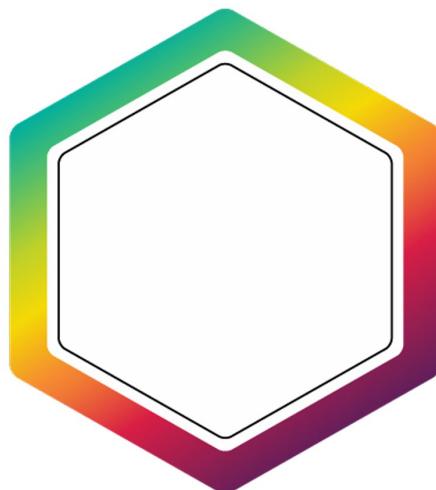


ICT 2025 – 3 – Revision of the Fees for Mobile (Cellular) and Fixed Wireless Licences Spectrum – Consultation Statement

**UTILITY REGULATION AND COMPETITION OFFICE
THE CAYMAN ISLANDS**



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A. Executive Summary

1. The Utility Regulation and Competition Office ('URCO' or the 'Office') is the independent regulator established by section 4 of *the Utility Regulation and Competition Act* (as revised) (the 'URC Act') for the electricity, information and communications technology ('ICT'), water, wastewater and fuels sectors in the Cayman Islands. The Office also regulates the use of electromagnetic spectrum and manages the .ky Internet domain.
2. Annex 2, paragraph 3.1, of the Major ICT licences¹ sets out that, by the first day of each Regulated Financial Year, the Licensee shall pay to the Office a fee (the 'Authorised Frequency Fee' or 'Spectrum Fee') as determined by the Office from time to time for each radio transmitter per channel used or to be used by the Licensee within that Regulated Financial Year. The current fee as set out in the section 23(2) Regulatory Notice (the 'Regulatory Notice') issued by the Office, published in the Government Gazette on 10 December 2025² is KYD \$75 per transmitter/channel.
3. Annex 2, paragraph 3.2, of the Major ICT licences sets out that the Authorised Frequency Fee is to be set on the following principles:
 - (a) *The total amount collected each Regulated Financial Year for Authorised Frequency Fees from all Licensees (including the Licensee) shall not exceed the Office's annual estimated cost of electromagnetic spectrum management and other related activities.*
 - (b) *The Authorised Frequency Fee shall be set to be the same for all the same types of transmitters used or to be used, irrespective of the use of the transmitter or the spectrum used by the transmitter. [...]*
4. The Office set out in consultation ICT 2023-3, entitled "Revision of the Fees for Mobile (Cellular) and Fixed Wireless Licences Spectrum" (the 'Consultation')³, a proposed formula by which it intended to calculate the fees to be charged for managing the electromagnetic spectrum management and other related activities as they referred to cellular usage.

¹ e.g. <https://www.ofreg.ky/viewPDF/documents/cable-and-wireless/2021-08-06-01-34-35-TL-R3-2021CableandWirelessCILtdTelecommunicationsLicenceSigned1622717179.pdf>

²

<https://gov.ky/documents/43485/45951/The+Utility+Regulation+and+Competition+Office%2C+%28Ex96%2C+S1%29.pdf/7c009a8f-750f-ebcc-34f2-60f2613830e0?t=1765459235887>

³ <https://www.ofreg.ky/viewPDF/documents/2023-10-12-19-58-16-ICT-2023---Consultation-on-Revision-of-Fees-for-Mobile-Cellular-and-Fixed-Wireless-Spectrum.pdf>



5. However, and noting the comments raised in response to the Consultation, the Office considers that its current approach to Spectrum Fee setting remains appropriate. Therefore, the Office is now closing this Consultation on the qualification that it may re-commence such a consultation in the future if it considers that it is unable to reasonably recover its spectrum management costs through the current approach.

