

Malaysian Communications and Multimedia Commission

Public Inquiry Report on the Mandatory Standard for the Provision of Services through a Mobile Virtual Network

30 September 2015

This Public Inquiry Report was prepared in fulfillment of sections 55(2), 55(4), 61 and 65 of Communications and Multimedia Act 1998

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GLOSSARY

ASP Applications Services Provider

CMA98 Communications and Multimedia Act 1998

HLR Home Location Register

MCMC Malaysian Communications and Multimedia Commission

MNP Mobile Number Portability

MVN Mobile Virtual Network

NFP Network Facilities Provider

NSP Network Services Provider

SECTION 1: SUMMARY OF THE PUBLIC INQUIRY

BACKGROUND

- 1. On 10 July 2015, the Minister of Communications and Multimedia ("the Minister") issued a Direction under Sections 7 and 104(3) of CMA98 for the Malaysian Communications and Multimedia Commission ("the Commission") to determine a Mandatory Standard on the obligations that must by complied by licencees in the provisioning of services in the MVN business environment ("Direction No. 3 of 2015").
- Subsequently, the Commission released a Public Inquiry paper on the Mandatory Standard for the Provision of Services through a Mobile Virtual Network ("PI Paper") on 13 July 2015 for the purpose of determining the Mandatory Standard as directed by the Minister.
- 3. At the close of the Public Inquiry at 12.00 noon on 1 September 2015, the Commission received thirteen (13) submissions from the following respondents:

No	Respondents	Date/Time Received	Method of Submission
1.	Telekomunikasi Indonesia (Malaysia) Sdn Bhd ("Telin")	31 August 2015 / 5.49 pm	Email
2.	Xiddig Cellular Communications Sdn. Bhd. ("Xiddig")	1 September 2015 / 7.48 am	Email
3.	Maxis Berhad ("Maxis")	1 September 2015 / 10.16 am	Email
4.	XOX Com Sdn Bhd ("XOX")	1 September 2015 / 10.42 am	Email

No	Respondents	Date/Time Received	Method of Submission
5.	Packet One Networks (Malaysia) Sdn Bhd ("Packet One")	1 September 2015 / 11.03 am	Email and Hardcopy
6.	DiGi Telecommunications Sdn Bhd ("DiGi")	1 September 2015 / 11.40 am	Email and Hardcopy
7.	Telekom Malaysia Berhad ("TM")	1 September 2015 / 11.45 am	Email
8.	YTL Communications Sdn Bhd ("YTL")	1 September 2015 / 11.45 am	Email and Hardcopy
9.	U Mobile Sdn Bhd ("U Mobile")	1 September 2015 / 11.48 am	Email
10.	Altel Communications Sdn Bhd ("Altel")	1 September 2015 / 11.49 am	Hard Copy
11.	Celcom Axiata Berhad ("Celcom")	1 September 2015 / 11.52 am	Email and Hardcopy
12.	Merchantrade Asia Sdn Bhd ("Merchantrade")	1 September 2015 / 11.55 am	Email
13.	Tune Talk Sdn Bhd ("Tune Talk")	1 September 2015 / 12.00 pm	Email

Table 1: Summary of submissions received by 12.00 noon

4. Additionally, two (2) submissions were received a few minutes after 12.00 noon, but upon consideration, the feedback was incorporated as part of the PI Report. These submissions are as follows:

No	Respondents	Date/Time Received	Method of
			Submission
1.	Talk Focus Sdn Bhd ("TRON")	1 st September 2015 / 12.04 pm	Email
2.	Consumers' Association of Penang ("CAP")	1 st September 2015 / 12.06 pm	Email

Table 2: Summary of submissions received later than 12.00 noon

5. The Commission would like to thank all respondents to the PI Paper, and now publishes this Public Inquiry Report ("PI Report") as required under Section 65 of CMA98.

STRUCTURE OF THE PI REPORT

- 6. The remainder of this PI Report is structured broadly to follow the PI Paper and to provide context for the Commission's questions for comments, as follows:
 - 6.1 Section 2 describes the summary of the Commission's Final Views on the four major issues highlighted by the respondents;
 - 6.2 Section 3 provides a summary of the input provided on the specific questions and the Commission's response; and
 - 6.3 Section 4 highlights the way forward.

SECTION 2: SUMMARY OF COMMISSION'S FINAL VIEWS ON THE FOUR MAJOR ISSUES

7. The following are the summary of the Commission's Final Views on the four (4) major issues highlighted by the respondents.

PROPOSAL TO AMEND THE DEFINITION OF MVN

- 8. A number of the respondents submitted that the proposed definition for MVN be streamlined with the definition used in the Commission Determination on Access List, Determination No. 2 of 2015 ("Access List"). Some of the respondents also submitted improvements and/or enhancements to be included in the proposed definition.
- 9. The Commission is aware of the definition used in the Access List, and have considered the applicability of that definition to be used in the proposed Mandatory Standard. Additionally, the Commission is also cognizant of the different definitions used by other regulators as submitted by the respondents. However, the Commission is of the opinion that the definition in the proposed Mandatory Standard is applicable for the purpose of protection of consumer interest and takes into consideration the various business models applicable in the MVN business environment. In this regard, the definition used in the Access List would be related to the specific instances as provided for and defined in the Access List.
- 10. Based on the above, the Commission has decided to maintain the definition used in the proposed Mandatory Standard.

PROPOSAL FOR THE ESTABLISHMENT OF A COMPENSATION FUND

- 11. The Commission proposed that the Host Operator and MVN service providers are required to establish a Compensation Fund ("Fund") to protect the consumers in the event of MVN service failure. In general, while there is agreement to protect the consumers in such an event, the respondents stated their concerns on the establishment and management of the Fund. Some of the respondents also proposed for the Fund to be created and managed by the Commission or a trustee appointed by the Commission. Additionally, some respondents are of the view that the requirement for such Fund may create additional barriers to entry.
- 12. The Commission recognizes the concerns raised by the respondents, and the complexity of managing such Fund. However, the Commission does not have express powers to establish and manage such Fund. On the other hand, the Commission is also aware that some of the concerns for refund can be addressed administratively by the MVN service providers, and that there are other avenues for consumers to obtain redress in the event MVN service providers fail to provide such refunds.
- 13. Based on the above, the Commission has decided to remove the requirement for Compensation Fund in the Mandatory Standard.

