



**Suruhanjaya Komunikasi dan Multimedia Malaysia**

*Malaysian Communications and Multimedia Commission*

**PUBLIC CONSULTATION PAPER**

**(MCMC/IDC/PDD/PID/PC/No. 1 of 2014)**

**PUBLIC CONSULTATION ON THE REVIEW OF THE FRAMEWORK FOR  
MOBILE CONTENT SERVICES AND TEXT MESSAGING SHORT CODE**

**1 DECEMBER 2014**

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## PREFACE

The objective of this Public Consultation (PC) paper is to seek the stakeholders' views on the provisioning of mobile content services by Mobile Network Operators (MNOs) and Content Providers (CPs) via the text messaging short code platform.

In May 2014, Malaysian Communications and Multimedia Commission (MCMC) sought feedback from the MNOs, comprising of Celcom Axiata Berhad (Celcom), DiGi Telecommunications Sdn Bhd (Digi), Maxis Mobile Services Sdn Bhd (Maxis) and U Mobile Sdn Bhd (U Mobile) on its proposal to exercise the powers provided under Section 179(1) of the Communications and Multimedia Act 1998 (CMA98) to control, plan, administer, manage and assign the text messaging short code. However, most MNOs are of the opinion that they are in a better position to manage the text messaging short code numbers and the mobile content service associated with these short code numbers. MCMC now seeks feedback from relevant stakeholders, including the industry (MNOs, other operators and service providers (SPs)), consumers and other interested parties, on the options provided herein.

In this PC paper, MCMC is guided by the following three (3) policy objectives, relevant in developing an appropriate approach and framework to address the concerns raised by the various stakeholders:

- a. Improving the self-regulatory framework for the protection of consumers in the provisioning of mobile content services;
- b. Improving the efficiency and transparency in the management of text messaging short code numbers; and
- c. Reducing the number of complaints and improving compliance to the relevant framework for mobile content services

In this regard, MCMC is considering the following options in relation to the management of text messaging short code, with the aim to improve the provisioning of mobile content services:

- a. To exercise the powers provided under Section 179(1) of CMA98 to control, plan, administer, manage and assign the text messaging short code; or
- b. To appoint a third party as provided for under Section 179(2) of CMA98 to perform some of these functions; or
- c. To allow the existing MNOs to manage the text messaging short code, within the rules and functions to be determined by MCMC.

Interested stakeholders are invited to participate in this consultation by providing feedback, comments and suggestions to this PC Paper.

Written submissions should be provided by **5:00pm, 15<sup>th</sup> January 2015**. Submissions should be provided in hard copy as well as in electronic form via:

Email : [shortcode\\_pc@cmc.gov.my](mailto:shortcode_pc@cmc.gov.my)  
Mail : Policy Development Division  
Malaysian Communications and Multimedia Commission  
(MCMC)  
Off Persiaran Multimedia,  
63000 Cyberjaya,  
Selangor Darul Ehsan.  
Attention to : Ms. Bawani Sri Jayaveeran

In the interest of fostering an informed and transparent consultative process, MCMC may publish the comments received. Any commercially sensitive information should be provided under a separate cover clearly marked "**CONFIDENTIAL**". This PC paper provides background information to assist the stakeholders in providing comments to MCMC. Nothing in this paper should be taken to bind MCMC to any particular course of action in later processes.

## **GLOSSARY**

<b>CFM</b>	Consumer Forum of Malaysia
<b>CMCF</b>	Communications and Multimedia Content Forum of Malaysia
<b>CMA98</b>	Communications and Multimedia Act 1998
<b>CP</b>	Content Providers or Content Aggregators
<b>MCMC</b>	Malaysian Communications and Multimedia Commission
<b>MCS</b>	Mobile Content Service
<b>MNO</b>	Mobile Network Operator
<b>MS For MCS</b>	Mandatory Standards for the Provision of Mobile Content Services
<b>MVNO</b>	Mobile Virtual Network Operator
<b>NEAP</b>	Numbering and Electronic Addressing Plan
<b>SMS</b>	Short Message Service
<b>SP</b>	Service Providers

## PART A: BACKGROUND

### MOBILE CONTENT SERVICE

1. Mobile content service (MCS) is a messaging service provided and accessible on a mobile device or fixed access device, for which charges may be imposed over and above the standard network charges of the relevant service provider<sup>1</sup>. **Table 1** shows examples of mobile content services:

**Table 1: Mobile Content Services<sup>2</sup>**

No	Services	Example
1.	Mobile phone personalization	Wallpaper, ringtones and themes.
2.	Java games	Strategy, puzzles, action and racing games.
3.	Information and infotainment	World news, stock alerts, sport results, directory enquiry and celebrity gossips.
4.	Banking and financial services	Transaction Authorization Code, e-commerce and notifications.
5.	Communication	Chat, find a friend, sharing jokes and stories.
6.	Others	Government related services, voting and donation

2. Usually, these subscription services are provided for a fixed period or a continuous duration, such as for the subscription of caller ring tones on monthly basis, or for a one-off purchase or pay-per-use service such as the bank's code for internet banking transaction. These may be charged either at a premium (or in combination with normal SMS charges), or provided without any charges. In cases where premium service is provided, the charges for the subscription-based services will be billed to the subscriber's account until the service is terminated by either party.

