



PAKISTAN TELECOMMUNICATION AUTHORITY
Headquarters, F-5/1, Islamabad

Enforcement order under section 23 of the Pakistan Telecommunication (Re-organization) Act, 1996 against China Mobile Pak Limited (CMPak Limited-Zong)

No: PTA/Enf/Subscriber Verification/4/2020/

Date of Show Cause Notice: 10th February, 2020
Venue of Hearing: PTA HQs, Islamabad
Date of Hearing: 23rd April, 2020

Panel of Hearing

Maj. Gen. Amir Azeem Bajwa (R): Chairman
Dr. Khawar Siddique Khokhar : Member (Compliance and Enforcement)
Muhammad Naveed : Member (Finance)

DECISION OF THE AUTHORITY

This enforcement order seeks to dispose of Show Cause Notice dated 10th February, 2020 (the “SCN”). The main contraventions on part of the licensee that needs to be adjudicated upon are as follows:

- (i) **Unlawful/illegal sale and issuance of SIMs through various sale channels.**
- (ii) **Unauthorized sale of SIMs through Kiosks activities (Door to Door sale) without prior permission of the Authority.**
- (iii) **Sale of SIMs below Minimum Sale Price (MSP) of Pak Rupees 200.**

1. Facts of the Case:

1.1 Precisely stated China Mobile Pak Limited (CMPak Limited-Zong) (the “licensee”) is engaged in the business of cellular mobile services in Pakistan pursuant to non-exclusive licenses No.MCT-03/LL&M/PTA/2004 dated 23rd October, 2004 and license No.NGMS-01/WLL&M/PTA/2014 dated 21st May, 2014 (the “license”) issued by the Pakistan Telecommunication Authority (the “Authority”) to establish, maintain and operate licensed system and to provide licensed cellular mobile services in Pakistan on the terms & conditions contained in the license.

1.2 The licensee is obligated to comply with the provisions of the prevailing regulatory laws comprising the Act, the Rules, Regulations made / framed / issued under the Act, determinations of the Authority and the terms and the conditions of the license. More so, the licensee as per its license

condition 6.7.11 is under obligation to activate SIM after proper verification as per applicable regulations / directives / standard operating procedures of the Authority. While performing its functions under the provisions of the Act, the Authority has promulgated Subscribers Antecedents Verification Regulations, 2015 (the “Regulations”) for the registration and maintenance of antecedents of mobile subscribers through proper documentation and verification from NADRA Database. In order to further streamline the process of SIM sale and activation through Biometric Verification, the Authority has issued standard operating procedures (SOP) duly communicated to all CMTOs vide directive dated 2nd April, 2019 for strict compliance and implementation including the licensee.

1.3 As a matter of fact, besides positive role of technology, it is a need of time to take strict preventive measure(s) as to curb the menace of unlawful activities as the same can be used as a tool for criminal activity which is not only a potential threat to life, reputation and property of the general public as well as loss to national exchequer. The Authority therefore, being mindful of its mandate, is monitoring and enforcing regulatory compliances for sale of SIMs. In this regard various directions/instructions have time and again been issued to all CMOs including the licensee.

1.4 Keeping in view the seriousness of the issue and National Security implications, the Authority vide letters dated 27th August, 2019, 8th October, 2019 and 14th November, 2019 informed the licensee with regards to the violations on its part and directed to take tangible measures against the franchises / retailers / sellers involved in selling / activating SIMs fraudulently which were purportedly being used for illegal activities. These communications were issued to the licensee on a monthly basis for blocking of SIMs being used in grey trafficking.

1.5 In addition, as to ensure compliance with the directions of the Authority, relevant regulatory provisions and the SOPs, a survey was carried out by the Authority in December, 2019. As a result of the survey, it revealed that the licensee is not selling SIMs as per applicable law particularly PTA’s determination dated 7.11.2016. It was also observed that the licensee, its franchisee/retailers were involved in Door to Door / Kiosks activity without prior approval of the Authority as well as, were selling SIMs below Rs.200 as determined by the Authority vide its decision dated 7th November 2016. Thus, as a consequence thereof, the Authority issued a SCN dated 10th February, 2020 for the above referred contraventions.

