Mobile Virtual Network Operator Guidelines

Draft

Issued by CITC on ----/------/-------H; ----/----/ ------- G
1 Introduction

1.1 Telecommunications services are regulated under the Telecommunications Act (“Act”), the Telecommunications Bylaw (“Bylaw”) and the Ordinance of the CITC (“Ordinance”), the Interconnection Guidelines as well as other relevant Regulatory Frameworks issued by CITC.

1.2 The objectives of the CITC are set out in Article 3 of the Act and include ensuring the:

a) provision of access to the public telecommunications networks, equipment and services at affordable prices (Article 3(2)); and

b) creation of a favourable atmosphere to promote and encourage fair competition in all fields of telecommunications (Article 3(3)).

1.3 The Bylaw provides that the CITC shall:

a) promote adequate and efficient interconnection of telecommunications networks and access by service providers to telecommunications facilities of other service providers, in order to permit interoperability of telecommunications services that originate or terminate in the Kingdom, or both (Article 36(a));

b) establish an open and transparent regulatory framework for interconnection and access with a view to minimizing regulatory and other barriers to entry into telecommunications markets (Article 36(b)); and

c) resolve disputes relating to interconnection and access in a timely and impartial manner (Article 36(i)).

1.4 Mobile Virtual Network Operators (“MVNOs”) are licensed service providers that buy mobile network capacity and use this capacity to offer their own mobile subscriptions and services to subscribers. They are not agents for facilities-based operators from which they buy capacity (“Host FBPs”). The MVNO subscribers are customers of the MVNO and not of the Host FBP. MVNOs are not assigned any radio frequency spectrum by the regulator and may not establish their own radio access or transmission networks. MVNOs in the Kingdom will be required to provide detailed billing and customer care services including addressing customer complaints, and abide by all CITC regulations.

2 Purpose of the Guidelines

2.1 The purpose of the MVNO Guidelines is to:

a) supplement the regulatory framework as set out in the CITC statutes, and to provide guidance for Host FBPs and MVNOs;

b) assist in ensuring that all MVNOs are treated fairly and in a non-discriminatory manner with respect to the provision of wholesale access and other services by Host FBPs; and

c) encourage good practice with respect to the provision of wholesale access and other services between Host FBPs and MVNOs and to promote technical and economic
efficiency of the mobile market, and thereby to ensure that users can be provided with satisfactory services.

2.2 These Guidelines should be read in conjunction with the Act, the Bylaw, the Ordinance and other CITC Statutes. The CITC will take these Guidelines into account when exercising its duties and functions, including applying the provisions of the Bylaw and the relevant conditions in licenses, and in reviewing the efficacy of the MVNO licensing arrangements.

3 Scope of the Guidelines

3.1 These Guidelines apply to licensed MVNOs and Host FBPs, and may also apply to related parties.

3.2 These Guidelines also provide guidance for a mutually negotiated MVNO Agreement between an MVNO and its Host FBP(s).

4 Principles for the Provision of MVNO services

4.1 The following principles shall apply to the provision of Host FBP services to the MVNOs:

a) Every Host FBP, if so requested in writing, must enter into good faith negotiations to complete an MVNO Agreement with any MVNO without avoidable delay. The following actions or practices in particular shall be deemed to violate the duty to negotiate in good faith:

i) Obstructing or delaying negotiations or resolution of disputes;

ii) Refusing to provide information about a service provider’s own telecommunications facilities that are necessary for access arrangements;

iii) Misleading or coercing a party into reaching an agreement it would not otherwise have made;

iv) Requiring prior or simultaneous negotiation or agreement on the provision of other services;

v) Demanding that another service provider sign a non-disclosure agreement that precludes it from providing information requested by CITC;

vi) Refusing to include a provision allowing amendment of the agreement to take into account changes in CITC Statutes; or

vii) Offering terms which are discriminatory in nature;

b) A service provider shall not be required to enter into an agreement where to do so would, in its reasonable opinion, and where the CITC has not ruled otherwise:

i) cause or be likely to cause material danger, damage or injury to any person or to any property;

ii) cause material damage or otherwise harm the telecommunications operation of its network, its facilities or the provision of its services; or

iii) not be technically or commercially feasible;
c) MVNO Agreements should encourage efficient and sustainable competition and not impose unnecessary restrictions or constraints on any party to the MVNO Agreement;

d) Procedures and arrangements shall be transparent, fair and non-discriminatory;

e) A licensed MVNO shall not be constrained from subsequently renegotiating the relevant terms of an MVNO Agreement made with its Host FBP which are necessary to modify its business model within the limitations of what is permitted under an MVNO License and MVNO Agreement terms and conditions;

f) Licensed MVNOs shall not be prevented from issuing their own SIM cards for the service; and

g) The MVNO Agreement should be in compliance with CITC Statutes.