REFUND TO SUBSCRIBERS

14. The proposed Mandatory Standard provides for a mechanism for a refund to be provided to affected subscribers. However, based on the feedback provided by the respondents, a number of Host Operators are concerned on whether the requirement is applicable to them as well. Additionally, one MVN service provider stated that the refunding requirement will "greatly

hamper the (MVN service providers') chance to succeed". Some respondents also highlighted operational requirements such as "control mechanism" and the complexity required to transfer the unused credit (to other MVN service providers).

- 15. The Commission takes note of the submissions received and agrees for the refunding exercise to only be applicable to subscribers who choose to terminate its services and not porting subscribers. Additionally, in the event of porting, all existing credit will expire upon successful porting and not be carried to the new service provider¹.
- 16. Based on the above, the Commission maintains that the MVN service provider will be required to provide the refund as per the Stage 3 requirement of the proposed Mandatory Standard. The Commission will remove the requirement to transfer unutilized prepaid value and/or deposit to the new service provider. In this regard, the subscribers would have to forego any unutilized prepaid value and/or deposit.
- 17. Additionally, the Commission will also remove the obligation to carry forward the remaining value to the Host Operator in the Mandatory Standard. However, the Commission will include the requirement for the subscribers to be informed on the need to maintain the minimum credit to ensure the continuity of services by the Host Operator.

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¹ Frequently Asked Questions – Mobile Number Portability. Available at http://www.skmm.gov.my/skmmgovmy/files/attachments/FAQs_MNP.pdf

THE HANDING OVER OF REMAINING SUBSCRIBERS' DATABASE FOR CONTINUITY OF SERVICE

- 18. The proposed Mandatory Standard provides for the handing over of the relevant databases by the relevant MVN service provider within three (3) months from the date of service termination. This is to ensure that the remaining subscribers (those who have not terminated or ported out) can continue to obtain their services. In general, the respondents are agreeable to the proposal as it provides clarity on the responsibilities of the Host Operator and/or the MVN service provider.
- 19. However, some respondents highlighted some operational challenges in the migration of the database to the Host Operator. These include:
 - a. The time required to effect the handing over, to take into consideration operational and resources issues. The Commission notes these challenges. However, the subscribers need to be able to access the required services within an acceptable period and there must be continuity of services. Having considered the feedback received, the Commission has decided that the handover of the subscriber database and HLR should be undertaken within three (3) months from the date of the issuance of the Stage 2 Notice instead of from the date of service termination.

In relation to the above, the MVN service provider is required to stipulate the timeline within which subscribers should indicate their intention to terminate or port out. This timeline should not be more than two (2) months from the date of the issuance of the Stage 2 Notice. This is to facilitate the handover process and to ensure that the subscribers will not experience service disruption.

- b. The management of the numbers. One respondent indicated that they would like to take over the assignment of the numbers from the MVN service providers in the event of service termination. In this regard, the provisions of the Numbering and Electronic Addressing Plan would be applicable and this would include the manner in which numbers are assigned; and
- c. The need for a new agreement between the MVN service providers and the subscribers to allow for such transfer. Some respondents also highlighted the need for consent from potential and existing subscribers. In order to ensure that all relevant laws are adhered to, the Commission will include a requirement in the Mandatory Standard for the MVN service provider to inform and to obtain consent from their subscribers on the potential handing over of the subscribers' database and HLR to the Host Operator in the event of service termination.

GENERAL COMMENTS

20. In general, while the Commission notes that the responses provided from the public inquiry process primarily relates to concerns about operational, technical and other requirements, consumer protection in the MVN business environment remains paramount. In addition to the obligations outlined in the Mandatory Standard, the Commission is also enhancing proactive monitoring and enforcement measures to develop action plans to address consumer issues in the MVN business environment. The Commission also appreciates other suggestions submitted on the management of numbers, licencing requirements, as well other regulatory requirements which may not be covered in the Mandatory Standard. These may be addressed by the Commission accordingly in other relevant regulatory tools or instruments.

SECTION 3: SUMMARY OF THE INPUT PROVIDED ON THE SPECIFIC QUESTIONS AND THE COMMISSION'S RESPONSE

21. This Section summarizes the feedback received from the respondents based on the seven (7) questions provided in the PI Paper, as well as the Commission's response to these feedback. These responses also form part of the Commission's Final Views on the proposed Mandatory Standard.

Question 1: MCMC seeks views on the definition of MVN service provider provided in the proposed Mandatory Standard.

No	SUMMARY OF THE COMMENTS	THE COMMISSION'S RESPONSE
1.1	Maxis, Packet One, U Mobile and Digi	The Commission is of the view that the proposed
	are of the view that the definition of	definition of MVN service provider is to impose an
	MVN needs to be further refined and	obligation on the relevant MVN service providers to
	to be in accordance with other	undertake the necessary consumer protection
	definitions such as that in the Access	measures as outlined in the proposed Mandatory
	List Determination.	Standard. The proposed definition also takes into
	Maxis also raised concerns that the current definition may cover RAN Share and Domestic Roaming.	account all relevant MVN business models i.e.: MVNE ² , MVNA ³ , MVNX ⁴ , thick MVNO, thin MVNO, as well as the technical requirements for the provisioning of the MVN service.
		The Commission will maintain the definition provided
		in the proposed Mandatory Standard.
1.2	Celcom, Xiddig and Tune Talk agree	The Commission notes Tune Talk's concern on the
	with the proposed definition but Tune	potential harm of "thin MVNOs" as they may not be
	Talk suggests that "thin MVNOs"	able to fulfill the service requirements. However, the
	currently only requiring ASP(C)	Commission sees value in the services provided by the
	licence not be allowed. Similarly, Altel	relevant MVN service providers, as well as the effect

