



Commission for
Communications Regulation

Annual Report 2011 Wholesale Compliance

Reference: ComReg 12/17

Date: 02/03/12

**An Coimisiún um Rialáil Cumarsáide
Commission for Communications Regulation**

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Additional Information

Document No:	12/17
Date:	2 March 2012

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1 Introduction

This document provides an update on the compliance and enforcement function undertaken by the Commission for Communications Regulation's ("ComReg") Wholesale Compliance team during 2011. The Wholesale Compliance team is responsible for compliance action in respect of the obligations of communications network operators and service providers.

ComReg is the statutory body responsible for the regulation of the electronic communications¹ and postal sectors in Ireland. In accordance with Irish and EU legislation, ComReg's responsibilities include setting regulatory policy and the monitoring and enforcement of regulatory obligations.

Within the telecommunications sector, ComReg's Wholesale Compliance team is responsible for monitoring and enforcing compliance with any regulatory obligations and also handling formal disputes between communications providers. Section 2 of the document provides comparative statistics for 2011 against 2010. These statistics show the numbers of cases opened and closed and the timescale for dealing with cases.

Section 3 of the document gives some details of ComReg's use of new powers to intervene in the case of misuse of numbers in areas such as hacking into businesses telephone systems and making calls without the business's consent. This type of misuse can run up bills for those businesses of tens of thousands of euro in one or two days.

Finally, the mechanism by which a communications provider should submit a complaint to Wholesale Compliance is detailed at Appendix 1. The mechanism by which Consumers should submit a complaint to ComReg is detailed at <http://www.askcomreg.ie>.

¹ The electronic communications sector includes Telecommunications, Radiocommunications and Broadcasting Transmissions.

2 Recent Compliance and Enforcement Action

In 2011, the Wholesale Compliance team has opened a total of 63 new investigations and closed 54. The detail of the number of investigations opened and closed each month in the period can be seen in Figure 1 below:

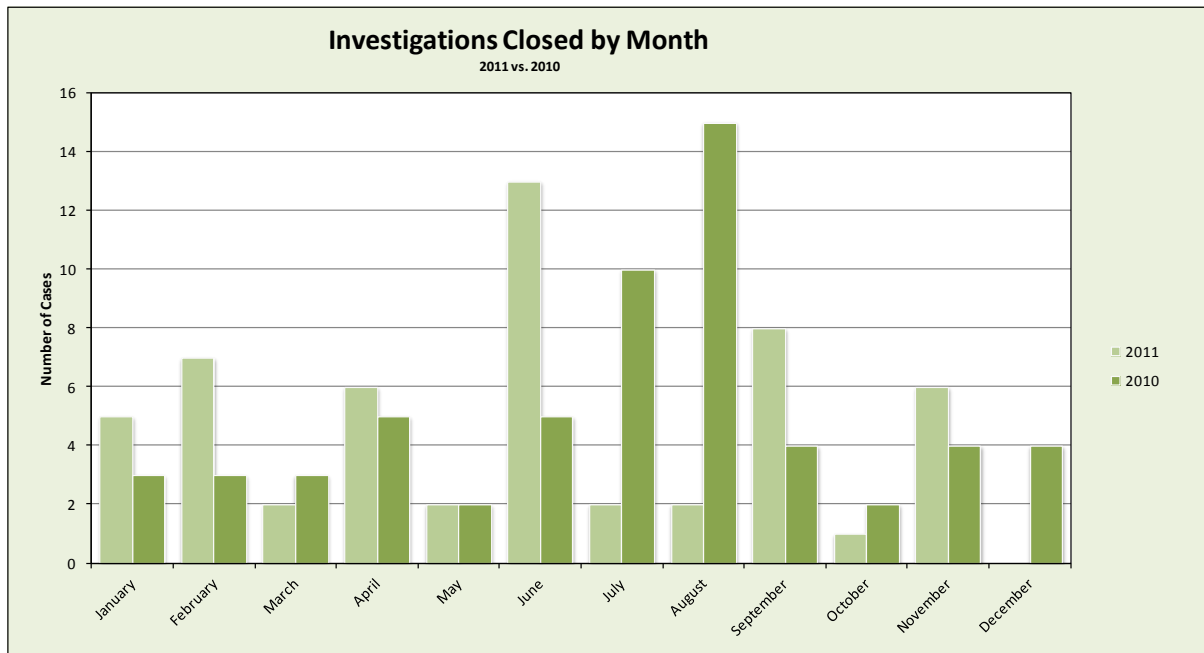


Figure 1: Wholesale Compliance Investigations Opened/Closed by Month.

The average number of open investigations for 2011 was 23. The total number of open investigations per month is shown in Figure 2 below.

