

CHAPTER 6:Review of the
Authority's Major
Tasks**BROADCASTING****6.1 Monitoring the Roll-out of
New Free TV Services**

Fantastic TV started to provide its licensed free TV service by launching a 24-hour Chinese channel on 14 May 2017, using the hybrid fibre coaxial network operated by HKCTV for transmission of programme signals. Residents of buildings with in-building coaxial cable distribution systems (IBCCDS) installed by HKCTV can readily receive Fantastic TV's free TV service. For buildings with their own

IBCCDS, residents can receive Fantastic TV's service through interconnection of their IBCCDS with HKCTV's network. Currently, Fantastic TV has a coverage of about 93% of the total number of households in Hong Kong.



Pursuant to its free TV licence, Fantastic TV is required to launch a 24-hour English channel by 30 May 2018. In April 2018, Fantastic TV applied to the Authority for an extension of the deadline for launching its English channel by two months to 30 July 2018. Having considered the unique circumstances of this case, the Authority granted a two-month grace period to enable Fantastic TV to roll out its English channel. Fantastic TV launched its English channel on 30 July 2018.

**6.2 Review of the Regulation
of Indirect Advertising**

In 2017/18, the Authority conducted a review of the regulation of indirect advertising in television programme services and advertisements for undertakers and associated services. The objective of the review was to provide a more conducive business environment to licensees on the one hand while protecting the interests of audience on the other.

Upon completion of the review, revisions to the relevant Codes of Practice were made to relax the regulation governing indirect advertising. With effect from 27 July 2018, indirect advertising is permitted in TV programmes except for news programmes, current affairs programmes, children's programmes, educational programmes, religious service and other devotional programmes. Product placement (i.e. the type of indirect advertising where licensees receive payment or other valuable consideration for exposure or use of products/services within a programme) is allowed so long as the exposure or use of products/services within a programme is presented in a natural and unobtrusive manner having regard to the programme context and genre, and that there is no direct encouragement of purchase or use of the products/services. To protect the interests of viewers, licensees are required to clearly inform viewers of the inclusion of indirect advertising before a programme starts. The prohibition on broadcast of advertisements for undertakers and

associated services on TV and radio was also lifted on the same day.

6.3 Application for Free TV Licence

In April 2014, the Authority received an application for a free TV licence from Hong Kong Television Network Limited (HKTV). In January 2016, the Authority submitted to the CE in C its assessment of and recommendations on HKTV's free TV licence application. In September 2016, the CE in C agreed with the Authority's recommendations and decided to give HKTV more time to submit the information required under the BO, and invited the Authority, on receipt of the required information from HKTV, to submit further recommendations to the CE in C on HKTV's application. Following the CE in C's decision, the Authority followed up with HKTV on the required information. In March 2018, HKTV withdrew the application due to commercial considerations.



6.4 Non-domestic and Other Licensable TV Licences

During the period under review, the Authority approved an application for renewal of a non-domestic TV licence from Phoenix Satellite Television Company Limited.

The Authority also accepted the surrender of a non-domestic TV licence by BIG BIG CHANNEL LIMITED and an other licensable TV licence by Fergurson Hong Kong Limited due to the commercial decisions of the licensees.

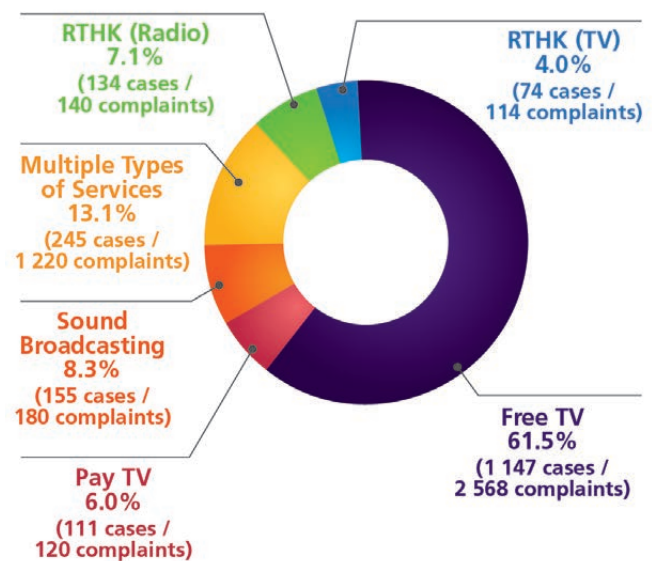


6.5 Processing Complaints relating to Broadcasting Services

Overview of the Complaints Processed

During the period from April 2017 to March 2018, the Authority processed a total of 1 866 cases (4 342 complaints)²⁸ about the materials broadcast by broadcasters, which represented a slight increase of 0.5% in the number of cases but a significant decrease of 75% in the number of complaints processed²⁹, as compared with the numbers recorded during the same period in the previous year (1 856 cases, 17 078 complaints). Breakdown of all the complaint cases by broadcasting service and broadcaster processed during the period is shown in **Figure 15** and **Figure 16** respectively.