3. Issues arise when these services are not subscribed to by the consumer (but the consumers are still charged for these services), when the services are no longer required but not terminated effectively (and continue to be charged),

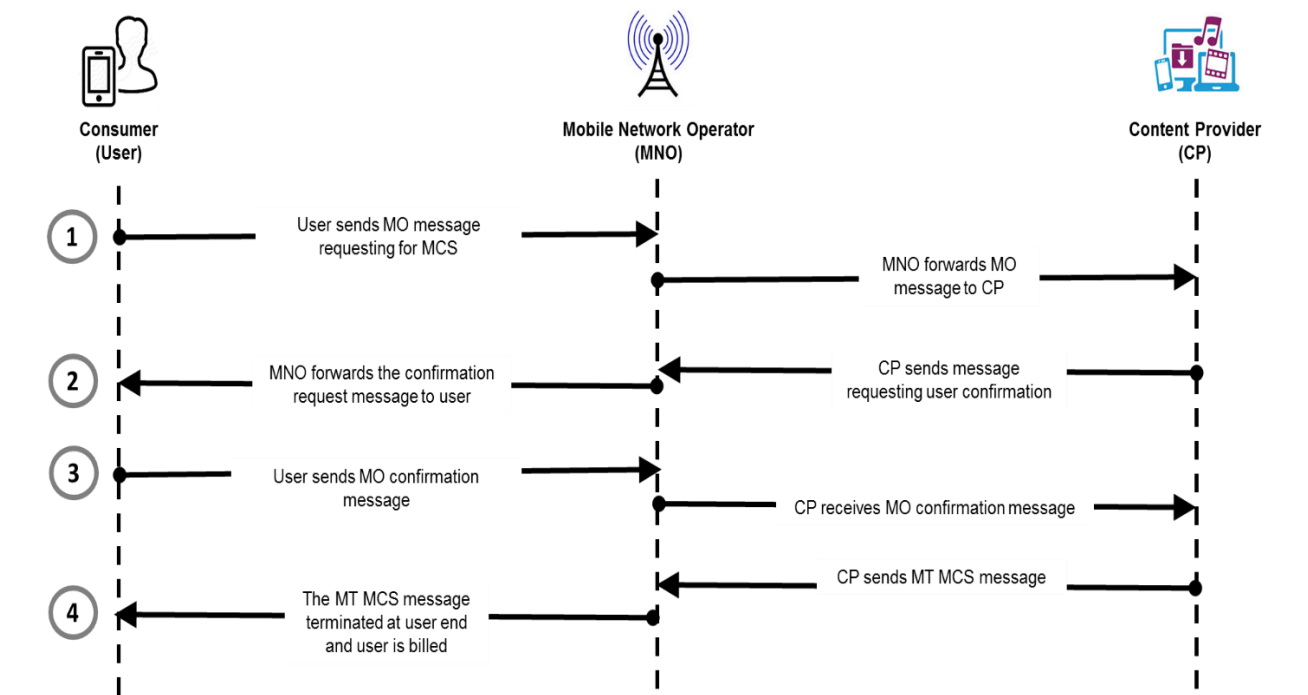
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<sup>1</sup> Commission Determination on the Mandatory Standards for the Provision of Mobile Content Services (Determination No. 4 of 2009)

<sup>2</sup> <http://www.skmm.gov.my/Sectors/Celco/Mobile-Content-Services.aspx>

or where consumers are being sent unsubscribed messages without prior acknowledgement<sup>3</sup>.

4. The charging mechanism and transaction between the consumer, MNOs and CPs are based on Mobile Termination (MT) billing, which means consumer will be billed for each successful delivered MCS message. MT refers to a message being terminated at the mobile device end as a result of Mobile Originated (MO) message that have been sent in from a mobile device (request message by consumer). Details of this are illustrated in **Diagram 1** below :



**Diagram1: Relationship between consumer, MNO and CP in term of transaction**

**Question 1:**

**Are the above arrangements sufficient to protect the consumer in complying with the requirements of the MS for MCS? Are there any other ways that the services, such as non-premium ones can be provided to the consumer?**

<sup>3</sup> These are the categories of complaints received by the MCMC via the Consumer Complaints Bureau.

## TEXT MESSAGING SHORT CODE

5. Prior to the introduction of mobile content services, consumers could obtain some of the “premium” services via the prefix '600' number<sup>4</sup> (i.e. 600-85-XXXX). In this regard, these services are regulated through the Numbering and Electronic Addressing Plan (NEAP) and Malaysian Communications and Multimedia Content Code (“Content Code”) which was registered with MCMC on September 2004.<sup>5</sup> The Audiotext Hosting Service Guideline in Part 6 of the Content Code specifically address the regulation of the provision of content provided through the prefix '600' platform.

6. On the other hand, mobile content service is provided using short code sent via text messaging (or short message service (SMS)). This service is activated when the prospective customer sends a text message to subscribe to a particular service, usually a premium service; or sent by the MNOs on behalf of a third party or on its own. There are also text messaging services provided by third party, such as Bank, which does not entail premium service. These messaging services are used to provide confirmation for the third party service.

7. In the spirit of encouraging self-regulation and ensuring that the services are provided in an efficient manner, the MNOs have thus far been allowed to manage the allocation and use of the text messaging short code. Based on the management history, these MNOs are Celcom, DiGi, Maxis and UMobile.

8. The MNO’s pre-existing arrangements on the text messaging short code is as per **Table 2** below:

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<sup>4</sup> used for a service in which the calling party (from mobile device or fixed access device) will be charged at a pre-determined rate to access particular services such as voice content (i.e. specialist information by an appropriately qualified person), entertainment services, premier customer service line and audio text hosting services.

<sup>5</sup> <http://www.cmcf.my/download/cmcf-content-code-english.pdf>



**Table 2: Pre-existing arrangements for text messaging short code**

<b>Short Code</b>	<b>Services</b>	<b>Example</b>
Level 1	Government services	Public Service Commission (SPA) announces examination result.
Level 2	MNOs branded services	MNO A sends October month data top-up deal to subscribers.
Level 3	Premium and non-premium Services offered by Content Providers (CP)	CP Y send list of new ringtone that can be subscribed to.
Level 4	Currently not in use	None
Level 5		
Level 6	Broadcasting messages (promotional and marketing) services	Supermarket Z announces National Day promotions
Level 7	Mobile Virtual Network Operator (MVNO) branded services	MVNO B sends September month data top-up deal to subscribers.
Level 8	Mobile applications services by MNOs	MNO C sends latest promotions on brand name preferred by the customer
Level 9	Emergency services	Malaysian Emergency Response Service (MERS) - 999

