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UTILITY REGULATION AND COMPETITION OFFICE

8 March 2020

PRESS RELEASE

**OFREG DETERMINATION ON IXPS IN THE CAYMAN ISLANDS (ICT SECTOR)**

The Utility Regulation and Competition Office (OfReg) consulted with the public and Industry on a draft Regulatory Framework to establish Internet Exchange Points (IXPs) in the Cayman Islands and has issued a related Determination.

OfReg considers that it was in the public's interest to facilitate the establishment and ultimately regulate the terms and conditions under which infrastructure and services are provided through use of 'Peering Points' or 'IXP's. The ultimate aim being to protect local internet traffic by ensuring that such traffic remains within the country.

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 efficiency, affordability and quality of connectivity.

The purpose of the consultation was to seek the views of operators, the general public, and other interested parties regarding peering obligations, ownership, licensing, participation, operations, international cable landing point access, additional services, costs, and the appropriate regulatory model to guide operations.

Prior to this determination, there were no IXPs, peering between Internet Service Providers (ISPs) nor obligations to peer in the Cayman Islands. As a result, local ISPs routinely route locally generated traffic/data destined for local users through a third-party network or switching centre offshore to another country, all before it then returns and is delivered to the intended local user. Placing such data on a third parties' network in theory increases the cost of delivering service and also could make the traffic/data vulnerable and susceptible to interception.

In the final determination, OfReg sets out the obligations on ISPs to keep 'local internet protocol traffic' local and also establishes 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 peering obligations and IXPs aligns with the Office's governing legislation, the Cabinet's directive to ensure local internet communication remains onshore and the Government's overall vision for innovation and development in the ICT sector.

*At OfReg, we seek to protect the interests of consumers and the resiliency of our local networks and infrastructure. Peering and the use of IXPs through balanced regulation encourages secure and efficient use of infrastructure and increases the attractiveness of the local digital ecosystem in*



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*support of facilitating investment, innovation and development for the country. This initiative is just one of many to come as we forge ahead in developing the digital economy of the Cayman Islands –*  
**Sonji Myles. (Acting) Executive Director of ICT at OfReg**

*"We intend to promote public awareness of the contributions that peering and 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. I am pleased with the efforts and hard work of the OfReg team in expediting this project and particularly, the abiding commitment in satisfying the objectives of the Cabinet Directive "*  
**– Malike Cummings, CEO at OfReg.**

The determination document can be viewed at <https://www.ofreg.ky/consultations>.

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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)