Figure 15: Distribution of All Complaint Cases by Broadcasting Service Processed in 2017/18



²⁸ To ensure operational efficiency, complaints with similar allegations against the same issue or broadcast material are handled together and counted as a single case.

²⁹ The significant difference between the number of complaints processed in 2017/18 and that in 2016/17 was mainly attributed to a complaint case against the provision of simplified Chinese subtitles only and/or the use of Putonghua in some news programmes broadcast on the former J5 Channel of TVB which gave rise to over 13 000 complaints in 2016/17.

Figure 16: Distribution of All Complaint Cases by Broadcaster Processed in 2017/18

Broadcasters Involved	No. of Complaint Cases	No. of Complaints Involved
TVB	1 010	2 394
HKTVE	95	113
Fantastic TV	36	40
HKCTV	47	47
PCCW Media	56	56
TVBNV	1	1
CRHK	146	171
Metro	9	9
RTHK (TV)	74	114
RTHK (Radio)	134	140
Multiple Broadcasters	258	1 257
Total	1 866	4 342

Among all the complaint cases processed by the Authority, the DG Com handled 1 856 cases (3 588 complaints) under delegated power of the Authority. These complaints involved breaches of a minor nature, or contained allegations which did not constitute any breach or were outside the remit of section 11(1) of the B(MP)O (i.e. the allegations concerned matters not regulated under the relevant legislation, licence conditions or codes of practice). The Authority dealt with 10 cases (754 complaints). Outcomes of all the complaints processed by the Authority during this period are listed in **Figure 17**.

Figure 17: Outcomes of all the Complaints Dealt With by the Authority and DG Com

	Within Section 11(1) of B(MP)O				Outside Section 11(1) of B(MP)O DG Com	Total
	Substantiated		Unsubstantiated			
	The Authority	DG Com	The Authority	DG Com	DG Com	
No. of Cases	8	157	2	1 332	367	1 866
No. of Complaints	430	203	324	2 879	506	4 342

Complaints Dealt with by the Authority

Among the 10 complaint cases dealt with by the Authority, two concerned free TV services (involving 729 complaints, which accounted for 96.7% of the total number of complaints dealt with by the Authority). A breakdown of these complaint cases by broadcasting service is shown in **Figure 18**.

Figure 18: Breakdown of Complaint Cases Dealt With by the Authority by Broadcasting Service

Types of Broadcasting Service	No. of Complaint Cases	No. of Complaints Involved
Free TV	2	729
Pay TV	2	2
Sound Broadcasting	5	22
RTHK (Radio)	1	1

Regarding the nature of the broadcast materials under complaint and handled by the Authority, six of them were about programmes; three were about advertisements; and the remaining one was related to licence conditions. Eight of them were substantiated. Among these substantiated cases, three cases involved the use of language in programmes; two cases concerned misleading or untruthful contents in advertisements; one case was about indirect advertising; one case involved depiction of sexual violence in programme; and

one case concerned the licensee's deviation from certain requirements under its licence without the Authority's approval.

The Authority issued one serious warning, one warning, four pieces of strong advice and two pieces of advice to the broadcasters concerned. A breakdown of the decisions of the Authority on the complaints dealt with in 2017/18 is shown in **Figure 19**.

Figure 19: Decision of the Authority on Complaint Cases during 2017/18

Decision of the Authority	TVB	HKCTV	PCCW Media	CRHK	Metro	RTHK	Total
No Further Action	1	1	0	0	0	0	2
Advice	0	0	0	2	0	0	2
Strong Advice	1	0	0	1	1	1	4
Warning	0	0	0	1	0	0	1
Serious Warning	0	0	1	0	0	0	1
Financial Penalty	0	0	0	0	0	0	0
Total	2	1	1	4	1	1	10

TELECOMMUNICATIONS

6.6 Re-assignment of Frequency Spectrum in the 900 MHz and 1800 MHz Bands

Among the 552 MHz of spectrum currently assigned for the provision of public mobile telecommunications services, the existing assignments for 49.8 MHz of spectrum in the 900 MHz band and 148.8 MHz of spectrum in the 1800 MHz band will expire during the period between November 2020 and September 2021.

In order to work out the arrangements for spectrum re-assignment and the related spectrum utilisation fee (SUF), the Authority and SCED jointly conducted two rounds of public consultation in 2016 and 2017 respectively. Having carefully considered the views and comments received in the public consultations and the findings of a technical study undertaken by an external consultant, the Authority and SCED jointly promulgated their respective decisions in December 2017 to adopt a hybrid administratively-assigned cum market-based approach for spectrum re-assignment upon expiry of the existing assignments and on the arrangements for the related SUF.



The hybrid approach will best meet the four objectives in spectrum re-assignment, namely, ensuring customer service continuity, efficient spectrum utilisation, promotion of effective competition, and encouragement of investment and promotion of innovative services. In particular, by re-assigning 40% of the spectrum to the incumbent spectrum assignees through the offer of a right of first refusal, it will safeguard the provision of 4G services in the Mass Transit Railway premises and the provision of territory-wide 2G voice services.

