



Commission for
Communications Regulation

Interim Report 2012 Wholesale Compliance

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

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Additional Information

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1 Introduction

The Commission for Communications Regulation's ("ComReg") is the statutory body responsible for the regulation of the electronic communications sector (telecommunications, radiocommunications and broadcasting transmission) and the postal sector in Ireland. In accordance with Irish and EU legislation, ComReg is the national regulatory authority for these sectors and its responsibilities include setting regulatory policy and the monitoring and enforcement of regulatory obligations.

ComReg performs a variety of monitoring and enforcement roles such as compliance with spectrum licensing conditions, compliance with Premium Rate Service framework, compliance by operators with obligations imposed by ComReg and compliance by operators with regulations imposed by Government. This report deals with the compliance and enforcement undertaken by the Wholesale Compliance team which focuses primarily on compliance in respect of the obligations of communications network operators and service providers. The report covers the period 1 July 2011 to 30 June 2012. Spectrum compliance and Premium Rate Service compliance as well as some aspects of compliance with retail obligations are outside the scope of this report.

This document is an interim report and should be read in conjunction with the Wholesale Compliance Interim Report 2011 (ComReg Document number 11/54) and the Wholesale Compliance Annual Report 2011 (ComReg Document number 12/17). A full Wholesale Compliance Annual Report 2012 will be published in early 2013.

As noted, ComReg's Wholesale Compliance team is responsible for monitoring and enforcing the compliance of communications network operators and service providers with any regulatory obligations and also handling formal disputes between communications providers. Section 3 of the document provides comparative statistics for the period 1 July 2011 to 30 June 2012 against the period 1 July 2010 to 30 June 2011. These statistics show the numbers of compliance cases opened and closed and the timescale for dealing with cases.

ComReg's Wholesale Compliance team is also responsible for handling Misuse cases. These cases predominantly comprise of incidents where businesses have their telephone systems hacked and unauthorised calls to the value of thousands of Euro are made without the knowledge of the business. Section 4 of the document gives details of ComReg's investigations into cases of misuse

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>.

2 Summary

This section presents a summary of the combined Compliance and Misuse investigations during the period 1 July 2011 to 30 June 2012. Further detail of each can be found in Sections 3 and 4.

In the period 1 July 2011 to 30 June 2012, the Wholesale Compliance team has opened a total of 61 new investigations and closed 41. The detail of the number of active investigations active each month in the period can be seen in Figure 1 below:

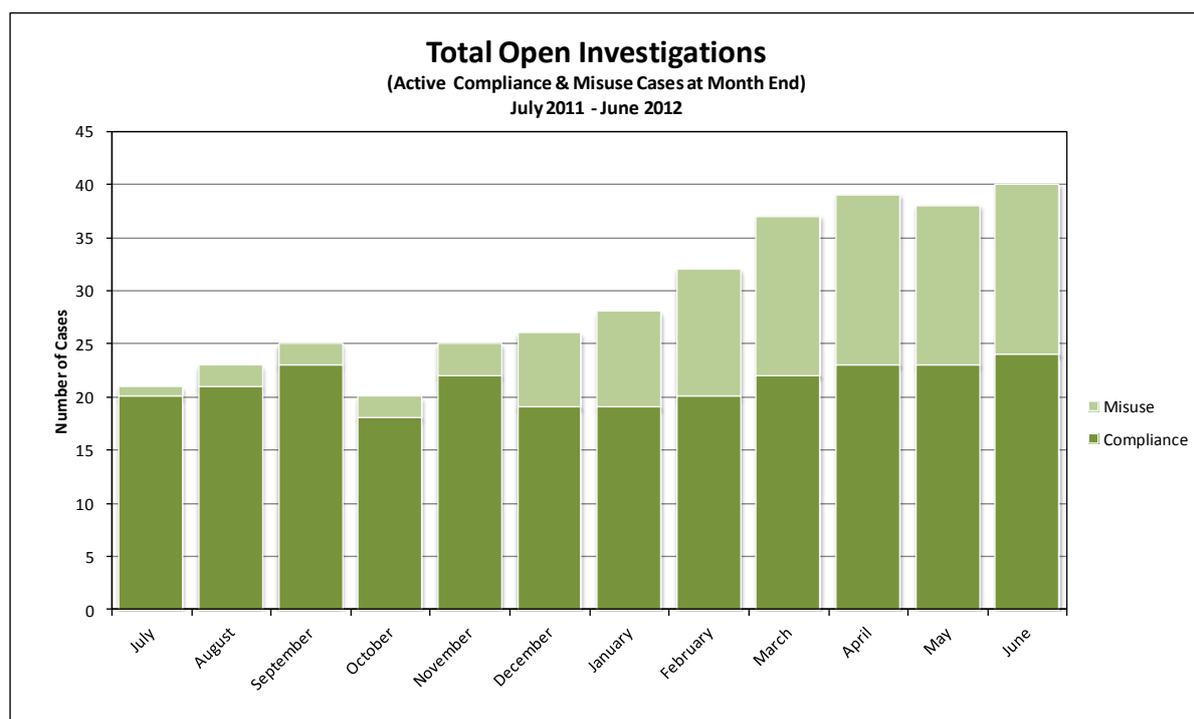


Figure 1: Active Investigations by Month.

Greater detail regarding the total number of Compliance and Misuse investigations Opened and Closed during the period 1 July 2011 to 30 June 2012 can be seen in Table 1 below:

	Compliance	Misuse	Total
New Cases Opened	40	21	61
Closed Cases	36	5	41

Table 1: Total Investigations Opened/Closed during the period 1 July 2011 to 30 June 2012.

A period-on-period analysis shows that in the period 1 July 2011 to 30 June 2012 saw a slightly higher caseload. In the period 1 July 2011 to 30 June 2012, Wholesale Compliance initiated 61 new investigations however in the period 1 July 2010 to 30 June 2011 Wholesale Compliance initiated a total of 56 new investigations.