B. Background

6. On **13 October 2023**, the Office launched the Consultation. The Consultation was conducted in accordance with the Office's 2022 Consultation Procedure Guidelines (the '**Consultation Procedure Guidelines**').⁴
7. In the Consultation, the Office sought representations on the views of affected stakeholders, the general public, and any other interested parties, regarding the changes proposed therein to the fees for Mobile (Cellular) and Fixed Wireless Access spectrum. Note that in this document, the term 'cellular' has been used to encompass both mobile (cellular) and fixed wireless ICT networks, technology and services.
8. On **17 November 2023**, representations were received to that consultation from three stakeholders (the '**Respondents**'), being:
 - Digicel Cayman Limited;⁵
 - WestTel Limited, trading as Logic Communications;⁶ and,
 - Cable and Wireless (Cayman Islands) Limited, trading as Flow.⁷
9. Paragraph 34 of the Consultation Procedure Guidelines states that:

"[t]he Office will review and assess each response carefully and with an open mind. All submissions will be considered and analysed. The Office's analysis of the responses will be included with its administrative determination (i.e. its statement). The statement by the Office, which will also serve as a report on the consultation, will provide a general review of the submissions that were given during the consultation

⁴ Revised in 2022 - <https://www.ofreg.ky/viewPDF/documents/Policies/2022-07-04-01-01-01-OF-2022-G1-Consultation-Procedure-Guidelines--.pdf>

⁵ <https://www.ofreg.ky/viewPDF/documents/2023-11-28-18-54-54-Digicel-Response-17th-November-2023---Spectrum-Fee-Revision.pdf>

⁶ <https://www.ofreg.ky/viewPDF/documents/2023-11-28-18-51-21-Westel-Limited---Responses-to-Mobile-and-Fixed-Wireless-Spectrum-11.17.2023.pdf>

⁷ <https://www.ofreg.ky/viewPDF/documents/2023-11-28-18-57-12-CaymanFlow-ResponseConsultationRevision-FeesMobileFWA-Nov-172023-.pdf>



process. It will detail the Office's response to the submissions, and give reasons for its final position."

10. This Statement sets out the Office's response to the issues presented in the documents received from Respondents and provides the Office's reasoned commentary to these issues.

C. Comments Received

11. The following section summarises the responses received by each of the Respondents relevant to the matters as set out.

C.1 Whether the Consultation process has been followed

Respondent's Submissions:

12. Flow stated that it "... seeks clarity as to whether the steps for this determination are in accordance with the Act as the Consultation document does not state that the Office will provide guiding principles as to how it will consider comments received prior to making a determination. Further, Flow ought to be given the opportunity to make written representations should Flow object to the basis for the proposed determination. The Office therefore appears to be acting with procedural impropriety."

Office's Response:

13. In this instance, as the Office is closing the Consultation, there is no further step in this process.

C.2 Cost of Managing the Electromagnetic Spectrum

Respondent's Submissions:

14. All three Respondents raised the question as to whether the income that would be generated by the Office would exceed the costs associated with the management of the associated radio spectrum:
 - Flow stated that "[...] the Office has not demonstrated how the proposed new fee structure will promote the effective and efficient use of spectrum. In fact, if the resulting cost of the spectrum exceeds the amount necessary for the management of the spectrum by the Office, it will be detrimental to [this] principle" and suggested that the fees were "an opportunity for the Office to increase its revenues."



- Logic requested “[d]etails of the Office’s actual costs incurred in relation to the management of the various types of spectrum under consideration.”
- Digicel stated that “the current charging principles require that the total amount collected in each Regulated Financial Year for Authorised Frequency Fees from all Licensees shall not exceed the Office’s annual estimated cost of electromagnetic spectrum management and other related activities” and asked “[w]ould this requirement as articulated [...] change because of the implementation of the revised spectrum fee structure?”

15. Logic requested that the Office “provide the costs of spectrum management for the past five (5) years and the projected costs of spectrum management that would have been considered in both the Office’s 2023 five-year strategic plan and its most recent projected budget.”

Office’s Response:

16. As referenced at paragraph 2 above, the approach to Spectrum Fees is that, by the first day of each Regulated Financial Year, Major ICT Licensees shall pay to the Office the Authorised Frequency Fee as determined by the Office from time to time for each radio transmitter per channel used or to be used by the Licensee within that Regulated Financial Year.
17. The Office’s aim, per Annex 2, paragraph 3.2(b) of each Licence, is to ensure that “[t]he Authorised Frequencies Fee shall be set to be the same for all the same types of transmitters used or to be used, irrespective of the use of the transmitter or the spectrum used by the transmitter”.
18. Table 4 of the Regulatory Notice states in the “Description” that spectrum fees are due for: “All transmitters / transponders other than those licensed under Table 2 or those otherwise exempted by the Office” and in the “Comments or explanatory notes” that “Each transmission frequency or channel is required to be licensed. See note (d).”
19. Note (d), as referenced in Table 4, sets out that, for the purposes of calculating Spectrum Fees, channels are defined as:

Frequency Range	Channel Size
Below 470 MHz	12.5 kHz
470 MHz – 7.125 GHz	5 MHz
7.125 GHz – 37 GHz	28 MHz
Above 37 GHz	100 MHz



and that, if usage does not represent a whole number of channels, the total shall be rounded up to the nearest whole number.