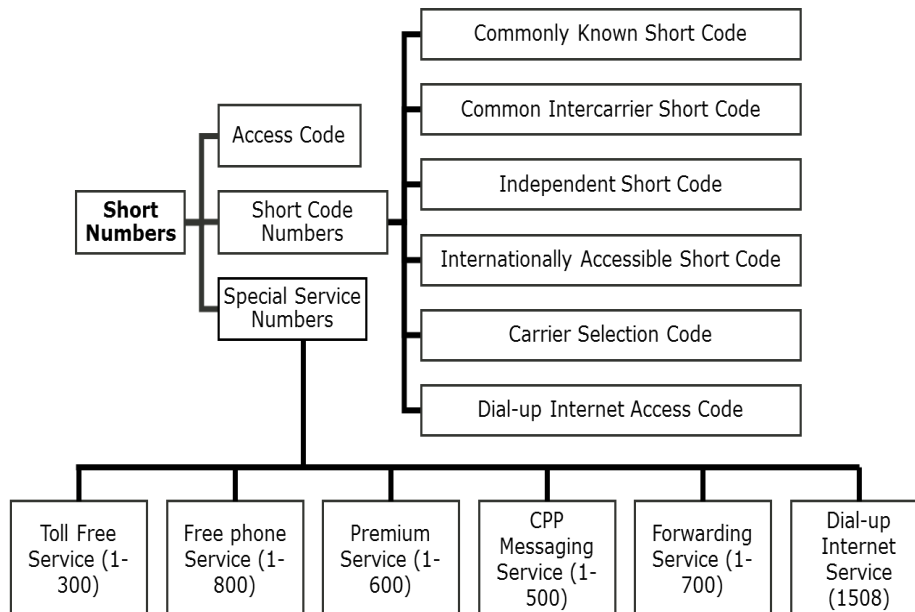
*Source: Industry*

**Question 2:**

**Do the services identified in column 2 in the table above meet the needs of the consumers? Are the consumers sufficiently informed of the charges or non-charges required for each of the services above? Do MNOs and CPs provide enough information on the services to allow consumers to make the decision as required by the MS for MCS? Is there any demand for short codes and new services in the future? How do we prepare for such demand?**

9. The NEAP<sup>6</sup> issued on January 2006 does not expressly provide for the manner in which text messaging short code allocation and use is undertaken.

10. In this regard, the NEAP provides for the management of short numbers which comprise access codes, short code numbers and special service number prefixes. The hierarchy of short numbers in the NEAP is illustrated in **Diagram 2** below:



**Diagram 2: Short number categories in NEAP**

11. Nonetheless, the NEAP provides for numbers used for services that are not covered expressly in the NEAP (such as short code numbers for text messaging services) to be managed by MCMC via special assignment application.

12. With the introduction of new services and with the new MNOs using LTE and other technologies, there is a need to reassess the current manner of managing and allocation of text messaging short code numbers. As the text messaging short code number is a scarce resource (around 20,000 short code numbers in Level 2 and Level 3), and the existing arrangement may not be transparent to the new network operators, there may be a need for an intervention from MCMC to ensure that these resources are managed efficiently and effectively.

<sup>6</sup> [http://www.skmm.gov.my/Sectors/Celco/Numbering-Management/Numbering-Management/Numbering-and-Electronic-Addressing-Plan-\(NEAP\).aspx](http://www.skmm.gov.my/Sectors/Celco/Numbering-Management/Numbering-Management/Numbering-and-Electronic-Addressing-Plan-(NEAP).aspx)

13. In this regard, Section 179(1) of CMA98 states that MCMC shall be vested with the control, planning, administration, management and assignment of the numbering and electronic addressing of network services and application services. Alternatively, these functions can also be delegated to third party as provided for by Section 179 (2) of CMA98.

**Question 3:**

**MCMC believes that the management of the text messaging short code should be more transparent as there may be demand for this code with the introduction of the new SPs. Would the management of these codes be improved under the NEAP? Should a third party be appointed to manage the administration of text messaging short code? How would the MNOs be regulated should this management be removed from them? Can the CPs be regulated effectively in this manner?**

14. In line with the self-regulation approach, the provisioning of the mobile content service using the text messaging short code was made with the consolidation of the various industry's internal guidelines into a commonly accepted guideline issued in 2006.

15. However, MCMC has been receiving increasing number of complaints on the provisioning of the service, which had caused MCMC to issue instructions to all MNOs to establish a preventive system to automate compliance to the industry guideline in 2008.

16. The self-regulation approach in managing these issues on mobile content service continued to be a challenge as the complaints on the related service continue to rise. In this regard, MCMC issued the Mandatory Standards for the Provision of Mobile Content Services (MS for MCS)<sup>7</sup> in 2009, which was enforced a year later.

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<sup>7</sup>[http://www.skmm.gov.my/skmmgovmy/files/attachments/On\\_the\\_Mandatory\\_Stdts\\_for\\_the\\_Provision\\_of\\_Mobile\\_Content\\_Services\\_Det\\_No\\_%204\\_of\\_2009.pdf](http://www.skmm.gov.my/skmmgovmy/files/attachments/On_the_Mandatory_Stdts_for_the_Provision_of_Mobile_Content_Services_Det_No_%204_of_2009.pdf)

17. At the same time, MCMC also collaborated with the industry to review the industry guideline, which included extra safeguards to :

- a. regulate the marketing and promotion via text messaging short code, which should be based on consumer's consent;
- b. prohibit the sending of misleading, indecent, obscene and suggestive content or content with sexual undertones; and
- c. prohibit the sending of broadcasting messages on behalf of someone else and obligation and penalties for CPs.

18. Based on the above, there appears to be an urgent need to protect the consumers in the following areas:

- a. How to regulate the practices of the MNOs in acquiring the subscribers (including maintaining and terminating the service);
- b. How to regulate the content provided by the MNOs or the third party; and
- c. How to address the relationship and management of the third parties who act as external content provider or provide the third party messaging services.