² MVNE – Mobile Virtual Network Enabler

³ MVNA - Mobile Virtual Network Aggregator

⁴ MVNx – other Mobile Virtual Network models

No	SUMMARY OF THE COMMENTS	THE COMMISSION'S RESPONSE
	is of the view that the criteria to become an MVN service provider should be more stringent.	of competition to the consumers, such as lower prices and better packages.
	XOX, on the other hand, suggests that the minimum ASP(C) licence be incorporated in the definition.	The Commission would like to stress that this Mandatory Standard is for the purpose of protecting consumer interest and not to set down criteria for licencing requirements. As such, the Commission will maintain the definition provided in the proposed Mandatory Standard. On XOX's suggestion, the definition has to be read together with Paragraph 6 of the proposed Mandatory Standard.
1.3	TM suggests for the definition to also include MVNE business model, subscription to wholesale service and other capabilities such as VAS ⁵ , billing and customer support, while Merchantrade proposes specific definition to include thin and thick MVN service providers.	The proposed definition was developed to take into account all relevant MVN business models ie: MVNE, MVNA, MVNX, thick MVNO, thin MVNO, and is generic enough to address other capabilities such as VAS, billing and customer support.
1.4	YTL is of the view that the Commission must look at defining MVN in a broader sense or even to not define it entirely.	In implementing the Mandatory Standard, it is important for the Commission to be clear on the class of licencees to be subjected to the same as required under Section 105(2) of CMA98.
1.5	Telin suggests to include a provision to protect MVN service providers from "casualties" caused by the actions of the Host Operators.	The Commission takes note of this concern. However, MVN service providers would have other redress mechanisms as provided for under CMA98, other laws, or in the contractual agreement between the Host Operator and MVN service providers.

⁵ VAS – Value Added Services

Question 2: MCMC seeks feedback on, the framework and the stages above. How would the consumers be better protected in view of the various commercial risks associated with the provisioning of the MVN service? Are the considerations outlined above sufficient to address the expectations of the consumers? How the four (4) stages indicated above would assist the service providers in protecting the consumer?

No	SUMMARY OF THE COMMENTS	THE COMMISSION'S RESPONSE
2.1	Xiddig, XOX, Packet One and TRON	The Commission takes note of the feedback provided
	agree with the proposed framework	on the four stages in the proposed Mandatory
	ie: the four stages in the proposed	Standard.
	Mandatory Standard.	
	XOX highlighted that the refunding process should be the last resort after all other options have been exhausted.	On XOX's remark, the Commission notes that the refund is relevant in ensuring that the consumers' interest is protected, which takes into consideration of other options.
2.2	TRON opines that the proposed framework does not allow for change of Host Operator and suggests that the Commission support a more flexible policy for MVN service providers to switch its Host Operator.	The Commission disagrees with this view as the proposed Mandatory Standard provides for the different requirements for the services, including change of Host Operator.
2.3	Packet One generally agrees with the timeline proposed. However, Packet One is of the opinion that the current framework in the General Consumer Code is sufficient to address the concerns raised by the Commission.	The Commission notes the feedback provided by Packet One. In the PI Paper, the Commission has highlighted that the existing regulatory tools are not sufficient to address the issues and concerns outlined in the PI Paper, hence the need for the Mandatory Standard.
	Additionally, Packet One is of the view that "it is common that the Commission would request	The current practice highlighted by Packet One may be specific to the utilization of the resources required, such as the number blocks. In such instances, this

No	SUMMARY OF THE COMMENTS	THE COMMISSION'S RESPONSE
	notification for the actual service provision from the applicant" on the use of numbers. In these cases, Packet One believes that the proposal by the Commission may not be necessary.	information may not be sufficient or may vary, and it assumes that the MVN service provider is also an NSP (I) licence holder.
2.4	Maxis agrees with the timeline proposed in all stages but has raised some concerns as follows :	The Commission notes the concerns raised by Maxis on the specific requirements of the proposed Mandatory Standard and provides the following response:
	 Stage 1: Does not see the need to disclose the performance bond paid by MVN service provider to Host Operator The Compensation Fund to be managed by the Commission or a trustee appointed by the Commission. 	Stage 1 – The information on Performance Bond is required to provide a benchmark for the Commission in monitoring the various MVN service providers. On the Compensation Fund, the Commission is of the opinion that it does not have express powers to establish and manage such Fund.
	Stage 2: -To expand the medium of communication during the service termination notice (i.e.: via electronic mail, SMS, Facebook, Twitter, etc.)	Stage 2 – the proposed Mandatory Standard provides a minimum requirement that has to be complied with by the affected MVN service providers, and concurs with the proposal by Maxis to include additional communication medium as highlighted.
	Stage 3: -Host operator to not be held responsible for balances owed	Stage 3 The Commission is cognizant on the technical and operational complexities associated with the proposed requirements, and will amend the proposed Mandatory Standard to reflect the proposal to exclude

No	SUMMARY OF THE COMMENTS	THE COMMISSION'S RESPONSE
	-Conversions of unused airtime not possible due to the different packages offered by MVN service provider and Host Operator -Refunds only applicable when subscriber choose to terminate the service, and not in number porting instances.	the Host Operator's responsibility to convert unused credit or balances owed.
	Stage 4: -A new contract to be established between Host Operator and subscriber to inform on the autoabsorption option. -Unused credits are to be used during the three months' notice and no credits are to be carried forward to Host Operator.	Stage 4: The Commission notes the requirement on the transfer of the subscriber and will amend the Stage 2 Notice accordingly. Additionally, the Commission will indicate that refund is only applicable in the event of service termination and not porting. There will be an obligation imposed on the MVN service providers to inform and to obtain their subscribers' consent on the requirement to handover subscribers that do not terminate or port out, to the Host Operator.
2.5	Digi proposes for the proposed Mandatory Standard to clearly indicate the various circumstances that may lead to the discontinuation of services provided by the MVN service provider, namely: -Breach of agreement -Winding up of MVN service provider (voluntarily or involuntarily) -When the MVN service provider's licence is revoked and/or cancelled by the Commission.	The proposed Mandatory Standard has provided three (3) service termination circumstances which requires MVN service providers to submit a Stage 2 Notice to the Commission. However, the circumstances are also not limited to the list outlined in the proposed Mandatory Standard.