5 MVNO Business Model

5.1 Host FBPs should offer to provide all wholesale services and any services required from time to time by any MVNO hosted by him in order to allow the MVNO to provide mobile services in the Kingdom. The scope of such services offered by Host FBPs may include Home Location Register (HLR) services, roaming services and airtime services, and other services agreed between the parties.

5.2 Each MVNO should be permitted to determine its own business model, for example:

a) Basic MVNO – reselling mobile airtime and connectivity using its own sales and marketing capability and brand, and offering billing and customer care services in addition to the airtime and connectivity procured from its host mobile network; or

b) Enhanced MVNO – in addition to the activities described in sections (a) above, managing its own service platforms, allowing it to differentiate its service from that offered by its Host FBP; or

c) Infrastructure-based MVNO – in addition to the activities described in section (b) above, providing its own core network, which may, for example, consist of a Mobile Switching Centre (MSC) and Home Location Registry (HLR); the MVNO may also manage its own core transmission network to carry traffic provided that all transmission facilities are leased from CITC-licensed FBPs,

or any variant within the range of these models.

5.3 The Pure Resale MVNO model, where the MVNO resells mobile airtime and connectivity using its own sales and marketing capability and brand, but contracts with the Host FBP for the provision of its customer care and billing services, is not permitted.
6 Procedures for Entering into MVNO Agreements

6.1 Any person may initiate negotiations with any Host FBP to establish a Preliminary MVNO Agreement which will permit the signing of the final MVNO Agreement should that person become a MVNO Licensee. The principles in section 4.1 of these Guidelines shall also apply to the negotiations related to the Preliminary MVNO Agreement.

6.2 If negotiation of an agreement between the Host FBP and the licensed MVNO cannot be finalised within a period of sixty (60) days, either party to the negotiations may apply to CITC for clarification and guidance on the terms of the proposed MVNO Agreement.

6.3 Disputes should be resolved in line with the current provisions in the CITC Statutes.

6.4 Once a licensed MVNO completes any MVNO Agreement with its Host FBP, both parties are required to submit a copy of it or any amendment to it to the CITC within ten (10) working days of its execution.

7 Contents of MVNO Agreements

MVNO Agreements should contain, but are not limited to the following elements:

7.1 Framework Agreement

a) The term of the MVNO Agreement should be clearly stated with start and end dates of the Agreement, as well as renewal terms and conditions for the MVNO Agreement;

b) The MVNO Agreement should define the scope of the services to be provided by the Host FBP to the MVNO;

c) The MVNO Agreement may also define the services which are specifically excluded or not provided by the Host FBP to the MVNO;

d) The MVNO Agreement should contain provisions that allow the MVNO to meet all applicable CITC Quality of Service, Terms of Service and other regulatory obligations;

e) The MVNO shall have the right to use its own brand, with appropriate protection in relation to the use of trade and service marks, as well as mutual protection of the intellectual property rights of each party to the MVNO Agreement;

f) The MVNO shall have the right to source its SIM cards from a Host FBP or directly from a manufacturer. The MVNO shall abide by all CITC regulations and decisions issued by the CITC relating the use and distribution of SIM cards.

g) The MVNO Agreement should contain provisions for liability that are binding on each party to the MVNO Agreement;

h) Provisions for termination or suspension of service included in the MVNO Agreement shall only be for unresolved material breach and after reasonable notice while taking service continuity and customer rights into consideration;
i) The MVNO Agreement shall include provisions covering the expiration, termination or suspension of the MVNO Agreement and shall contain adequate protection for MVNO customers and their prepayments; and

j) Procedures shall be included for dispute resolution and escalation, including reference to CITC for guidance or dispute resolution.

7.2 Operations

a) MVNO forecasts of anticipated demand are expected to be non-binding. Any MVNO minimum purchase commitment required by the Host FBP must be objectively justified, reasonable and proportionate;

b) The MVNO Agreement should contain change procedures for new, modified, or extended services;

c) Planning, forecasting, provisioning and ordering processes defined in the MVNO Agreement should allow sufficient time for both the MVNO and the Host FBP to make any necessary changes or adjustments to ensure timely provision and continuity of service to the subscribers;

d) The MVNO shall be permitted to source its own SIMs, handsets and terminal equipment. MVNO-provisioned SIMs, handsets and terminal equipment shall conform to relevant CITC standards and shall not be subject to any additional tests or approvals by the Host FBP;

e) The Host FBP shall ensure the timely and accurate provision of billing and auditing services. This shall include supply of Call Detail Records to the MVNO in an industry-standard format acceptable to the MVNO to allow the MVNO or an independent third party to carry out all aspects of the billing, billing reconciliation and invoicing functions required;

f) Billing information shall be made available on a realtime or near-realtime basis to the MVNO to permit MVNO customer billing inquiries to be resolved in a timely fashion either by the MVNO or a third party who may be engaged by the MVNO to provide this service;

g) The MVNO Agreement shall provide for fault monitoring by the Host FBP, timely and accurate fault reporting to the MVNO on a realtime or near-realtime basis in an industry standard format, as well as fault resolution and escalation processes; and

h) The MVNO Agreement shall ensure exchange of all reasonable and necessary information between the parties, subject to confidentiality provisions.