**Question 4:**

**Are the concerns outlined in Paragraph 18 valid? Has MCMC taken enough administrative and enforcement actions to address these concerns? How can this be improved? Has the MS for MCS sufficiently address the concerns in Paragraph 18?**

## PART B: MANAGING MOBILE CONTENT SERVICES

### MANDATORY STANDARDS FOR THE PROVISION OF MOBILE CONTENT SERVICES (MS FOR MCS)

19. The MS for MCS is applicable to Application Service Providers (ASP) class licensees<sup>8</sup> that provide messaging and public cellular services, and Network Service Provider (NSP) licensees<sup>9</sup> that provide billing and mobile content platform for the provisioning of mobile content services. These SPs are alternatively defined in the MS for MCS as Mobile Content Service Provider (MCS Provider) for the former and Public Cellular Service Provider (PCS Provider) for the latter.

20. In addressing the issues identified in Part A (Paragraph 18), the MS for MCS covers, among others :

- a. Mode of commencement, renewal and termination of different type of services (Paragraphs 7, 25 and 40) ;
- b. Provision of consent before charging the customer accounts (Paragraph 14);
- c. maintenance of records and logs of transactions by Content Providers (Paragraph 103);
- d. Measure to prevent fraud and abuse (Paragraphs 94-96); and
- e. Customer complaints procedure (Paragraphs 77-80).

21. In relation to the provided mobile content services, the MS for MCS requires a specific provisioning of the services provided via specific text messaging short code as outlined in **Table 3** below :

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<sup>8</sup> A person who provides any or all of the following services which is PSTN telephony, public cellular services, IP telephony, public payphone services, public switched data service, audio text hosting services, directory services, internet access services, messaging services or such other applications which are not exempted.

<sup>9</sup> A person who provides any or all of the following services which is bandwidth services, broadcasting distribution services, cellular mobile services, access application service, space services, switching services, gateway services, niche customer access, niche connection service or such other applications which are not exempted.

**Table 3: Text Messaging Short Code arrangements in the MS for MCS**

<b>Short Code</b>	<b>MS for MCS</b>	<b>Permitted use in the MS for MCS</b>
Level 1	Not stated	-
Level 2	<b>Paragraph 92</b>	Provision of content such as information, news updates, data, quizzes, jokes, ringtones etc. and provision of services such as chat services, contests, voting and a combination
Level 3		
Level 4	Not stated	-
Level 5	Not stated	-
Level 6	<b>Paragraph 93</b>	SMS broadcast (which is defined as service of sending <b>one way free SMS</b> to customer, usually for the purpose of advertisement or announcement)
Level 7	Not stated	-
Level 8	Not stated	-
Level 9	Not stated	-

*Source: MS for MCS*

**Question 5:**

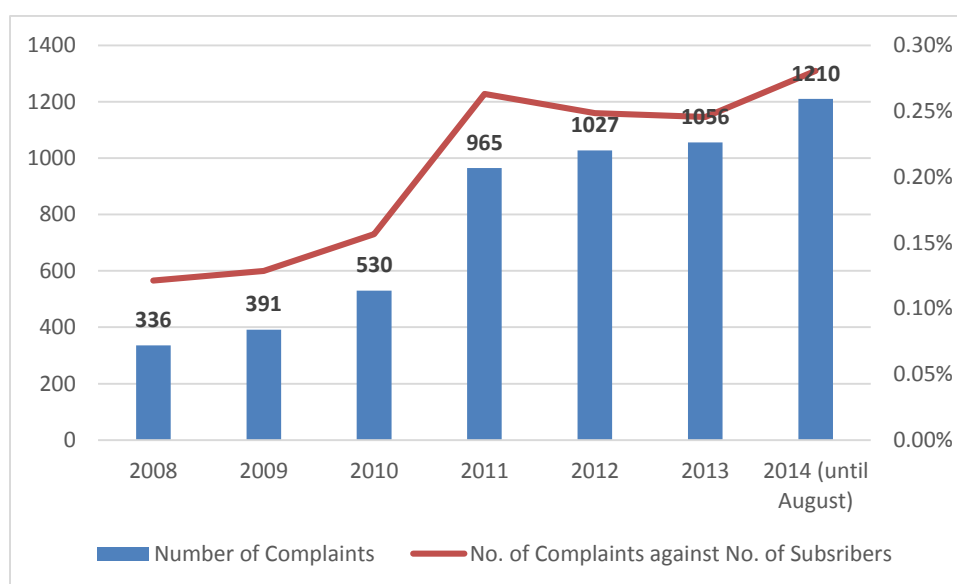
**Is the MS for MCS sufficient enough to address the practices by the MNO and CP as well as protect the consumer? What are the improvements in terms of the approaches and the tools required to this? Should the MS for MCS also address the use of the text messaging short code?**

**TEXT MESSAGING SHORT CODE RELATED ISSUES**

22. Recently, MCMC received a proposal from the MNOs on the proposed use of the level eight (8) short code series for marketing purposes. However, based on the information provided by the MNOs and the problems faced by the consumers, MCMC is in the opinion that the industry is not managing the issues surrounding the mobile content service and the management of text messaging short code as effectively under the self-regulatory framework.

## COMPLAINTS RELATED TO MOBILE CONTENT SERVICES

23. Over the years, the number of complaints received in relation to the mobile content services<sup>10</sup> has increased four times from 336 in 2008 to 1210 in 2014 (up to August 2014). Compared against the number of mobile subscribers, these complaints have also increased from 0.12% of the total mobile subscribers in 2008, to more than double to 0.25% in 2013. **Graph 1** below shows the trend in the number of complaints that MCMC received over the years. It should be noted that, until August 2014 only, MCMC received as many complaints as it had, compared to the whole 2013.