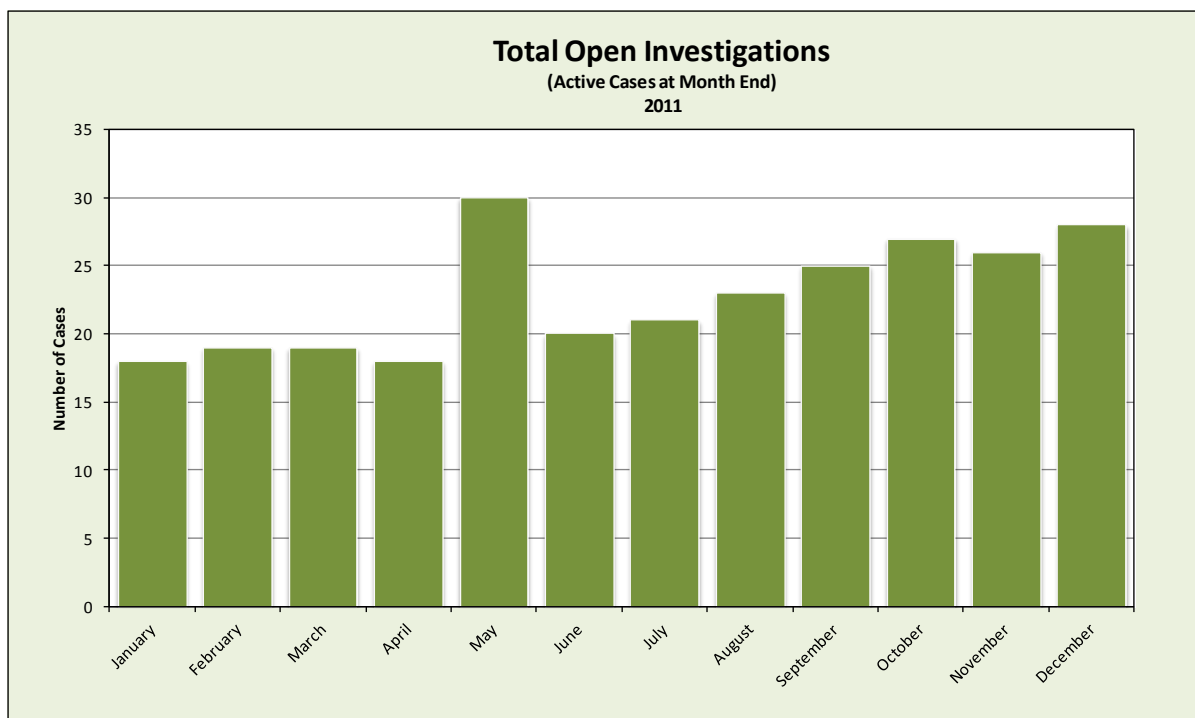


Figure 2: Wholesale Compliance Total Open Investigations.

Of the 63 investigations initiated by the Wholesale Compliance team in 2011, 40 were completed and closed before the end of 2011. In the same period the Wholesale Compliance team closed 14 investigations that had been opened in 2010. In total, Wholesale Compliance concluded 54 investigations in the period.

Summary reports for many of the closed cases, together with reports for a number of cases closed prior to 2011 are available at:

http://www.comreg.ie/telecoms/closed_cases.561.1042.html². Investigations which are closed will have associated summary reports published on this link unless there are operational reasons for withholding the report for individual cases.

The durations of the closed investigations is shown in Figure 3 and 4 below.

² The Closed Case summaries are not directly linked to the cases in the Wholesale Compliance Annual Report 2011. However, Closed Case summaries for some of the case closures noted in this report are available at the link shown.