1.6 The licensee replied to the SCN in two parts. An interim reply was submitted vide letter dated 20th February, 2020 which is reproduced in verbatim as under:-

Without prejudice to the detailed response to be submitted to the Show Cause Notice No.PTA/Enf/Subscriber Verification/4/2020/30 dated 10th February, 2020 the Licensee seeks to respond to informational queries raised in the said Show Cause Notice.

The Licensee also seeks to reiterate that it has been abiding by the terms of the Subscriber Regulations and PTA issued SoP in this regard and shall continue to do so.

i) SIMs issued contrary to the PTA issued SoP and Subscriber Regulations have been consistently blocked and shall continue to be blocked.

- ii) *Action has been taken against 77 sellers upto date which includes termination of 2 sellers and warnings / penalties issued to 75 others. Detailed list and terminated agreements are attached.*
- iii) *Status of SIMs blocked is attached.*
- iv) *Door to Door or Kiosks activity is not carried out by the Licensee. However, in addition to instructions to all sellers issued on 25th September 2018 (copy attached) and constant briefing of sellers by the relevant channel managers to abide by the Subscriber Regulations and SOP's, a further strict instruction in respect of Door to Door and Kiosks activity has been issued immediately to ensure no seller indulges in such activity.*

It is reiterated that detailed response to the Show Cause Notice dated 10th February 2020 and all queries raised therein shall be submitted within 30 days as directed.

1.7 The licensee vide letter dated 26th March, 2020 submitted its final response to the SCN which is reproduced below:

This is with reference to the subject Show Cause Notice (SCN) No. PTA/Enf/Subscriber Verification/4/2020/30 dated 10th February 2020.

Vide above referred show cause notice (SCN) the Authority has sought a reply with respect to inter alia, why CMPak's license should not be suspended, terminated or any other enforcement order may not be passed against CMPak upon failing to comply with Subscribers Antecedents Verification Regulation 2015 ("Subscribers Regulations"), Standard Operating procedure on SIM and sale activation through biometric verification dated 2nd April 2019 ("SoP") and PTA's order dated 7th November, 2016 regarding minimum sale price for a Mobile SIM ("the determination") Furthermore, the Authority vide the SCN has directed CMPak to remedy the said contravention and submit a compliance report within 3 days of the receipt of this SCN which was duly complied with vide compliance report dated 20-02-2020.

1.7.1 Preliminary Submissions:

1. *That CMPak has been abiding by the terms of Subscribers Regulations and SoP which is evident from its efforts wherein a thorough check was run against 176 retailer ID's and consequently 76 warning letters were issued along with levying of penalties to franchise holders who were found to be operating contrary to the regulations and the SoP which was followed by termination of 2 Franchise Agreements.*
2. *That in compliance of the SoP and regulations, SIM's issued in contravention to the regulations and SoP were blocked and action to curb issuance of illegal SIM's is still operational.*
3. *That on 25-09-2018, instructions were issued to all Franchise holders viz their activities being monitored so as to ensure that the franchise is not involved in any fraudulent activity, including but not limited to grey trafficking, fake activations, document forging being in contravention to SoP and regulations.*

1.7.2 Para Wise Reply:

That the below para-wise reply to the contents of the SCN are without prejudice to and notwithstanding licensee's preliminary submissions and that same is required to be withdrawn in accordance with law.

