

JT's response to Ofcom's Global Titles and Mobile Security Consultation

15th October 2024

1. Introduction

JT (Jersey) Limited (“JT”) welcomes the opportunity to respond to Ofcom’s Global Titles and Mobile Security Consultation (the “Consultation”). This is a non-confidential response and can be published in full.

2. JT’s Response to Consultation Questions

Question 1: Do you agree with our proposal to ban GT leasing to third parties? If not, please explain your reasons including how you would prevent malicious signalling by lessees.

Network security and resilience is a fundamental cornerstone of the telecommunications industry and as the administrator of the UK telephone numbers, Ofcom’s role is to ensure that numbers are being used in line with this duty. JT support Ofcom’s proposal to strengthen the rules in place to tackle the misuse of Global Titles (“GTs”) and banning the leasing to third parties.

JT believe that there is benefit in Ofcom enforcing the GSMA FS.52 Global Title Leasing Code of Conduct (“FS.52 CoC”). Although we understand that current adoption is low, Ofcom could mandate the adoption of and compliance with the FS.52 CoC and in addition enforce operators to provide third party assurance. This would drive good compliance behaviours within the industry and could then be further supported by Ofcom guidance, aligned to GSMA practice, on known and approved use cases.

Question 2: Do you agree with our proposal to only include exemptions to our ban on GT leasing relating to intra-group and supplier use? If you consider that any other exemptions are necessary, please explain how these exemptions could be limited to prevent malicious signalling by lessees.

JT agree with Ofcom’s proposal to allow mobile operators to make their GTs available to companies within the same corporate group (e.g. where a service is provided within a corporate group) and to suppliers (e.g. where a supplier hosts the core network elements used to provide a service to the mobile operator’s customers).

JT agree that the risk of harm is low in these cases and that these exemptions are proportionate. We also agree that it is proportionate to limit the exemption to the provision of services to the operator that is authorising the use of their GT, i.e. use by the supplier for any other purpose would fall outside the scope of the exemption.

However, JT request that Ofcom considers other relationships which do not fall under the definition in section 1261(1) of the Companies Act 2006 but arise as a result of a sale of and/or restructuring of an operator. Such a case exists within JT, through the sale of JT’s IoT business in 2021, with the new entity created now considered as a critical customer of JT (the “Key Customer”).

The Key Customer is reliant on the use of JT’s GTs. Through the use of contractual obligations and regular checks, JT applies the same level of due diligence as it does to JT’s own end customers. JT therefore propose that Ofcom widens the supplier exemption to include the situation whereby an MVNO is allocated GTs by an MNO and these GTs are hosted on the MNO’s core network for approved and controlled use cases.

Question 3: Do you agree with our proposal to ban the creation of GTs from sub-allocated numbers by third parties?

JT agrees with Ofcom's proposal to ban any third party from creating GTs from sub-allocated numbers by third parties. Aligned with JT's response to question 1, only the designated number assignee should be able to allocate GTs from their assigned number range governed by Ofcom's general conditions and supported by Ofcom's good practice guidance.

Question 4: Do you agree with our proposals to strengthen our rules to prohibit the misuse of GTs by operators that hold UK mobile numbers and to provide supplementary guidance on the types of steps range holders are expected to take when providing a service to a customer (using a GT as an input) that has the potential to generate malicious signalling?

JT agree that it is appropriate for Ofcom to issue supplemental guidance to deal with the scenario where a number range holder is providing a service to a customer (using a GT as an input). This should provide clarity to number range holders on the steps they should take to prevent misuse, depending on the use case and the profile of the customer buying the service, ensuring compliance with General Conditions B1.6 and/or B1.8.

In addition, JT support Ofcom's assessment that number range holders should carry out appropriate due diligence checks on the potential customer as well as considering the intended use case of the service. These due diligence checks should follow a risk-based approach, considering any indicators of high risk customers. JT agree that it is appropriate for number range holders to establish appropriate processes, including contractual conditions, to ensure that the customer complies with B1.6, and regular reviews of customers and the service are also appropriate.

JT would expect any rules and guidance to be proportionate to the risk posed. However, we suggest that until the proposed rules and supplementary guidance are published for review, it is difficult to agree or disagree with this statement overall.