**Graph 1: Complaints related to MCS from 2008 to August 2014 received by MCMC's Consumer Complaints Bureau**

### **Question 6 :**

**Is the existing framework adequate to address the concerns by the consumer? Is MCMC's assessment on the need to improve the framework for mobile content service appropriate? Should MNOs and CPs be obliged to improve their own self-regulatory measures to complement the existing framework? How can the MNOs and CPs commit to improve their processes to reduce the number of complaints?**

<sup>10</sup> The types of complaints received include spam, silent billing/illegal charging, subscription's termination not processed, misleading advertisements, auto-subscriptions (subscription without consent of consumer), unclear pricing etc.

## ENFORCEMENT ACTIONS BY MCMC

24. Based on the complaints received, MCMC has been taking various enforcement actions, which include administrative directions, issuance of compound as well as taking cases to court.

25. In March 2012, MCMC instructed the MNOs to block any promotional messages sent via the level six (6) short code series, which was supposed to be sent via the level three (3) short code series under the MS for MCS. As the number of complaints kept rising, MCMC also banned all promotional messages from being sent using any of the short code series (except for level (1) short code). These enforcement actions have managed to reduce specific complaints related to the use of short code numbers to 710 in 2013 and 277 in Quarter 1 2014.

26. Additionally, MCMC also undertook the following enforcement actions as can be seen in **Table 4**:

**Table 4: Enforcement actions related to mobile content services 2012 to April 2014**

Details	2012	2013	2014 (until April)
Companies compounded by MCMC	8	16	3
Compounded amount by MCMC	RM 150,000	RM 360,000	RM 110,000
Companies charged in court	6	11	3
Amount fined by court	RM 170,000	RM 170,000	RM 34,000

*Source: MCMC*



27. For details on the enforcement actions<sup>11</sup> related to mobile content services, please refer **Appendix 1**. From the list of enforcement actions above, it appears that a number of the offenders are repeat offenders as enumerated in **Table 5** below:

**Table 5: List of repeat offenders**

<b>Offenders</b>	<b>Year</b>	<b>Compounded by MCMC</b>	<b>Fined by Court</b>
Everest Mobile Sdn Bhd	2012	RM 10,000	RM50,000
		RM15,000	-
	2013	RM50,000	RM50,000
Macro Kiosk Berhad	2012	RM50,000	RM40,000
	2013	-	RM15,000
Radius-ED Sdn Bhd (Ice Mobile Sdn Bhd)	2012	RM15,000	RM20,000
	2013	RM30,000	-
	2014		RM36,000
Everworks Solutions (M) Sdn Bhd	2012	RM30,000	-
	2013	-	Case will be mentioned again in court
	2014	-	RM16,000
Isentric Sdn Bhd	2012	RM10,000	-
	2013	RM10,000	-
	2014	RM60,000	-
Mexcomm Sdn Bhd	2013	RM50,000	RM20,000
	2014	RM50,000	Case will be mentioned again in court
Mobile Multimedia Sdn Bhd	2012	-	RM20,000
	2013	-	RM55,000 (3 Cases)
Celcom Axiata Berhad	2013	RM40,000 (3 Cases)	-

*Source: MCMC*

28. While it may be a challenging task to eliminate the complaints, the above examples indicate that these are long-standing consumer issues that need to be addressed in a more comprehensive manner.

29. Though administrative action by MCMC on the prohibition of promotional messages via text messaging short code appears to be quite effective in

<sup>11</sup> <http://www.skmm.gov.my/Sectors/Celco/Compliance-Enforcement.aspx>

addressing specific complaints by the consumer, MCMC, on the other hand believes that the MNOs should be able to improve their monitoring and enforcement initiatives on the compliance by the MCS providers. Additionally, a number of these providers are repeat offenders, which indicates that there may be a need for stronger enforcement actions that should be implemented, either via self-regulation or by MCMC.

**Question 7:**

**Should repeat offenders be dealt with more severely? Would an increase in fines for repeat offenders improve the MNOs and CPs commitments to protect the consumer?**

### ALLOCATION PROCESS OF SHORT CODE NUMBERS

30. As outlined earlier, the MNOs (Celcom, DiGi, Maxis and UMobile) have thus far been allowed to manage the allocation and use of short code numbers. Currently, each MNO has a range of short codes that can be allocated to the CPs<sup>12</sup>. While the allocation process of short code is different for each MNO, these text messaging short codes would be shared among these MNOs to ensure establishment of interconnection and billing relationship.

31. The interconnection and billing relationship is required for CPs to send mobile content services and to charge subscribers from the different MNO's customer base.

32. From a regulatory perspective, the text messaging short code is a scarce resource (around 20,000 short code numbers for Level 2 and Level 3), which has to be managed efficiently and transparently. With the introduction of new MNOs providing services such as LTE, there may be additional demand for such codes by these new MNOs, which may not be met by the existing arrangements.

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<sup>12</sup> <http://www.skmm.gov.my/Sectors/Celco/FAQs/Mobile-Content-Services/What-is-a-common-short-code.aspx>

33. On the other hand, the text messaging short code may be a sunset application which may not even be used with the introduction of new services such as 'over the top' services. As such, there may not be a need for the resources to be given priority. However, as these services are currently impacting the consumer directly, there may also be a need for MCMC to re-look at how the management of the text messaging short code can be improved.

**Question 8:**

**Is the current arrangement for the management of the text messaging short code sufficient to address the issue of efficiency and transparency? How can the management of scarce resource be improved? Would there be any demand for text messaging short code in the future?**

## **PART C: PROPOSED WAY FORWARD**

34. The preceding Part indicates that there may be failure in the self-regulatory framework in managing the relationship between the MNOs and CPs, in addressing consumer's concern on the services provided on the text messaging short code platform, and in managing the allocation of text messaging short code by the existing MNOs.

35. In this regard, there is a need to clarify the role of the Consumer Forum of Malaysia (CFM)<sup>13</sup> and the Communications and Multimedia Content Forum of Malaysia (CMCF)<sup>14</sup> as the self-regulatory bodies formed under CMA98 in addressing the actions by MNOs and CPs.