6.7 Making Available Additional Spectrum for Public Mobile Service

To meet the huge spectrum demand for the provision of public mobile services and to better prepare Hong Kong for the launch of 5G mobile services in around 2020, the Authority has been actively exploring ways to make available additional spectrum in various frequency bands. In March 2017, the Authority promulgated its work plan for making available additional radio spectrum, inter alia, in the 3.5 GHz band (3.4 – 3.6 GHz), the 26 GHz band (24.25 – 27.50 GHz), and the 28 GHz band (27.50 – 28.35 GHz) to meet the demand of public mobile services including 5G mobile services towards 2020 and beyond. The Authority has been actively following up with the implementation of the work plan since then.

The Authority also strives to identify more spectrum, especially those below the 6 GHz band, to support 5G deployment. In particular, the Authority has been actively exploring the use of the 3.3 – 3.4 GHz band (for indoor use only) and 4.8 – 5.0 GHz band for 5G services in Hong Kong.

The spectrum in the above frequency bands will amount to 4 500 MHz. With the release of such a huge amount of spectrum, Hong Kong will be well placed to launch a new generation of telecommunications services, to capture new market opportunities and to facilitate innovative smart city applications powered by 5G services.

6.8 Making Preparation for the Introduction of 5G Mobile Services

For the 3.5 GHz band, the Authority conducted a public consultation from July to September 2017, proposing that 200 MHz of spectrum in the 3.5 GHz band be made available for the provision of

public mobile services, with 100 MHz of spectrum in the 3.6 – 3.7 GHz band serving as a guard band.

The Authority also commissioned a consultancy study in August 2017 for recommendations on technical mitigating measures and operational precautions for the co-existence of SMATV systems and mobile base stations. The consultancy study was completed in January 2018 and a number of feasible mitigating measures were identified and recommended in the Consultancy Study report, which was published on OFCA's website.

Having duly considered views and comments received in the public consultation, feedback from the industry and the recommendations of the consultancy study, the Authority decided on 28 March 2018 to re-allocate the 3.4 – 3.7 GHz band from fixed satellite service (space-to-Earth) to mobile service for the provision of public mobile services with effect from 1 April 2020, thereby giving an advance notice period of two years to the affected licensees.



To vacate the 26 GHz band currently used for fixed links, notices were served to the existing users in April 2017, notifying them that their existing frequency assignments in the 26 GHz band would be withdrawn in two years' time. This will facilitate the timely release of spectrum in the 26 GHz band and the 28 GHz band (currently unutilised) for 5G services starting from 1 April 2019.

In December 2017, the Authority issued an EOI Invitation to gauge the views of the local industry and other interested parties on using the 4 100 MHz of spectrum in the 26 GHz and 28 GHz bands for the provision of 5G mobile services in Hong Kong. After reviewing the submissions to the EOI Invitation, the Authority launched a joint public consultation with SCED on the proposal to allocate the 26 GHz and 28 GHz bands to mobile service, and the associated arrangements for spectrum assignment and SUF in July 2018. Subject to the views and comments to be received, the Authority and SCED plan to promulgate their respective decisions on the allocation and the associated arrangements for spectrum assignment of the 26 GHz and 28 GHz bands, as well as the related SUF by the end of 2018, such that the spectrum can be assigned for the provision of 5G services in the first quarter of 2019.

Subject to the outcome of further public consultations, the Authority's target is to make a decision on the assignment arrangements for all the available spectrum by the end of 2018.

Apart from making available spectrum, the Authority has been encouraging and facilitating the industry to conduct trials of 5G technologies and applications to better prepare Hong Kong for the launch of 5G mobile services. As of 31 March 2018, the Authority issued a total of seven trial

permits to the equipment vendors and mobile network operators.

6.9 Facilitating Development of Wireless Internet of Things Services

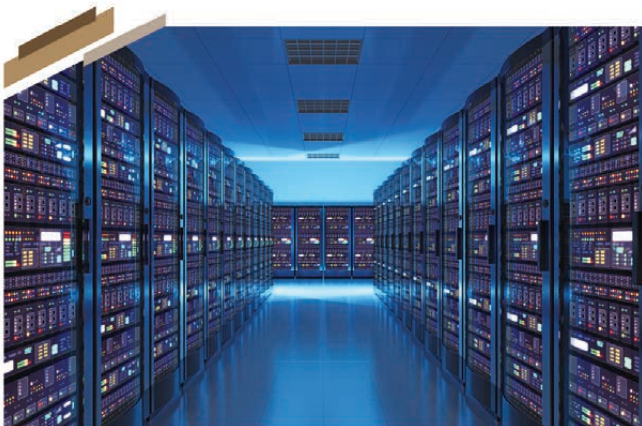
Internet of Things (IoT) is an emerging technology which enables the provision of communications platforms and services for interconnected devices to generate, exchange and consume data with minimal human intervention. The Authority conducted an industry consultation in August 2017 on the proposals to create a new Wireless Internet of Things (WIoT) Licence. The proposal received general support from the industry.



