

# **Regulation of IP Telephony: Conclusions of Public Consultation**

**July 2005**

# Submissions Received

- Consultation paper issued on 4 October 2004
- 38 submissions received by 28 December 2004
- Issue of TA Statement on 20 June 2005 explaining the regulatory framework of IP Telephony

# Regulatory Policy

- General support from respondents to:
  - apply minimum and proportionate regulation on IP Telephony
  - continue upholding “technology neutrality”
  - allow market to manage the shape and pace of the transition to the IP-based operating environment
- Operators providing like services will be regulated in like manner to level the playing field

# Licensing regime

- To adopt a two-class licensing approach for IP Telephony services :
  - Class 1 services
  - Class 2 services

# Class 1 IP Telephony Service

- To meet relevant licensing conditions applicable to fixed network operators operating conventional telephone services under Fixed Telecommunications Network Services (FTNS) or Fixed Carrier (FC) Licences
- Both facilities-based and service-based operators are allowed to offer the service

# Class 2 IP Telephony Service

- Minimal licence conditions (to protect consumer interests and safeguard fair competition)
- Service providers marketing Class 2 services are required under licence conditions to declare that the services being marketed are Class 2 services
- Both facilities-based and service-based operators are allowed to offer the service

# Numbering issues

- Class 1 services will be allocated 8-digit number blocks of conventional telephone services
- Number allocation to Class 2 services will be determined subject to further consultation with the Telecommunications Numbering Advisory Committee
- Telephone numbers will be allocated to local operators to represent addresses or locations on the local networks
- Not intend to prohibit users from using Hong Kong number at places outside Hong Kong

# Modes of provision of IP Telephony Services

- Three modes of provision of IP Telephony services are allowed :
  - (1) Broadband connection provider supplying IP service
  - (2) IP service provider directly connects to broadband connection provided by others on commercial arrangement and supplies IP service
  - (3) IP service provider supplies IP service as an application over Internet without specific commercial arrangement with the broadband connection provider
- The third mode (i.e. Mode 3) is being adopted by international service providers such as Skype and Vonage and is likely to become an irreversible international trend. No question of free-ride.



# Interconnection and Other Charges

- Any-to-any connectivity requires IP Telephony service providers to have host connection with one or more FTNS / FC licensees
- The review of LAC and USC will be the subject of separate consultations

# Access to Emergency Services

- Access to emergency services is mandatory for Class 1 services
- Access to emergency service is also mandatory for Class 2 services if Hong Kong numbers are assigned to customers
- Operators offering Class 1 or Class 2 services providing access to emergency services are also required to make provision for a database for maintaining the latest location information of customers and allow customers to update the information

# Backup Power Supply

- Operators offering Class 1 services are required to provide backup power supply in accordance with the existing Code of Practice applicable to conventional telephone service
- Both Class 1 and 2 services must not offer to sell their services to “life-lines” users unless they provide backup power supply to customer premises equipment such as IP phone, adaptor, modem etc. and network equipment

# QoS Requirements

- Class 1 services are subject to the same customer charter requirements applicable to FTNS / FC licensees and comply with minimum standards for QoS if developed in future
- Class 2 service providers do not need to follow any customer charter or minimum QoS standards and requirements

# Directory enquiry service

- Provision of directory enquiry service and printed directory to customers free of charge is a mandatory requirement for Class 1 service
- It would be voluntary for Class 2 service providers to offer the directory enquiry service and printed directory to their customers

# Number Portability

- Class 1 service providers, facilities-based or services-based, are required to support number portability function
- Number portability will not apply to Class 2 services initially. However the TA may initiate a review of the situation when the need arises

# Consumer Protection and Education

- Service providers of Class 2 services are required to indicate clearly in their marketing materials that the services being marketed are Class 2 services
- Class 1 and Class 2 service providers are required to clearly communicate to the consumers the limitations/capabilities of their services before contract
- Publicity and customer education programmes would be launched in collaboration with the industry

# Class 1 Vs Class 2

Key issues	Class 1	Class 2
Licensing conditions	All the licensing conditions applicable to FTN/FC licence except those related to facilities	Minimal licensing conditions
Number portability	Mandatory	Not available
Any-to-any connectivity	Mandatory	Mandatory if user is assigned numbers under Hong Kong Numbering Plan
Calling Line Identification (CLI)	Mandatory	Mandatory if user is assigned numbers under Hong Kong Numbering Plan



# Class 1 Vs Class 2 (cont.)

Key issues	Class 1	Class 2
Telephone directory enquiries service and printed directory service	Mandatory	Voluntary
Access to emergency service and Provision of database for maintaining updated location information of customers	Mandatory	Mandatory if user is assigned numbers under Hong Kong Numbering Plan
Backup power supply for network equipment	Mandatory if users can use service without relying on equipment powered from customer premises	Voluntary
Backup power supply for network equipment and customer premises equipment	Mandatory if the service is offered to "life-lines" users	Mandatory if the service is offered to "life-lines" users
Customer charter requirement and Quality of	Mandatory	Voluntary

# Way Forward

- Consultation on the terms and conditions of the new service-based operator licence for IP Phone services
- Consultation with TNAC on numbering issues
- Services based operator's licence should be completed by end of 2005

**Thank You**