No	SUMMARY OF THE COMMENTS	THE COMMISSION'S RESPONSE
	 -When the MVN service provider opts to transfer licence to another host operator -When the MVN service provider opts to change Host Operator. 	
2.6	TM does not agree with the establishment of the Compensation Fund. TM is of the opinion on the need for a month's buffer in Stage 2 to ensure	The Commission takes note on the view by TM and agrees to remove the requirement of establishing a Compensation Fund. On the proposed additional one (1) month buffer, the Commission will incorporate minimum period notice to
	adequate time in notifying the affected subscribers. TM also suggested to conduct customer awareness mechanism to furnish the subscribers with the necessary information.	address these concerns.
2.7	YTL does not support the 3 months notification period except the Service Termination Notice period. YTL views this as "discriminatory" and may burden small players in the industry and create unnecessary barriers. YTL recommends the Commission to conduct further studies on the failure of MVN service providers and to	indicated in the proposed Mandatory Standard are acceptable. The proposed Mandatory Standard includes responsibilities of both Host Operators and
	establish standards for Host Operator spelling out their responsibilities and obligations.	

No	SUMMARY OF THE COMMENTS	THE COMMISSION'S RESPONSE
2.8	U Mobile suggests for the MVN service provider and Host Operator to establish their own timeline based on the work required to enable the mobile services.	The Commission takes note of the suggestion. However, there has to be a minimum timeline that all parties are required to adhere to, to ensure that subscribers are protected.
	U Mobile also suggests to categorize the service termination instances as follows: Voluntary -MVN service provider cease operations or end of contract -MVN service provider changes its Host Operator	On the proposed two (2) termination categories, the Commission is of the opinion that the three (3) circumstances outlined in the proposed Mandatory Standard already provide for the relevant scenarios. Additionally, the Stage 2 Notice requirement is also not limited to the circumstances outlined in the proposed Mandatory Standard and may include other circumstances that may lead to the termination of the MVN service.
	Involuntary - Breach of licence conditions - Breach of contract	
	U Mobile also opines that the best approach to migrate its subscribers is through MNP.	On the issue of migration via MNP, the Commission is of the view that the subscribers should be given the choice to port to the service providers of their choice or to terminate their services.
2.9	Celcom suggests to improve the framework by including dealers in the notices so that the dealers may make the necessary commercial arrangements to discontinue the selling of new SIM cards and reloads.	The Commission takes note on the suggestion to include dealers in the framework, but is of the view that the public announcement may be sufficient to provide such information to the public, including dealers. The MVN service providers may also provide relevant
		notices to any relevant parties on their own accord.

No	SUMMARY OF THE COMMENTS	THE COMMISSION'S RESPONSE
2.10	Merchantrade suggests for the Host	The proposed Mandatory Standard takes into
	Operator to be equally responsible as	consideration of the various business models possible
	thin MVN service providers rely	in the MVN business environment. Additionally, the
	heavily on its Host Operators.	specific obligations for Host Operators and MVN
		service providers have already been outlined in the
		proposed Mandatory Standard.
	Telin also suggests to include a	There are other provisions within CMA98, other laws
	provision to protect MVN service	and contractual agreements with Host Operator and
	providers in the event Host Operators	MVN service provider that could be relied upon to
	impose unreasonable terms to the	address unreasonable terms as indicated by Telin.
	MVN service providers.	
2.11	Tune Talk suggests that a few	The Commission takes note on the suggestion and
	safeguards must be provided before	highlights that the information required such as
	MVN services are rolled out to ensure	audited accounts would be to provide a general
	commitment and proper financial	understanding of the MVN business environment as
	investments.	part of the Commission's risk management approach.
		The information requested will assist the Commission
		The information requested will assist the Commission
		in determining the sustainability of the MVN service
		provider.

Question 3: What other relevant information can be provided in order to better assist MCMC in monitoring the MVN service providers and ensuring sufficient consumer protection? In relation to the timeline imposed, do you think that the timeline is sufficient to comply with the requirements outlined above? Is having a Compensation Fund an effective way to ensure the subscribers are fully refunded in the event of an MVN service provider termination?

No	SUMMARY OF THE COMMENTS	THE COMMISSION'S RESPONSE
3.1	Xiddig, XOX and TRON agree with the	The Commission notes the comments and has
	proposed timeline.	considered this in its Final Views.

No	SUMMARY OF THE COMMENTS	THE COMMISSION'S RESPONSE
	While XOX disagrees with the Compensation Fund mechanism they also state that "continuity of services is a main concern of subscribers".	
3.2	Telin suggests that the Commission look into the financial performance of the MVN service provider.	The Commission notes Telin's suggestion on the financial performance. As the Commission may obtain access to the financial information via other means, this information is currently not required for the purposes of the Mandatory Standard.
3.3	Packet One opines that the additional requirements stipulated in proposed Mandatory Standard are "too excessive" and that similar requirements are already in place (for example, annual licence fee payment, attachment to return of net revenue, regulated financial statement).	The Commission is aware of the various information submitted by licencees to the Commission. For the purposes of the proposed Mandatory Standard, the information required are specific to the MVN business environment. Collectively, all these information will assist the Commission in developing a risk-based approach in protecting the consumer in the event of service termination.
	Packet One also disagrees with the Compensation Fund mechanism and sees this approach as "burdensome" and creates a barrier to entry. Packet One is also of the view that the Commission is to be responsible in managing the fund.	The Commission notes Packet One's concern on the proposed Compensation Fund. This has been taken into account in the Commission's Final Views and the proposed Mandatory Standard.
3.4	Digi suggests for the Commission to clearly state the purpose of the establishment of the Fund and for the Commission to appoint a trustee to manage and administer the fund (with fee for management and	On the Compensation Fund, the Commission is of the opinion that it does not have express powers to establish and manage such Fund.

