



**Enforcement Order under section 23 of the Pakistan Telecommunication (Re-organization)  
Act, 1996 against KK Networks (Private) Limited**

No. PTA/Wireline Licensing/LL/KK Networks/GTR & RTR/1495/2021/1/835

Date of Show Cause Notice: 19<sup>th</sup> October, 2023  
Venue of Hearing: PTA HQs, Islamabad  
Date of Hearing: 11<sup>th</sup> January, 2024

**The Authority**

Maj. Gen. Hafeez UR Rehman (R): Chairman  
Dr. Khawar Siddique Khokhar: Member (Compliance and Enforcement)  
Muhammad Naveed: Member (Finance)

**The Issue:**

**“Provisioning of Services without Commencement Certificate”**

**Decision of the Authority**

**1. Facts of the case:**

1.1 KK Networks (Private) Limited (the “licensee”) was awarded a non-exclusive No. LL-73-2023/KTR dated 16<sup>th</sup> March, 2023 (the “license”) by the Pakistan Telecommunication Authority (the “Authority”) to establish, maintain and operate Telecommunication service in KTR subject to the terms & conditions contained in the license.

1.2 The licensee is required to comply with the provisions of the prevailing regulatory laws comprising the Pakistan Telecommunication (Re-organization) Act, 1996 (the “Act”), the Pakistan Telecommunication Rules, 2000 (the “Rules”) the Pakistan Telecommunication Authority (Function & Powers) Regulations, 2006 (the “Regulations”) and the terms and conditions of the license.

1.3 The provisions of clause (a) of sub-section (4) of section 21 of the Act, clause 8.1 of the Appendix- B of the Rules and condition 3.1 of the license oblige the licensee to observe the provisions of the Act, the Rules, the Regulations, orders, determinations, directions and decisions of the Authority.

1.4 In accordance with regulation 19 (1) read with clause 22 of schedule 2 of the Rules, the licensee shall not commence its commercial operations without obtaining commencement certificate from the Authority. In addition, as per license condition No. 6.11.1, the licensee shall not provide any licensed services to customers, or accept payment from customers in respect of licensed services to be provided by the licensee until the licensee has obtained from the Authority a commencement certificate evidencing that the Authority is satisfied that the licensee

has established its licensed system and is able to provide the licensed services including mandatory services, in accordance with the description in the licensee's application for the license previously submitted to the Authority and at a level of quality and reliability that is consistent with international industry best practices.

1.5 The licensee vide an email dated 7<sup>th</sup> June, 2023 submitted a presentation with respect to Fixed Local licenses for CTR, FTR, GTR, MTR and RTR. In the presentation, it has been noticed that the licensee was selling wholesale bandwidth of 42,455 Mbps and booked revenue of Rs.19, 536,608/- under its license for KTR region without obtaining commencement certificate from the Authority. As a result thereof, a Show Cause Notice (SCN) under section 23 of the Act on 19<sup>th</sup> October, 2023 was issued to the licensee requiring therein to remedy the contravention by immediately discontinuing/stopping the provision of telecommunication services under its license No. LL-73-2023/KTR dated 16<sup>th</sup> March, 2023 in KTR region and submit compliance report within three (03) days and also to explain in writing within thirty (30) days as to why the enforcement order should not be passed under section 23 of the Act.

1.10 The licensee vide email dated 25<sup>th</sup> October, 2023 replied to the SCN. For ready reference crux of the reply to SCN submitted by the licensee is given below:

- “1. The licensee submitted that Mr. Imran Ali proceed to acquire Tufa Telecommunication (Private) Limited and this transaction could not continue for long, due to some internal factors this transition was reverted. The licensee claimed that the capacity was sold out in KTR Region on the behalf of Tufa telecommunication license of KTR region, before closing this transaction it was our top priority to regularize this sale. In this regard, we applied for KTR region license which was received on 16<sup>th</sup> March, 2023. The licensee asserted that the commencement request was successfully completed from PTA on 18<sup>th</sup> October, 2023 which is right now pending at Li compliance.
2. In addition to the above, the licensee stated that we are going to submit applicable regulatory dues i.e. 2.5% accrued on the sale/transaction of capacity carried out in KTR region.”

1.11 In order to proceed further, the matter was fixed for hearing before the Authority on 11<sup>th</sup>, January, 2024. Mr. Kazim Shahbaz (Executive Director) and Mr. Brig. (R) Javaid Ahmed attended the hearing on the behalf of licensee on the said date through video link. During the hearing, the representatives reiterated the same as submitted vide reply to SCN. Furthermore, it has also been highlighted that the licensee has paid the applicable regulatory dues.

## **2. Findings of the Authority:**

2.1 Matter heard and record perused. After careful examination of record and contention of the licensee made during hearing, followings are the findings of the Authority.

2.1.1 The Authority under the Act is mandated to regulate the establishment, operation and maintenance of telecommunication system and the provision of telecommunication services in Pakistan. For the purpose of regulating telecommunication system and provision of telecommunication services, the Authority grants licenses on terms and conditions. Under clause (b) of sub-section 2 of section 5 of the Act, the Authority is empowered to monitor and enforce the licenses.

2.2.2 The contentions of the licensee that it has sold the capacity in KTR region on the behalf of Tufa Telecommunication (Private) Limited is unwarranted on the account such arrangement is not authorized under the applicable regulatory laws.

2.2.5 Admittedly, the licensee has provided licensed services without obtaining commencement certificate which later on was issued to the licensee. Mores so it has also been observed that the licensee was categorically directed through SCN was required to remedy the contravention by stopping/discontinuing the provision of services, however no report in this regard has been provided by the licensee.

2.2.4 For the purposes of more clarity, it is also pertinent to mention here that the grant of license does not authorize the licensee for the provision of Telecommunication Services unless the licensee has obtained from the Authority a Commencement Certificate. Obtaining of Commencement Certificate is one of the mandatory requirements before provisioning of licensed services.

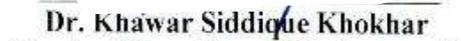
### 3. Order:

3.1 After careful examination of the record and hearing the arguments of the licensee, the Authority has reached to the conclusion that since the licensee has already commenced the licensed services without obtaining the Commencement Certificate as per applicable regulatory laws, therefore, the Authority taking a lenient view hereby imposes a fine to the tune of Rs. 100,000/- (Rupees One Hundred Thousand only) to be deposited within 07 (Seven) days from the date of receipt of this order.

3.2 The licensee is hereby directed to comply with the terms and conditions of license No. License No. LL-73-2023/KTR dated 16<sup>th</sup> March, 2023 including all applicable rules and regulations.

 **Maj. Gen. Hafeez ur Kenman (K)**  
Chairman

  
Member (Finance)

  
Member (Compliance & Enforcement)

Signed on 20<sup>th</sup> day of March, 2024 and comprised (03) pages only.