The average case duration in the period 1 July 2011 to 30 June 2012 was 5 months as shown in Figures 2 and 3 below:

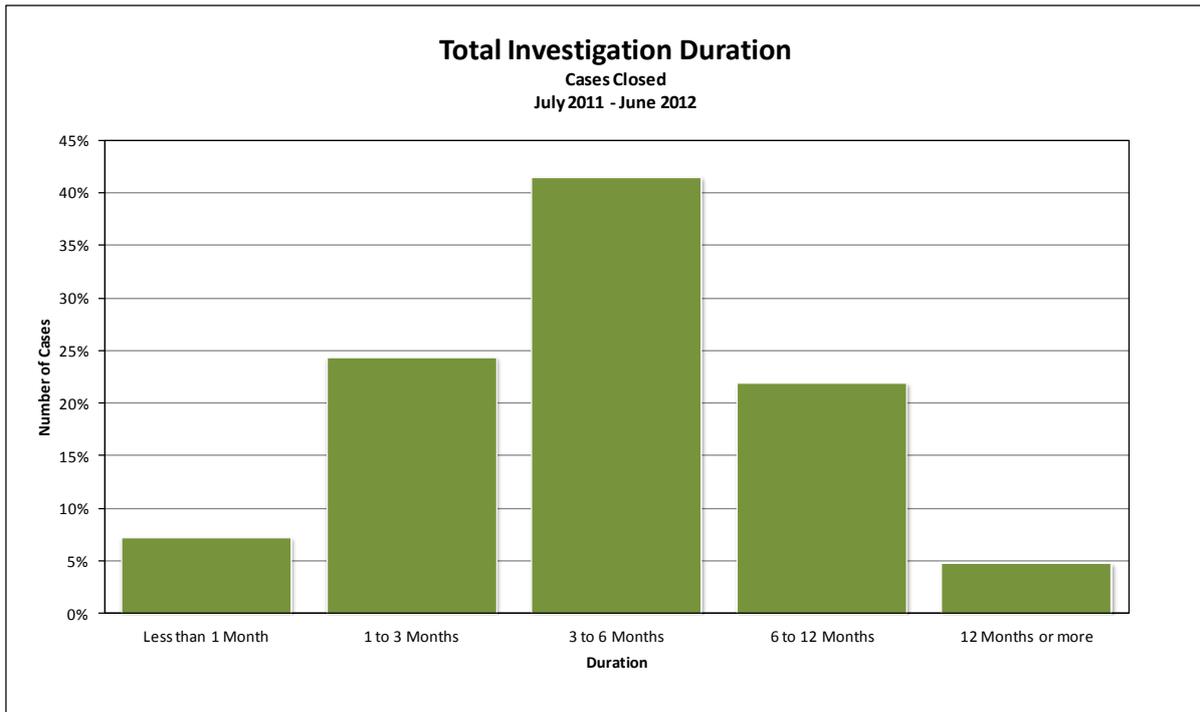


Figure 2: Total Investigation Duration.

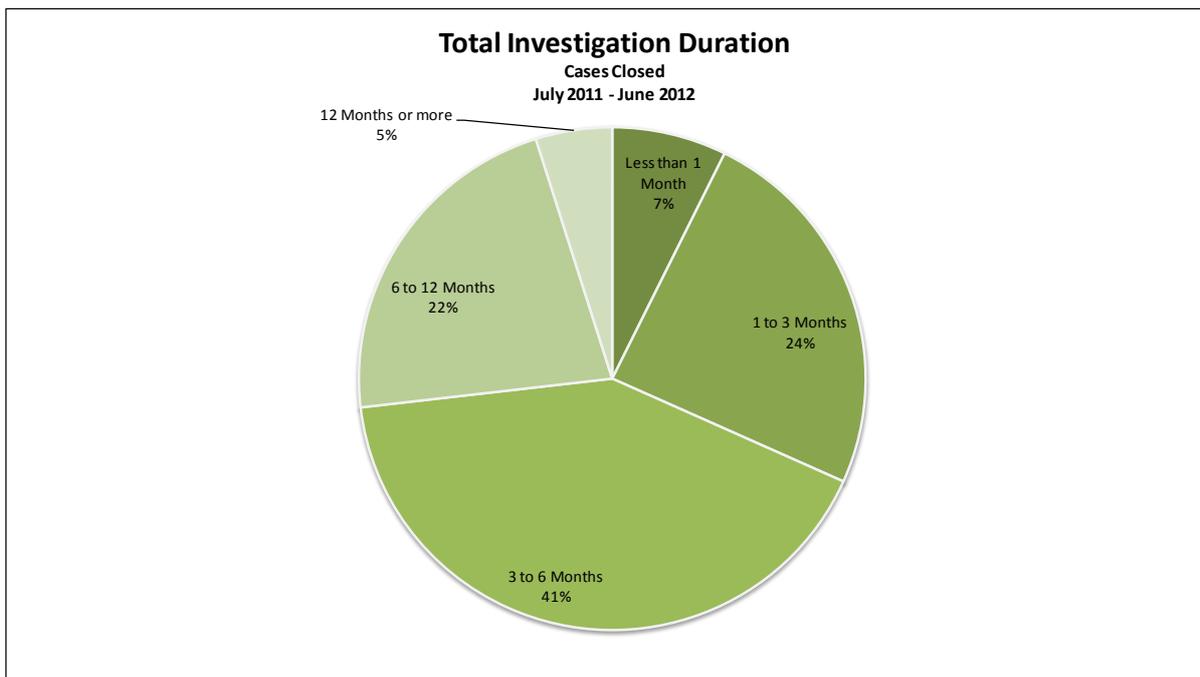


Figure 3: Total Investigation Duration.

A period-on-period comparison of the cumulative count of new investigations is shown in Figure 4 below:

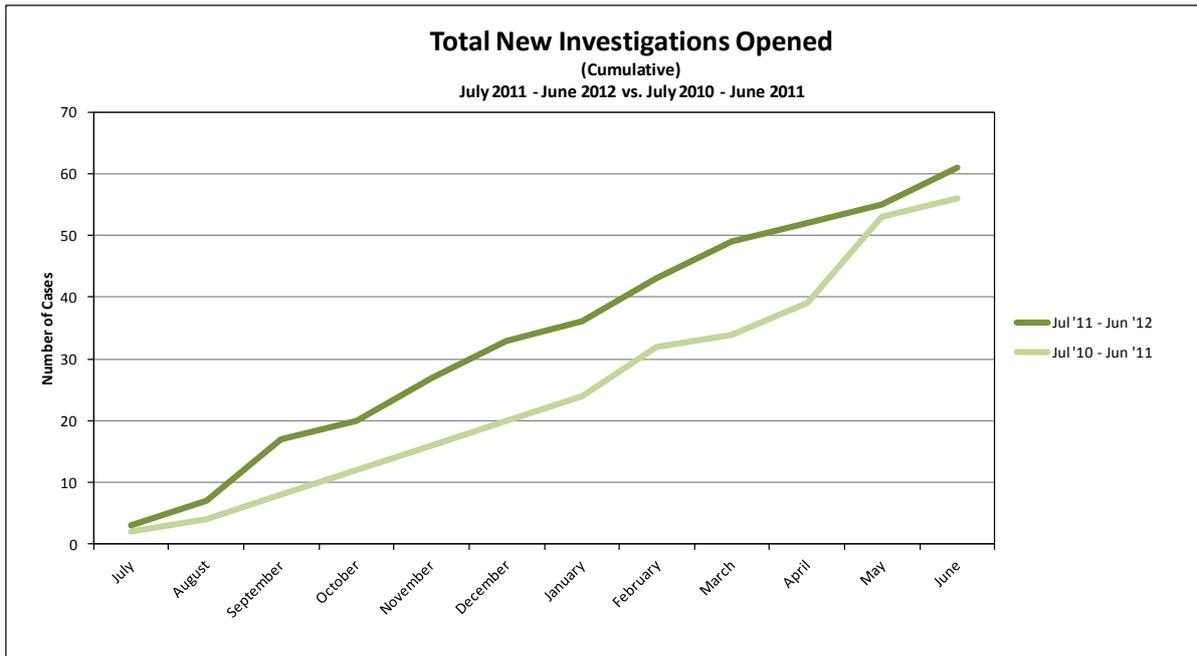


Figure 4: Total New Investigations Opened 1 July 2011 to 30 June 2012 vs. 1 July 2010 to 30 June 2011.