Having carefully considered the views and comments received, the Authority announced on 1 December 2017 the creation of a new licensing regime for the provision of WIoT platforms and services using the shared frequency band of 920 – 925 MHz with a view to underpinning the preparation of Hong Kong for embracing the new era of IoT and the 5G mobile services, as well as various smart city applications in the future. Two WIoT licences were issued as at March 2018.

6.10 Strengthening the Licensing and Regulation of Mobile Virtual Network Operators

To ensure satisfactory provision of service by Mobile Virtual Network Operators (MVNOs) for the protection of consumer welfare, the Authority introduced measures to strengthen the licensing and regulation of MVNOs. In September 2017, after taking into account views and comments received from the industry and relevant stakeholders, the Authority issued a Code of Practice on the Cessation Arrangements for MVNO Services (CoP) to provide practical guidance to the licensees in the event of cessation of MVNO services in order to better protect consumers' interest. The CoP sets out requirements to ensure that MVNOs and their hosting mobile network operators will manage the service cessation arrangements in a coordinated manner and that reasonable advance notice will be given to the affected service subscribers and the general public before any service cessation by an MVNO. This would enable affected service subscribers to make timely arrangements to reduce adverse impacts caused.



6.11 Implementation of Measures to More Efficiently Utilise the 8-digit Numbering Plan

The Authority conducted a public consultation from October to December 2015 to solicit public views on five proposed measures to ensure better utilisation of the 8-digit numbering plan and to meet the increasing demand for mobile numbers. Taking into account the views and comments received from the industry and interested parties, as well as the need to ensure that adequate number resources would be made available to cope with the development of 5G mobile technologies in the coming years, the Authority announced on 24 June 2016 its decision to adopt all the five proposed measures for implementation in three phases. Phases 1 and 2 were successfully implemented on 1 January and 1 July 2017 respectively whereby the threshold of utilisation rate for allocation of additional numbers to operators was raised from 70% (prior to 1 January 2017) to 80% (starting from 1 July 2017). In addition, the Authority has commenced allocating mobile numbers with new prefixes '4', '7' and '8' to mobile service providers since the implementation of Phase 2 from July 2017. Starting from February 2018, mobile numbers with the abovementioned new prefixes have been assigned to the end customers. With the implementation of the five measures in three phases, a total of additional 15.72 million numbers will become available for allocation to mobile services. It is expected that the additional numbers will be able to cope with the demand from mobile services in the foreseeable future.

6.12 Review of the Number of Public Payphones under the Universal Service Obligation (USO)

Public payphone is a form of basic telephone service which the universal service provider is required under its USO to provide. The cost of providing public payphone service subject to the USO is shared by the fixed and mobile services operators. In view of the diminishing demand for public payphone service in recent years, the Authority announced on 29 June 2017 to embark on a review to determine the reasonable number of public payphones that should be subject to the USO.

Public payphones with an extremely low usage rate (i.e. those with an average revenue not more than \$1 per day) are the subject of the review. In conducting the review, stakeholders including site owners for in-building type public payphones and District Councils for kiosk type public payphones would be engaged throughout the process such that any needs and considerations specific to the locations or districts will be well catered for before a decision to exclude specific public payphones from the USO is made.

For in-building type public payphones, consultations with site owners were completed in February 2018. Altogether, about 35% of the in-building type public payphones would be excluded from the USO. For kiosk type public payphones, consultations with District Councils have started since March 2018. It is expected that the entire review will be completed by end 2019.

6.13 Reduction of Telecommunications Licence Fees

In November 2012, the Authority and SCED issued a joint statement to promulgate their decisions to reduce the customer connection fee level of UCLs from \$800 to \$700 for each 100 customer connections, and to reduce the mobile station fee level of PRS Licences (Paging) and SBO Licences (Class 3) from \$800 to \$700 for each 100 mobile stations. Following completion of the legislative procedure, the new licence fees took effect on 1 March 2013. In February 2013, PCCW-HKT Telephone Limited and HKT (PCCW and HKT) applied for leave to lodge a judicial review (JR) application against the decisions of the Authority and SCED on the licence fees reduction (Decisions). The JR proceedings ultimately reached the Court of Final Appeal (CFA), which handed down its judgment on 27 December 2017, allowing the appeal of PCCW and HKT and declaring that the Decisions were made upon errors of law³⁰. To give effect to the CFA judgment, the Authority has conducted a review jointly with SCED on the licence fee levels in accordance with the revised financial arrangements as advised by the Financial Services and the Treasury Bureau. The Authority will continue to follow up on the matter in the coming year³¹.

30 The CFA declared that SCED and the CA failed in errors of law by wrongly construing -

- (a) the TO as permitting the prescribing of a licence fee which included an element of what in substance was a tax upon the licensee, and
- (b) the Trading Funds Ordinance as permitting the inclusion in budget of OFCATF for notional tax and dividends to be treated as surplus funds to be transferred to the general revenue.