- 1. That the contents of Para 1 being a matter of record need no comment.*
- 2. That the contents of Para 2 being legal need no comment.*
- 3. That the contents of Para 3 being a reiteration of the regulations are correct and therefore need no comment.*
- 4. That the contents of Para 4 being a reiteration of the regulations are correct and therefore need no comment.*
- 5. That the contents of Para 5 are a reiteration of the regulations and are correct. Furthermore, CMPak in compliance with the said regulations has consistently blocked SIMs and continues to do so.*
- 6. That contents of Para 6 being a reiteration of the SoP are correct. Furthermore, preliminary submission 1-3 may be read as an integral part of the reply.*
- 7. That the content of para 7 are denied to the extent of SIMs issued in contravention to the applicable procedure as CMPak has in its efforts to control illegal sale of SIMs blocked SIMs found to be illegal and conducted thorough checks of sale channels issuing SIMs.*
- 8. That the contents of para 8 are denied to the extent of CMPak failing to take action against franchise/retailers/sellers involved in selling fraudulent SIMs. Letter dated 25-09-2018 issued to all franchise/retailers and sellers provided for termination of the franchise agreement in the event the franchise was found to be involved in any activity contrary to the SOP and regulations. Preliminary submission 1 may be read as an integral part of the reply. Furthermore, 84 more warning letters have been issued to Franchises whose retail channels have found to be involved in grey trafficking and penalties are in the process of being levied.*
- 9. That the contents of para 9 being a reiteration of determination dated 07-11-2016 are correct and therefore need no comment.*
- 10. That the contents of para 10 being a matter of record need no comment.*
- 11. That the contents of para 11 being a matter of record and need no comment.*
- 12. That the contents of para 12 are denied. CMPak can only ensure fixed pricing at their customer services and franchise sale centers and cannot therefore monitor sales taking place by retail which is not a contracted or exclusive channel to CMPak.*

13. *That the contents of para 13 are denied. Door to Door Kiosk activity is not carried out by CMPak, furthermore, constant briefing of sellers by the relevant channels managers to abide by the subscriber regulations and SoP's is issued and additional instructions have been issued immediately to ensure further activity does not take place.*

14. *That the contents of para 14, while being misconceived in the directions contained therein, the SCN is required to be withdrawn. No enforcement order can be passed by the Authority against CMPak based on the facts contained in the SCN.*

For the aforementioned reasons, it is requested that the Show Cause Notice under Reply may be withdrawn forthwith and no coercive measure be taken against CMPak.

1.8 The Authority scheduled the hearing on 13th April, 2020 however, on the request of the licensee the matter was adjourned for 23rd April, 2020. On the said date the licensee appeared before the Authority through Mr. Ali Raza (Advocate Supreme Court of Pakistan), Ms. Maryam Ali (legal counsel), Mr. Ahmad Ibrahim (Director Legal/Company Secretary), Mr. Syed Salman Ali (Director S&D), Mr. M.Ali Nadeem (Director Regulatory Affairs) and Mr. Javaid Mokhtar (Senior Manager Legal). Subsequent to the hearing, the licensee also submitted additional written arguments vide its letter No. Nil dated 10th May, 2020 received in PTA on 12th May, 2020.

1.9 During the hearing the learned counsel representing the licensee reiterated the stance as put forth in its replies as mentioned in Para 1.6 and Para 1.7 above. He further contented that the licensee in response to the letters received from the Authority for blocking of SIMs had taken timely action by blocking of SIMs and issuing necessary instructions to its franchisee/retailers for following the regulatory regime, regulations, SOPs and directions of the Authority. Therefore, the impression of the Authority on their being stagnation on part of the licensee for taking appropriate action against its franchisee/retailers was incorrect. He went on to argue that the issue of issuance of grey SIMs and there subsequent blocking was an incessant issue concerning the entire telecommunication industry and affecting all cellular mobile operators. At this juncture the learned counsel admitted that probably more effort was required on part of the licensee for curbing the problem of sale of grey SIMs. During the course of his arguments, the learned counsel for the licensee highlighted that as a cellular mobile operator, it has limited power and control over its franchisee/retailers for ensuring compliance with applicable laws. He asserted that it was within the mandate of the Authority to also regulate the licensee's franchisee/retailers. With regards to the issue of door to door kiosk SIM selling activities without prior approval of the Authority, the licensee vehemently denied any such violation and asserted that, no data of these activities had been provided to the licensee by the Authority pinpointing the exact location where these door to door kiosk SIM selling activities were taking place. In response to the contravention of selling of SIMs below the Authority determined price of Rs. 200, the licensee denied the allegation and submitted that its branch offices and franchisees were all selling SIMs for Rs.200 and any breach of the Authority decision might have been carried out by certain retailers.