36. CFM was designated by MCMC to protect the rights of consumers in the communication and multimedia sector and is tasked with the development of consumer code as provided for under Sections 189 and 190 of CMA98 The General Consumer Code of Practice for the Communications and Multimedia Industry in Malaysia ("Consumer Code" or "GCC")<sup>15</sup>, which was registered by MCMC as an industry code in 2003, provides for, among others, model procedures to reasonably meet consumer's requirements and the handling of consumer complaints and disputes. In this regard, the high complaints on the services provided by the MNOs and the CPs in the provisioning of mobile content services could be addressed more efficiently by CFM.

37. Similar to CFM, CMCF is a self-regulatory body designated by MCMC tasked with the development of content code, as provided for under Sections 212 and 213 of CMA98. The Content Code, which was registered in 2004, provides for the self-regulatory approach to the provisioning of content. In this regard, the provisioning of mobile content services could be considered as part of the Content Code to address with content issues provided by the platform

38. Although most MNOs are members of the CFM and CMCF, many of the CPs providing mobile content services are not member of either or both forums.

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<sup>13</sup> <http://www.cfm.org.my/>

<sup>14</sup> <http://www.cmcf.my/>

<sup>15</sup> <http://www.cfm.org.my/general-consumer-code>

Therefore, efforts should be undertaken by CFM and CMCF in ensuring all service providers of the communication industry to comply with the principles set out under Consumer Code and Content Code.

39. In identifying the best options in addressing the issues raised above and in Part B, MCMC outlines the following as part of developing the Regulatory Impact Assessment :

**Problems to be addressed and rationale for intervention**

- a. The increasing complaints received by MCMC on the services provided by MNOs and CPs via the mobile content service using the text messaging short code;
- b. The failure of MNOs and CPs to comply with the MS for MCS as evidenced in the number of repeat and new offenders. The ban on the use of text messaging short code appears to have some effect on the reduction of complaints; and
- c. The management of the text messaging short code by the existing MNOs may not be efficient and transparent with the introduction of new MNOs. There may be demand for scarce resources which directly impact the consumers.

**Question 9:**

**Do you agree that the issues above merit the intervention from the regulator? Please elaborate.**

## Policy objectives

- a. Improving the self-regulatory framework for the protection of consumer in the provisioning of mobile content services;
- b. Improving the efficiency and transparency in the management of text messaging short code numbers; and
- c. Reducing the number of complaints and improving compliance to the relevant frameworks for mobile content services.

### **Question 10:**

**Does the above policy objectives provide sufficient justification for MCMC to intervene? Why? Please elaborate.**

## Options

- a. On improving the self-regulatory framework for the protection of consumer in the provisioning of mobile content services, CFM and CMCF have to play a bigger role in engaging with CPs and MNOs in encouraging this group of licensees to become members of the forums. In this regard, the CFM and CMCF will develop the relevant self-regulatory tools to ensure compliance of the relevant regulatory frameworks.

### **Question 11:**

**MCMC seeks feedback on how the CFM and CMCF could capitalize their role and functions as the self-regulatory bodies to protect the consumer in this particular area.**

- b. On improving the efficiency and transparency in the management of text messaging short code numbers, MCMC will consider the following options :
  - i. To exercise the powers provided under Section 179(1) of CMA98 on the control, planning, administering, managing and assigning the text messaging short code; or
  - ii. To appoint a third party as provided for under Section 179(2) of CMA98 to perform some of the functions; or
  - iii. To allow the existing MNOs to manage the text messaging short code, within the rules and functions to be determined by the MCMC.

**Question 12:**

**MCMC is aware that the MNOs have entered into commercial agreements with various solutions providers and CPs to effect the management and provisioning of the mobile content services. In this regard MCMC would like to solicit feedback on the impact of the existing arrangements in relation to the each of the options provided above. Additionally, MCMC would like to seek feedback on the financial, regulatory and consumer impacts of each of the proposed options.**

- c. On reducing the number of complaints and improving compliance to the relevant frameworks for mobile content services, MCMC is considering extending the ban on the use of other text messaging short code level other than Level 2 and Level 3, and limiting the promotional services from being provided on all short code level.

**Question 13:**

**MCMC is conscious of the fact that some of these services are provided by third parties such as banks to ensure the safety and security of the services they provided. As such MCMC would like to seek feedback on the appropriateness of such a ban on the use of text messaging short code and the impact of such ban. Additionally, MCMC seeks feedback on how the MS for MCS can be improved to address the concerns by the consumer on the use of other short codes (other than Levels 2 and 3).**



## **PART D: QUESTIONS FOR CONSIDERATION**

40. MCMC would like to seek feedback from interested party on any matters that was raised in this PC paper. The following are the list of questions posed in this PC paper :

**Question 1:** Are the above arrangements sufficient to protect the consumer in complying with the requirements of the MS for MCS? Are there any other ways that the services, such as non-premium ones can be provided to the consumer?

**Question 2:** Do the services identified in column 2 in the table above meet the needs of the consumers? Are the consumers sufficiently informed of the charges or non-charges required for each of the services above? Do MNOs and CPs provide enough information on the services to allow consumers to make the decision as required by the MS for MCS? Is there any demand for short codes and new services in the future? How do we prepare for such demand?

**Question 3:** MCMC believes that the management of the text messaging short code should be more transparent as there may be demand for this code with the introduction of the new SPs. Would the management of these codes be improved under the NEAP? Should a third party be appointed to manage the administration of text messaging short code? How would the MNOs be regulated should this management be removed from them? Can the CPs be regulated effectively in this manner?

**Question 4:** Are the concerns outlined in Paragraph 18 valid? Has MCMC taken enough administrative and enforcement actions to address these concerns? How can this be improved? Has the MS for MCS sufficiently address the concerns in Paragraph 18?