31 On 8 June 2018, the Authority and SCED jointly issued a consultation paper to seek views from the industry and interested parties on the proposed reduction of licence fees for five types of licence issued under the TO and the proposed introduction of a new fee component under the UCL. The Authority and SCED will take into account views received in the public consultation before making their final decisions on the matter.



6.14 Processing Complaints relating to Telecommunications Services

As the telecommunications market is fully liberalised and highly competitive, the Authority has adopted a light-handed regulatory approach. The Authority investigates consumer complaints against telecommunications operators if there is sufficient evidence to establish a prima facie case on possible breaches of any provisions under the TO, licence conditions or other relevant legislation which the Authority has jurisdiction to enforce, namely, TDO and CO. For other consumer complaints not involving any breach of the TO, licence conditions or other relevant legislation, it is the responsibility of the telecommunications operators to resolve the matters under complaint with their customers. The Authority will take note of and monitor all consumer complaints received. Appropriate actions would be taken if any systemic issues are identified.

During the year under review, the Authority received a total of 1 980 consumer complaints relating to telecommunications services, representing a reduction of 9.3% compared to 2 183 complaints in the previous year. Among them, 1 143 cases (57.7%) were related to mobile services, 560 cases (28.3%) were related to Internet services, 260 cases (13.1%) were related to fixed-line services, eight cases (0.4%) were related to external telecommunications and one case (0.1%) was related to other services. On the nature of complaint, the Authority received the largest number of complaints relating to customer service quality (496 cases or 25.1%), while complaints about billing disputes (332 cases or 16.8%) and service quality (323 cases or 16.3%) ranked second and third respectively.

Breakdown of complaint cases by types of telecommunications services and nature of complaints received by the Authority during the period are shown in **Figure 20** and **Figure 21** respectively.

Figure 20: Distribution of Complaint Cases by Types of Telecommunications Services Received by the Authority in 2017/18

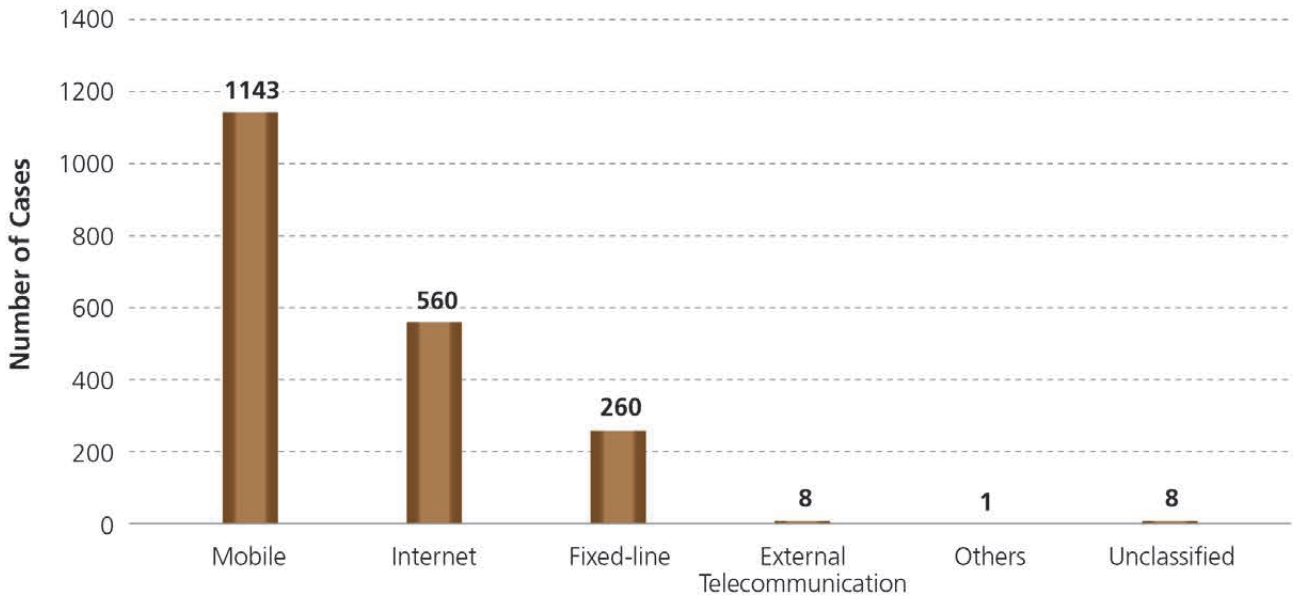
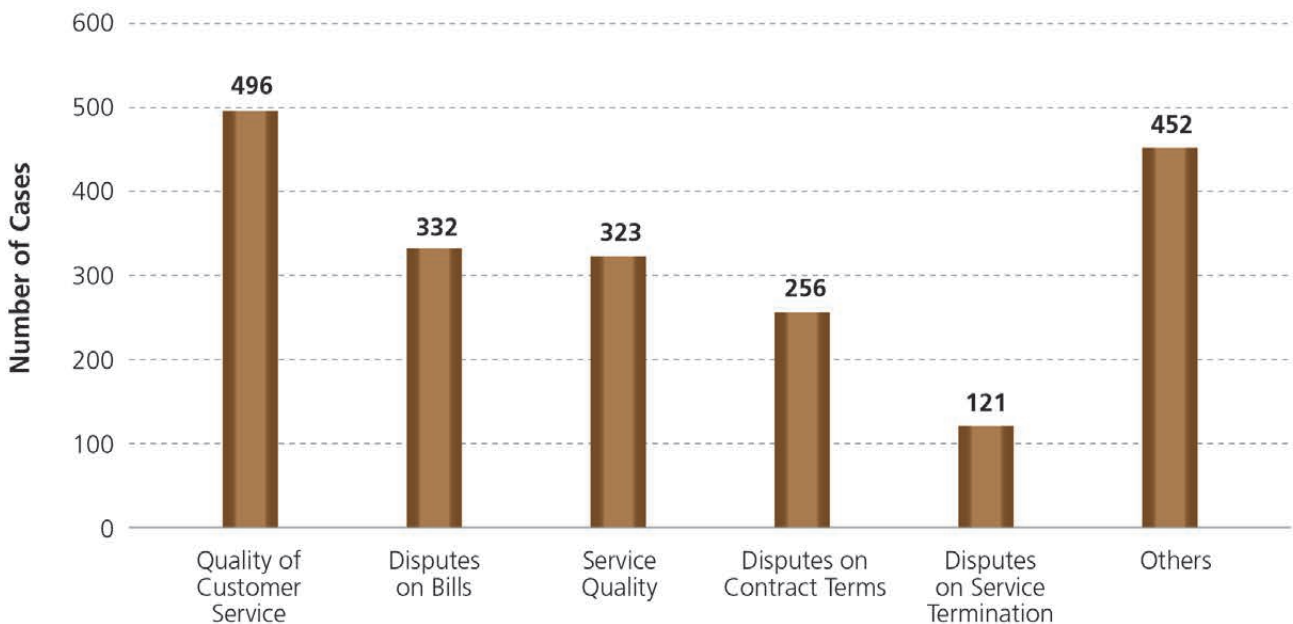