7.3 Service Level Agreement

a) The Service Level Agreement (SLA) contained in the MVNO Agreement shall clearly define all services to be provided to the MVNO or to be carried by the Host FBP and the quality parameters for the provision of such services;

b) The quality of service commitments in the SLA shall meet or exceed applicable quality targets contained in the CITC Quality of Service Regime; and
c) The SLA shall include guaranteed response times for the Host FBP to inform the MVNO of faults and failures, restoration times for such faults and failures, and specify the related obligations.

7.4 Technical

a) Licensed MVNOs shall request number allocations from CITC including, where applicable, a Mobile Network Code in accordance with the National Numbering Plan and shall comply with the Mobile Number Portability regulations;

b) Licensed MVNOs may request signalling point code allocations from CITC in accordance with the Signalling Point Code Numbering Plan and Guidelines, and any related CITC regulations;

c) Interfaces and standards shall be based on national and recognized international standards;

d) The MVNO is responsible for ensuring security monitoring obligations are met. Support from the Host FBP will likely be required to meet these obligations, and the level of support required will depend on the specific business model adopted by the MVNO; and

e) A high level of cooperation between the parties is expected and required to address and minimise fraud. This shall extend to provisions to protect each Party’s confidential information and for protection of any personal customer data.

7.5 Pricing

a) Prices should provide for an appropriate margin between the wholesale price charged to the MVNO and the retail price for the equivalent service provided by the Host FBP.

b) In the case where a wholesale service provided to an MVNO has no retail equivalent, the price should be based on the costs of supply, reasonably and efficiently incurred.

8 Future Review

8.1 CITC intends to monitor the introduction of the MVNO license scheme, the development of MVNO operations and the enhancement of mobile services after the issue of the MVNO license(s) by CITC.

8.2 If CITC concludes that the Guidelines are insufficient to encourage the establishment of effective MVNO arrangements in the Kingdom then CITC will consider taking further action such as:

a) amending the Guidelines, or adding further procedures or instructions; and/or

b) taking other actions to rectify problems or issues that may emerge or continue to exist.
9 Illustrative Outline for an MVNO Agreement

9.1 The outline for the Agreement given below is for illustrative purpose only, and some items may not be applicable to all MVNO business models. As long as the directions in the MVNO Guidelines are followed, the structure, format and arrangement of contents in this Agreement may vary provided these do not contradict the CITC Statutes.

a) Framework Agreement
   - Preamble, definitions and interpretation
   - Commencement and duration
   - Confidentiality and non-disclosure
   - Intellectual property rights
   - Legal rights, protections and extent of liabilities
   - Review, renewal rights and obligations
   - Terms associated with breach, suspension and termination of the agreement
   - Provisions for staff safety and systems protection
   - Disputes and arbitration
   - Force Majeure, waiver and assignment
   - Authorised representatives and notices
   - Governing law and jurisdiction.

b) Service Level Agreement
   - Service definitions and descriptions
   - Service configuration
   - Scope of service included and excluded
   - Service Provisioning
   - Technical characteristics
   - Operational conditions
   - Quality and Grade of Service
   - Penalties for non-compliance with service level objectives.

c) Technical Aspects
   - MVNO-Host FBP Interconnection
   - MVNO-Host FBP Interconnection Links and Routing
   - Transport Network Interconnection
   - Signalling Network Interconnection
• Synchronization
• Interface Standards
• Numbering
• Number Portability
• Quality of Service.

d) Operational Processes
• Provisioning Processes
  – Infrastructure Planning
  – Traffic Forecasting
  – Collocation
  – Ordering Procedure
  – Implementation
• Operation and Maintenance Processes
  – Network Operation
  – Traffic Management
  – Routing Management
  – Fault Management
  – Operational Testing
  – Safety Standards
• Billing Processes
  – CDR Generation and Mediation
  – Payment Process
  – Reconciliation.

e) Management of MVNO-Host FBP Relationship
• Services Management
• Joint Technical and Operational Committee
• Provisioning of Information between Service Providers
• Network Information
• Planned Network Changes
• Database Management
• Dispute Resolution.

f) Appendix: MVNO – Host FBP Pricing
• Approach
• Rates
• Justification with supporting information.