



PO Box 2502 G.T.  
Grand Cayman  
Cayman Islands  
Tel: (345) 946-ICTA (4282)  
Fax: (345) 945-8284  
Web: www.icta.ky

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Information & Communications Technology Authority

ICTA/80/105/105-12

27 January 2006

Mr Rudy Ebanks  
Chief Regulatory and Carrier Relations Officer  
Cable and Wireless (Cayman Islands) Limited

Mr Mark Cheley  
Chief Operating Officer  
caymanone

Mr John D Buckley  
Chief Executive Officer  
Digicel Cayman Limited

Dear Messrs Ebanks, Cheley, and Buckley

### **Locking of Mobile Handsets**

Attached are questions to licensees related to their initial submissions in the above noted proceeding.

As identified in CD2005-2, parties are required to file responses to these interrogatories and copy all other parties by 24 February 2006.

When providing responses parties are requested, for each question, to repeat the entire question and then provide the response.

Parties are also reminded that any claims of confidentiality must be made in accordance with the Information and Communications Technology Authority Law (Confidentiality) Regulations (see: <http://www.icta.ky/docs/Regs/ICTA-%20Confidentiality%20Regulations.pdf>).

Yours sincerely,

Mark Connors  
Head of Economics and Regulation

- 1) For this question "handsets" means "currently operating mobile service handsets on the Company's network(s)". If this information is not available, provide the Company's best estimate and explain in detail how any estimates were made. Provide the following information for the total Company and separately for each mobile service network/frequency band (AMPS, TDMA, GSM 850, GSM 900, GSM 1800, GSM 1900, etc.):
  - a) the number of pre-paid account handsets,
  - b) the number of post-paid account handsets,
  - c) the number of pre-paid account handsets that can be unlocked,
  - d) the number of post-paid account handsets that can be unlocked,
  - e) the number of pre-paid account handsets that are unlocked, and
  - f) the number of post-paid account handsets that are unlocked.
  
- 2) For each model of mobile handset provided to customers during the period of 1 July 2005 to 31 December 2005, provide the following information:
  - a) handset manufacturer,
  - b) model name,
  - c) model number,
  - d) the mobile service network/frequency band(s) (AMPS, TDMA, GSM 850, GSM 900, GSM 1800, GSM 1900, etc.) on which the handset can be used,
  - e) whether the handset can be unlocked,
  - f) number of handsets provided to pre-paid accounts,
  - g) number of handsets provided to post-paid accounts,
  - h) highest and lowest per unit prices of handsets provided to pre-paid accounts,
  - i) highest and lowest per unit prices of handsets provided to post-paid accounts,
  - j) average per unit price of handsets provided to pre-paid accounts,
  - k) average per unit price of handsets provided to post-paid accounts,
  - l) highest and lowest per unit costs to the Company for pre-paid accounts' handsets,
  - m) highest and lowest per unit costs to the Company for post-paid accounts' handsets,
  - n) average per unit cost to the Company for pre-paid accounts' handsets, and
  - o) average per unit cost to the Company for post-paid accounts' handsets.
  
- 3) Explain how customers are informed whether their handsets are locked or unlocked.
  
- 4) Identify if there are any circumstances under which the Company has unlocked handsets that were previously locked. If so, provide the details of those circumstances including the number of handsets involved and provide the bases on which the Company unlocked the handsets.

- 5) Identify if the Company can enable the use of a locked handset purchased from another supplier so that the handset would be usable on the Company's network. If so, provide a detailed description of the steps, efforts, and costs involved in such a process.
- 6) Provide the Company's views and supporting rationale on whether or not the Authority should require the unlocking of handsets after the expiration of any initial contract period as an alternative to mandating full unlocking.
- 7) On page 4 of its 13 January 2006 submission, Digicel suggests that consumers will have to pay more for handsets if handsets are unlocked. Under the scenario where a mobile service provider chooses to no longer subsidize handsets, since the subsidy would no longer have to be recovered in usage charges, provide the Company's views with supporting rationale on any impact on on-going usage charges under this scenario.
- 8) On page 3 of its 13 January 2006 submission, Digicel suggests that the unlocking of handsets creates an increased arbitrage opportunity.
  - a) Identify any jurisdictions where such increased arbitrage has occurred because of the unlocking of mobile handsets and provide detailed information of the magnitude and market significance of any actual increased arbitrage impact.
  - b) Under the scenario where all Cayman Islands hand sets are locked, provide a detailed description of the steps, efforts, and costs involved for a party undertaking an arbitrage opportunity to unlock the handsets.
  - c) Explain why any party undertaking an arbitrage opportunity would not be able to unlock handsets that are locked to a Cayman Islands service provider.
- 9) On page 3 of its 13 January 2006 submission, Digicel suggests that amending the factory installed settings in a handset may be difficult and time-consuming. Provide a detailed description of the steps, efforts, and costs involved in such a process.
- 10) On page 3 of its 13 January 2006 submission, Digicel suggests that some mobile phones are supplied with a generic software version and others have a unique software version. Identify the percentage of handsets on the Digicel network that have a generic software version. Identify the percentage of handsets on the Digicel network that have a unique software version. If this information is not available, provide the Company's best estimates and explain in detail how the estimates were made.