2. Applicable Legal Provisions:

2.1 The main legal regulatory provisions attracted in this case are the ACT, Pakistan Telecommunication Rules 2000, Subscribers Antecedents Verification Regulations, 2015 (the "Regulations"), Standard Operating Procedure (SOP) on SIM Sale and Activation through Biometric Verification (the "SOP"), decision of the Authority on Minimum Sale Price for a Mobile

SIM (Subscriber Identity Module) dated 7th November, 2016 (the “Determination”) and the relevant clauses of the terms and conditions of the license.

2.1.1 Pakistan Telecommunication (Re-organization) ACT 1996

Section 5(2)(b). Monitor and enforce Licenses

2.1.2 Pakistan Telecommunication Rules 2000

Rule 7(4). a license granted in accordance with provision of the ACT and these rules shall be subject to the conditions applying to all licensed services contained in Appendix-B to the rules.

Clause 2.4 of Appendix-B. without prejudice to the terms of this License, the Licensee shall be entitled, without reference to the Authority, to make any investment, enter into any contract or other arrangements and do any other matter or thing for the purposes of and/or in course of, exercising any of its rights under this License in its absolute discretion

Clause 8.1 of Appendix-B. the Licensee shall observe the provisions of this License, the ACT, and any applicable Rules and Regulations

2.1.3 Subscriber Antecedents Verification Regulations, 2015.

Main provisions of the Regulations relevant to the instant matter are as follows:

Regulation 4(2). The Operator(s) shall ensure verification of Subscriber antecedents at the time of sale of SIM, Change of Ownership, Mobile Number Portability and issuance of Duplicate SIM in the manner prescribed by the Authority from time to time.

Regulation 4(4). Any SIM(s) sold by any means shall be the sole responsibility of the operators.

Regulation 5. Minimum Requirements for Sale of New SIM(s). (i) No SIM(s) shall be sold and activated by any Operator in any manner to any Person(s) unless and until following prerequisites are fulfilled:

(a) **Requirements for Pakistani Nationals:**

- (i) Valid identity card number issued by NADRA shall be provided to the authorized Person of the Operator; and
- (ii) Any additional requirement as deemed to be necessary by the Authority from time to time"

(b) **Requirements for Foreign Nationals:**

- (i) Original passport with a valid visa to stay in Pakistan shall be shown and copy of passport attested by customer service center shall be retained by the authorized Person of the Operator;

- (ii) *In case of aliens, a valid document and identity card issued by National Alien Registration Authority shall be shown at customer service center and a copy shall be retained by the authorized person of the Operator; and*
- (iii) *For Afghan Nationals, attested (by Gazetted Officer/notary public) copy of valid identity card issued by the Government of Pakistan; and*
- (iv) *Any additional requirement as deemed to be necessary by the Authority from time to time.*

(2) *All authorized persons nominated by the Operator, shall be responsible for the collection, verification and attestation of all documents, where applicable, as referred above, as a prerequisite for the purchase of a SIM.*

(3) *All customer agreement forms, where applicable shall be stamped by the authorized representative of the Operator(s) or their authorized agents and franchisees as the case may be as per instructions issued by the Authority from time to time.*

(4) *Postpaid SIM(s) shall be sold at the customer service centers, franchises and by authorized Operator representatives only.*

Regulation 8. SIM(s) Activation upon Verification. (1) *All Operators shall ensure the activation of any SIM only after complete verification of Subscriber(s) antecedents given under regulation 9 of these Regulations in accordance with the directions of the Authority from time to time.*

(2) *In the circumstances where any SIM is found without verification it shall be blocked immediately by the Operator and the status of such blocked SIM(s) shall be reported as and when required by the Authority.*

(3) *The subscriber of each SIM shall be responsible for its use, and shall ensure that it is not misused for any fraudulent, obnoxious or unsolicited communication etc. In the event of loss or theft of the SIM(s), the Subscriber shall report immediately but not later than 24 hours of such loss or theft to the concerned Operator and get the SIM(s) blocked by submitting a request:*

Provided where the above stated procedure has not been followed and where such SIM(s) results in being used for the commission of an offence punishable under any law for the time being in force, the owner of the SIM(s) shall be responsible.