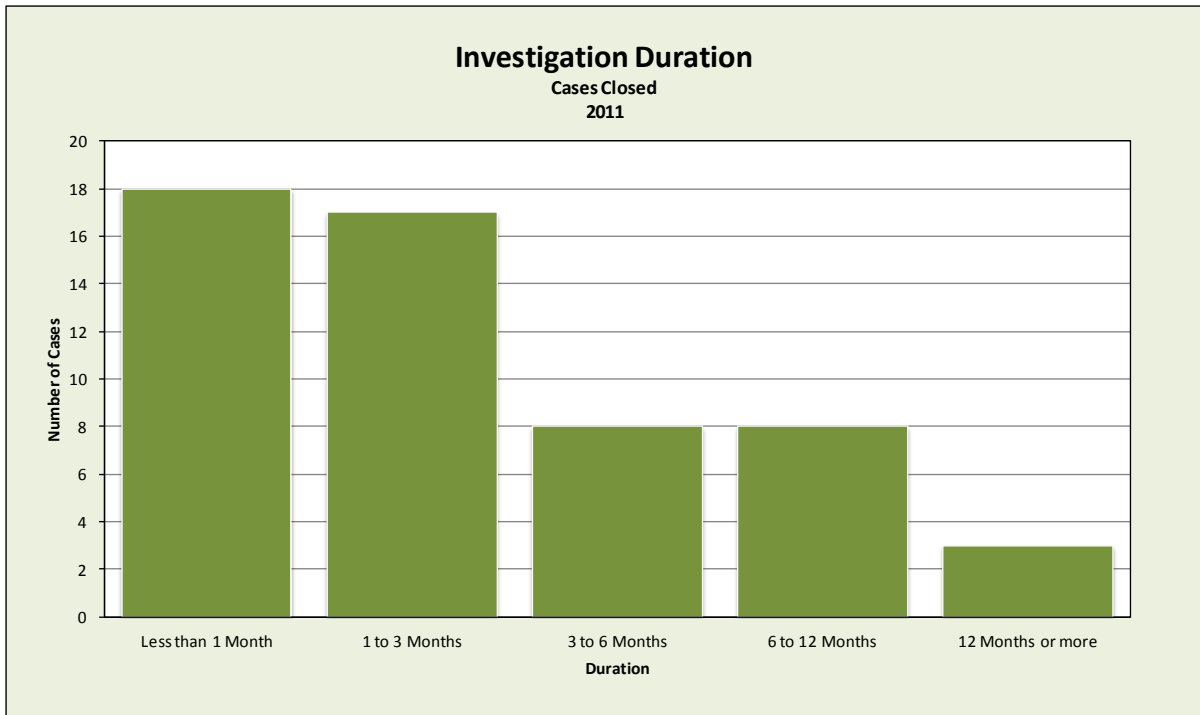


Figure 3: Investigation Duration.

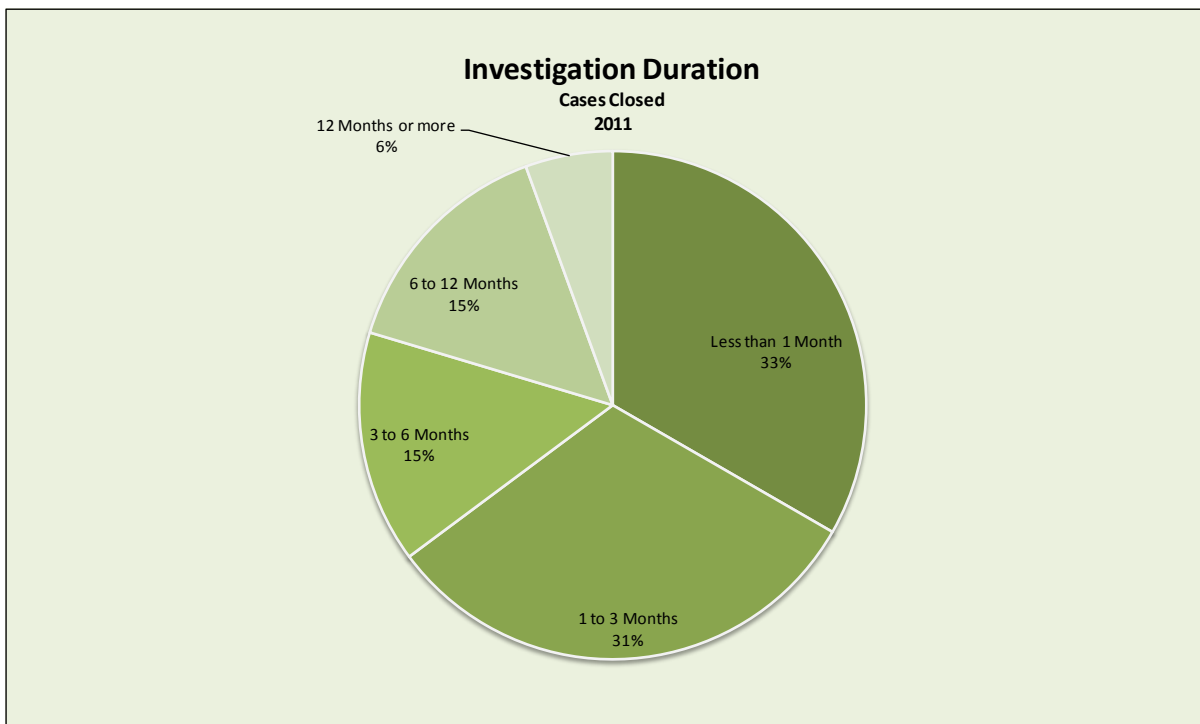


Figure 4: Investigation Duration.