**Question 5:** Is the MS for MCS sufficient enough to address the practices by the MNO and CP as well as protect the consumer? What are the improvements in terms of the approaches and the tools required to this? Should the MS for MCS also address the use of the text messaging short code?

**Question 6:** Is the existing framework adequate to address the concerns by the consumer? Is MCMC's assessment on the need to improve the framework for mobile content service appropriate? Should MNOs and CPs be obliged to improve their own self-regulatory measures to complement the existing framework? How can the MNOs and CPs commit to improve their processes to reduce the number of complaints?

**Question 7:** Should repeat offenders be dealt with more severely? Would an increase in fines for repeat offenders improve the MNOs and CPs commitments to protect the consumer?

**Question 8:** Is the current arrangement for the management of the text messaging short code sufficient to address the issue of efficiency and transparency? How can the management of scarce resource be improved? Would there be any demand for text messaging short code in the future?

**Question 9:** Do you agree that the issues above merit the intervention from the regulator? Please elaborate.

**Question 10:** Does the above policy objectives provide sufficient justification for MCMC to intervene? Why? Please elaborate.

**Question 11:** MCMC seeks feedback on how the CFM and CMCF could capitalize their role and functions as the self-regulatory bodies to protect the consumer in this particular area.

**Question 12:** MCMC is aware that the MNOs have entered into commercial agreements with various solutions providers and CPs to effect the management and provisioning of the mobile content services. In this regard MCMC would like to solicit feedback on the impact of the existing arrangements in relation to the each of the options provided above. Additionally, MCMC would like to seek feedback on the financial, regulatory and consumer impacts of each of the proposed options.

**Question 13:** MCMC is conscious of the fact that some of these services are provided by third parties such as banks to ensure the safety and security of the services they provided. As such MCMC would like to seek feedback on the appropriateness of such a ban on the use of text messaging short code and the impact of such ban. Additionally, MCMC seeks feedback on how the MS for MCS can be improved to address the concerns by the consumer on the use of other short codes (other than Levels 2 and 3).

**/end**

**APPENDIX 1**

<b>LIST OF MCMC LICENCES COMPOUNDED FOR BREACHING ASP CLASS LICENSE CONDITION (SHORT CODE) 2012</b>			
<b>NO</b>	<b>OFFENDER</b>	<b>OFFENCE</b>	<b>COMPOUND AMOUNT</b>
1	Ionnex Sdn Bhd	Breach of License Condition (Mandatory Standards for Mobile Content Services) - S127 / S242 CMA 1998	RM 10,000
2	Everest Mobile Sdn Bhd	Breach of License Condition (Mandatory Standards for Mobile Content Services) - S127 / S242 CMA 1998	RM 10,000
3	Everest Mobile Sdn Bhd	Breach of License Condition (Mandatory Standards for Mobile Content Services) - S127 / S242 CMA 1998	RM 15,000
4	Macro Kiosk Berhad	Breach of License Condition (Mandatory Standards for Mobile Content Services) - S127 / S242 CMA 1998	RM 50,000
5	Radius-ED Sdn Bhd	Breach of License Condition (Mandatory Standards for Mobile Content Services) - S127 / S242 CMA 1998	RM 15,000
6	Everworks Solutions (M) Sdn Bhd	Breach of License Condition (Mandatory Standards for Mobile Content Services) - S127 / S242 CMA 1998	RM 30,000
7	Isentric Sdn Bhd	Breach of License Condition (Mandatory Standards for Mobile Content Services) - S127 / S242 CMA 1998	RM 10,000
8	M Edge Sdn Bhd	P Breach of License Condition (Mandatory Standards for Mobile Content Services) - S127 / S242 CMA 1998	RM 10,000
<b>TOTAL COMPOUND</b>			<b>RM150,000</b>

<b>LIST OF MCMC LICENCES CHARGED IN COURT FOR BREACHING ASP CLASS LICENSE CONDITION (SHORT CODE) 2012</b>			
<b>No</b>	<b>OFFENCE</b>	<b>OFFENDER</b>	<b>STATUS</b>
1	S127 / S242 CMA 1998	Everest Mobile Sdn Bhd	Plead guilty and fined <b>RM50,000</b> by Court on 22 May 2012
2	S127 / S242 CMA 1998	Radius ED Sdn Bhd (ICE Mobile Sdn Bhd)	Plead guilty and fined <b>RM20,000</b> by Court. If failed, imprisonment for 1 year on 27 September 2012
3	S127 / S242 CMA 1998	Mobile Multimedia Sdn Bhd	Plead guilty and fined <b>RM20,000</b> by Court. If failed, imprisonment for 1 year on 27 September 2012
4	S127 / S242 CMA 1998	Macro Kiosk Berhad	Plead guilty and fined <b>RM40,000</b> by Court on 16 October 2012
5	S127 / S242 CMA 1998	M-Mode Sdn Bhd	Plead guilty and fined <b>RM10,000</b> by Court on 31 October 2012
6	S127 / S242 CMA 1998	IKOGO Sdn Bhd	Found guilty and fined <b>RM30,000</b> by Court on 27 December 2012

