

29 November 2018

By email and web-posting

Circular letter to:

- **All Unified Carrier Licensees authorised to provide mobile services**
- **All Services-Based Operator Licensees authorised to provide mobile virtual network operator services**
- **All Class Licensees for offer of telecommunications services under section 8(1)(aa) of the Telecommunications Ordinance (Cap. 106) providing mobile telecommunications services**

Dear Sir/Madam,

Issue of the Revised Code of Practice on Verification of the Addresses of Potential Customers for Mobile Telecommunications Services

Pursuant to Special Conditions (“SC”s) 1.2(a) and 1.2(c) of the Unified Carrier Licence (“UCL”), SCs 13.1(a) and 13.1(c) of the Services-Based Operator Licence (“SBO Licence”), and Conditions 15.1(a) and 15.1(c) of the Class Licence for Offer of Telecommunications Services (“Class Licence”) under section 8(1)(aa) of the Telecommunications Ordinance (Cap. 106) (“TO”), the Communications Authority (“CA”) today issued the revised Code of Practice on Verification of the Addresses of Potential Customers for Mobile Telecommunications Services (“revised CoP”) for the purpose of providing practical guidance to the licensees in respect of the provision of a satisfactory service and to ensure the protection and promotion of the interests of consumers of telecommunications goods and services.

The revised CoP (**at Annex A**) provides practical guidance to mobile service providers in respect of the verification of the addresses of potential customers when they enter into commercial arrangements with the service providers for use of mobile services and the documents that are considered to be acceptable proof of address from the customers. The revised CoP contains enhancements to cater for the evolving industry practices such as online transactions for mobile service subscriptions.

In finalising and adopting the revised CoP, the CA has taken into account the views and comments received from the industry and relevant stakeholders during the consultation conducted through the Office of the Communications Authority. A summary of the views and comments received from the industry and stakeholders, and the responses of the CA are set out in **Annex B**.

The revised CoP shall be observed and complied with by all providers of mobile telecommunications services including holders of UCL for the provision of mobile telecommunications services, SBO Licence for the provision of mobile virtual network operator services and Class Licence offering in the course of business mobile telecommunications services.

The revised CoP has been published on the CA's website today and will be brought into effect one month from the date of issue, i.e. on 29 December 2018.

Should you have any enquiry on the above, please contact the undersigned or Ms Kim Lee at 2961 6655 (for general enquiry and UCL) or Ms Deanna Leung at 2961 6653 (for SBO-MVNO/Class Licence).

Yours faithfully,

(Christine Chim)
for Communications Authority

Enclosure:

1. **Annex A** – Code of Practice on Verification of the Addresses of Potential Customers for Mobile Telecommunications Services [Issue 2] (4 pages)
2. **Annex B** – Summary of the Views and Comments of the Industry and Stakeholders and the Responses of the CA (4 pages)

Code of Practice on Verification of the Addresses of Potential Customers for Mobile Telecommunications Services

Preamble

Pursuant to Special Conditions (“SC”s) 1.2(a) and 1.2(c) of the Unified Carrier Licence (“UCL”), SCs 13.1(a) and 13.1(c) of the Services-Based Operator Licence (“SBO Licence”), and Conditions 15.1(a) and 15.1(c) of the Class Licence for Offer of Telecommunications Services (“Class Licence”) under section 8(1)(aa) of the Telecommunications Ordinance (Cap. 106) (“TO”), the Communications Authority (“CA”) may issue a Code of Practice for the purpose of providing practical guidance to the licensees in respect of the provision of a satisfactory service and to ensure the protection and promotion of the interests of consumers of telecommunications goods and services.

2. This Code of Practice (“CoP”) issued by the CA shall be observed and complied with by all providers of mobile telecommunications services including holders of UCL for the provision of mobile telecommunications services, SBO Licence for the provision of mobile virtual network operator services and Class Licence offering in the course of business mobile telecommunications services (collectively referred to as “Mobile Service Providers” hereinafter). The purposes of this CoP are:

- a) to ensure the integrity and validity of the address information of customers maintained by Mobile Service Providers;
- b) to prevent the use of incorrect address information by Mobile Service Providers for purposes related to its provision of service including billing and debt collection; and
- c) to prevent the misuse of other parties’ address information for subscription to mobile telecommunications services.