Regulation 9. Verification and Activation of SIM(s) through NADRA. (1) *For the purposes of subscriber data verification, Operators shall make necessary automated and redundant arrangements with NADRA:*

Provided that only the operator concerned shall verify and activate the SIM(s).

(2) All SIM(s) once sold and verified by NADRA shall be activated within a maximum of 24 (twenty four) hours of the request made by the Subscriber to the operator in addition to the requirements /directions issued by the Authority from time to time.

(3) In the case that the subscriber data does not match with NADRA's record, the subscriber shall be informed about the reason for non-verification by the sales agent based upon error code generated by NADRA and the customer shall be advised to visit the nearest customer service center of the concerned Operator or the nearest NADRA swift center, as the case may be to sort out the discrepancy in data mismatch.

Regulation 13. Breach of Agreements by Authorized Sellers.-(1) In case of noncompliance of any procedure specified in these Regulations and as directed by the Authority from time to time, or upon receipt of information from any source of non-compliance of these Regulations and directions of the Authority, the Authority or an authorized officer of the Authority not below the rank of Director, may direct an Operator to take action against the Authorized Seller.

Regulation 14. Directions of the Authority. (1) All directives, notifications, standard operating procedures and orders issued by the Authority from time to time on or before notification of these Regulations shall be binding and applicable on the Operators.

(2) The Operators shall ensure the revision and updating of the verification procedure as and when required by the Authority.

Regulation 15. Public Education & Awareness. All Operators shall launch a special campaign through print and electronic media for the education of consumers (in both English and Urdu languages) of all the requirements and processes to be followed to purchase SIM(s) and verification of antecedents as and when required by the Authority.

Regulation 16. Inspection. (1) In order to ensure compliance of these Regulations, the Authority through its authorized officer(s) may inspect the premises and records maintained by the Operator(s) at any time at their customer services outlets or the premises of the registered and authorized agents or franchisees.

(2) The concerned Operator(s) and their registered and authorized agents or franchisees shall provide all the information and shall extend all possible assistance to the authorized officer(s) or representative of the Authority to inspect the records.

2.1.4 Standard Operating Procedure (SOP) on SIM Sale and Activation through Biometric Verification.

The pertinent clause of the SOP is as follows:

5 (q) Door to Door / kiosks activity shall be carried only after approval from PTA on case to case basis.

2.1.5 The crux of the decision of the Authority on Minimum Sale Price for mobile SIM dated 7th November, 2016 is as follows:

“2.1 Minimum sale price for issuance of any type of new SIM such as GSM SIM, USIM, LTR SIM etc. (first time issuance including Voice and Data, and Data only SIMs) at the retail level shall be Rs.200 per SIM in Pakistan as well as AJ&K and GB.

2.3 This order shall be applicable with effect from 1st December 2016. All CMOs are directed to publish the aforementioned charges through print / electronic media and on their websites etc. for the information of public at large before implementation of these charges as mentioned as para 2.1 above.”

2.1.6 Relevant License conditions

The significant clauses of the terms and conditions of the license in view of the aforesaid contraventions are as follows:

“3.1.1 This License is subject to the terms and conditions contained herein and to the Act, Rules and Regulations. In the event of any conflict or inconsistency between the provision of this License, and the provisions of the Act, Rules and Regulations, the provisions of the Act, Rules and Regulations shall prevail.

3.1.2 The Licensee shall establish, maintain and operate its Licensed System, and shall provide the Licensed Services, in compliance with the laws of Pakistan.

3.1.3 The Licensee shall at all times co-operate with the Authority and its authorized representatives in the exercise of the functions assigned to the Authority under the Act. The Licensee shall comply with all orders, determinations, directives and decisions of the Authority.