Question 5: Do you agree with our proposal to strengthen our rules to prohibit the creation of GTs from numbers not allocated for use?

JT agree with this proposal.

Question 6: Do you agree with the proposed implementation period?

JT request that Ofcom considers the operational impacts to businesses of the timeline proposed and would suggest that the timeline is extended to allow alternative solutions to be implemented.

During the interim period, prior to the proposed ban coming into effect, JT recommends that, should there be concerns over the extended use of GT Leasing, Ofcom considers implementing additional controls, such as mandating adoption of the FS.52 CoC. JT would expect this requirement to be mandated for any operator leasing a GT.

Question 7: Do you agree with our provisional impact assessment?

JT has reviewed the impact assessment within section 4 and has the following comments broken down per impact statement:

4.63 – Lessors currently generate revenue from leasing GTs. A ban on GT leasing will therefore result in the loss of these revenues. Although these revenues could currently be large for some lessors, the relevant net impact on lessors is likely to be significantly lower for the reasons below.

This is likely to impact or possibly remove revenues from the MVNO vertical and, more importantly, squeeze this high volume / low margin business if intermediate technical solutions are introduced. These costs are likely to be passed on to the MVNOs and end customers. Possible alternatives could provide an unfair advantage to large UK MNO's due to scale and make MVNO propositions unattractive for smaller players.

4.70 – We recognise that a ban on GT leasing could have a significant impact on ‘thick MVNOs’ that rely on GTs, as these MVNOs may find it more challenging to switch to alternative arrangements. These MVNOs will have to either (i) obtain their own mobile numbers directly from Ofcom, form GTs and negotiate roaming agreements; or (ii) switch towards a ‘thin MVNO’ model that relies more on the host mobile network. However, responses to our Lessor Information Request indicated that only a few small thick MVNOs that offer niche services may be adversely affected under our proposal, as the vast majority of MVNOs in the UK market are not reliant on leased GTs. Indeed, we note that the lessee [redacted] is [redacted] MVNO that is currently relying on leased GTs, but our proposal will likely have a limited impact on this lessee as its lessor [redacted] indicated that it is already planning to migrate the lessee [redacted] towards an alternative arrangement independent of any policy decision we might make.

The Ofcom request for information may not have captured all MVNO providers or the full extent of the impact to MVNOs in the UK. The ‘thick’ MVNOs are likely to have a large subscriber base and as such carry the maximum impact to end customers. JT believe that the MVNO's that provide IoT solutions cannot be considered niche and are underpinning a wide range of use cases to end users in the UK.

4.72 – We have also considered the impact of our proposal on residential and business end users that purchase services provided by lessees. We anticipate that the number of UK residential and business end users that could be affected by our proposal is unlikely to be very large given the information we have gathered regarding the business models of lessees.

JT considers this statement to be incorrect. JT's Key Customer alone provides service to an average of 1.5 million active IoT endpoints per month in the UK. These IoT endpoints provide the foundation of many use cases which support (amongst other use cases): vehicle tracking, container tracking, plant and vehicle monitoring, smart meters, lift controls, river level and pollution monitoring, vulnerable people monitoring (healthcare), building alarms, CCTV, In cab CCTV, EV charging, smart mobility (bike and scooter rental).

Looking at the wider UK IoT market, with 400 million endpoints, it is possible that there could be disruption to many critical use cases.

4.76 – We expect a ban on GT leasing to have a limited adverse impact on end users and most lessors / lessees. For end users, we understand that the number of users affected is unlikely to be large, and they will typically have access to other alternatives that do not rely on GT leasing. For lessees / lessors, we recognise that some stakeholders may be affected to a greater extent than others, but we note that the overall impact is likely to be limited given that most lessees / lessors could use alternative arrangements to provide the same legitimate services that relied on GT leasing. In addition, the implementation period (see below) should further reduce the burden of our proposal by providing the affected parties with time to move to alternative arrangements (if needed).

JT believe the ban on GT leasing could have a significant adverse impact on end users with the existing large distribution of IoT devices in the UK market. We recognise that alternative solutions may be possible but the migration to such solutions is likely to be fraught with risk and disruption to service for end users.