- 1) For this question "handsets" means "currently operating mobile service handsets on the Company's network(s)". If this information is not available, provide the Company's best estimate and explain in detail how any estimates were made. Provide the following information for the total Company and separately for each mobile service network/frequency band (AMPS, TDMA, GSM 850, GSM 900, GSM 1800, GSM 1900, etc.):
  - a) the number of pre-paid account handsets,
  - b) the number of post-paid account handsets,
  - c) the number of pre-paid account handsets that can be unlocked,
  - d) the number of post-paid account handsets that can be unlocked,
  - e) the number of pre-paid account handsets that are unlocked, and
  - f) the number of post-paid account handsets that are unlocked.
  
- 2) For each model of mobile handset provided to customers during the period of 1 July 2005 to 31 December 2005, provide the following information:
  - a) handset manufacturer,
  - b) model name,
  - c) model number,
  - d) the mobile service network/frequency band(s) (AMPS, TDMA, GSM 850, GSM 900, GSM 1800, GSM 1900, etc.) on which the handset can be used,
  - e) whether the handset can be unlocked,
  - f) number of handsets provided to pre-paid accounts,
  - g) number of handsets provided to post-paid accounts,
  - h) highest and lowest per unit prices of handsets provided to pre-paid accounts,
  - i) highest and lowest per unit prices of handsets provided to post-paid accounts,
  - j) average per unit price of handsets provided to pre-paid accounts,
  - k) average per unit price of handsets provided to post-paid accounts,
  - l) highest and lowest per unit costs to the Company for pre-paid accounts' handsets,
  - m) highest and lowest per unit costs to the Company for post-paid accounts' handsets,
  - n) average per unit cost to the Company for pre-paid accounts' handsets, and
  - o) average per unit cost to the Company for post-paid accounts' handsets.
  
- 3) In a 26 August 2005 letter to the Authority, the Company stated that, in 2004, most of C&W's handsets were unlocked.
  - a) Provide the bases on which C&W decided to unlock the handsets and explain if those conditions have continued after 2004.
  - b) Provide the bases of the determination to maintain the lock on some handsets in 2004. Discuss the relevant differences between the types of handsets that remained locked and those that were unlocked.
  - c) Explain in detail C&W's current policy regarding the unlocking of handsets including when and under what circumstances the Company will unlock handsets.

- 4) Explain how customers are informed whether their handsets are locked or unlocked.
- 5) Identify if there are any circumstances other than those identified in question 3) above under which C&W has unlocked handsets that were previously locked. If so, provide the details of those circumstances including the number of handsets involved and provide the bases on which C&W unlocked the handsets.
- 6) Identify if the Company can enable the use of a locked handset purchased from another supplier so that the handset would be usable on the Company's network. If so, provide a detailed description of the steps, efforts, and costs involved in such a process.
- 7) Provide the Company's views and supporting rationale on whether or not the Authority should require the unlocking of handsets after the expiration of any initial contract period as an alternative to mandating full unlocking.
- 8) Paragraph 5 of C&W's 13 January 2006 submission identifies that handset subsidies are recovered through on-going usage charges. Under the scenario where a mobile service provider chooses to no longer subsidize handsets, since the subsidy would no longer have to be recovered in usage charges, provide the Company's views with supporting rationale on any impact on on-going usage charges under this scenario.
- 9) Identify the number and type of customer inquiries C&W received after it unlocked most of its handsets in 2004 relating to unlocked handsets including inquiries related to handset functionality, software functionality, or warranty of the unlocked handsets. Provide C&W's responses to any such inquiries.
- 10) Identify if, after C&W unlocked most of its handsets in 2004, C&W encountered any difficulties obtaining handsets from any suppliers or if supply of handsets was affected in any way. Provide detailed descriptions of any such difficulties and explain how C&W dealt any such issues.

- 1) For each model of mobile handset that the Company intends to provide to customers during its first six months of active market participation, provide the following information. If this information is not available, provide the Company's best estimate and explain in detail how the estimates were made.
  - a) handset manufacturer,
  - b) model name,
  - c) model number,
  - d) the mobile service network/frequency band(s) (AMPS, TDMA, GSM 850, GSM 900, GSM 1800, GSM 1900, etc.) on which the handset can be used,
  - e) whether the handset can be unlocked,
  - f) number of handsets estimated to be provided to pre-paid accounts,
  - g) number of handsets estimated to be provided to post-paid accounts,
  - h) highest and lowest per unit prices of handsets to be provided to pre-paid accounts,
  - i) highest and lowest per unit prices of handsets to be provided to post-paid accounts,
  - j) average per unit price of handsets to be provided to pre-paid accounts,
  - k) average per unit price of handsets to be provided to post-paid accounts,
  - l) highest and lowest per unit costs per unit to the Company for handsets to be provided to pre-paid accounts,
  - m) highest and lowest per unit costs per unit to the Company for handsets to be provided to post-paid accounts,
  - n) average per unit cost to the Company for handsets to be provided to pre-paid accounts, and
  - o) average per unit cost to the Company for handsets to be provided to post-paid accounts.
- 2) Explain how customers will be informed whether their handsets are locked or unlocked.
- 3) Identify if the Company will be capable of enabling the use of a locked handset purchased from another supplier so that the set would be usable on the Company's network. If so, provide a detailed description of the steps, efforts, and costs involved in such a process.
- 4) Provide the Company's views and supporting rationale on whether or not the Authority should require the unlocking of handsets after the expiration of any initial contract period as an alternative to mandating full unlocking.
- 5) In its 6 January 2006 submission, caymanone states that the mobile service provider deserves the right to recoup the costs involved in the subsidizing of handsets. Under the scenario where a mobile service provider chooses to no longer subsidize handsets, since the subsidy would no longer have to be recovered in usage charges, provide the Company's views with supporting rationale on any impact on on-going usage charges under this scenario.