



PAKISTAN TELECOMMUNICATION AUTHORITY
HEADQUARTERS, F-5/1 ISLAMABAD
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**Enforcement Order under section 23 of Pakistan Telecommunication (Re-organization) Act,
1996 against Telenor Pakistan (Pvt.) Limited**

No: PTA/Enf-Wireless/Mobile/15-148/23/2020/ **18**

Show Cause Notice: 30th December, 2020
Venue of Hearing: PTA HQs, Islamabad
Date of Hearing: 30th March, 2021

Panel of Hearing:

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

Issue:

“Non-Maintaining and Non-Provision of Data regarding Sale of SIMs”

DECISION OF THE AUTHORITY

1. BRIEF FACTS:

1.1 Precisely stated facts of the case are that Telenor Pakistan Private Limited (the “**licensee**”) is engaged in the business of cellular mobile services in pursuant to non-exclusive licenses No. MCT-01/RBS/PTA/2004 dated 26th May, 2004, License No. NGMS-02/WLL&M/PTA/2014 dated 21st May, 2014, and License No. NGMS-05/WLL&M/PTA/2016 dated 14th July, 2016 (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 under prevailing regulatory laws comprising the Pakistan Telecommunication (Re-organization) Act, 1996 (the “**Act**”), the Pakistan Telecommunication Rules, 2000, (the “**Rules**”), the Pakistan Telecommunication Authority (Functions & Powers) Regulations, 2006 (the “**Regulations**”), the Subscriber Antecedents Verification Regulations, 2015 (the “**Subscriber’s Regulations**”) and the Standard Operating Procedure on SIM Sale and Activation through Biometric Verification dated 2nd April, 2019 (“**SOP**”) and the terms and conditions of the license, is under a continuing obligation to comply with the same.

1.3 In order to check the maintenance of the data as per applicable regulatory laws, the licensee vide PTA’s letter No. 15-80/2020/Enf/PTA dated 30th April 2020, 15th July 2020 and 24th August 2020 was required to submit complete sale channel data. In response whereof, the licensee submitted

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the requisite data via FTP/Email vide dated 11th June 2020, 31st July 2020 and 26th August 2020. After the examination of the submitted data, the following violations were observed:

- a. Addresses/marked locations of 5023 sale channels have not been provided/marked. Hence, they were not traceable which prima facie constitutes a violation of the Para 4(b) of the SOP.
- b. Transaction data provided by the licensee (7th June, 2020 to 7th July, 2020) contained 255 unregistered retailers involved in the issuance of SIMs. The identification thereof has not been provided which is prima facie a violation of clause 4(b), (c) and (e) of the SOP.
- c. 405 Names against Unique IDs of the sale channels were not provided which tantamount to a violation of clause 4(b), (c) and (f) of the SOP.

1.4 Furthermore, a number of raids were conducted by FIA to unearth setups engaged in the activation of grey SIMs wherein a number of BVS devices of the licensee were confiscated. It is pertinent to mention here that the devices were found at places other than the authorized sale channels of the licensee which establishes a violation of clause 4(f) of the SOP.

1.5 Due to failure on the part of the licensee in maintaining the data in accordance with the above referred clauses of the SOP, and operating BVS devices at places other than authorized sale channel in violation of the aforesaid clause of the SOP, a Show Cause Notice (“SCN”) was issued to the licensee under sub-section (1) of section 23 of the Act requiring it to clarify the reason of the observed violation and explain in writing within thirty (30) days of the issuance of the SCN as to why the license should not be suspended, terminated or any other enforcement order should not be passed under section 23 of the Act.

1.6 In compliance of the aforementioned SCN, the licensee submitted detail reply vide letter dated 28th January, 2021. The main averments are as under:

1.6.1 With regard Unidentified addresses of 5,023 location, the licensee vide its reply portrayed that keeping in view demographic and socioeconomic fabric of the society, the people instead of writing down the exact address, usually correlate the same with some land mark. In addition, the licensee also stressed upon the requests earlier made to allow the implementation of retailer’s verification and login through BVS which the licensee feels is the logical remedy available in this regard.

1.6.2 In respect data provided by the licensee (7 June to 7 July) containing 255 unregistered retailers involved in the issuance of SIMs, the licensee asserted that the data in question does not pertain to retailers. In this regard, the licensee further submitted that such data pertains to transactions from franchisees channel which is covered under the clause 4 (b) & (c) of the SOP.

1.6.3 Pertaining to non-provision of 405 Names against Unique IDs of sale channel involved in the issuance of SIMs, the licensee articulated that less than 1% of the total retailers are being highlighted as not having the names against their assigned unique sale channel IDs. The licensee expressed that handling of detailed data fields against a single retailer, and then managing the manual data set against entire base retailer is not an easy task. The licensee further explained that it has deployed the retailers BVS verification and login functionally, the same will not only help to eliminate the above challenges but also assist to address the real pin point of identification of exact

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person (retailer/handler) who is performing the SIM sale activity from any BVS device.