A year-on-year analysis shows that 2011 saw a slightly higher caseload. In 2010, Wholesale Compliance initiated 61 new investigations while in 2011 Wholesale Compliance initiated a total of 63 new investigations. A comparison of the cumulative count of new investigations for 2011 versus 2010 is shown in Figure 5 below:

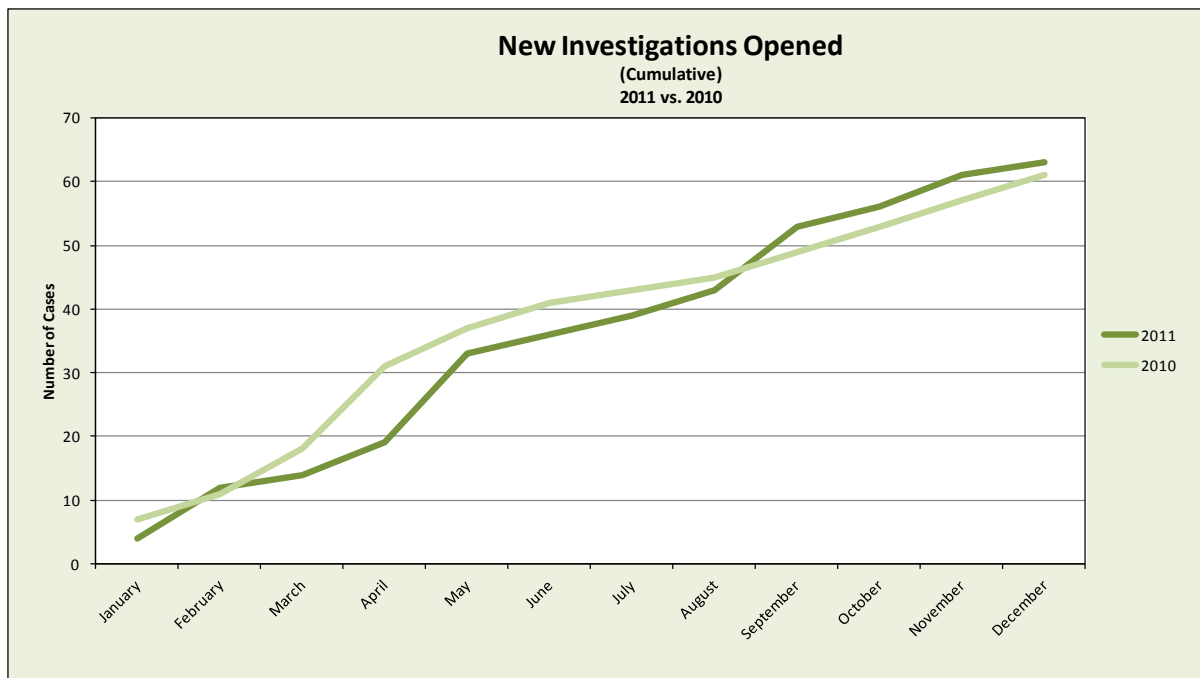


Figure 5: New Investigations Opened 2011 vs. 2010.

In 2010, Wholesale Compliance closed 60 cases while in 2011, Wholesale Compliance closed 54 cases. A comparison of the cumulative count of closed cases for 2011 versus 2010 is shown in Figure 6 below:

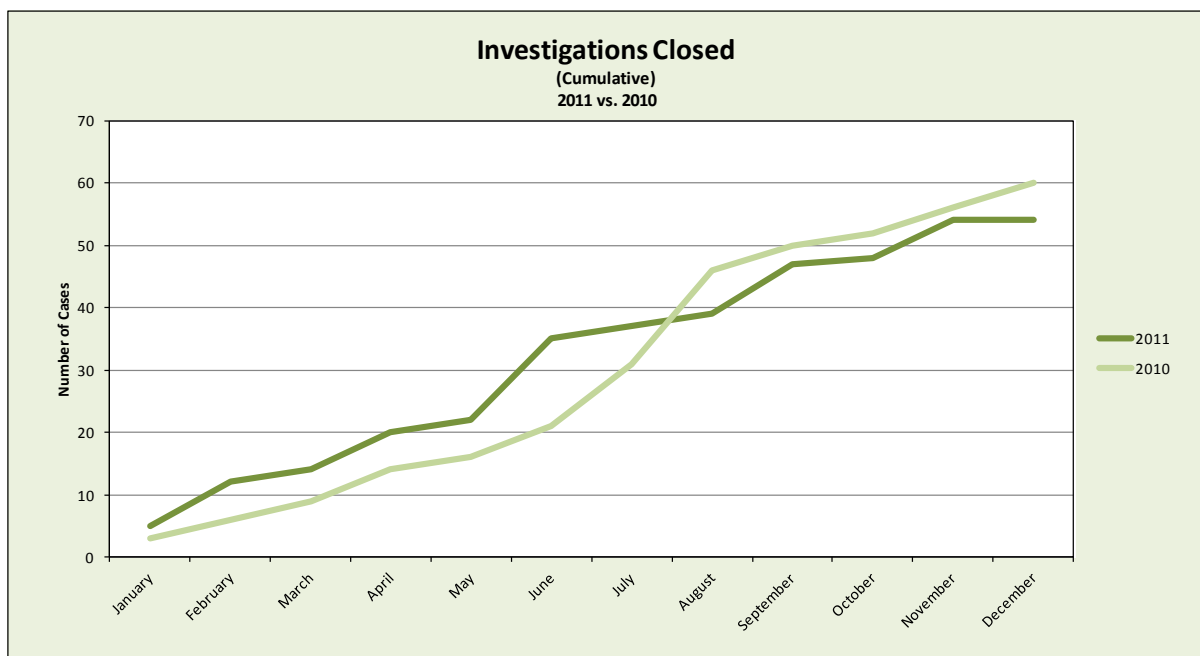


Figure 6: Cases Closed 2011 vs. 2010.

The case open and closure rates and a continued reduction in the total case duration resulted in a reduction in the monthly average active cases from an average of 25 active cases per month in 2010 to an average of 23 active cases per month in 2011. However, the number of cases open at the year end was higher in 2011 with 27 cases open versus 19 in 2010.

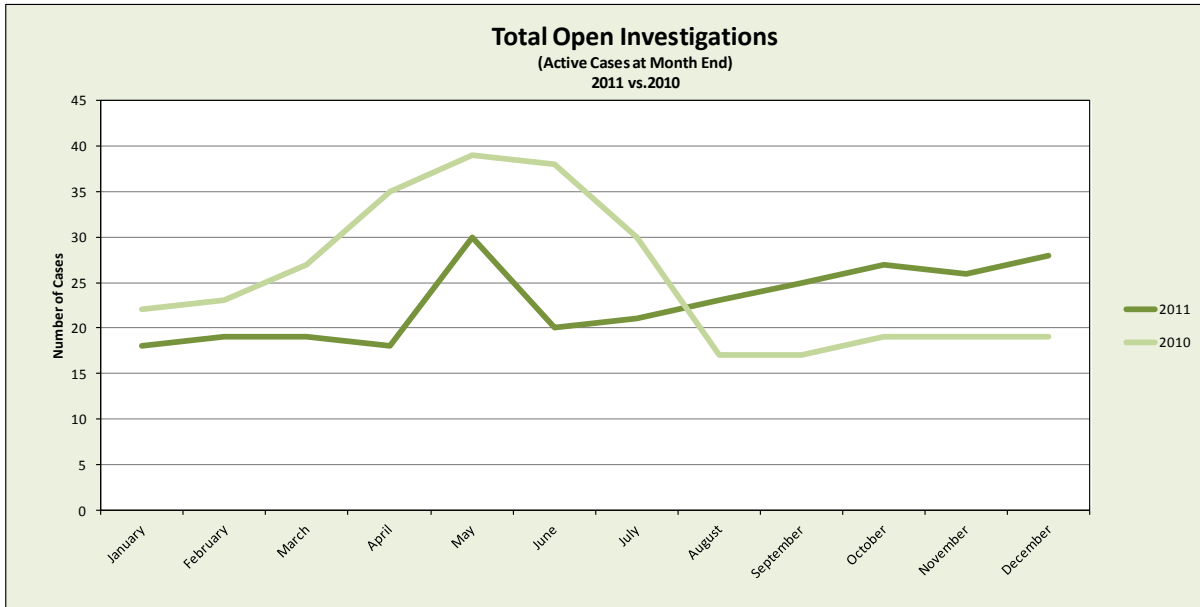


Figure 7: Total Open Investigations by month 2011 vs. 2010.

Finally, in 2011, 80% of cases were closed in 6 months or less in comparison to 68% in 2010, as shown in Figure 8 below. The average case duration fell from 6 months in 2010 to 4 months in 2011.