The alternative arrangements available could add complexity and reduce choice of provider within the UK IoT market and lead to a reduction of innovation.

4.78 – Moreover, it is important to place our proposals within the wider context of the planned withdrawal of 2G and 3G services within the UK and the rest of the world over the next few years. As discussed in Section 3, we consider that the risk of harm through the withdrawal period is still significant and justifies taking action to reduce this risk of harm. The planned withdrawal does, however, mean that lessors / lessees will have to eventually move away from SS7-based signalling services for UK-based services, regardless of any policy decisions we make on the regulation of GTs. As such, the potential impacts of a ban on GT leasing could be viewed as bringing forward some costs that would anyway be incurred by market participants in the years ahead

Many IoT use cases are dependant on the 2G and 3G networks and JT believe these will be transferred over future years to 4G and 5G, but timelines may vary depending on end module capabilities and UK network operators plans. JT believe that 2G will be prevalent in the UK until 2032. Technical timelines are aligned with the predicted recovery periods for many UK customers who have large estates of IoT modules residing on 2G and 3G radio networks and bringing this forward could result in large logistical impacts.

4.79 – We have also considered whether the ban on GT leasing would have an impact on competition and investment incentives.

We do not consider this to be the case because (i) there are likely to be limited implications for competition in mobile services, given that there are alternative ways of providing mobile services to end users that do not rely on GT leasing; and (ii) we are not aware of any beneficial innovation arising from lessors being able to lease GTs.

We do not consider that banning GT leasing is likely to have a significant adverse impact on the incentives of operators to innovate and invest in new technologies and services not least because SS7 signalling, which relies on GTs, is a legacy technology that will eventually be phased out.

JT believe that banning GT leasing from +44 GTs will introduce an unbalanced market in IoT in which customers could move to non +44 MNOs to supply services into the UK IoT market. The ban on GTs could directly impact focus and investment on innovation in the UK market.

Although there may be alternative ways to provide these mobile services, it may be the case that IoT providers turn to other jurisdictions to provide GT's to facilitate inbound roaming facilities thus removing much of the visibility and controls that currently exist.

Question 8: Do you agree with our proposed changes to the General Conditions of Entitlement, National Telephone Numbering Plan and Numbering Condition Binding Non-Providers?

JT agree that it is proportionate to change the General Conditions of Entitlement, National Telephone Numbering Plan and Numbering Condition Binding Non-Providers, however we believe that an additional exception should be included at B3.8.2 as per the markup below.

- a) adding a new General Condition B1.5A requiring communication providers to comply with all applicable restrictions relating to GTs as set out in the Number Plan;
- b) adding new restrictions B3.8.1 and B3.8.2 in the Number Plan:
 - B3.8.1 “Only those persons to whom Ofcom has Allocated a Telephone Number shall create a Global Title from such a Telephone Number.”
 - B3.8.2 “Any person Allocated a Telephone Number shall not authorise the use of that Telephone Number by others for use as a Global Title, except if the person being authorised is: (a) a person in the same group, as defined in section 1261(1) of the Companies Act 2006; or (b) a person supplying services to the person authorising the use, provided that the Telephone Number used as a Global Title is used exclusively to provide that service and for no other purpose or (c) a person who controls the use case of the Telephone Number used as a Global Title.”
 - B1.2(b) adding “Subject to General Condition B1.5A” at the start of General Condition B1.2(b) so that it will read “a Communications Provider shall not Adopt Telephone Numbers from Part A of the National Telephone Numbering Plan unless... (b) subject to General Condition B1.5A, the Communications Provider has been authorised (either directly or indirectly) to Adopt those Telephone Numbers by the person Allocated those Telephone Numbers.”
- c) providing supplemental guidance addressing the obligations in B1.6 and B1.8 to ensure range holders understand the steps they should take when providing a service to a customer (using a GT as an input) that has the potential to generate malicious signalling; and
- d) implementing a new Numbering Condition 2.3 Binding Non-Providers ensuring that the current General Conditions relating to misuse of GTs by communications providers apply to all operators that have been allocated numbers.