1.6.4 Relating confiscation of BVS devices during FIA raids, the licensee stated that the information and incidents shared do not pertain to licensee. The licensee further submitted that its internal control, systematic digital initiatives, proactive engagement against all illicit activities related to BVS activations have reiterated the resolve that the licensee and the authority are together in the process. The licensee further contended that whenever it is proved beyond doubt that any channel partner has done any illegal activity, thus considers it as its prime responsibility to initiate all legal proceeding against the concerned.

2. HEARING BEFORE THE AUTHORITY:

2.1 In order to proceed further, the matter was fixed for hearing on 30th March, 2021 before the Authority. Mr. Ali Sibtain (Advocate Supreme Court), Mr. Hassan Niazi (Manager Legal), Mr. Jahanzaib Ali Chaudry (Manager Legal), Mr. Jawad Shehzad Khattak (Manager R.A), Mr. Muhammad Ahsan (Senior Manager Channel Operations), Ms. Nazia Khan (Manager Legal), Mr. Usman Majeed Chohan (Manager Franchise), Mr. Ali Aamer Khan (Manager R.A) and Mr. Zain Ali (Manager Legal) attended hearing on the said date on the behalf of the licensee. Legal counsel reiterated the same as submitted in reply to the SCN and pointed out that the licensee is always complying the regulatory laws and license terms and condition in true letter and spirit.

3. FINDINGS OF THE AUTHORITY:

Matter heard and record perused. After careful examination of record and hearing the arguments advanced by the licensee, following are the findings of the Authority:

3.1 The licensee under condition 3.1 of the license read with clause 8.1 of Appendix B of the Rules is required and obliged to abide by the provisions of the Act, Rules, Regulations, orders, determinations, directions and made or issued by the authority. The licensee under condition 6.7.11 of the license is under an obligation to activate SIM after proper verification as per applicable Regulation/Directives/SOP issued by the Authority. The license condition obliges and mandated the licensee that without proper verification no SIM can be activated. In addition, it has also been provided that the licensee is under an obligation to abide by the applicable procedures as laid down in the regulation or SOPs. In this regard, it would not be out of context to mention that the Authority in exercise of its powers conferred under section 5 (2)(o) of the Act has promulgated Subscriber's Regulations which provides comprehensive procedure for sale of SIMs. The said regulations are applicable on the licensee. The purpose of these regulations is to register, maintain accurate data of subscribers' antecedent through proper documentation and verification through NADRA database in accordance with procedure specified therein. For further streamlining the procedure and explaining the requirements the Authority on 2nd April, 2019, after due consultation with the operators including the licensee, issued the SOP. The said SOP provides detailed procedure for selling and maintaining data. By virtue of license condition read with applicable regulations and SOP, the licensee has to activate SIMs after due process of law. Any SIM sold or activated without any verification is not permissible and needs to be rectified.

3.2 The licensee's contention of correlating addresses with some land mark on the basis of demographic and socioeconomic fabric of the society in respect of non-provision of location of 5023 is not justified on the ground that the licensee, as per applicable regulatory requirement, is mandated to adhere and provide requisite data to the Authority as and when required. Whereas, by not providing the data of the sale channels as per clause 4(b) of the SOP, the location of the sale channel cannot be ascertained and traced. For ready reference requirement for maintaining requisite data as provided in the clause 4 (b) of the SOP is reproduced below:

“4 (b) of the SOP provides that sales of non-active pre-paid SIMs shall only be made through mobile company's own CSCs, authorized Franchisees and Registered Retailers/ Temporary Outlets having direct agreement with CMO only, which have been assigned Unique IDs. Sale through biometric verification mechanism would be allowed provided that complete track including sales channel's name, address, CNIC of seller & Unique ID of each and every SIM issued is maintained. Concerned mobile operator shall be responsible for providing the same as and when required.”

3.3 The aforementioned clause expressly spells out the requirement for selling non-active pre-paid SIMs wherein it has been mandated that such SIM will only be sold through CSC, authorized Franchisees and Registered Retailer etc. More so, it has also been mandated that all such authorization for sale of SIM would be assigned with Unique IDs. The purpose of assigning unique IDs is to ensure that SIMs shall be sold by authorized person only. Therefore, any activity of sale of SIM without adhering the procedure is not allowed and permissible.

3.4 On the other hand, it is also relevant to point out that all SIMs have to be sold after due process of verification as enumerated in the said clause of SOP. Thus, any SIM which is sold without adhering procedure for sale of SIMs is not only a contravention of applicable regulatory laws but also has been declared as an offence under section 17 of the Prevention of Electronic Crimes Act, 2016 (“PECA”) which states that whoever sells or otherwise provides subscriber identity module (SIM) card, re-usable identification module (R-IUM) or universal integrated circuit card (UICC) or other module designed for authentication users to establish connection with the network and to be used in cellular, wireless phone or other digital devices such as tablets, without obtaining and verification of the subscriber's antecedents in the mode and manner for the time being approved by the Authority shall be punished with imprisonment for a term which may extend to three years or with fine which may extend to five hundred thousand rupees or with both.