In the period 1 July 2011 to 30 June 2012, Wholesale Compliance closed 41 cases while in the period 1 July 2010 to 30 June 2011, Wholesale Compliance closed 74 cases. The average case closure rate was 3.4 per month in the period 1 July 2011 to 30 June 2012 compared to an average rate of 6.1 per month in the previous period.

A comparison of the cumulative count of closed cases for 2011 versus 2010 is shown in Figure 5 below:

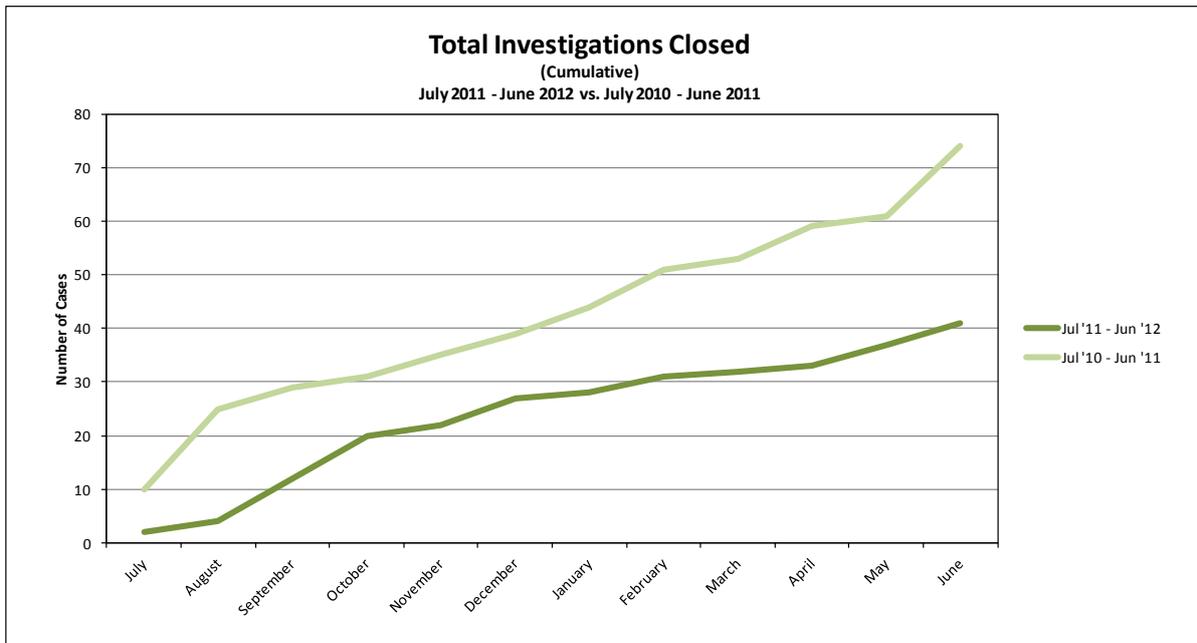


Figure 5: Total Investigations Closed 1 July 2011 to 30 June 2012 vs. 1 July 2010 to 30 June 2011.

The monthly average open investigations for the period 1 July 2011 to 30 June 2012 was 30 compared to 23 in the period 1 July 2010 to 30 June 2011. The total number of open investigations per month is shown in Figure 6 below

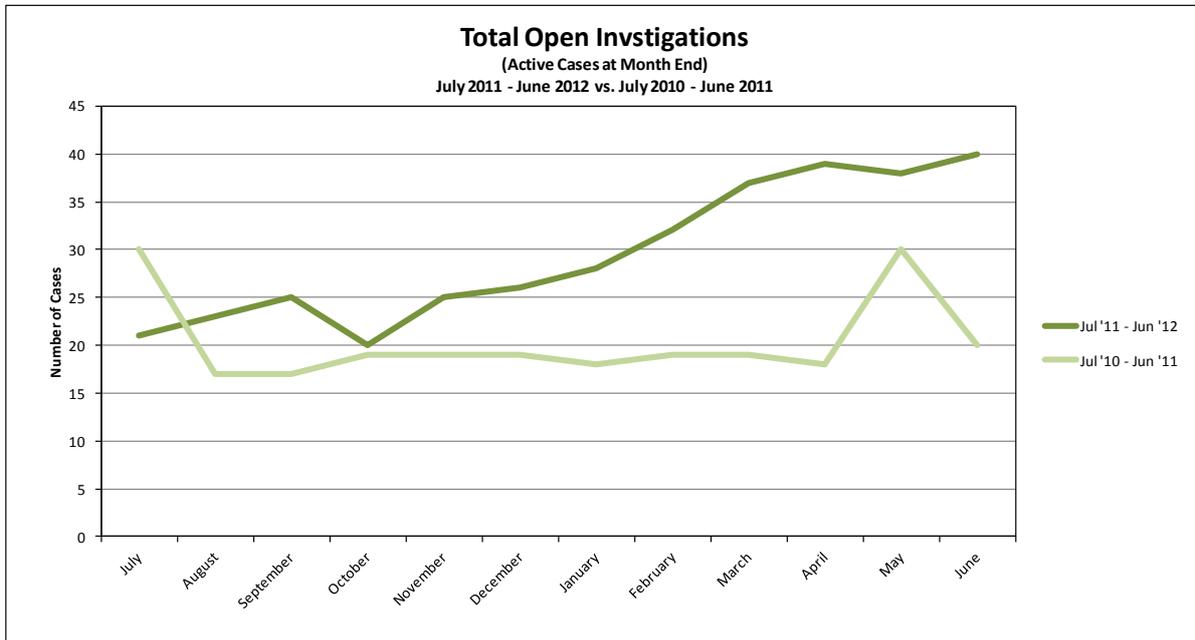


Figure 6: Total Open Investigations by month 1 July 2011 to 30 June 2012 vs. 1 July 2010 to 30 June 2011.

