



GUIDELINES OF THE AGREEMENT

BETWEEN

MOBILE VIRTUAL NETWORK OPERATOR (MVNO)

&

MOBILE NETWORK OPERATOR (MNO)

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Licensing Department

National Communications Authority

1. Introduction

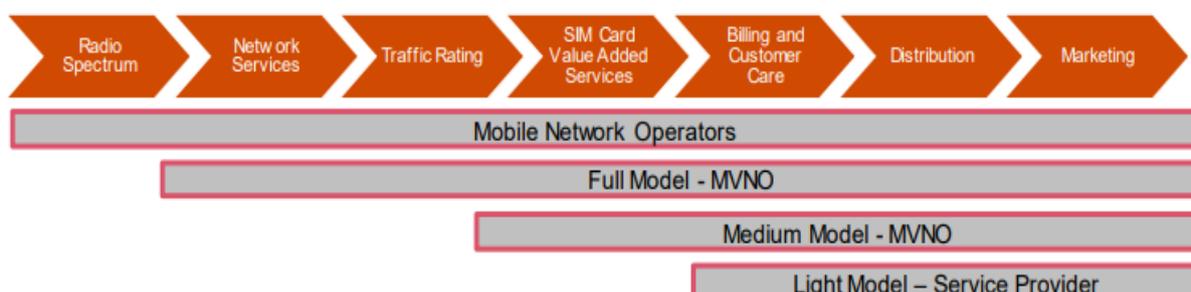
The purpose of this document is to provide guidelines for the agreement between the Mobile Virtual Network Operator (MVNO) and Mobile Network Operator (MNO). It is compulsory for the MVNO licensee applicant to have this agreement in hand before applying for the license from the National Communications Authority (NCA). This guideline outlines the components of the agreement that both parties should follow, and the NCA will issue an MVNO license after reviewing this agreement. Any agreement which does not follow this guideline may result in rejection of the MVNO license application. As a result, this guideline will provide regulatory support and guidance to the development of the MVNO sector in a fair and non-discriminatory manner.

Types of MVNOs

MVNO is defined by the ITU as a network operator that offers mobile services but does not own its own radio frequency, it leases radio access from its hosting Mobile Network Operators (MNO). MVNO operates through commercial arrangements with licensed Mobile Network Operators. It provides the telecom service under its own brand to subscribers. MVNOs do not have their own spectrum, it can also add value and sell either niche or generalized value-added services to subscribers.

Economic reasoning for MNOs to host MVNOs implies an ability to sell excess capacity and to benefit from economy of scale. Another reason is to address otherwise unprofitable segments. From regulatory perspective, it is important to strengthen the competition on the market by imposing the wholesale access obligation to open the incumbent's network to new entrants.

Typically, the MVNOs are divided in to three categories; a full MVNO, a medium-MVNO and a light-model MVNO, depending on their capacities and services. The following figure illustrates the differences.



2. Important point in the agreement between MNO and MVNO

The following points are considered necessary to be included in any agreement between MNO and MVNO:

1. MVNO is basically a reseller of MNO. It typically buys a wholesale of minutes of usage of airtime from the MNO
2. The relationship between MVNO and MNO has to be established through a formal agreement, and should be notified by NCA
3. The MVNO shall enter into an agreement with MNO before applying a license from NCA. NCA shall have the power to intervene in the clauses of the agreement
4. The agreement once approved by the Authority shall not be changed by any party without prior approval of the Authority
5. Irrespective of the type of the MVNO, the three basic activities that would be taken up by the MVNO's are:
 - I. Customer acquisition
 - II. Customer management
 - III. Service provisioning

MVNO would therefore be directly responsible for:

- Customer acquisition, management and grievance handling through customer care centers
 - Maintaining QoS parameters as prescribed by NCA from time to time. To ensure that Quality of service to the customer is not compromised, the MVNO should have certain service level agreements (SLA) with the parent MNO. The ultimate responsibility of the quality of service to its subscribers will have to remain with the MVNO.
6. None of the clauses in the agreement between MNO and MVNO should violate any of the license conditions or the NCA regulations in force. The regulations/directions/orders of NCA in this regard would be binding on MNOs and MVNOs alike.
 7. The subscribers of MVNO should be counted towards parent MNO for purpose of spectrum allotment in bands where subscriber-based criterion is applicable for spectrum allotment.
 8. The agreement between MNO and MVNO should include also the following points:

- I. Customer Acquisition**
Subscriber acquisition and verification will be the responsibility of the MVNO
- II. Customer Management**
Anything related to customer management will be the responsibility of the MVNO
- III. Service Provisioning**
Service provisioning will be the responsibility of the MVNO
- IV. Quality of Service**
Quality of service insurance will be the responsibility of the MVNO.
- V. Tariff**
MVNO would be responsible for billing its subscribers.
- VI. Customer Care**
MVNO would be responsible for handling all the complaints from its own subscribers
- VII. Interconnection with Other service providers**
Through parent MNO
- VIII. Roaming**
Through parent MNO
- IX. Allocation of number**
To be allocated by parent MNO
- X. Branding**
MVNO can have its own brand name
- XI. Commercial Parameters**
To be decided mutually between MNO and MVNO
- XII. Protection of subscribers in case of failure of agreement between MNO and MVNO**
In the event of failure of agreement, the subscribers of the MVNO should have the option to become the subscribers of the parent MNO through any of the available tariff plans of MNO, without any migration/entry charges.
- XIII. MVNO to give six months' notice to customers, MNO, Licensor and the Authority before stopping the services.**