3.5 The afore-referred clause of SOP and section 17 of PECA conspicuously stipulates the importance and sensitivity of sale of SIMs which need to be ensured by the licensee by adopting all preventive measures and implementing regulatory laws in true letter and spirit. Therefore, the licensee is required to take all corrective measures against SIMs as mentioned in the SCN either by regularizing or cancelling subject to observing legal requirements.

3.6 As far as the licensee's arguments pertaining to 255 unregistered retailers involved in the issuance of SIMs between 7th June, 2020 to 7th July, 2020 relates to transactions from the franchisees is concerned, it is clarified that regulation 4(1) of the Regulations provides that any SIM(s) sold by any means shall be the sole responsibility of the Operators. Therefore, the licensee contention to shift the responsibility to franchisee is not justified on the premise and the licensee cannot deviate itself from the responsibility of sale as provided in the Regulations. Furthermore, the licensee also

failed to provide complete details of such franchisees through which issuance/sale of SIMs was being carried out between 7th June, 2020 to 7th July, 2020, therefore, the licensee's contentions are denied and cannot be relied upon without provision of supporting evidences.

3.7 With regard to non-provision of 405 names against Unique IDs of sale channels involved in the issuance of SIMs, the licensee's submission that less than 1% of the total retailers are being highlighted as not having the names against their assigned unique sale channel IDs is not justified on the ground that clause 4 (c) of the SOP made it obligatory upon the licensee for maintaining the complete data in respect of each Sale Outlet involved in the issuance of SIMs. As per clause 4 (c) of the SOP, the licensee is under obligation to assign unique IDs in the following manner:

| S # | Sale Outlet | Mandatory Details |
|-----|-----------------------------|--|
| 1 | CSC | CSC ID, Supervisor's / In-Charge CNIC, CSC's Name & Complete Address |
| 2 | Franchises | Franchisee ID, Franchisee Owner's CNIC, Franchisee's Name & Complete Address |
| 3 | Retailers/ Temporary Outlet | Outlet Owner's CNIC, Name and Outlet's Name & Complete Address |

3.8 Non-maintenance of record in the manner as given in the table above, is grave and persistent contravention on part of the licensee. It is the licensee who has to maintain record as to ensure accuracy of subscriber data to meet the purpose of Subscriber's Regulations and regulatory compliance which ultimately results in minimize the apprehension of risk of security. Non-maintaining of data may also create hindrance in terms of tracing back/audit trail of SIM sale. Moreover, illegal SIMs prima-facie provide shelter to the perpetrators, and a threat towards the national security as well as surging financial frauds with innocent consumers. While examining record, it has also been found that licensee has not remedied the contravention as mentioned in the SCN, thus the licensee has miserably failed to comply with the regulatory compliances as mentioned in the SCN and directions / instructions in respect of maintaining the data. The details are as under:

- a. Out of total 5,023 addressed/marked locations mentioned in the SCN, only 2,401 addresses are corrected by the licensee, whereas, 2,622 addresses are still missing.
- b. In respect of transaction data provided by the licensee (7th June to 7th July) contained 255 unregistered retailers involved in issuance of SIMs, the licensee failed to provide any follow up in this regard.
- c. Out of total 405 Names mentioned against Unique IDs in the SCN, only 49 Names are corrected by the licensee, whereas, 356 Names are still missing.

4. ORDER:

4.1 In light of foregoing factual and legal position, the Authority is of the view that the licensee could not maintain and provide requisite information in the manner as required in accordance with applicable regulatory laws/procedure time being in force. Despite various directions and

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coordination with the licensee, non-maintaining data tantamount to persistent default on the part of the licensee. Moreover, the licensee has also failed to provide any cogent reasons and justifications for non-adhering mandatory requirement for maintaining data as per regulatory requirement.

4.2 Since the licensee has failed to maintain and provide requisite data in the manner as required and partially complied with direction by providing data therefore, considering the partial compliance on the part of the licensee, the Authority on very compassionate ground hereby levies a fine to the tune of Rs. One Million (Rupees ten lacs) to be deposited within fifteen (15) days from the date of issuance of this order.

4.3 In order to meet the requirement of maintaining record / data, the licensee is further directed to provide remaining data/ record as highlighted at para 3.8 (a), (b) and (c) within fifteen days from the date of receipt of this order. In terms of taking further remedial measure / steps as to ensure the regulatory requirements in terms of maintaining and providing data / information in a timely manner in future all record / data must be maintained in consonance of the requirement(s) as provided in the Subscriber Antecedents Verification Regulations, 2015, the Standard Operating Procedure on SIM Sale and Activation through Biometric Verification dated 2nd April, 2019 read with the terms and conditions of the license including direction(s) issued from time to time. In this regard the licensee is directed to provide updated status/ report of all action(s) initiated and taken to meet the requirement of data within twenty days from the date of receipt of this order.

4.4 In case of non-compliance of para 4.2 and 4.3 above, further legal action will be initiated under the applicable law.

Maj. Gen. Amir Azeem Bajwa (R)
Chairman

Muhammad Naveed
Member (Finance)

Dr. Khawar Siddique Khokhar
Member (Compliance & Enforcement)

Signed on 1st day of February, 2022 and comprises of (06) pages only.