Finally, in the period 1 July 2011 to 30 June 2012, 73% of all cases were closed in 6 months or less in comparison to 72% in the period 1 July 2010 to 30 June 2011, as shown in Figure 7 below.

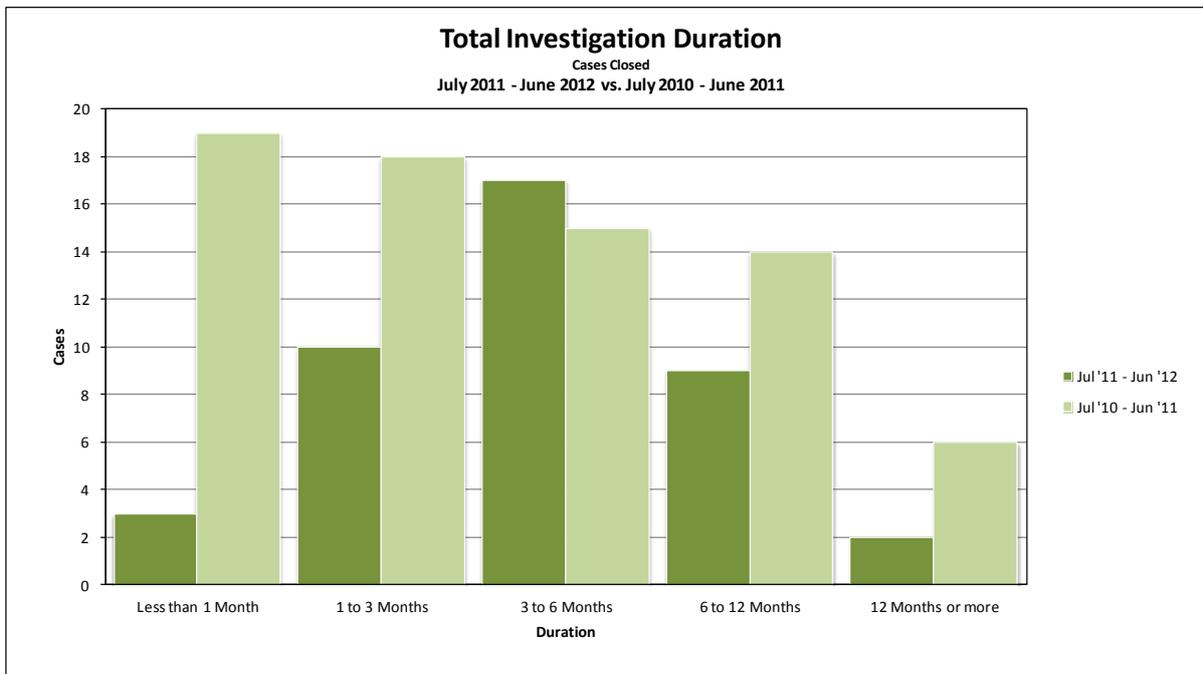


Figure 7: Total Investigation Duration 1 July 2011 to 30 June 2012 vs. 1 July 2010 to 30 June 2011.

3 Compliance

Compliance investigations exclude investigations which involve misuse. Such cases are addresses at Section 4.

In the period 1 July 2011 to 30 June 2012, the Wholesale Compliance team has opened a total of 40 new Compliance investigations and closed 36. The detail of the number of investigations opened and closed each month in the period can be seen in Figure 8 below:

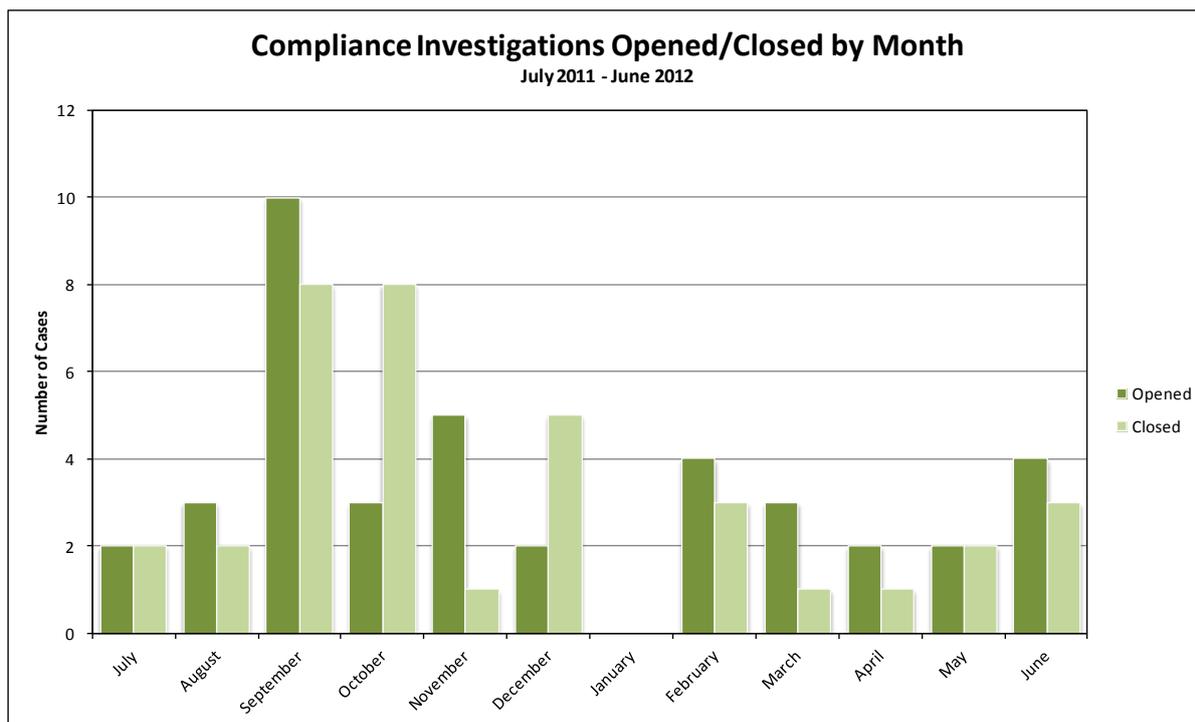


Figure 8: Compliance Investigations Opened/Closed by Month.

The average number of open Compliance investigations for the period 1 July 2011 to 30 June 2012 was 23 this is equal to the average in the previous period. The total number of open investigations per month is shown in Figure 9 below.