6.7.1 The Licensee shall comply with the national security and other requirements of section 54 of the Act and any other national security requirement under the law.”

3. Findings of the Authority:

3.1 After careful examination of the contents, the licensee’s replies to the SCN including verbal submissions made during hearing and written arguments submitted vide letter dated 10th May, 2020, findings of the Authority are as under:

Licensee’ Action against its Franchises / Retailers:

3.1.1 The licensee submitted that in aggregate action has been taken against 183 franchises / retailers for violating Regulations, SOP and the determination. As per the licensee’s submissions, a total of 176 retailers had been terminated and 76 franchises had been warned or fined for an amount varying from Rs.5,000/- to Rs.150,000/-. Furthermore, the licensee has also submitted as documentary evidence two letters showing termination of franchises for violation. In this connection, the central question which needs to be determined is whether the licensee has taken

adequate steps commensurate with the seriousness of the issue. Unfortunately, the answer to this question is in the negative. Use of grey SIMs in illegal activities and heinous crimes is a serious national security concern. Moreover, the menace of grey SIMs and trafficking has been causing immense loss to the national exchequer on regular basis. More so, such activities also hamper the legitimate business of other license holders. The Authority in order to curb this problem has taken and is continuously striving for implementing regulatory provisions to bring the offenders to justice. It is appropriate at this juncture to highlight that the Authority has issued several reminders to the licensee on monthly basis informing the licensee about the sale of SIMs being used for illegal activities and grey trafficking, however, despite the continuous reminders, the licensee took action only against the sale channels pointed out by PTA. Moreover, despite clear instructions/deadlines, PTA was informed about these actions only once i.e. vide letter dated 21.10.2019 and thereafter only when the instant Show Cause Notice was issued. In addition, the lists of 118 Unique Franchisees shared by the licensee shows that “no action has been taken” against 23 Franchisees despite the fact that they were found involved in selling SIMs used in grey trafficking. Thus, the practice in essence adopted by the licensee against sale and issuance of grey SIMs has been “reactive” rather than being a “proactive” one. The licensee has paid inadequate attention to the fact that sale of grey SIMs can have profound ramifications for the subscribers and other stakeholders that can manifest in the form of terrorism, concerns for national security, financial fraud, defamation, cyber fraud and numerous other illegal activities. Furthermore, the record also highlights (as per termination letter submitted) that action was taken against a franchisee in the month of December 2019, following a lapse of three (03) months after PTA’s first warning letter. Further, a franchise of the licensee by the name of Man Communication was terminated following a raid conducted by the Federal Investigation Agency (FIA) on 25th July 2019. This is one of the instances that reflects that the licensee had failed to take appropriate action on its own accord and rather he was forced to terminate the franchise on recovery of pre-activated SIMs. In addition, there are a number of Franchisees which have been found involved in selling of SIMs purportedly to be used in grey traffic multiple times (as shown below) but action on part of the licensee was negligible:

Count of Franchisees	Violations Repeated for Number of Months
22	6
16	5
12	4
14	3
34	2

3.1.2 It is relevant to point out submission of the licensee made in its letter dated 10th May, 2020 which is reproduced below:

“The upshot of the above is that CMPak has completely revamped its policy from the month of April, 2020. Another major steps that the licensee has enforced from the month of April is to expressly dis-incentivize grey trafficking. As a matter of policy all grey traffic number will not be considered as part of franchise sale performance, thereby making it pointless for franchise to perform any fraudulent sales and earn commission / incentive against it.”

The fruits of these steps is already evident from recent grey traffic trends. Number of new sales of found in PTA Grey Traffic Report March 20 has reduced by half of to 4,545 and further declined in April 20 to 609 only.”

3.1.3 The overall stance of the licensee as submitted in his reply and written submission make it evident that it has acted in a callous, negligent and irresponsible manner. The licensee failed to pay any heed to the seriousness of the situation and the rectifying actions taken by it are insubstantial and a mere eyewash.