20. The way in which the spectrum fees for cellular licensees were previously interpreted was to consider whatever bandwidth was being used from a particular transmitter to constitute a 'channel'. This meant that a channel varied in size between 0.2 MHz and 100 MHz, depending on the band and technology employed.
21. The Office considered that this did not represent an approach which is "*the same for all the same types of transmitters used or to be used, irrespective of the use of the transmitter*". The Office therefore wrote to all relevant Licensees on **20 December 2023** and **9 December 2024** (the '**Communications**'), indicating that the Office is focused on ensuring that spectrum fees are correctly interpreted and paid for as per the Office's longstanding policy and licence obligations. That is, that all spectrum fees are calculated per frequency or channel used, as described in the Regulatory Notice and Annex 2 Part 3 "*Authorised Frequencies Fee*" of all Major ICT Licences and as communicated to licensees annually as part of the annual fee payment and renewal notices.
22. The Office stated in each of the Communications that a review of recent spectrum returns has confirmed that licensees should be reminded of how fees must be calculated, namely that:
 - Major ICT Licensees "**Telcos**" pay fees per frequency/channels used. (The relates to the minimum standard channel bandwidth* regardless of aggregation size.)

**The minimum standard channel size is determined based on the technology deployed: for [...] UMTS, LTE and 5G this is 5 MHz. For example, a 20 MHz LTE frequency block represents 4 channels. This fee is payable per transmitter.*

The Office gave in those communications fee calculation examples:

- FDD Channel Pair: Minimum channel size x \$75.00KYD x 2
- TDD Channel: Minimum channel size x \$75.00KYD

23. The Office considers that the Communications were clear at the time given and gave reasonable notice of how the current framework should be correctly interpreted. The Office expressed its approach in those Communications and further to the Regulatory Notice will apply this approach to its collection of Spectrum Fees as from 2026 onwards.



24. Further, as “*Authorised Frequencies Fee shall be set to be the same for all the same types of transmitters used or to be used*”, it is necessary to specify a channel bandwidth in order to fully define a channel and ensure consistency across different users and technologies. Just because one licensee may be using one technology (e.g. 3G) in a particular frequency band, and another may be using a different technology (e.g. 4G) in the same frequency band, does not mean that for Spectrum Fee purposes the defined channel bandwidth should be different, otherwise users will be paying different amounts for the same unit of spectrum which is thus not “*the same types of transmitters used or to be used*”.
25. The table below sets out the channel bandwidths that different cellular technologies employ.

Technology	Bandwidth Options (MHz)	Reference
UMTS (3G)	5	ETSI TS 125 101 ⁸ Paragraph 5.4.1
LTE (4G)	1.4, 3, 5, 10, 15, 20	ETSI TS 136 101 ⁹ Table 5.6-1
NR (5G)	3, 5, 10, 15, 20, 25, 30, 40, 45, 50, 60, 70, 80, 90, 100 ¹⁰	ETSI TS 138 101-1 ¹¹ Table 5.3.2-1

26. We note that the smaller 1.4 and 3 MHz channel bandwidth options available for LTE (4G) technology and the 3 MHz channel bandwidth option available for 5G are not being used in the Cayman Islands: the smallest channel bandwidth deployed being 5 MHz
27. Indeed, 5 MHz bandwidth channels are commonly used in defining the use of cellular bands, as can be evidenced in documents such as:
 - Commission Decision (EU) 2016/687¹² on the "harmonization of the 694-790 MHz frequency band" Annex A Section 1(a) "**the assigned block sizes shall be multiples of 5 MHz**"
 - CEPT Report 31¹³ on the "Frequency (channeling) arrangements for the 790-862 MHz band" Section 0.1 Para 3 "The preferred harmonized frequency arrangement is [...] **based on a block size of 5 MHz**"

⁸ https://www.etsi.org/deliver/etsi_ts/125100_125199/125101/19.00.00_60/ts_125101v190000p.pdf

⁹ https://www.etsi.org/deliver/etsi_ts/125100_125199/125101/19.00.00_60/ts_125101v190000p.pdf

¹⁰ Note that not all channel bandwidths are available in all 5G frequency bands

¹¹ https://www.etsi.org/deliver/etsi_ts/138100_138199/13810101/18.10.00_60/ts_13810101v181000p.pdf