Figure 21: Distribution of Complaint Cases by Nature of Complaints Received by the Authority in 2017/18



Among the 1 980 complaint cases received, 1 976 (99.8%) were outside the Authority’s jurisdiction. For the remaining four cases (0.2%), they might involve possible breach of the TO or licence conditions. These cases were related to arrangement of cable removal after service

termination, difficulties in accessing buildings to provide services, mobile number porting and unstable service quality. Regulatory actions will be taken against the telecommunications operators concerned if the complaints are found to be substantiated after investigations.

Breakdown of complaint cases that might involve possible breach of the TO or licence conditions by types of telecommunications services and nature

of complaints received by the Authority during the year under review are shown in **Figure 22** and **Figure 23** respectively.

Figure 22: Distribution of Complaint Cases by Types of Telecommunications Services Received by the Authority in 2017/18

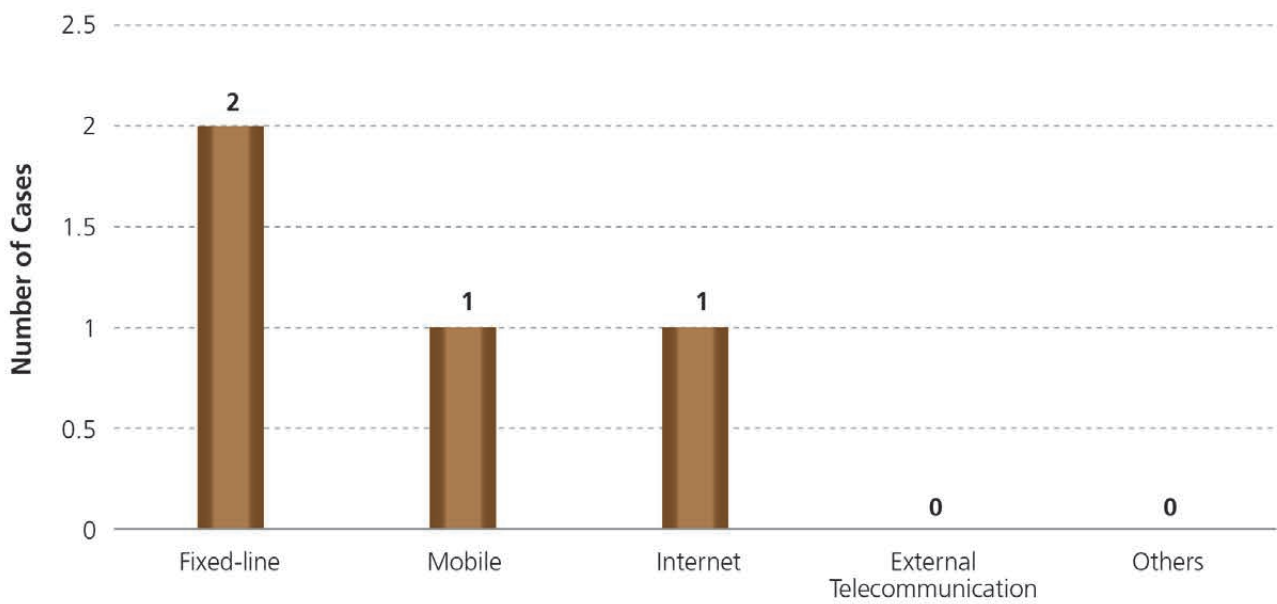
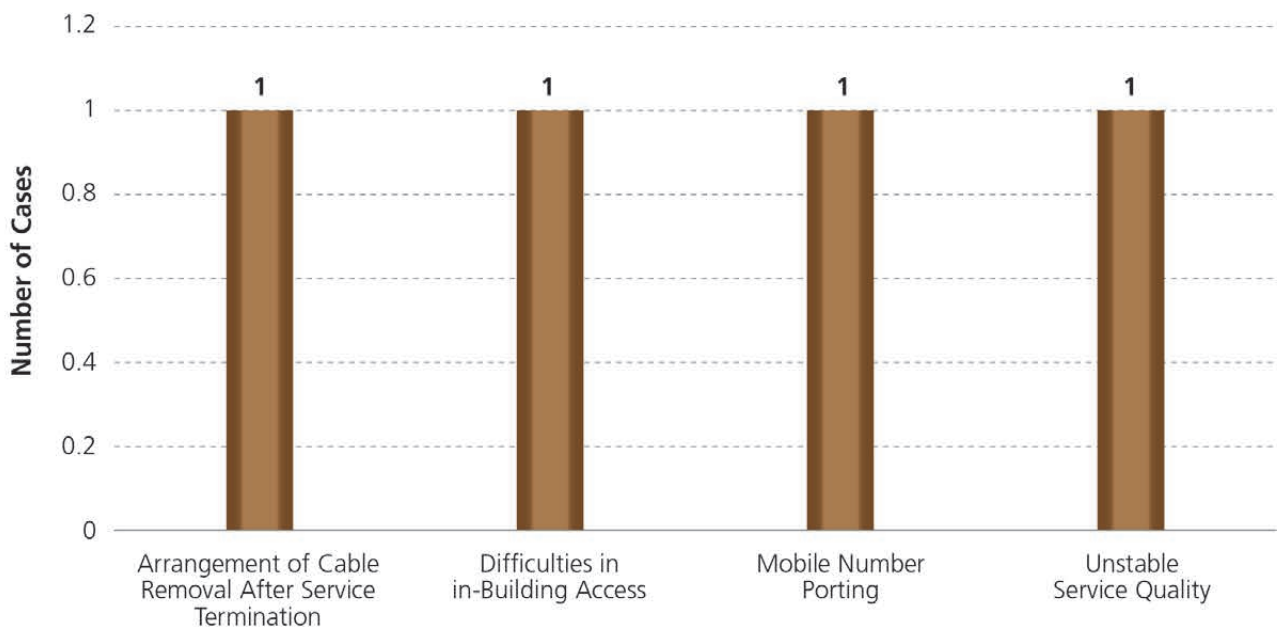


Figure 23: Distribution of Complaint Cases by Nature of Complaints Received by the Authority in 2017/18



In the past few years, the Authority noted that consumer complaints were mainly on telecommunications service contractual disputes, mobile bill shock, chargeable mobile content services and Fair Usage Policy. In collaboration with the telecommunications industry and the Communications Association of Hong Kong (CAHK), various measures have already been implemented to address these complaints. These include the