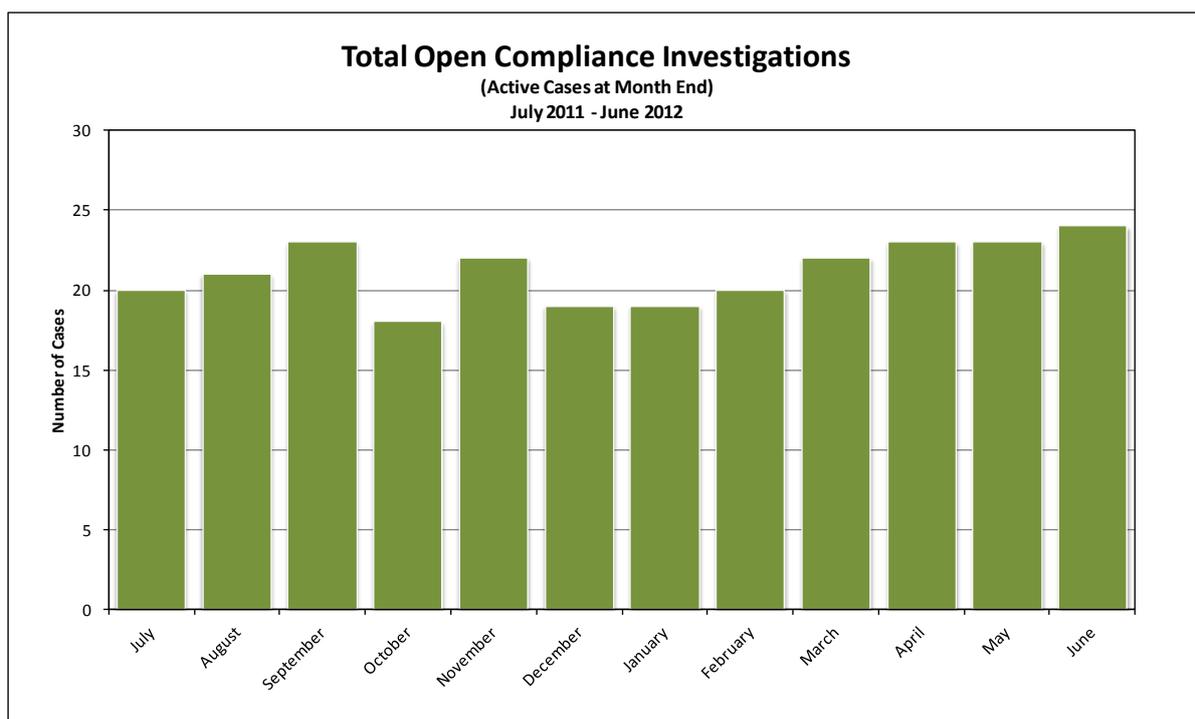


Figure 9: Open Compliance Investigations.

Summary reports for many of the closed cases, together with reports for a number of cases closed prior to 2011 are available on the ComReg Website¹:

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 average Compliance case duration in the period 1 July 2011 to 30 June 2012 was 5 months as shown in Figures 10 and 11 below:

¹ http://www.comreg.ie/telecoms/closed_cases.561.1042.html. The Closed Case summaries are not directly linked to the cases in the Wholesale Compliance Annual Report. However, Closed Case summaries for some of the case closures noted in this report are available at the link shown.

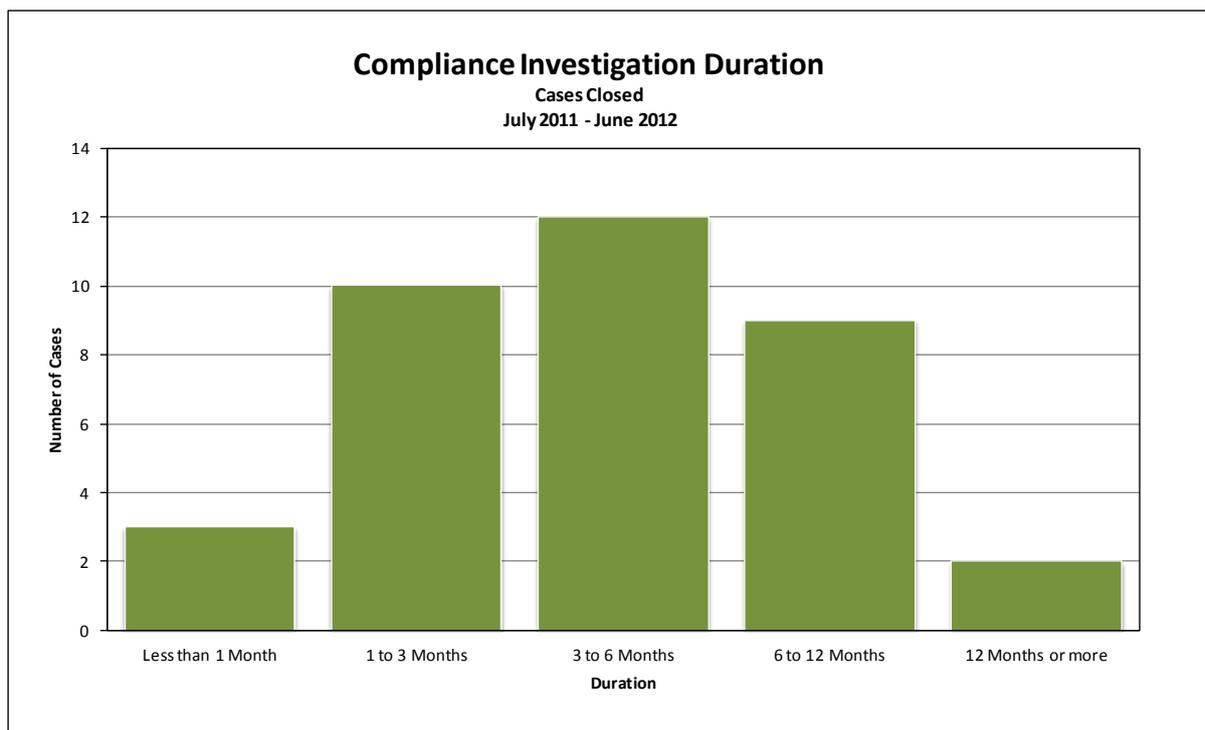


Figure 10: Compliance Investigation Duration.