No	SUMMARY OF THE COMMENTS	THE COMMISSION'S RESPONSE
	administration is to be borne by the MVN service provider).	
3.5	U Mobile supports the timeline proposed and suggests for the MVN service provider to provide service commencement notice in 2 stages: -First notice: 3 months from the target commencement of service -Second notice: No later than 1 month from target commencement of service provider is required to notify whether the original commencement of service date is achievable or MVN service provider is proposing a new date by providing reasonable justification for the deferment.	The Commission notes U Mobile's support on the proposed timeline, and suggestion for the 2-stage notice. The Commission is of the opinion that the 2-stage notice may require additional administrative tasks to the affected MVN service providers. However, the Commission welcomes any voluntary information which the MVN service providers may think is relevant.
	U Mobile also suggests that the service termination be categorized into two (2) categories namely voluntary and involuntary.	On the proposed two (2) termination categories, the Commission is in the opinion that the three (3) circumstances outlined in the proposed Mandatory Standard already provide for the relevant scenarios. Additionally, the Stage 2 Notice requirement is also not limited to the circumstances outlined in the Public Inquiry paper and may include other circumstances that may lead to the termination of the MVN service.
3.6	Celcom suggests for the removal of the requirement for information on numbers of dealers and agents and	The Commission is mindful that the number of dealers and agents may vary from time to time; however, this information is to assist the Commission to determine

No	SUMMARY OF THE COMMENTS	THE COMMISSION'S RESPONSE
	also suggests that the Commission be the party responsible in managing and regulating the Compensation Fund.	the impact of service termination in the future, if relevant. On the Compensation Fund, the Commission does not have the express powers to establish and manage such Fund.
3.7	Merchantrade supports the establishment of the Compensation Fund if it is funded by the Host Operator as it is "not feasible" for MVN service provider to do so.	The Commission takes note on the proposal and agrees to exclude the requirement to establish a Compensation Fund.
3.8	Tune Talk suggests for the Commission to engage with MVN service providers on a quarterly basis to monitor the progress and development and supports the timeline proposed.	The Commission takes note of the suggestion and will engage with all service providers once the Mandatory Standard is registered.
	Tune Talk disagrees with the establishment of a Compensation Fund and outlines the challenges of MVN service providers in setting up their service.	on the Fund and agrees to exclude the requirement
3.9	Altel suggests for Host Operators to submit quarterly MVN performance report to the Commission.	The Commission notes Altel's suggestion for Host Operators to submit their MVN service providers' performance quarterly. However, for the purposes of the proposed Mandatory Standard, this information may not be necessary and may create additional regulatory burden.

No	SUMMARY OF THE COMMENTS	THE COMMISSION'S RESPONSE
	Altel is of the view that the Compensation Fund must also cover all operational costs related to termination of a MVN service such as "announcement, SMS broadcast, social media, database migration, MP porting fees, setting up or extension of the customer service hotline, etc."	The Commission takes note of Altel's suggestion on the proposed Compensation Fund. However, due to the concerns raised by other respondents, the Commission has made a decision to exclude the requirement to establish the Compensation Fund.
3.10	TM agrees that the information required may be sufficient to ensure consumer protection in the event of service termination. However, additional information may be required for a more comprehensive approach.	The proposed Mandatory Standard is part of the risk-based approach undertaken by the Commission. The Commission will continue monitoring this particular sector beyond the requirements outlined in the proposed Mandatory Standard as part of its regulatory duties.
3.11	YTL does not support the proposed timeline and the proposal for a Compensation Fund. YTL is also of the view that any timeline imposed (will) "impact the proliferation of the Communications and Multimedia business architecture."	The Commission has made a decision to exclude the requirement to establish the Compensation Fund. The timelines imposed are reasonable to ensure that consumers' interest is protected at all times.
	YTL is also of the view that the issue of "cessation of service can be dealt with within the existing licence conditions."	This proposed Mandatory Standard is designed to take into account services provided through MVN and its associated issues.
3.12	CAP is of the view that the Fund should be managed by a board of trustees made up of business partners and the Commission.	The Commission thanks CAP for its view on the effectiveness of the Compensation Fund and its suggestion to improve the operational details of the proposed Compensation Fund. The Commission has

No	SUMMARY OF THE COMMENTS	THE COMMISSION'S RESPONSE
	CAP is also of the view that the even	made a decision to remove the requirement to
	with the establishment of the Fund,	establish the Compensation Fund.
	subscribers will not be guaranteed	
	with full refunds.	
3.13	Maxis finds the proposed timeline	The Commission notes Maxis' support on the
	"acceptable and would give ample	proposed timeline. Information on terms of contract
	time" for those affected to implement	(including amount of Performance Bond) is useful for
	it. However, Maxis is not agreeable	the Commission in undertaking its monitoring of the
	for the Performance Bond information	MVN business environment.
	as it "has no bearing on customers or	
	service disruption". Maxis also	On the proposed Compensation Fund, the
	highlights the operational challenges	Commission has made the decision to exclude the
	of the establishment of the proposed	requirement to establish the Compensation Fund.
	Compensation Fund and proposes for	
	the Fund to be administered by the	
	Commission.	

Question 4: How do you think the above measures provide sufficient information to the subscribers in addressing their immediate requirements in the event of service termination? What are other measures that you think may be applicable or relevant to assist the subscribers? Is the timeline imposed sufficient?

No	SUMMARY OF THE COMMENTS	THE COMMISSION'S RESPONSE
4.1	Maxis "supports the three months'	The Commission notes Maxis' support on the
	timeline as proposed". Maxis also	proposed timeline. The Commission will also
	suggests to expand the methods of	include the requirement to use other
	relaying the information on service	communications modes such via online and SMS to
	termination to the subscribers.	the affected subscribers in the Mandatory
		Standard.

No	SUMMARY OF THE COMMENTS	THE COMMISSION'S RESPONSE
	Maxis also agrees to the auto- absorption option outlined in the proposed Mandatory Standard and suggests for the Commission to amend the MNP porting rules to allow for "mass porting and absorption."	The Commission notes Maxis' suggestion on the "mass porting". However, this requires further study and consideration by the Commission under the MNP framework.
4.2	Telin agrees with the proposed timeline and is of the view that subscribers ought to be given an option to choose the operator as opposed to auto absorb them.	The Commission notes the comments by Telin and would like to reiterate that the proposed Mandatory Standard provides for the relevant options that can be exercised by the affected subscribers.
	Xiddig also agrees with the proposed timeline and suggests additional avenues for the announcements to include emails, SMS and websites.	The Commission takes note of Xiddig's suggestion and has incorporated the suggestion in the Mandatory Standard.
	While agreeing to the proposed timeline, XOX disagrees to conduct the refund in mass quantities and suggests for refunds to only be made to subscribers who wish to terminate their services.	The Commission agrees to only allow subscribers who are terminating their services to be refunded, which is reflected in the Mandatory Standard.
4.3	Packet One proposes that the agreement between Host Operator and MVN service provider includes consumer protection measures. Packet One also proposes to include the requirement for the Host Operator to inform the Commission in the event	The Commission welcomes the suggestion from Packet One to further improve the consumer protection framework. In this regard, the Commission also welcomes any voluntary initiative that the relevant service providers may want to undertake as long as it benefits the consumer.