3.1.4 Another important question that begs the indulgence of the Authority is the argument raised by licensee for not being able to exercise proper control over its franchisee/retailers. This notion is based on unfounded and perverse logic. The franchisee/retailers of the licensee are operating under subsisting franchisee agreements and are acting as agents of the licensee. The conduct of the licensee shows its inability to implement the procedure(s) for sale of SIMs. Whereas, in accordance with regulation 4 (4) of the Regulations any SIM(s) sold by any means shall be the sole responsibility of the operators. Furthermore, as per clause 4.2 of Appendix-B of Pakistan Telecommunication Rules 2000 read with Rule 7(4) of the said Rules the licensee, is at liberty to enter into contract or arrangements for the purposes or exercising its rights under the license in its absolute discretion without any reference to the Authority. Therefore, in these circumstances it is the primary responsibility of the licensee to ensure that its franchisee/retailers are in compliance with the applicable regulatory regime, regulations, SOPs and determinations of the Authority.

Door to Door/Kiosk activity

3.1.5 With regards to conducting door to door kiosk activities without prior approval of the Authority, the licensee did not address this contravention in his responses to the SCN. In the course of the hearing, the licensee however submitted that no data/information had been received identifying the area in which activities were being carried out. This assertion is incorrect on the premise that the licensee vide the PTA's letter dated 14th February 2020 was duly informed about areas in which door to door kiosk activities were being carried out by the licensee without prior approval of the Authority. These areas had been identified following a survey conducted by the Authority in December 2019. Later on, the licensee in its written submission denied the allegation related to door to door/kiosk activity and stated that Kiosk activity was carried out with approval obtained from PTA, however, no specific denial or justification with regard to areas identified through said letter and shared during hearing has yet been provided. As per available record, there is no approval of door to door kiosk activities of the areas as identified and shared with the licensee.

PTA's Determination dated 7th November, 2016- Minimum Sale Price for a Mobile SIM

3.1.6 In the context of the licensee selling SIMs below the price of Rs. 200 as determined by the Authority, the outright denial on the part of the licensee is not justified on the pretext that it has limited or no control on its retailer/outlets. As the same is contrary to Rule 7(4) read with clause 2.4 of Appendix-B of the Rules further read with regulation 4(4) of the Regulations. In addition the argument is in itself contradictory to the written arguments/ additional submissions dated 10th May, 2020 where it is stated that by 15th May, 2020, it plans to share specifically revised communication with all its franchises / retailers to strictly monitoring of SIM sales price at their Walk-in-Centers and retailers along with circulating SMS and trade letters ensuring that SIM(s) are sold in accordance with the Determination, SOP and all applicable Rules, Regulation and Directive of PTA. The aforesaid manifestly transpires the licensee is filling up the gap and further

shows non-serious conduct of the licensee in terms of implementation of PTA's determination for minimum sale price for a Mobile SIM. As per applicable license terms and conditions and enabling regulations, all directives, notifications, standard operating procedures and orders issued by the Authority from time to time are binding and applicable on the licensee

4. Decision of the Authority:

In light of the foregoing discussion and findings, the Authority hereby concludes and decides as under:

- 4.1 The licensee has failed to satisfy the Authority about the contraventions and the same cannot be taken lightly keeping in view the conduct and noncompliance of regulatory laws and directions of the Authority by the licensee as discussed above, the licensee is hereby imposed with a fine of Rs.100,000,000 (Rupees One Hundred Million). The licensee is directed to deposit the fine within ten working days from date of receipt of this enforcement order.
- 4.2 The licensee is further directed to submit a report, *to Director Enforcement at PTA's HQs, Islamabad*, on quarterly basis for sale of SIMs in accordance with applicable regulatory regime on the format as provided by him. Time period for submission of report will commence from the date of receipt of this order. This quarterly report will continue till further order(s) of the Authority.

Maj. Gen. Amir Azeem Bajwa (R)
Chairman

Muhammad Naveed
Member (Finance)

Dr. Khawar Siddique Khokhar
Member (Compliance & Enforcement)

Signed on **18th day of May, 2020** and comprises of **(12)** pages only.