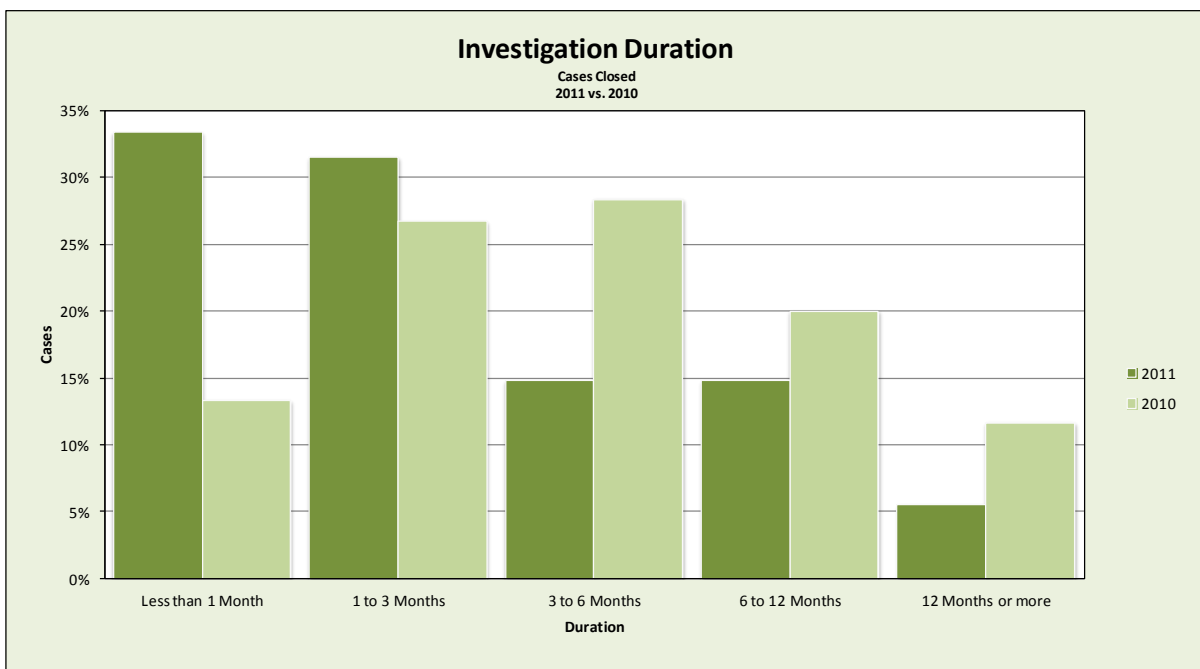


Figure 8: Investigation Duration 2011 vs. 2010.

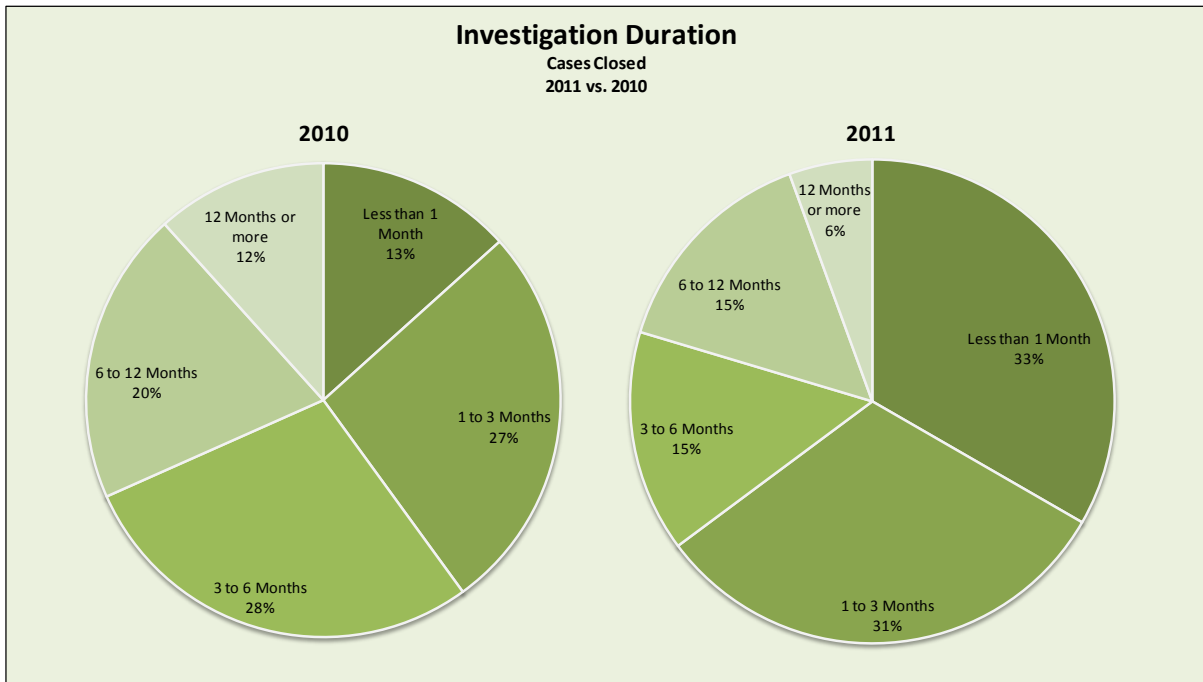


Figure 9: Investigation Duration 2011 vs. 2010.