No	SUMMARY OF THE COMMENTS	THE COMMISSION'S RESPONSE
	of default by the MVN service providers.	On the proposal to require Host Operator to inform the Commission on the defaulting MVN service provider, the Commission is of the opinion that this measure may be undertaken by the Host Operator without obliging them to do so via the Mandatory Standard.
	Packet One also claims that "MVN service provider is also able to host the mobile service itself, or to provide the mobile service in the form of bundling". In these instances, Packet One is of the opinion that the services can still be provided by the affected MVN service provider.	The Commission takes a different view from Packet One's contention that MVN service providers can still provide "mobile service itself, or to provide the mobile service in the form of bundling". Depending on the business model and the ownership of the relevant spectrum, MVN service providers may not be able to provide the required services. The relevant Mandatory Standard has been designed to ensure that the end of the agreement between Host Operator and MVN service provider does not disrupt services to the subscribers.
4.4	Digi proposes that in the event where the MVN service providers fail to inform subscribers on the service termination, the Host Operators should be able to directly contact the subscriber 15 days prior to the service termination date.	The Commission takes note of the suggestion but is not agreeable to Digi's proposal to directly communicate with the subscribers of the MVN service provider as there are privacy, commercial and operational concerns related to such a proposal.
4.5	TM proposes to add another 1 month duration prior to the 3-month service termination notice. As TM is not supportive of the proposed Compensation Fund, TM suggests that	The Commission is in agreement with TM that the timeline in the proposed Mandatory Standard can be improved. In this regard, the Commission will include a minimum period, rather than a specific period as suggested by TM, to address other operational challenges as highlighted.

No	SUMMARY OF THE COMMENTS	THE COMMISSION'S RESPONSE
	other references to the Compensation Fund in the document be removed.	The Commission notes the suggestion by TM and will remove references to the Compensation Fund accordingly.
4.6	YTL supports the Commission's proposal to gather information for the Stage 2 Notice. However, YTL highlights that there is	The requirement outlined in the Proposed Mandatory Standard refers specifically to termination of services offered by MVN service providers to subscribers.
	a requirement for NFP and NSP (I) licencees to notify the Commission if they intend to suspend services and believes that this requirement can be extended to ASP (C) as well.	
4.7	U Mobile opined that the process in handling termination should be in accordance to the type of termination namely: i. Voluntary (MVN service provider cease operations, MVN service provider opts to change Host Operator) ii. Involuntary (breach of	The Commission's views are reflected in paragraphs 2.8 and 3.5 above.
	licence condition, breach of contract terms).	
4.8	Celcom agrees with the proposed timeline and proposes that MVN service providers that obtained numbers from Host Operators to return the numbers to the Host Operator (ie. no portability).	The Commission takes note of Celcom's concern; however, the subscribers should be given the option to port to any service provider of their choice. The MNP framework provides for and facilitates such porting requirements.

No	SUMMARY OF THE COMMENTS	THE COMMISSION'S RESPONSE
		Any porting process has to be initiated by the subscribers and the number can be ported out as long the MVN service provider is still in operation.
	Celcom also opines that subscribers are required to provide consent before auto absorption is done.	On the consent requirement, the Commission will include an obligation on the MVN service providers to inform and to obtain their subscribers' consent on the requirement to handover subscribers that do not terminate or port out, to the Host Operator.
4.9	Tune Talk agrees with the proposed timeline. Tune Talk also suggests that a hotline number be provided via MVN service provider customer care centre, Host Operator and the Complaints Bureau.	Any additional contact information can be provided by the MVN Service Provider over and above the information listed in the proposed Mandatory Standard.
4.10	Altel is of the view that the Compensation Fund should include a mechanism that could assist the dealers in getting back their investments as they face bigger losses compared to subscribers during MVN service termination.	The Commission's Final Views on the Compensation Fund has been outlined earlier. Other mechanisms to assist dealers would need to be considered separately in this regard.
	Altel also suggests for MVN service termination announcement to be made known openly through MVN service providers' channels and media.	This proposal is taken into consideration in the Mandatory Standard.

Question 5: Are the above requirements sufficient to ensure that the subscribers are sufficiently protected? Please elaborate.

No	SUMMARY OF THE COMMENTS	THE COMMISSION'S RESPONSE
5.1	Maxis agrees with the proposed option of allowing subscribers to port or terminate their services. Maxis also suggests for a minimum threshold of RM10 to be set for refunds for airtime credit.	The Commission agrees that the refund is only applicable for subscribers who choose to terminate their services. The proposed Mandatory Standard provides for the minimum information on the refund process and this may also be included in the standard procedure of the Host Operator. Any minimum threshold for refund can be reflected in this document. However, the refund process and the relevant terms should be fair to the subscribers.
	Maxis disagrees to the proposal for to transfer the unutilized pre-paid value and/or deposit to new service provider due to commercial, technical and operational complexity.	The Commission will remove the requirement to transfer unutilized prepaid value and/or deposit to the new service provider. In this regard, the subscribers will have to forego any unutilized prepaid value and/or deposit. Additionally, there will be an obligation imposed on the MVN service providers to inform and to obtain their subscribers' consent on the requirement to handover subscribers that do not terminate or port out, to the Host Operator.
5.2	Telin is of the view that "there should be a cut-off date to establish the refund amount to customer".	The Mandatory Standard states that all refund process should be completed within three (3) months from the date of the issuance of the Stage 2 Notice.

