD 500 or its equivalent in Pak Rupees to be converted at the National Bank of Pakistan (NBP) Telegraphic Transfer (TT) selling rate prevailing on the day preceding the date of payment. Submit proof of deposit.			
3.	<ul style="list-style-type: none">• Certificate of Incorporation (including Memorandum & Article of Association and Form-29, Form-II and Form-A duly certified by SECP)• National Tax Number (NTN)			
4.	<p>a. Attested copies of Computerized National Identity Card for Pakistani National shareholder directors.</p> <p>b. Attested copies of Passport of foreign nationals submitted through Ministry of Foreign Affairs after security clearance.</p>			
5.	Undertaking on duly notarized stamp paper for:			

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	<p>a. That the company or its Director have never been declared insolvent by any court of law;</p> <p>b. That the Directors of the company have never been convicted by a court of law for major offences or unethical/immoral turpitude (other than minor offences).</p> <p>c. That neither the applicant company nor its shareholder directors are defaulter(s) of PTA etc.</p>			
6.	Bio-data of key management personnel			
7.	Brief Description of the Applicant's Business Plan			
8.	Technical Plan			
9.	Copy of draft commercial agreement including Service Level Agreements with Cellular Mobile Operator.			
10.	<p>a. Financial feasibility report inclusive of:-</p> <p>i. MVNO licensed terms projected financial statements, at least for 5 years</p> <p>ii. Statement showing capital cost of project</p> <p>iii. Statement showing financial resources of the MVNO for its operations</p> <p>b. Detailed and documentary evidence for equity and debt</p> <p>i. Equity including bank balance/cash, saving certificate, shares, moveable</p>			

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	and immovable property			
	ii. Debt including bank, leasing, or others (specify)			

Draft MVNO Framework

NUMBER ALLOCATION PROCEDURE FOR MOBILE VIRTUAL NETWORK OPERATOR (MVNO)

ALLOCATION PROCEDURE FOR MVNO:

MVNOs will follow the following standard operating procedure (SOP) for the allocation of numbering resources from PTA:

FOR INITIAL APPLICATION:

1. MVNO shall provide a copy of license issued by PTA.
2. MVNO shall provide a copy of agreement signed with cellular mobile operator to PTA.

GENERAL:

1. MVNO will apply through MNO for numbering resource.
2. MVNOs shall submit numbering application through MNO for requesting numbering block/ resource along with applicable fee.
3. PTA will allocate numbering block of 10000 numbers against previously allocated NDC of particular mobile operator to MNO against each city/district/location for assignment to MVNO.
4. MVNO will make the payment of annual numbering charges to PTA through parent MNO.
5. An MVNO shall be allowed to have numbers from more than one Cellular Mobile Operator (MNO) provided all requirements are met with each additional Cellular Mobile Operator (MNO) along with any other requirement which the PTA may impose.
6. The numbering series allocated to MVNO operators shall be allowed to be ported out to any other cellular mobile operator (MNO) within Pakistan.
7. Mobile Number Portability shall be a joint responsibility of MVNO and its parent MNO [that actually controls the network infrastructure]. In this regard, both parties shall clearly define technical arrangements and operational procedures.

MVNO Consultation Questions

Sr.	Draft Framework Reference	Consultation Question
1.	General questions	Is there an appetite for MVNO license in the Pakistan Telecom Market?
2.		How MNOs can facilitate/encourage entry of MVNOs in Pakistan Telecom Market?
3.	Para 10; License terms and Conditions	What should be the minimum duration for MVNO license? Suggested duration is as under: a. 5 to 10 years or b. Co-terminous with the existing MNO license
4.	Para 3; MVNO Models	To what extent should MVNO be permitted to set up their own infrastructure/ model?
5.	Para 3.1; MVNO Models	Should there be any restriction on the MVNO to have agreement with one MNO only or with multiple MNOs fulfilling commercial/ technical arrangements?
6.	Para 7.3 and 7.4; Customer care and Service Provisioning	What is the best way to protect the subscribers both in terms of continuity of service including applicability of tariff plans and quality of service: a. In case of a dispute between MVNO and MNO? b. In case MVNO wants to exit the business.
7.	General question	What should be the process of obtaining license from PTA by the MVNO? Should it be processed through MNO or joint application?
8.	Para 9.2; Fee and Contributions	What should be the recommended fee for MVNO license? Rationalization/ justification for the recommended fee.
9.	Para 9.2; Fee and Contributions	What should be preferred reporting mechanism involving revenues and inter-operator costs and consideration thereof for calculation of Annual Regulatory Dues, for MNO and MVNO, including Contributions?

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10.		Any other comments.
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