issue of an industry code of practice for voluntary compliance by telecommunications licensees on service contracts, implementation of mobile bill shock preventive measures, promulgation of a set of mandatory guidelines governing the implementation of Fair Usage Policy by telecommunications service providers, the issue of a voluntary industry code of practice to govern the service delivery by mobile content services providers, and publication on OFCA's website details of the arrangements adopted by major residential broadband service providers to handle service termination requests from consumers. The number of complaint cases of the types mentioned above received during the year under review is shown in **Figure 24**.

Figure 24: Number of Consumer Complaint Cases Received by the Authority in 2017/18

Types of Consumer Complaint	No. of Complaint Cases
Contractual disputes	377
Mobile bill shock	146
Fair Usage Policy	9
Chargeable mobile content services	2

6.15 Long Term Implementation of Customer Complaint Settlement Scheme (CCSS)

The CCSS is an alternative dispute resolution scheme which aims at resolving billing disputes in deadlock between telecommunications service providers and their residential/personal customers by means of mediation. The mediation service is provided by an independent mediation service centre (CCSS Centre) set up under the CAHK, with voluntary participation of all major telecommunications service providers in Hong Kong. OFCA supports the CCSS by contributing the necessary funding, screening the CCSS applications against the acceptance criteria, and monitoring the performance and the governance of the scheme.