3 Intervention in the area of misuse

During the period of this Report, on 1 July 2011, under Section 23(3) of the European Communities (Electronic Communications Networks and Services) (Universal Service and Users' Rights) Regulations 2011³, ComReg was given the power to require, on a case by case basis, that access to numbers or services is blocked where there is evidence of misuse. In such circumstances, ComReg may also require that undertakings withhold the relevant interconnection or other service revenues.

ComReg considers that this power may be invoked in circumstances such as the hacking of PBXs (companies' telephone systems). In this type of misuse, the hacker remotely gains access to a company's PBX and begins making calls to international destinations. The hacker's aim is to generate a high volume of calls to a particular destination which generates revenue for the hacker. The company which is the victim of this misuse can face bills of many thousands of Euros for these calls from their communications provider. In these circumstances, the new powers allow ComReg to intervene in the often complex billing arrangements between domestic and international communications providers and require that the payments resulting from this type of misuse are blocked and do not reach the hacker. Also the communications provider will not hold the hacked company liable for the calls.

In the context of this power and as part of the compliance and enforcement function, ComReg has investigated a number of incidents of misuse, including PBX hacking, which occurred in the period 1 July 2011 and 31 December 2011. During this period, incidents with a total value of over €300,000 have occurred with 8 of these cases opened during the period and 2 of these closed. These figures are contained within the overall figures in this document.

³ European Communities (Electronic Communications Networks and Services) (Universal Service and Users' Rights) Regulations 2011 (S.I. No. 337 of 2011)

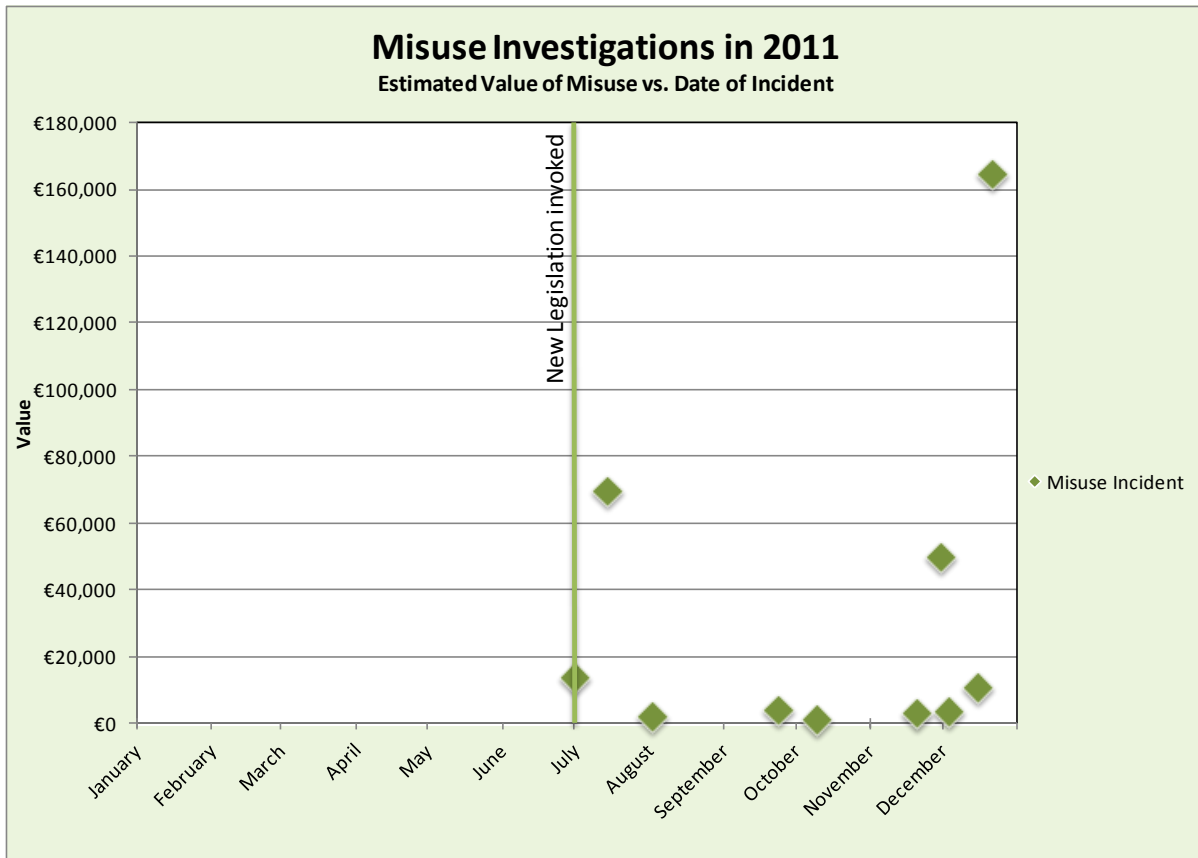


Figure 10: Misuse Investigations Estimated Value vs. Date of Incident.

