



Office of the Communications Authority
29/F, Wu Chung House
213 Queen's Road East
Wan Chai
Hong Kong
Attention: Mr Chaucer Leung, Deputy Director General

17 October 2017

RE: GSMA's Comments to the Proposal to Create A New Licence for the Provision of Wireless Internet of Things Services

Dear Mr Leung,

The GSMA would like to thank the Office of the Hong Kong Communications Authority (OFCA) for the opportunity to comment on the proposed new licence for the provision of Wireless Internet of Things services. We welcome initiatives to drive the IoT market, however we have concerns that the proposed approach could jeopardise effective IoT competition, and as such should undergo a public consultation and regulatory impact analysis.

There is huge potential for IoT to transform economies and societies, but IoT technologies and the ecosystem are still at an early stage of development. Currently, there is growing competition in the Low Power Wide Area (LPWA) IoT market between "unlicensed" services (e.g. SigFox and LoRa-based) and the newly standardised cellular IoT services which use licensed spectrum (e.g. NB-IoT and LTE-M-based). The GSMA and its members welcome regulatory measures aimed to encourage this competition in order to support a vibrant IoT market.

However, the GSMA has concerns that the proposed new licensing approach threatens to undermine IoT competition. Firstly, mobile operators are subject to a wide variety of conditions on their networks and services under the terms of Unified Carrier Licences (UCLs). These will apply to all cellular-based IoT services which operate in licensed spectrum in Hong Kong. Contrastingly, the proposed WIoT licence will presumably have lighter-touch regulatory provisions regarding network buildout and service conditions which of course translate into a major competitive advantage.

Secondly, the inclusion of a licence-exempt spectrum band (i.e. 920-925 MHz) in the proposed WIoT licence essentially changes the status of the band from licence-exempt to licensed for shared use for IoT providers. Such an approach is a significant departure from current licensing norms and it is unclear how the rights of the licence-exempt and new licensed users will differ. For example, the current proposal doesn't address whether the conditions set out for the 920 – 925 MHz band (in the Exemption Order and Performance Specifications¹) will be applied to the planned WIoT licences. These conditions and technical parameters were developed by OFCA and harmonised through the APT and ITU to minimise interference and protect wireless users' rights. If these conditions can be circumnavigated by paying a licence fee then that has a major impact on the market by changing certainties of access for some² and creating immediate competitive advantages for others.

One way to alleviate this issue would be by removing the provisions of frequencies from the WIoT licence (i.e. removing explicit references to 920-925 MHz) and specify the conditions and technical parameters in the licence exemption Order and the associated performance specifications. A clear, and public, technical assessment also needs to take place to assess the technical compatibility of proposed WIoT technologies to inform updated conditions and performance requirements in the exemption order and the performance specifications.

¹ I.E. The *Performance Specification for Radio Equipment Exempted From Licensing (OFCA 1035 Issue 7, May 2016)*

² E.g. By creating harmful interference to users in the band or in adjacent bands



This would allow WIoT licensees to use the 920 – 925 MHz spectrum to provide public telecommunications services on a shared basis without creating harmful interference to other users elsewhere in the band and in adjacent bands.

The proposed WIoT licence is a significant undertaking in the regulatory licensing framework, and will greatly influence the development of the IoT sector in Hong Kong – now and far into the future. The proposed approach is different from international regulatory approaches to supporting IoT services in licence-exempt bands and needs further considerations and consultations. There are concerns that the proposed approach risks damaging a vibrant and competitive IoT market. As such, the GSMA would urge OFCA to initiate a public consultation, supported by a regulatory impact analysis, to seek more comprehensive feedback from all interested stakeholders, in addition to the views received from members of the TRAAC, before finalising the proposed WIoT licensing framework.

Yours sincerely,

A handwritten signature in blue ink, appearing to be "Joe Guan", written in a cursive style.

Joe Guan
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About the GSMA

The GSMA represents the interests of mobile operators worldwide, uniting nearly 800 operators with more than 300 companies in the broader mobile ecosystem, including handset and device makers, software companies, equipment providers and internet companies, as well as organisations in adjacent industry sectors. The GSMA also produces industry-leading events such as Mobile World Congress, Mobile World Congress Shanghai, Mobile World Congress Americas and the Mobile 360 Series conferences.

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