

Chargeable Mobile Content Services (“MCS”)



Industry Code for Provision of Chargeable MCS (the “Code”)

- To safeguard consumers’ interests, the Office of the Telecommunications Authority (“OFTA”) worked with the industry in drawing up the Code to increase the transparency of charging information
- The Code governs the practices of third party Content Service Providers (“CSPs”) and the setting up of an industry self-regulatory scheme
- Third party CSPs
 - ▶ provide MCS through the service platform of Mobile Network Operators (“MNOs”)
 - ▶ bill and collect fee from customers via MNOs




Industry Code for Provision of Chargeable MCS (Continued)

- The Code was promulgated and put into effect by the Communications Association of Hong Kong (“CAHK”), an industry body, on 11 January 2010
- The Code requires CSPs, before starting to provide MCS, to
 - ▶ indicate to customers clearly the chargeable nature of the services
 - ▶ provide clear information on all charges
 - ▶ obtain clear consent from customers for using the MCS
 - ▶ set out clear and convenient unsubscription arrangements



Industry Code for Provision of Chargeable MCS (Continued)

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- MNOs will help resolve charging disputes between CSPs and customers
 - Establishing the Administrative Agency (“AA”) to assess the capability of CSPs and secure their pledges in complying with the requirements in the Code
 - A CSP shall obtain from the AA a Letter of Positive Assessment (“LPA”) certifying that the CSP is capable of complying and has pledged to comply with the Code




Industry Code for Provision of Chargeable MCS (Continued)

- MNOs will enter into contracts only with CSPs which have obtained the LPAs
- If a CSP is found to have breached the Code, the AA may issue a warning to the CSP and ask it to suspend the relevant MCS and rectify the non-compliance
- If the CSP fails to comply with the requirements, the AA will revoke the LPA of the CSP and request all MNOs to disconnect all MCS of the concerned CSP
- A CSP has to renew its LPA annually with the AA. This would ensure that the status of a CSP's compliance with the Code is regularly reviewed



Progress of the Industry Self-regulatory Scheme

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- All MNOs have agreed to comply with the Code
 - The AA was established by the CAHK on 31 March this year
 - A grace period of two months was given to CSPs for obtaining LPAs from the AA
 - Starting from 1 June this year, an MNO will only enter into a commercial contract with a CSP which has obtained an LPA from the AA, on the delivery and billing services in respect of MCS
 - There are presently a total of 14 CSPs which have successfully obtained LPAs from the AA




Effectiveness of the Code and the Industry Self-regulatory Scheme

- There was a drop in the complaint figures from 40 in December last year to 4 in June this year
- The complaint figures for July to September rebounded slightly, which were 10, 13 and 13 respectively. The number of complaints dropped to 6 in October
- The amount in dispute ranged between \$25 and \$75 in most cases
- 70% of the complaints were attributed to an MCS provided by one particular CSP
- Most complaints against this CSP were on the lack of sufficiently clear display of charging information on its service in its registration webpage




Effectiveness of the Code and the Industry Self-regulatory Scheme (Continued)

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- Upon investigation, the AA confirmed that the CSP had not breached the Code, but requested the CSP to provide the charging information more prominently on all its MCS webpages in accordance with customers' feedback
 - The CSP correspondingly made amendments to all its MCS webpages from 6 to 15 October
 - As at today, most of the complaint cases received between July and September [32cases] have been settled between the complainants and the concerned CSPs. The remaining cases [4 cases] are in the pipeline for settlement by the CSPs
 - In the light of customers' feedback, the AA, in vetting the future LPA applications and annual LPA renewal, will strictly require CSPs to provide clear charging information



Conclusion and Way Forward

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- In view of the number of complaints received after the establishment of the AA and the relatively small amount of charges involved in these dispute cases, the voluntary Code and the self-regulatory scheme implemented by the industry have been effective
 - The merit of the existing system is that by identifying the 14 CSPs, the AA can handle the complaints with them direct. Even for a complaint case that cannot be substantiated, the AA can, through the existing mechanism, raise with the CSP on improving the contents of the website concerned. The CSP also acts responsively
 - OFTA will continue to monitor the situation closely and fine-tune the Code with CAHK when necessary



Thank You!