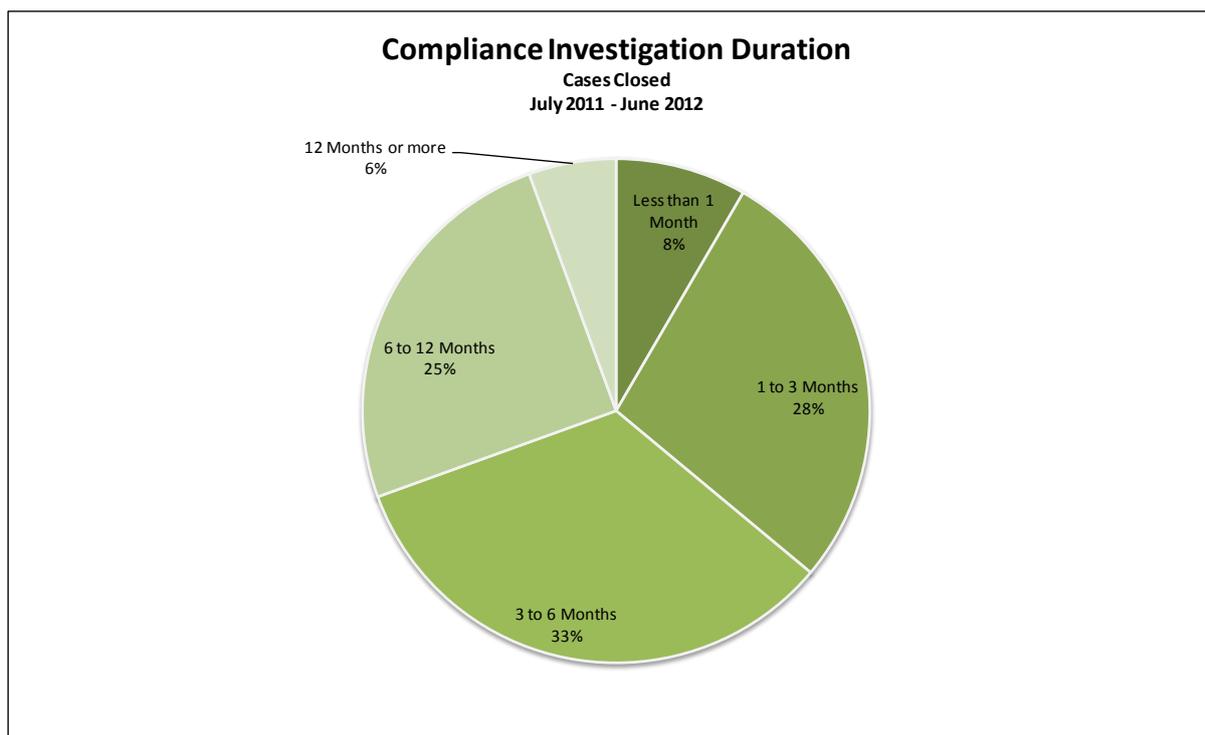


Figure 11: Compliance Investigation Duration.

Finally, in the period 1 July 2011 to 30 June 2012, 69% of cases were closed in 6 months or less in comparison to 72% in the period 1 July 2010 to 30 June 2011, as shown in Figures 12 below.

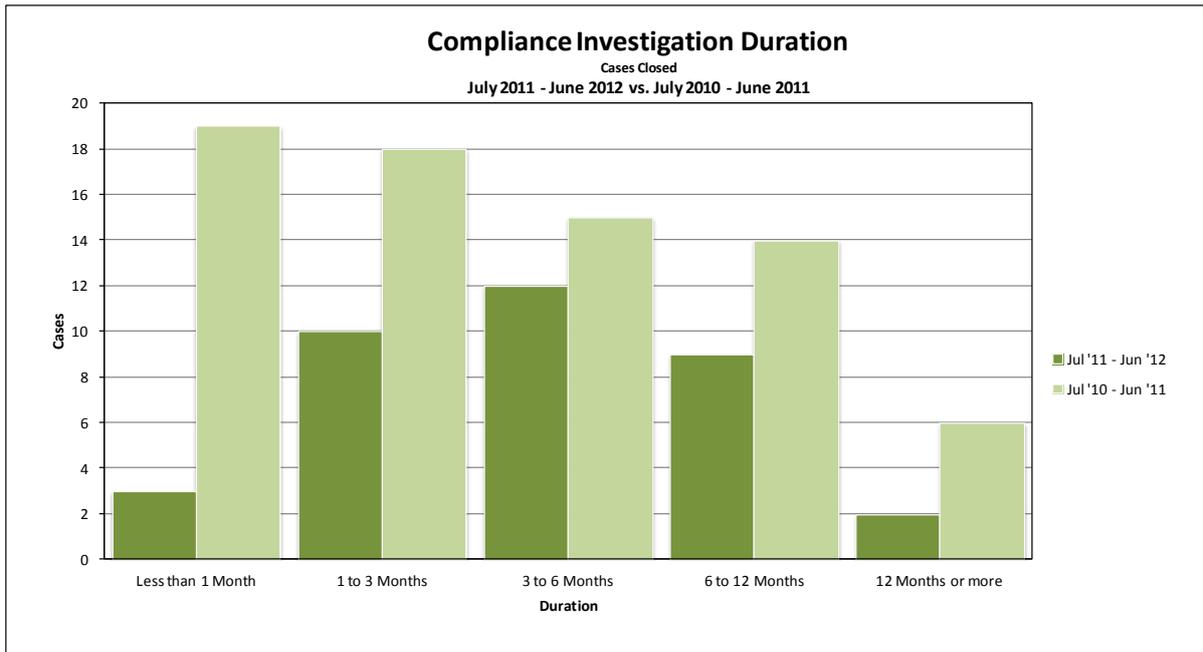


Figure 12: Investigation Duration 1 July 2011 to 30 June 2012 vs. 1 July 2010 to 30 June 2011.

4 Misuse

On 1 July 2011, under Section 23(2) of the European Communities (Electronic Communications Networks and Services) (Universal Service and Users' Rights) Regulations 2011², ComReg was given the power to require, on a case by case basis, that access to numbers or services be blocked and to require undertakings to withhold relevant interconnection or other service revenues where there is evidence of fraud or misuse. The powers under Regulation 23(2) are invoked for the purposes of preventing fraud or misuse of Irish numbers and for the protection of both end-users and operators.

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 withheld. Typically, when ComReg intervenes in this way a communications provider will not hold the hacked company liable for the calls.

