



11 November 2020

PRESS RELEASE

## **OFREG SEEKS INPUT ON ITS DRAFT REGULATORY FRAMEWORK TO ESTABLISH INTERNET EXCHANGE POINTS (IXPS) IN THE CAYMAN ISLANDS (ICT SECTOR)**

The Utility Regulation and Competition Office (OfReg) seeks input on its consultation and draft Regulatory Framework to establish Internet Exchange Points in the Cayman Islands.

Fulfilling a Cabinet directive, OfReg considers that it is in the public's interest to facilitate the establishment and ultimately regulate the terms and conditions under which infrastructure and services are provided in relation to 'Peering Points' or 'IXP's. The consultation includes background on the OfReg's IXP considerations and what the Office proposes as an appropriate regulatory model to guide operations.

Internet Exchange Points (IXPs) or 'Peering Points' are physical locations where different networks connect to exchange Internet traffic via common switching infrastructures. They are a key part of the Internet ecosystem and represent a vital way to increase the affordability and quality of connectivity.

Currently, there are no IXPs in the Cayman Islands. As a result, local Internet Service Providers (ISPs) routinely route locally generated traffic destined for local users through a third-party network or switching centre offshore in another country. That traffic then returns and is delivered to the destination user.

OfReg will launch public consultation **ICT 2020 – 1– Consultation on IXP Regulatory Framework** on the 11<sup>th</sup> of November 2020 which will close on the 25<sup>th</sup> of November 2020. The purpose of the consultation paper is to seek the views of operators, the general public, and other interested parties regarding the draft Regulatory Framework to establish IXPs in the Cayman Islands. The consultation discusses ownership, licensing, participation, operations, international cable landing point access, additional services, costs, and OfReg's powers.

OfReg's primary objective is to take measures to ensure local internet communication remains onshore, including:

- establishment of the requisite regulatory framework to enable Information Communication Technology (ICT) peering points (infrastructure) for the exchange and handing off of local traffic between ICT service providers' networks;
- consulting the industry and the public to provide options to achieve this initiative;



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- safeguarding the ICT sector by taking the necessary steps of inserting this issue as a condition for licensees to operate an ICT service in the Cayman Islands, if necessary; and
- presenting the Government with a roadmap explaining how this may be swiftly accomplished.

The ICT team at OfReg has the following objectives in mind:

- to protect the interest of consumers;
- to notify ISPs and other stakeholders of OfReg's proposals and recommendations;
- to ensure that the establishment of IXPs encourages secure and efficient use of infrastructure;
- to ensure the regulatory framework is favourable to all stakeholders and beneficial for prospective IXPs.

In the consultation document, OfReg sets out the regulatory measures it proposes to stimulate the entry of IXPs in the Cayman market. Amongst other things, the Office considers that the establishment of IXPs aligns with the Office's governing legislation and the Government's overall vision for innovation and development in the ICT sector.

*"IXPs create a direct route for Internet traffic to travel between. Currently, an email you send to your neighbour typically travels to the USA, Jamaica, or other countries, before it lands in their inbox. Without local infrastructure connecting service providers, all Internet traffic has to take long and elaborate offshore routes creating delay and potential congestion, which means the Internet is slower, less resilient, and more expensive for everybody. IXPs can reduce much of this congestion. Additionally, an IXP can create a local environment that attracts various other services, including local service hosting and local content development and applications. A local IXP can increase our country's attractiveness, which might encourage international content providers to establish themselves in the Cayman Islands."* –

**Sonji Myles. (Acting) Executive Director of ICT at OfReg**

"We intend to promote public awareness of the contributions that IXPs can make to the development of the Cayman Islands' Internet and its digital economy. The presence of IXPs is likely to reduce local dependence on digital infrastructure and enterprises outside of the jurisdiction. This, in turn, should generate cost savings for the local internet service provision, resiliency and improved internet performance for customers. OfReg is committed to exploring and implementing appropriate regulatory frameworks to promote and enable growth and development in the ICT sector and all sectors under our purview, being cognisant especially in this case, to make provisions for technological innovation in today's ICT converged world." – **Malike Cummings, CEO at OfReg.**



PO Box 10189  
Grand Cayman KY1-1102  
Cayman Islands  
Tel: (345) 946-4282

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The consultation document can be viewed at <https://www.ofreg.ky/consultations>. All interested persons will have until **25 November 2020 to submit their views to OfReg via email at [consultations@ofreg.ky](mailto:consultations@ofreg.ky)** or by mail or courier. For questions on the draft Regulatory Framework, please call us at 946-4282 or email our Manager of Consumer Affairs & Public Education using the email address below.

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### **ABOUT OFREG**

The Utility Regulation and Competition Office ('OfReg' or the 'Office') is the independent regulator established by section 4 of the Utility Regulation and Competition Law (as revised) (the 'URC Law') for the electricity, information, and communications technology, water, wastewater and fuel sectors in the Cayman Islands.

OfReg provides the opportunity for consistency and collaboration in regulation across the ICT, energy, fuel, and water sectors; better utilisation of skills and resources resulting in more efficient and effective regulatory processes; encouraging competition where appropriate and feasible; championing sustainability and innovation across markets, contributing to the economic and social goals of the Cayman Islands.

### **Media Contact**

Daniel Lee  
Manager - Consumer Affairs & Public Education  
[Daniel.Lee@ofreg.ky](mailto:Daniel.Lee@ofreg.ky)

For general media queries, please contact  
Bliss (Solutions), Ltd.  
[Letstalk@bliss.ky](mailto:Letstalk@bliss.ky)