

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

June, 2024

PTA invites stakeholder comments on draft MNVO Framework. All stakeholders are requested to share their comments within fourteen days of issuance of this draft. Response may please be shared on: faheemahsan@pta.gov.pk.

DRAFT

**FRAMEWORK FOR MOBILE VIRTUAL NETWORK OPERATOR (MVNO) SERVICES IN
PAKISTAN**

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

1. **Legal Framework**

This framework allows Mobile Virtual Network Operator (MVNO) to offer nationwide services in Pakistan in the light of clause 9.11.1 of Telecommunications Policy 2015 read with 'Policy Guidelines on Mobile Network Operators and Mobile Virtual Network Operators' dated 17 March 2006. The following terms and conditions shall apply to MVNO service operations in Pakistan.

2. **Eligibility for MVNO license**

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

3. **MVNO Models:**

3.1 An MNO shall be allowed to make commercial agreements with single/ multiple MVNOs. Similarly, an MVNO shall also be allowed to make commercial agreements with single/multiple MNOs. The agreement between MNO and MVNO will define scope of operations of MVNO.

3.2 MVNO models are broadly categorized in three categories i.e. Reseller, Services Provider and Enhanced Service Provider or combination thereof as follows:

- a) **Reseller:** This MVNO will be allowed to use its own brand name, marketing strategies and sales however will only be allowed to market the services being offered/provided by parent MNO and will not be allowed to install any radio or core network equipment.

- b) **Service Provider:** Such MVNO will be allowed to use its own brand name, marketing strategies, customer care and billing and shall only be allowed to market services being offered/provided by parent MNO. However, MVNO will not be allowed to install any radio or core network equipment except customer care and billing solutions.
- c) **Enhanced Service Provider:** This category of MVNO may provide its own customized services in addition to the services provided by parent MNO and will use its own brand name and marketing strategy. The MVNO will not be allowed to install any radio or core network equipment except customer care, billing solutions and such elements required to offer customized services/applications.

Note: MVNO can set up its infrastructure in core network (mutually consented between MNO and MVNO) to the extent which is based on any of the above models, however, MVNO will not be allowed to deploy any of the access network elements.

4. **License Application:**

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

- 4.1 MVNO shall submit to the Authority, technical and business plan along with draft commercial agreement, and letter of consent, between MNO and MVNO (duly consented by both parties) as per the checklist. Applicant shall be granted MVNO license after fulfillment of all codal formalities.
- 4.2 MVNOs shall be allowed to install their own network elements (as mentioned in para 3 above), depending upon the scope of operations approved by the Authority. Further, the agreement once approved by PTA shall not be changed by any party without prior written approval of PTA. Subsequent agreements (if any) with other MNOs shall also be processed for approval of the Authority. No service shall be commenced/offered to the consumers without prior approval of the Authority.

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

- 5.1 Number allocation to MVNO through parent MNO would be in accordance with the

procedure specified for this purpose and attached as **Annex- B**.

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

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

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

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

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

- 7.1 Once an MVNO commences its services, parent MNO shall provide service to MVNO without interruption. Also, parent MNOs shall not degrade, suspend, discontinue or terminate any service provided to MVNO or take any measures which effect delivery of service to MVNO without prior approval of PTA. Similarly, MVNO shall not stop provision of services to its customers without at least a three (3) months' notice and prior approval from PTA.
- 7.2 As MVNO will hold the ownership of its customers, it will be responsible for making necessary arrangements to facilitate them. The MVNO shall address complaints of its own users through its customer care centre(s) and 24/7 nationwide helpline.
- 7.3 MVNO shall be required to take action against its customer related to its services as required under the prevailing regulatory framework.
- 7.4 MVNO shall be responsible for the resolution of billing or other disputes with its customers as per its scope.

- 7.5 The MVNO shall submit its Code of Commercial Practice and Standard Contract of Service to PTA for approval and shall follow the same in true letter and spirit.
- 7.6 MVNO will abide tariff guideline issued by PTA.
- 7.7 MVNO shall ensure necessary safeguards are in place to abide by PTA's DIRBS and loss/stolen device requirements.
- 7.8 In case of dispute between MVNO and MNO, service continuity be ensured by both parties.

8. Interconnect and Roaming Agreements:

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

9. Fee and Contributions:

- 9.1 **Initial Fee:** Initial License Fee for nationwide MVNO license will be US Dollar One Hundred and Forty Thousand (US \$ 140,000) or its equivalent in Pak Rupees.

Initial License Fee shall be paid upfront in US Dollars or its equivalent in Pak Rupees to be converted at the National Bank of Pakistan (NBP) Telegraphic Transfer (TT) selling rate prevailing on the day preceding the date of payment.

9.2 **Annual Fee:**

- a) **Parent MNO** shall pay all annual regulatory fees and contributions including USF and R&D, calculated on the aggregate amount of annual gross revenue from combined licensed services of MNO and MVNO. Inter-operator costs and PTA/FAB mandated payments shall be eligible to claim as deduction from annual gross revenue from licensed services of MNO. However, any cost charged by MVNO back to MNO will not be an eligible deductible expense for MNO in calculation of annual regulatory fees and contributions.

- b) MVNO will make the payment of annual numbering charges to PTA through parent MNO.

10. License Term and Cancellation:

Initial license term will be for 15 years and can be renewed as per the decision of the Authority. The license will be suspended/cancelled/terminated in case the agreement between MVNO and MNO is terminated after approval of PTA.

- 10.1 The MVNO license shall be issued for an initial period of 15 years which can be renewed, subject to provision of mutual agreement between the parties. If the agreement between MVNO and parent MNO is terminated for any reason before the license term of 15 years and MVNO has no other valid agreement with any other or same MNO the MVNO license will be suspended, if the MVNO provides a valid agreement with another or same MNO the license will be restored. In case of termination, MVNO has to ensure and complete all legal and codal formalities.

11. General

PTA may conduct a comprehensive market study as and when required to ascertain number of MVNO licenses based on the market capacity and saturation. PTA will modify the existing MVNO regulations in light of this framework.



Annex-A

Application No.(to be filled by PTA)

--	--	--	--	--	--	--	--	--	--

**CHECK LIST FORM
(TO BE SUBMITTED WITH THE APPLICATION)**

#	Items	Check (√) if attached	# of pages	For PTA use only
1.	Applicant(s) profile;			
2.	Evaluation fee in shape of Demand Draft/Pay Order: USD 1000 or its equivalent in Pak Rupees to be converted at National Bank of Pakistan (NBP) Telegraphic Transfer (TT) selling rate prevailing on the day preceding date of payment. Submit proof of deposit. Alternate: (Evaluation fee can be paid through PSID generated from PTA Website).			
3.	<ul style="list-style-type: none">• Certificate of Incorporation (including Memorandum & Article of Association and Form-29, Form-II and Form-A duly certified by SECP).• National Tax Number (NTN).			
4.	Attested copies of Computerized National Identity Card, Citizenship verification from e-sahulat, along with copy of CNIC for Pakistani National shareholder directors. Attested copies of Passport of foreign nationals submitted through Ministry of Foreign Affairs after security clearance.			
5.	Undertaking on duly notarized stamp/e-stamp paper for:			

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

NUMBER ALLOCATION PROCEDURE FOR MOBILE VIRTUAL NETWORK OPERATOR (MVNO)

1. ALLOCATION PROCEDURE FOR MVNO:

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

2. FOR INITIAL APPLICATION:

- a) MVNO shall provide a copy of license issued by PTA.
- b) MVNO shall provide a copy of agreement signed with cellular mobile operator to PTA.

3. GENERAL:

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