In the period 1 July 2011 to 30 June 2012, the Wholesale Compliance team has opened a total of 21 new Misuse investigations and concluded 5. The detail of the number of investigations opened and closed each month in the period can be seen in Figure 13 below:

² European Communities (Electronic Communications Networks and Services) (Universal Service and Users' Rights) Regulations 2011 (S.I. No. 337 of 2011)

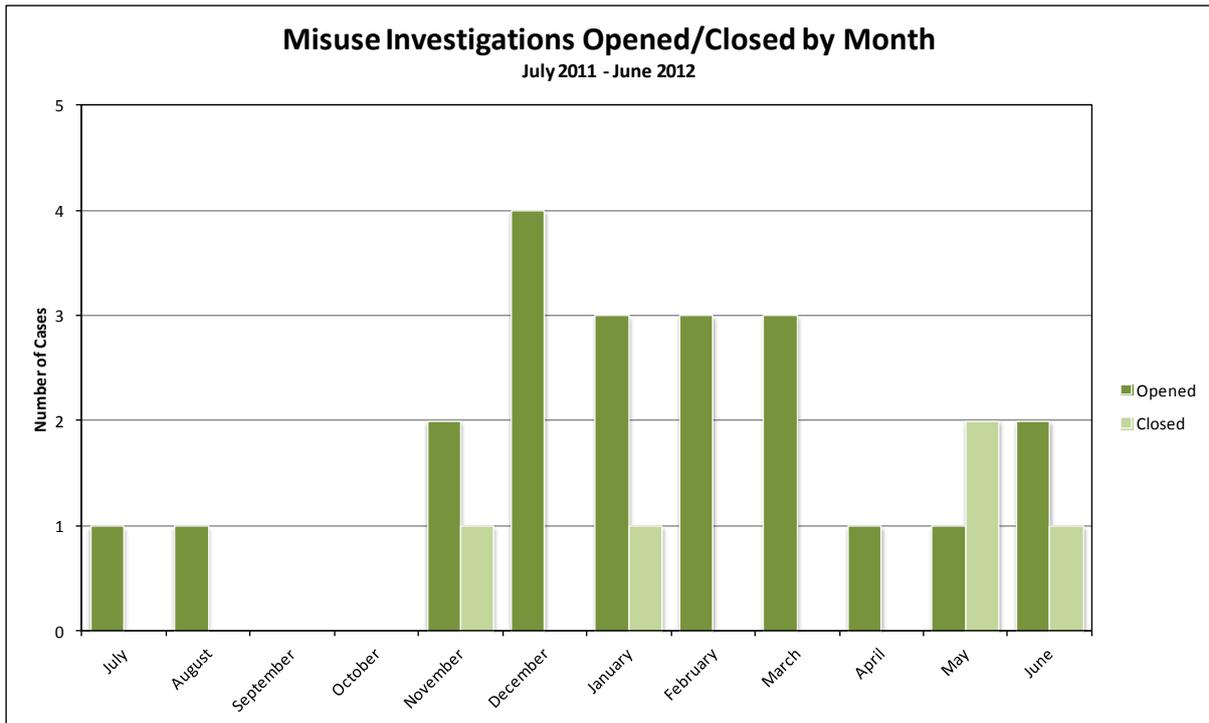


Figure 13: Misuse Investigations Opened/Closed by Month.

The total number of open investigations per month is shown in Figure 14 below.

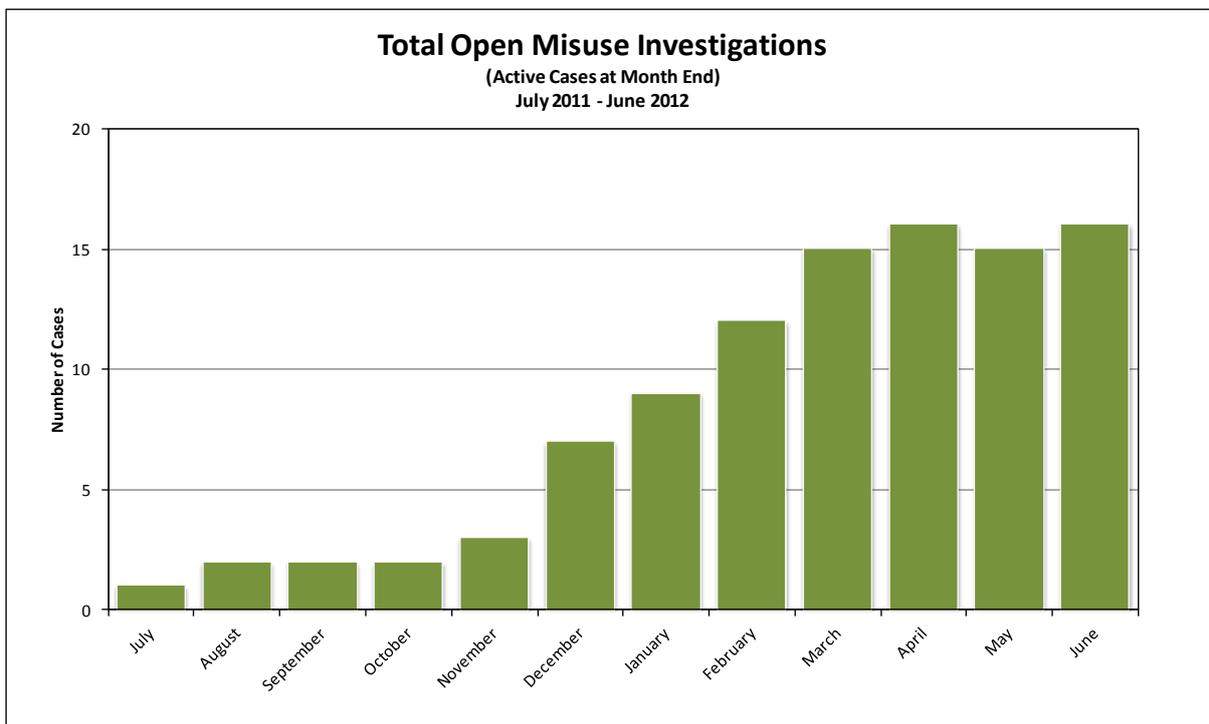


Figure 14: Open Misuse Investigations.

In relation to investigation duration, of the 5 Misuse investigations concluded in the period 1 July 2011 to 30 June 2012, all had a duration of between three and six months. It is not possible to perform a period-on-period analysis of the duration of misuse investigations as it was only possible to undertake this type of investigation in the period 1 July 2011 to 30 June 2012, following the introduction of the new regulations on 1 July 2011.

During the period 1 July 2011 to 30 June 2012, misuse incidents have occurred with an estimated total retail value of over €600,000. Figure 15 below shows the date of each misuse incident and the estimated retail value. Figure 16 shows the cumulative estimated retail value.

ComReg would note that the process for dealing with misuse can be complex due to the cross border aspects of investigating these incidents. Also, given the powers available to ComReg and other national regulators in other countries, there have been some delays in closing cases as cross border and national processes have evolved. Given a better understanding of these issues by all parties, ComReg expects that misuse investigations will be closed more quickly in the future.