3. For the avoidance of doubt, nothing in this CoP absolves any Mobile Service Providers from operating in accordance with the terms of its licence and legislation, for example the TO and the Personal Data (Privacy) Ordinance (Cap. 486), currently in force in Hong Kong.

Basic Guiding Principles

4. The basic guiding principles for the verification of the addresses of customers are:

- a) Mobile Service Providers shall request all applicants for their services, including individual and corporate customers, to provide proof of address whenever customer's address is collected or retained in the course of or in connection with the provision of their services. This requirement can only be waived in circumstances (i) when the Mobile Service Provider has full knowledge of the address of the applicant, for example, when an existing customer applies for value-added services under his account, or (ii) when the Mobile Service Provider does not collect or retain the address information for the purpose of provision of service to the customer (such as pre-paid services).
- b) Acceptable proof of address shall be in the form of any document, bill or correspondence issued by any reliable third-party source within the last three months from the application date. Correspondences from personal friends or relatives shall not be accepted.
- c) The addressee of the proof of address shall be the same person as the applicant for the mobile telecommunications services, otherwise the addressee shall accompany with the applicant to apply for the mobile telecommunications services and confirm that the applicant can be contacted at the address shown in the document.
- d) The document of the proof of address shall be the original of the document.
- e) In case the transaction for service subscription is conducted or completed via online means or customer service hotlines, the proof of address referred to in (b) above in printed copy, facsimile, or digital copy (such as sent via mobile phone or computer or other similar means) can be acceptable if Mobile Service Providers have implemented proper and effective measure(s) to reasonably verify the address concerned.
- f) In handling the information obtained for the verification of the address of customer, Mobile Service Providers shall ensure that

proper procedures have been taken at all times to comply with the requirements as stipulated in the Personal Data (Privacy) Ordinance.

Acceptable Proof of Address

5. The following are common examples of documents which are considered to be acceptable proofs of address from applicants for mobile telecommunications services. The list below is by no means exhaustive.

- a) Correspondence with Government Departments
Examples : Tax Return
Student Loan Statement
Voter Registration
Business Registration Certificate
- b) Correspondence with banks or financial institutions
Examples : Bank statement
Statement
Credit card account statement
- c) Correspondence with Public Utilities
Examples : Electricity bill
Water bill
Gas bill
Business Registration Certificate
- d) Correspondence with operators of Public Telecommunications Services
Examples : Mobile telecommunications service bill
Fixed telephone service bill
Internet access service bill
Pay TV service bill
- e) Correspondence with public organisations
Examples : Letter from a university
Letter from the Hospital Authority

Application and Update of the CoP

6. The CA may review and update this CoP from time to time in respect of developments in telecommunications policy, market and technology, as appropriate. If the CA considers that relevant amendments are necessary, it will take into account the views of the industry and other interested parties before effecting the amendments.

Communications Authority
29 November 2018

**PROPOSED REVISIONS TO THE CODE OF PRACTICE ON
VERIFICATION OF THE ADDRESSES OF POTENTIAL
CUSTOMERS FOR MOBILE TELECOMMUNICATIONS SERVICES**

**Summary of the Views and Comments of the Industry
and the Responses of OFCA**

The views and comments received in the written submissions in response to the circular letters issued by OFCA in September 2018, as well as those received from members of the TRAAC at its meeting on 26 September 2018 in respect of the draft revised Code of Practice on the Verification of the Addresses of Potential Customers for Mobile Telecommunications Services (“CoP”) are summarised in the following paragraphs, together with the responses of OFCA. The list of respondents is as follows –

- (a) China Mobile Hong Kong Company Limited (“CMHK”);
- (b) CSL Mobile Limited (“CSL”);
- (c) Hong Kong Telecommunications (HKT) Limited (“HKT”);
- (d) HGC Global Communications Limited (“HGC”);
- (e) Hutchison Telephone Company Limited (“HTCL”);
- (f) SmarTone Mobile Communications Limited (“SmarTone”); and
- (g) Superloop (Hong Kong) Limited (“Superloop”).