No	SUMMARY OF THE COMMENTS	THE COMMISSION'S RESPONSE
5.3	Digi agrees with the proposed timeline requirements.	The Commission takes note of DiGi's comments.
	Digi proposes for the Commission to also include a provision in the proposed Mandatory Standard on informing the subscribers on the auto absorption option and disagrees on transferring the unutilized prepaid value to the new service provider. DiGi also highlighted the operational challenges in the refunding requirement.	On the auto-absorption requirement, the Commission will revise the proposed Mandatory Standard to include the requirement for the MVN service providers to inform and to obtain their subscribers' consent on the requirement to handover subscribers that do not terminate or port out, to the Host Operator. The Commission also agrees to DiGi's views on the challenges involved in transferring the value to the Host Operator.
5.4	TM agrees with the proposed timeline and requirements and proposes for a more effective consumer awareness education to help them make accurate decisions.	The Commission notes TM's suggestion and agrees that more awareness is needed to highlight consumers' rights.
5.5	Celcom proposes that MVN service providers that obtained numbers from Host Operators to return the numbers back to the Host Operator and not allowed to be ported.	The Commission's response on the numbering requirement is reflected in paragraph 4.8.
	Celcom is of the view that refunds (monetary or airtime) shall be independent from Host Operators. The Host Operators also should not be held liable as a result of MVN service providers' inability to sustain their businesses.	The Commission is agreeable with Celcom on this matter.

No	SUMMARY OF THE COMMENTS	THE COMMISSION'S RESPONSE
	Celcom also submits that it is "highly critical on the specific mechanism that the Commission will implement to certify on the applicability of the Compensation Fund".	The Commission has incorporated its decision on the proposed Compensation Fund in its Final Views.
5.6	Altel proposes to include control mechanism on the Compensation Fund process. Inactive prepaid subscribers, postpaid subscribers with overdue payment should not be entitled to claim a refund to avoid abuse.	The Commission notes the proposal by Altel on the improvements to the Compensation Fund. However, based on other responses, the Commission has decided to remove the requirement of the Compensation Fund.
5.7	CAP is of the view that subscribers are to be refunded in the event of an MVN service termination, including unutilized prepaid value.	The Commission thanks CAP for the view. The proposed Mandatory Standard was designed to address concerns by the subscribers, including refund issues. However, the Commission notes the complexity and challenges of a unilateral refund process as suggested by CAP. In this regard, the Commission is of the opinion that the requirement for information, announcements and standard procedures on the refund process will assist the affected subscribers in making the appropriate decision on their subscription.
	The refund shall be conducted by the service provider and not for subscribers to seek for claims.	Additionally, the Commission will not only rely on the Mandatory Standard to protect consumers, but will ensure that there will be proactive monitoring of the performance of the MVN service providers to enable the Commission to intervene quickly where necessary.

No	SUMMARY OF THE COMMENTS	THE COMMISSION'S RESPONSE
5.8	Xiddig agrees with the proposed timeline but suggests for a monthly report as opposed to a weekly report as stipulated in the proposed Mandatory Standard.	The weekly report aims to track the refunding progress of the MVN service provider up until the three (3) months period. Additionally, the Commission's ability to intervene where necessary may be delayed if a monthly report is required. The Commission has simplified the reporting requirement.
5.9	U Mobile opines that refunds are not applicable for porting subscribers as per current practice under the MNP framework.	The Commission agrees with the view submitted by U Mobile.
5.10	Tune Talk agrees with the proposed refund requirements but highlights that the proposed process by the Commission does not allow for the subscribers to make an informed choice.	The proposed Mandatory Standard is designed to enable the affected service provider, the subscribers and the Commission to obtain relevant and sufficient information on the affected service. In this regard, should there be additional information required, the Commission may improve and review the framework after assessing the effectiveness of the Mandatory Standard.
5.11	Packet One is of the view that refunds are not applicable to porting subscribers and disagrees on the transfer of unused credit to the new operator.	The Commission agrees with Packet One's view on the applicability of refund on porting subscribers.
5.12	YTL proposes for the Commission to study the actual cause of the failing MVN service providers before "imposing onerous requirements on the whole industry."	The Commission takes note of the proposal and reiterates the purpose of the Mandatory Standard is to provide consumers with the relevant protection in the event of service termination.

No	SUMMARY OF THE COMMENTS	THE COMMISSION'S RESPONSE
5.13	Merchantrade states that their current	The Commission takes note of the view provided
	arrangement with the Host Operator	by Merchantrade but the Commission is of the view
	is sufficient to address subscribers'	that additional measures as outlined in the
	concern in the event of service	Mandatory Standard are still required.
	termination as the current contract	
	allows for service continuity after	
	service termination.	

Question 6: What are other measures currently provided by Host Operators and MVN service providers in ensuring that the subscribers can continue to enjoy the services that they expect? In terms of risk sharing, would the above requirements impact the commercial arrangements between the Host Operator and the MVN service providers, while providing confidence to the subscribers in the MVN services? Please refer to appendix 2 on the summary of the steps required.

No	SUMMARY OF THE COMMENTS	THE COMMISSION'S RESPONSE
6.1	Maxis and Celcom are of the view that Host Operators and MVN service providers should not have shared responsibilities in providing refunds and reporting requirements to be	The Commission's decision on the refund is contained in its Final Views and the requirements for the MVN service provider to report remain unchanged.
	done by MVN service providers. Maxis is agreeable to the autoabsorption mechanism but emphasizes on the need for a different agreement between subscribers and host operator.	