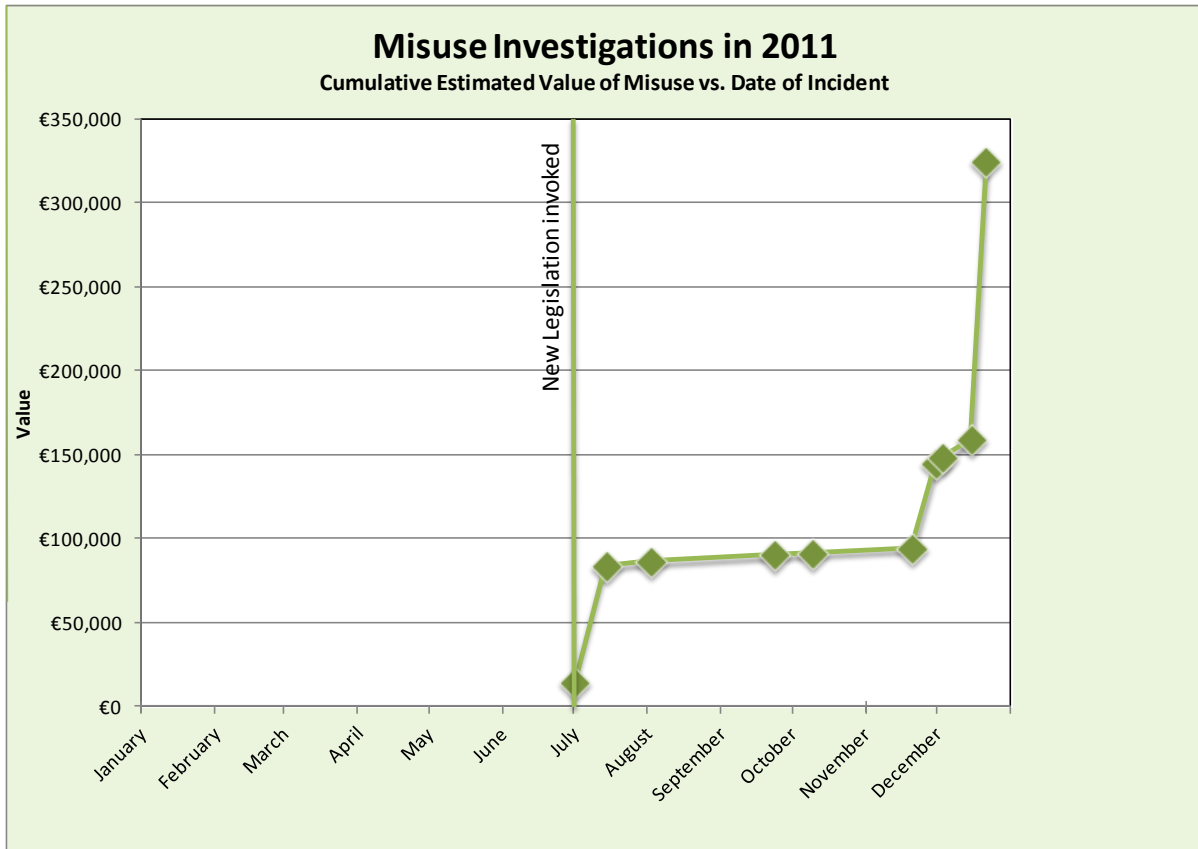


Figure 11: Misuse Investigations Cumulative Estimated Value vs. Date of Incident.

Appendix: 1

Should a communications provider wish to submit a complaint to the Wholesale Compliance team this should be sent, in writing to Paul Conway, Head of Wholesale Compliance, Commission for Communications Regulation, Abbey Court Irish Life Centre, Lower Abbey Street, Dublin 1. Information in electronic format may be sent to paul.conway@comreg.ie. All submissions should include the following:

- Submitting Operator name
- Submitting Operator contact
- Date of submission
- Responding Operator name(s)
- Summary of complaint/allegation
- The relevant obligation(s) under the regulatory framework which are alleged to have been breached.
- Details of any attempts to resolve the matter with the Responding Operator(s).
- Supporting evidence⁴ should be submitted with the complaint and further evidence may be required by ComReg as appropriate.

⁴ All complaints/allegations should be supported by documentary evidence where possible.