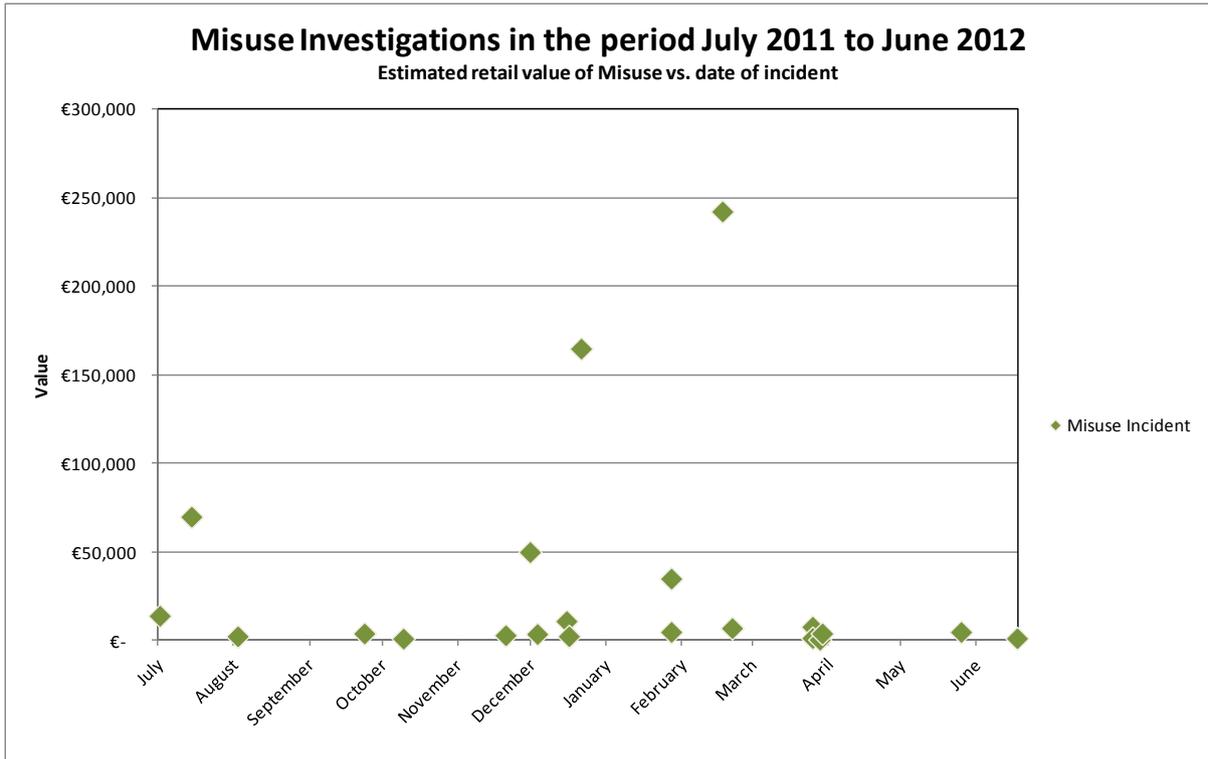


Figure 15: Misuse Investigations Estimated retail value vs. Date of Incident.

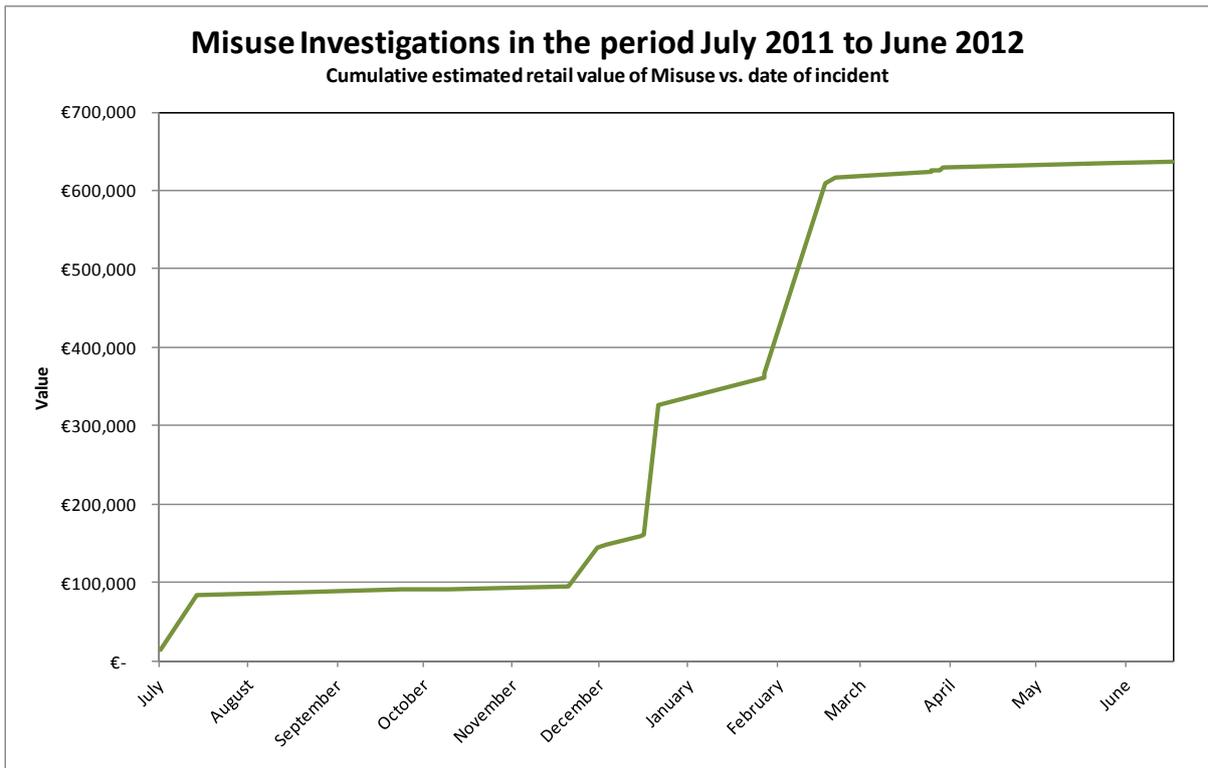


Figure 16: Misuse Investigations Cumulative Estimated retail value vs. Date of Incident.

Appendix: 1

Compliance

Should a communications provider wish to submit a Compliance issue 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. 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 evidence³ should be submitted with the complaint and further evidence may be required by ComReg as appropriate.

Misuse

Should a business or communications provider wish to report a Misuse incident to the Wholesale Compliance team this should be sent to, misuse@comreg.ie with the subject line "Misuse Incident". If ComReg decides to commence an investigation, then further information may be required by ComReg as appropriate. Such information may include the following:

- Contact Details.
- Date of incident.
- Summary of incident.
- Communications provider name(s) where appropriate.
- Details of any attempts to resolve the matter.
- Gardaí Pulse Number (if incident has been reported).

³ All complaints/allegations should be supported by documentary evidence where possible.

Misuse incidents may also be reported on 01-8049600 during business hours to the Wholesale Compliance team. It is important that such cases are reported promptly as any delay could result in ComReg being unable to intervene.