¹² https://eur-lex.europa.eu/eli/dec_impl/2016/687/0j/eng

¹³ <https://docdb.cept.org/document/31>



- Commission Decision (EU) 2020/667¹⁴ on the "technical conditions applicable to the frequency bands 1920-1980 MHz and 2110-2170 MHz" Section B(2) "**The assigned block size shall be multiples of 5 MHz**"
- ECC/DEC/(05)05¹⁵ on the "Harmonised utilization of spectrum for Mobile/Fixed Communications Networks (MFCN) operating within the band 2500-2690 MHz" Annex 1 Para 3 "**Assigned blocks shall be in multiple of 5 MHz**"
- CEPT Report 67¹⁶ "...harmonised technical conditions for spectrum use in support of the introduction of next-generation (5G)..." Section 2.2 Proposed Frequency Arrangement "**The 5 MHz block size is chosen despite expected larger channel bandwidths for 5G.**"

28. The Office set out in its recent *ICT 2025 - 1 - Final Determination – Framework for the Licensing of Satellite-Based Telecommunication Service Providers*¹⁷, the Channel Size for various Frequency Ranges for satellite services to be as follows:

Frequency Range	Channel Size
Below 470 MHz	12.5 kHz
470 MHz – 7.125 GHz	5 MHz
7.125 GHz – 37 GHz	28 MHz
Above 37 GHz	100 MHz

29. It is paramount that the Office treats all Licensees on an equal and non-discriminatory basis. For frequencies in the range 470 – 7125 MHz, the Office considers this is a reasonable approach because:

1. The smallest bandwidth currently in use for the provision of cellular services in the Cayman Islands is 5 MHz.
2. A 5 MHz channel represents the 'lowest common denominator' amongst the bandwidths of the technologies being used on the Islands, and can be applied to all of the frequency assignments deployed (e.g. whether 5, 15 or 100 MHz bandwidths).

¹⁴ https://eur-lex.europa.eu/eli/dec_impl/2020/667/oj/eng

¹⁵ <https://docdb.cept.org/download/4009>

¹⁶ <https://docdb.cept.org/document/3357>

¹⁷ <https://www.ofreg.ky/viewPDF/documents/2025-09-25-13-04-55-ICT-2025---1---Final-Determination-Licensing-of-Satellite-Services.pdf>



3. As evidenced above, the internationally recognised channel bandwidth for cellular services is 5 MHz.
4. As mentioned, in the Office's recent final determination on the licensing framework for satellite-based services, a channel bandwidth of 5 MHz for setting the Spectrum Fees for the frequency range 470 – 7125 MHz was adopted. It is paramount that the Office treats satellite and terrestrial operators on an equal basis.

30. Therefore, the channel bandwidth as set out in the Regulatory Notice will be applied on the following basis:

- For each transmitter (e.g. sector) the number of units ('n') of 5 MHz being used by that transmitter will be calculated.
 - Any partial channels will be rounded up to a whole channel (so, for example, the use of 12 MHz will be rounded up to the nearest 5 MHz, i.e. 15 MHz).
 - For frequency division duplex (FDD) usage, both uplink and downlink frequencies will be included as two separate channels.
- The spectrum fee for that transmitter will be 'n' times the spectrum unit fee (currently CI\$75.00 per frequency channel per transmitter).

31. The Office considers that its current approach to Spectrum Fee setting remains appropriate on this basis.

C.3 Charging for duplex assignments

Respondent's submissions:

32. Digicel raised the issue that "*[f]or duplex (FDD) assignments, both uplink and downlink frequencies will be charged. A duplex assignment will count as two channels. This means the formula takes into consideration both uplink (UL) and downlink (DL). This will effectively double the fees for a slice of spectrum where the UL cannot be utilized without the DL. (I.e., This is like apportioning a cost for each shoe when paying for a pair of shoes). Since one cannot be used without the other, it is pointless to charge independently for each.*"