**LIST OF MCMC LICENCES COMPOUNDED FOR BREACHING ASP  
CLASS LICENSE CONDITION (SHORT CODE) 2013**

<b>NO</b>	<b>OFFENDER</b>	<b>OFFENCE</b>	<b>COMPOUND AMOUNT (RM)</b>
<b>1</b>	Everest Mobile Sdn Bhd	Breach of ASP (Class) License Condition (Mandatory Standards for Mobile Content Services) - S242 CMA 1998	50,000-00
<b>2</b>	MCM Messaging Sdn Bhd	Breach of ASP (Class) License Condition (Mandatory Standards for Mobile Content Services) - S242 CMA 1998	10,000-00
<b>3</b>	MCOM Media Technology Sdn Bhd	Breach of ASP (Class) License Condition (Mandatory Standards for Mobile Content Services) - S242 CMA 1998	20,000-00
<b>4</b>	Zed Mobile Sdn Bhd	Breach of ASP (Class) License Condition (Mandatory Standards for Mobile Content Services) - S242 CMA 1998	10,000-00
<b>5</b>	D Tech Gateway Sdn Bhd	Breach of ASP (Class) License Condition (Mandatory Standards for Mobile Content Services) - S242 CMA 1998	30,000-00
<b>6</b>	D Tech Gateway Sdn Bhd	Breach of ASP (Class) License Condition (Mandatory Standards for Mobile Content Services) - S242 CMA 1998	10,000-00
<b>7</b>	D Tech Gateway Sdn Bhd	Breach of ASP (Class) License Condition (Mandatory Standards for Mobile Content Services) - S242 CMA 1998	20,000-00
<b>8</b>	Ice Mobile Sdn Bhd	Breach of ASP (Class) License Condition (Mandatory Standards for Mobile Content Services) - S242 CMA 1998	30,000-00
<b>9</b>	Million Progain Sdn Bhd	Breach of ASP (Class) License Condition (Mandatory Standards for Mobile Content Services) - S242 CMA 1998	10,000-00
<b>10</b>	Mexcomm Sdn Bhd	Breach of ASP (Class) License Condition (Mandatory Standards for Mobile Content Services) - S242 CMA 1998	50,000-00
<b>12</b>	MacroKiosk Sdn Bhd	Breach of ASP (Class) License Condition (Mandatory Standards for Mobile Content Services) - S242 CMA 1998	50,000-00

13	Iseentric Sdn Bhd	Breach of ASP (Class) License Condition (Mandatory Standards for Mobile Content Services) - S242 CMA 1998	10,000-00
14	Celcom Axiata Berhad	Breach of ASP (Class) License Condition (Mandatory Standards for Mobile Content Services) - S242 CMA 1998	20,000-00
15	Celcom Axiata Berhad	Breach of ASP (Class) License Condition (Mandatory Standards for Mobile Content Services) - S242 CMA 1998	10,000-00
16	Celcom Axiata Berhad	Breach of ASP (Class) License Condition (Mandatory Standards for Mobile Content Services) - S242 CMA 1998	10,000-00
<b>TOTAL COMPOUND</b>			<b>360,000.00</b>

<b>LIST OF MCMC LICENCES CHARGED IN COURT FOR BREACHING ASP CLASS LICENSE CONDITION (SHORT CODE) 2013</b>			
<b>No</b>	<b>OFFENCE</b>	<b>OFFENDER</b>	<b>STATUS</b>
1	S242 CMA 1998	MCOM Media Technology Sdn Bhd	Plead guilty and fined <b>RM25,000</b> by Court on 28/02/2013
2	S242 CMA 1998	Everest Mobile Sdn Bhd	Plead guilty and fined <b>RM20,000</b> by Court on 28/02/2013
3	S242 CMA 1998	M Edge Sdn Bhd	Plead guilty and fined <b>RM20,000</b> by Court on 23/04/2013
4	S242 CMA 1998	Mobile Multimedia Sdn Bhd	Plead guilty and fined <b>RM20,000</b> by Court on 23/04/2013
5	S242 CMA 1998	Everworks Solution Sdn Bhd	23/09/2013: Case has been di Discharge Not Amounting to Acquittal (DNAA)-Case will be registered in Petaling Jaya Session Court
6	S242 CMA 1998	Everworks Solution Sdn	23/09/2013: Case has been di Discharge Not Amounting to Acquittal (DNAA)-Case will be

		Bhd	registered in Petaling Jaya Session Court
7	S242 CMA 1998	Mexcomm Sdn Bhd	Plead guilty and fined <b>RM20,000</b> by Court on 23/04/2013
8	S242 CMA 1998	Mobile Multimedia Sdn Bhd	Plead guilty and fined <b>RM20,000</b> by Court on 23/04/2013
9	S242 CMA 1998	M-Mode Mobile Sdn Bhd	Plead guilty and fined <b>RM15,000</b> by Court. If failed, imprisonment for 6 months on 18/11/2013
10	S242 CMA 1998	Mobile Multimedia Sdn Bhd	Plead guilty and fined <b>RM15,000</b> by Court. If failed, imprisonment for 6 months on 18/11/2013
11	S242 CMA 1998	Macro Kiosk Bhd	Plead guilty and fined <b>RM15,000</b> by Court. If failed, imprisonment for 6 months on 18/11/2013

<b>LIST OF MCMC LICENCES COMPOUNDED FOR BREACHING ASP CLASS LICENSE CONDITION (SHORT CODE) 2014</b>			
<b>NO</b>	<b>OFFENDER</b>	<b>OFFENCE</b>	<b>COMPOUND AMOUNT</b>
1	Mexcomm Sdn Bhd	Breach of License Condition (Mandatory Standards for Mobile Content Services) - S242 CMA 1998	RM 50,000
2	iSentric Sdn Bhd	Breach of License Condition (Mandatory Standards for Mobile Content Services) - S242 CMA 1998	RM 30,000
3	iSentric Sdn Bhd	Breach of License Condition (Mandatory Standards for Mobile Content Services) - S242 CMA 1998	RM 30,000
<b>TOTAL COMPOUND</b>			<b>RM110,000</b>



**LIST OF MCMC LICENCES CHARGED IN COURT FOR BREACHING  
LICENSE CONDITION (SHORT CODE) 2014**

<b>No</b>	<b>OFFENCE</b>	<b>OFFENDER</b>	<b>STATUS</b>
1	S127 CMA 1998	Everworks Solution (M) Sdn Bhd	Plead guilty and fined <b>RM16,000</b> by Court on 24/01/2014
2	S127 CMA 1998	Radius-ED Sdn Bhd	Plead guilty and fined <b>RM18,000</b> by Court on 20/01/2014 for each charges (2 charges)
3	S127 CMA 1998	Mexcomm  Sdn Bhd	Plead not guilty and case will be mentioned again on the date determine by Court