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Utility Regulation and Competition Office

PRESS RELEASE FROM THE UTILITY REGULATION AND COMPETITION OFFICE OF THE CAYMAN ISLANDS

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OFREG CONSULTS ON OVERHAUL OF ICT LICENSING FRAMEWORK TO MEET NEEDS OF CONSUMERS AND THE CHALLENGES OF MODERN COMMUNICATIONS

OfReg is consulting on proposed changes to the ICT licensing framework, which will shift the focus towards outcome of service, benefitting consumers in the Cayman Islands.

The new framework moves away from taking a technologically prescriptive approach and seeks to reduce the regulatory burden on the telecoms industry, in order to improve access to ICT services and encourage competition and innovation. This will provide a major boost to our economy and society.

Proposed changes include:

- Incentives designed to achieve a competitive commercial roll out of broadband access across the length and breadth of the Cayman Islands;
- New conditions to protect consumer data and privacy;
- The introduction of a new class of temporary licence, reducing the regulatory burden of obtaining a full ICT licence for temporary events such as music festivals and conferences;
- The introduction of a new experimental licence to allow entrepreneurs to test new technologies, promoting innovation and economic development in the Cayman Islands;
- New conditions to report cyber security breaches to protect consumers and to safeguard economic activity in the jurisdiction.

An overhaul of the ICT licensing framework is overdue. First drafted in 2003, and subject to only minor amendments over the years, it no longer fully reflects the realities of modern telecommunications nor does it allow for providers to adequately meet the demands of consumers.

Innovation, development and technological convergence resulting in accessibility of “app” based services and other services, have blurred the lines between traditional telecoms structures and contemporary resellers or service providers. As part of this evolution, new challenges have emerged in the form of cyber risks, threats to consumer privacy as well as the ease of application of legacy regulatory policies. The changing technological environment is challenging telecoms regulation across the globe and requires a fresh approach.

To that end, OfReg has drawn on the experiences of countries which enjoy similar conditions to the Cayman Islands. Hong Kong and Singapore are both small island countries with advanced economies,

large financial sectors, and a legal system based on English common law and have embarked upon regulatory reform of the telecommunications space.

The proposed new framework meets today's challenges and with a new focus on outcome, it can also meet the challenges of tomorrow.

The proposed changes to the framework are driven by three key aims of the regulator: consumer protection, appropriate regulation, and the promotion of innovation and economic development.

Consumer Protection

a) Quality of Service

In performing its duty to promote investment in ICT, and particularly to ensure that all consumers have a choice of quality broadband, OfReg has developed new incentives designed to achieve a competitive commercial roll out of broadband across the Cayman Islands. 'Special License Zones' will be created to incentivise operators to invest in facilities and roll out services in the Eastern Districts of Grand Cayman and the Sister Islands where, at present, there is limited choice of broadband service for consumers. The incentives will break down current barriers to entry and investment in these markets. Reduced royalties, application fees and a 'technologically agnostic' approach will have a positive impact on the commercial attractiveness of providing facilities and services. For the consumer, this means an availability of highspeed internet across the islands, a choice of broadband provider, a minimum level of quality of service all at a fair price, benefitting the economy and wider civil society.

b) Privacy and data protection

The proposed framework includes strengthened data protection requirements to protect consumer privacy.

c) Net neutrality

The Office has taken the decision that in order to protect consumers' right to access information and to promote online innovation, net neutrality– the requirement that internet service providers must treat all internet traffic equally – be included as a licence condition.

d) Local content

It is proposed that provisions in ICT law relating to local content should be included as licence conditions. Licensees must broadcast a local content channel which includes at least 20% local content such as talk shows, sporting events, educational, cultural and religious programming and live coverage of legislative proceedings.

Fair Regulatory burden

The proposed framework achieves an appropriate balance between regulation and the commercial interests of telecoms companies. Where possible, the regulatory burden has been eased to promote competition, innovation and economic development, and where necessary, regulations have been strengthened to protect the interests of consumers.

The move away from a technologically prescriptive approach to broadband provision will be a welcome easing of the regulatory burden on operators which was inhibiting entry into the broadband market.

Under the proposed framework, operators will be able to choose how to provide broadband services, whether mobile, copper or fibre optic, with the Office concerned with the quality of outcome.

In addition, a new class of temporary licence has been created to meet the need for temporary or limited communications installations such as those required at an event like a music festival or conference, negating the need to obtain a full licence.

Promotion of Innovation and Economic Development

The Office proposes that a new class of experimental licence be introduced to encourage entrepreneurs who have developed new and alternative technologies to choose the Cayman Islands as the destination to test products and ideas for feasibility, paving the way for the jurisdiction to become an innovation capital.

Commenting, Alee Fa'amoe, Executive Director of ICT, at OfReg said:

“The ICT landscape has changed drastically in recent years requiring not only a new framework but a new way of thinking. In focusing on outcomes, the new licensing framework will benefit both consumers by facilitating the provision of high-quality ICT services and is in the commercial interests of ICT providers by reducing barriers to entry into the market and ultimately making investment and innovation attractive. The promotion of competition between providers and of the Cayman Islands as an innovation centre will be of enormous benefit to consumers, the economy and civil society.”

OfReg is inviting members of the public and other interested parties to read the consultation document and submit any comments, with any supportive evidence, by 5pm on Monday 8th July.

The full consultation document can be read here:

<https://www.ofreg.ky/upimages/commonfiles/155999884020190706ICT2019-1-ConsultationPapercombinedfinal.pdf>

Please send your comments in writing, by email, post or courier.

ENDS

If you would like to discuss this further, please contact Alanna Thomas at Fountainhead on (345) 945 8188 or email alanna.thomas@fountainhead.ky

PRESS NOTES

OfReg (the Utility Regulation and Competition Office) is the independent regulator for the electricity, information and communications technology, water, wastewater and fuels sectors in the Cayman Islands. OfReg also regulates the use of electromagnetic spectrum and manages the .ky internet domain.