No	SUMMARY OF THE COMMENTS	THE COMMISSION'S RESPONSE
	Celcom is of the opinion that the three (3) months period required to transfer the database could be reduced to one (1) month.	The Commission's decision on the handover period is reflected in its Final Views above.
	Celcom proposes for the report submission to be submitted at Stage 1 Notice with ongoing reports for three (3) months until service termination is effective.	Notice is used to inform the Commission on
6.2	Xiddig states that "Host Operator and MVN service provider should have an understanding on subscribers' package to ensure that the subscribers can continue to enjoy the services". XOX indicates that while similar service may be provided by the Host Operator, "both must be willing to allow MVN to look for parties who are able to take in the subscribers with the similar plan".	The Commission notes Xiddig and XOX's views. The Commission has also established that there are technical and commercial challenges in requiring Host Operators to transfer remaining value from the MVN service provider in the event of service termination. Ultimately, the subscribers will have to make their own choices in ensuring that they can continue to obtain the required services from the service provider of their choice.
6.3	TRON suggests that the Commission provide more options for MVN service providers to exit or transition to a new Host Operator.	The Commission notes the concern by TRON and highlights that the Stage 1 Notice of the proposed Mandatory Standard provides for the different requirements for the services, including the change of Host Operator.
6.4	TM opines that it is imperative to clearly set the roles and responsibilities of the MVN service provider and Host Operator.	The Commission notes the concerns raised by TM. The proposed Mandatory Standard outlines the responsibilities for both MVN service provider and Host Operator.

No	SUMMARY OF THE COMMENTS	THE COMMISSION'S RESPONSE
	TM also is of the view that the establishment of the Compensation Fund may impose a significant impact to the current commercial arrangements and may raise the barrier to entry.	While the Commission's intention of establishing the Compensation Fund is to protect consumers in the event of MVN service failure, the Commission also notes the complexity of managing and creating such Fund. The Commission has decided to exclude the requirement for the Compensation Fund.
6.5	Packet One disagrees that Host Operators are to be held responsible to ensure that unutilized prepaid value is transferred to the subscribers' new account. Packet One is also of the view that subscribers too must be aware of their reload validity and to utilize their credit before MVN service providers terminate its services.	The Commission takes note of the view provided by Packet One, which is reflected in the Mandatory Standard.
6.6	the subscription packages post	Operators are required to provide sufficient information regarding the their services,
6.7	Digi indicates that there may be "technical complexity" related to the handing over of the database to the Host Operator and proposes the subscribers to directly subscribe to the Host Operator.	The Commission notes Digi's concern on the potential complexity of the database transfer and the proposal to address this issue. Notwithstanding this concern, the Commission's decision on the handover period is reflected in its Final Views above.

No	SUMMARY OF THE COMMENTS	THE COMMISSION'S RESPONSE
	Digi agrees with the required information in the report as well as the options provided to the subscribers who have not ported.	The Commission notes the input provided by Digi on the matter. However, as the Commission has decided not to pursue the Compensation Fund requirement, this Report is no longer required.
6.8	Telin is of the view that subscribers should be returned to Host Operator while maintaining "as much of the facilities as possible."	The proposed Mandatory Standard provides subscribers with the option of either porting or terminating their services. The handing over the remaining subscribers will occur only when neither of these options are taken. It should be noted that the Host Operator may not be able to provide similar packages as provided by the MVN service provider.
6.9	YTL is of the view that standards should also be imposed on Host Operators, spelling out their responsibilities and obligations.	The Commission notes YTL's views.
6.10	Tune Talk is of the view that the contractual obligation between Host Operator and MVN service provider reflects the need for MVN service provider to sustain customer loyalty and maintain an expected results. Tune Talk is also of the view that the Compensation Fund (if implemented) "may have an impact on the commercial arrangements between Host Operator and MVN service providers."	The Commission agrees with the views provided by Tune Talk on the matter. In this regard, the proposed Mandatory Standard provides the Commission with a proactive approach to address the potential risks associated with consumer protection in the MVN business environment. The Commission agrees to exclude the requirement to establish the Compensation Fund.

No	SUMMARY OF THE COMMENTS	THE COMMISSION'S RESPONSE
6.11	Merchantrade proposes for a	The Commission notes the concern raised by
	separation of obligation based on	Merchantrade on this matter. The proposed
	the level of dependency of MVN	Mandatory Standard outlines the responsibilities
	service provider on Host Operator.	of the Host Operator and MVN service provider in
		addressing the need to protect the consumers in
		the event of service termination.

Question 7: MCMC seeks feedback on the proposed implementation plan, which includes the effective date of the proposed Mandatory Standard.

No	SUMMARY OF THE COMMENTS	THE COMMISSION'S RESPONSE
7.1	Merchantrade and TRON propose that the proposed Mandatory Standard to be effective one (1) year for the time the Mandatory Standard is finalized to assist the MVN service providers and Host Operators to make the necessary preparations.	The Commission takes note of the proposal but will retain the timeline as proposed in the Mandatory Standard.
7.2	Tune Talk supports the development of the proposed Mandatory Standard and recommends for the proposed Mandatory Standard to be applicable only to new entrants and limit to only two (2) stages (Service termination and continuity of service) for the existing players.	The Commission takes note of the proposal but will retain the applicability of the proposed Mandatory Standard to all service providers in the MVN business environment.
7.3	Packet One suggests to reconsider the development of the Mandatory Standard.	The Commission is of the view that the development of this Mandatory Standard is relevant in addressing consumer issues and

No	SUMMARY OF THE COMMENTS	THE COMMISSION'S RESPONSE
		providing them with the necessary consumer protection mechanism particularly in the event of an MVN service termination.

22. Taking into account the feedback received and the Commission's Final Views, changes have also been made to the proposed Mandatory Standard (e.g.: definitions, information required in Notices and reports to be submitted, among others) for the purposes of providing clarity on the requirements of the Mandatory Standard.

SECTION 4: WAY FORWARD

- 23. The Commission would like to record its appreciation to the suggestions for the improvement to the proposed Mandatory Standard as well as the support that the respondents have given on the proposed Mandatory Standard. The Commission also notes that there may be other views that may not be sufficiently reflected in this Report but have been taken into account in the Commission's Final Views.
- 24. The Commission will determine the Mandatory Standard for the Provision of Services through a Mobile Virtual Network by 15 October 2015 as required by Section 55(5) of CMA98. As proposed, the Mandatory Standard will come into force on 15 January 2016 to facilitate service providers to take preparatory measures and to ensure that they are able to comply with these standards.

25. The Commission acknowledges the need to engage the relevant service providers on the implementation plan for the proposed Mandatory Standard for the Provision of Services through a Mobile Virtual Network. In this regard, the Commission invites interested parties to register via mvno.pi@cmc.gov.my by 15 November 2015 to participate in a discussion on the implementation of the Mandatory Standard.

/END