Between 1 April 2017 and 31 March 2018, there were 82 eligible applications, 42 cases of which were satisfactorily settled before referral to the CCSS Centre, 36 cases were satisfactorily settled upon referral to the CCSS Centre, and four cases were not settled.

6.16 Enforcement of the Fair Trading Sections of the Trade Descriptions Ordinance

The fair trading sections of the TDO prohibit certain specified unfair trade practices by traders in the provision of goods and services to consumers. The Authority is conferred concurrent jurisdiction with the C&ED to enforce the fair trading sections of the TDO in relation to the commercial practices of licensees under the TO

and the BO directly connected with the provision of telecommunications and broadcasting services. The two enforcement agencies have entered into a memorandum of understanding (MoU) to co-ordinate the performance of their functions under the fair trading sections of the TDO and have issued a set of enforcement guidelines to provide guidance for traders and consumers as to the operation of the fair trading sections.

From 1 April 2017 to 31 March 2018, the Authority handled a total of 429 complaint cases under the TDO. Among these cases, 353 were closed for there being insufficient evidence to suspect/establish a contravention or falling outside the scope of the TDO, 26 cases were closed after advisory letters were issued to the licensees concerned to draw their attention to the need to improve the relevant commercial practices in relation to the sale, supply or promotion of telecommunications or broadcasting services to consumers, and the remaining 50 cases were being handled at various stages.

6.17 Enforcement of the Competition Ordinance

The CO provides for a cross-sectoral competition law prohibiting anti-competitive conduct in all sectors. Under the CO, the Authority is conferred concurrent jurisdiction with the Commission to enforce the CO in respect of the conduct of undertakings operating in the telecommunications and broadcasting sectors, including merger and acquisition activities involving carrier licensees in the telecommunications sector.

Pursuant to the MoU signed by the Authority and the Commission, the Authority would ordinarily

assume the role of the lead authority for matters falling within the concurrent jurisdiction. For matters involving issues that are partly within and partly outside the concurrent jurisdiction, the Authority and the Commission would discuss and agree on how best to take forward the matter on a case-by-case basis.

From 1 April 2017 to 31 March 2018, a total of 43 complaints and/or enquiries were received under the CO, with 41 cases closed without the need for further actions and two cases being processed. During the year, the Authority also reviewed two transactions under the merger rule of the CO and considered that no follow-up action was required in respect of the two transactions.

6.18 Enforcement of the Unsolicited Electronic Messages Ordinance

The UEMO sets out the rules about sending CEMs, including the requirements to provide accurate sender information and honour unsubscribe requests. Under the UEMO, the Authority has established three Do-Not-Call (DNC) registers to allow members of the public to register their numbers to indicate their choice of not receiving commercial facsimile messages, short messages and/or pre-recorded telephone messages. By the end of March 2018, more than 2.8 million numbers had been registered under these DNC registers.

The Authority will continue to monitor the compliance with the UEMO by CEM senders and streamline the procedures for more effective enforcement.

MAJOR REGULATORY ACTIONS

6.19 Sanctions against Broadcasting Licensees

There was no major sanction against broadcasting licensees during the reporting period.

6.20 Sanctions against Telecommunications Licensees

Disruptions of the Telecommunications Services of CMHK

On 4 January and 26 February 2017, there were two incidents of network outage of CMHK, causing disruptions to its telecommunications services including mobile voice, data and multimedia messaging services. Having considered all the facts and circumstances of the case including OFCA's assessment and CMHK's representations, the Authority concluded that, in both incidents, CMHK had failed to comply with General Condition 5.1 of its UCL (Licence No. 002), which required it to operate, maintain and provide a good, efficient and continuous service in a manner satisfactory to the Authority. The Authority decided to impose a financial penalty of \$150,000 on CMHK.

Illegal Bypass of Local Access Charge by South China Telecommunications (HK) Limited

The Authority completed the investigation into a case regarding illegal bypass of local access charge. South China Telecommunications (HK) Limited, a licensee for External Telecommunications Services, was imposed a financial penalty of \$65,000 for having committed a breach of Special Conditions 7.1 and 8.1 of its licence.

6.21 Sanctions against Senders of CEMs

From April 2017 to March 2018, the Authority received 677 reports on suspected contraventions of the UEMO, representing a decrease of about 16% as compared to the 803 reports received in the previous year. In dealing with these reports, OFCA would, depending on the circumstances, issue advisory letters to first time offenders explaining the requirements of the UEMO or issue warning letters to other CEM senders in more serious cases. During the period under review, 198 advisory letters and 41 warning letters were issued. In the event of repeated contraventions by a particular sender, the Authority would issue an enforcement notice pursuant to the UEMO directing the sender concerned to take steps to remedy the offences. Any person who fails to comply with the enforcement notice may be liable to a fine of up to \$100,000 on the first conviction. In 2017/18, no enforcement notice was issued.