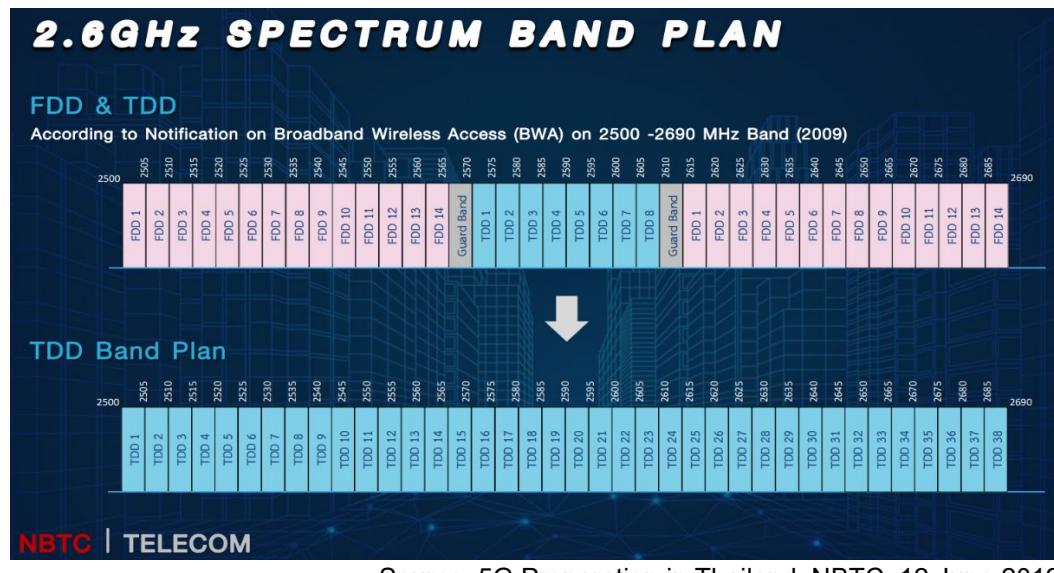
Office's response:

33. The fact that one piece of spectrum is of no use without the other exemplifies the need to charge for both. For half-duplex (time division duplex or TDD)



spectrum, it would not make sense to only charge for either the downlink or uplink spectrum, as they occupy the same frequencies. Having only a downlink or an uplink capability would not permit two-way conversation or data exchange and thus the ability of an operator to provide a bidirectional connection.

34. Further reflecting the similarity between FDD and TDD spectrum, there is nothing stopping an operator re-purposing its spectrum from FDD to TDD. This has been done in some countries in the 2.6 GHz¹⁸ and 3.5 GHz bands where spectrum was initially awarded for mobile or fixed wireless access services on an FDD basis, but operators have chosen to deploy it for 5G on a TDD basis.
35. Based on the figure below (taken from the re-farming plans for spectrum in Thailand), Digicel is suggesting that in the arrangement shown in pink, it should only pay for one half of the spectrum assigned, but in the arrangement shown below in blue, it should pay in full, despite the latter representing the same pieces and use of spectrum as the former.



36. Charging for only half the spectrum assigned on an FDD basis is not, as Digicel state “*apportioning a cost for each shoe when paying for a pair of shoes. Since one cannot be used without the other, it is pointless to charge independently for each*” but instead charging for duplex assignments reflects that the spectrum pair is needed and thus should be charged for to properly reflect spectrum usage.

¹⁸ For example, Hong Kong, Saudi Arabia and Thailand.



C.4 Impact Assessment on Operator's Fees

Respondent's Submissions:

37. Logic queried “*the percentage of the Regulatory fee paid by all licensees which is directly allocated for the management of spectrum*” and requested clarity on “*specific details on purpose and use of what the additional revenues derived from this fee structure will be used for.*”
38. Logic asked the Office to “[p]rovide details on all new electronics systems that will be deployed by the Office to reduce the long-term cost of spectrum management and lead to the reduction of the cost per SU.”

Office's Response:

39. The regulatory fees paid by licensees relate to the regulation of the ICT sector and are separate from the Spectrum Fees, the function of which is to cover the costs of managing the radio spectrum.

D. Conclusions

40. The Office appreciates the comments received as part of the Consultation. It is clear from the feedback received that the Respondents are largely against a move to the proposed updated cellular spectrum pricing framework as set out in the Consultation, and suggested that the matters consulted on were contrary to existing spectrum fee policy and an initiative by the Office to generate revenue over and above the costs needed to properly manage the electromagnetic spectrum and other related activities.
41. The Office disagrees that the Consultation proposals were contrary to existing policy and intended to generate revenue over and above the costs needed. Ultimately, the Office's aim is to collect the costs of its management of the electromagnetic spectrum and other related activities and to ensure equitable treatment in relation to spectrum fees between Major ICT licensees.
42. The Office considers that, correctly interpreted, its current approach to Spectrum Fee setting remains appropriate, and that the regulatory framework provides the ability for the Office to amend the spectrum fee level accordingly should it need to.