COMMENTS ON THE PROPOSED REVISIONS TO THE COP

Views and Comments of the Respondents

2. HKT and CSL agree that for service subscriptions conducted via online means or customer service hotlines, the requirement for seeking the proof of address should be made as easy as possible. HKT and CSL further suggest that for those potential customers visiting retail outlets for service subscription but have not brought along any acceptable proof of address, they should also be allowed to submit their proof of address via electronic means at a later time. In addition, CSL submits that one existing provision under the

CoP which allows the addressee of the proof of address to accompany an applicant to apply for mobile telecommunications services and confirm that the applicant can be contacted at the address shown in the document may open up the service subscription process to potential fraud and credit risk.

3. Superloop points out at the TRAAC meeting that the use of incorrect address for billing and debt collection purposes would still happen if an existing mobile customer moves to another address but without providing any updates of his address to his mobile service providers. It therefore suggests that the scope of the CoP should be extended to require the mobile service providers to put in place measures to verify the address of any of the existing customers when receiving any reports about the use of wrong billing address for that customer. In regard to this suggestion, HGC and SmarTone opine that any ongoing arrangements to ensure accurate and updated address records of the existing customers may create a huge burden to the operations of the mobile service providers and there is a need to strike a proper balance so as not to affect their operational efficiency.

4. HTCL would like to clarify about the meaning of “proper and effective measures” as stipulated under clause 4(e) of the draft revised CoP.

5. CMHK submits that it has no comment on the proposed amendments to the CoP.

OFCA's Response

6. OFCA notes that there is no adverse comment on the proposed revisions to the CoP as submitted by the industry.

7. As regards the suggestion of HKT and CSL to allow potential customers who have not brought along any acceptable address proof during their visit to the retail outlets to submit the proof of address later via electronic means, OFCA considers that in such case of completion of a subscription process through electronic means, electronic submission of proof of address is acceptable provided that the mobile service providers have implemented proper and effective measure(s) to reasonably verify the address concerned. To allow

for the flexibility of business operation and minimum inconvenience to customers for re-visiting the retail outlets, OFCA agrees to make corresponding provision in the revised CoP.

8. As regards CSL's comment in paragraph 2 above, OFCA notes that the relevant provision in the existing CoP has been in operation for nearly two decades, and the mobile industry should have already put in place effective address verification procedures to comply with the relevant requirement and OFCA does not see the need to re-visit this requirement at this juncture. Nevertheless, OFCA is minded to continue to closely monitor the market development and may consider reviewing the requirement as and when necessary.

9. As regards Superloop's suggestion in paragraph 3 above, OFCA notes the concern raised by HGC and SmarTone about the burden on the operations of the mobile service providers if they are mandated to put in place measures to ensure accurate and updated address records of their existing customers. As for the actions which should be taken by individual operators to deal with complaints and reports received by them about the use of wrong billing addresses for individual customers, these are detailed operational matters which should be determined by the operators according to the actual circumstances and it may not be appropriate to set any mandatory requirement in the CoP.

10. As regards HTCL's request for clarification, OFCA has already explained at the TRAAC meeting that the revised CoP aims to provide sufficient flexibility for individual mobile service providers to implement address verification measures depending on their specific commercial decisions and operational requirements. Whether any measures implemented by the mobile service providers would be considered as proper and effective must be determined on a case-by-case basis depending on the circumstances of the case. It is observed that some examples of the measures which have been adopted by mobile service providers include authenticating a customer's address by post and requiring that customer to enter a passcode over the phone, or pay a visit to the address by courier or sales representatives. Mobile service providers should be able to devise the appropriate measures in

compliance with the basic guiding principles given in the revised CoP.

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