

DRAFT REGULATIONS

"In exercise of powers conferred under sub-section (2) of section 29 read with clause (o) of sub-section (2) of section 5 (2) (g) (o) of the Pakistan Telecommunication (Re-organization) Act, 1996 the Authority hereby makes the following regulations, namely:

PART – 1

Preliminary

- 1. Short title and Commencement.** (1) These Regulations may be called, the ‘Mobile Device Manufacturing (MDM) Regulations, 2020’

- 2.** These Regulations shall come into force with effect from _____2020

- 3. Definitions.** -In these regulations, unless there is anything repugnant in the subject or context:
 - (a) “**Act**” means the Pakistan Telecommunication (Re-organization) Act,1996;
 - (b) “**Applicant**” means a company who has applied for a Mobile Device Manufacturing Authorization to the Authority
 - (c) “**Authority**” means the Pakistan Telecommunication Authority established under section 3 of the Act;
 - (d) “**Authorization**” means permission/consent for Mobile Device Manufacturing issued by the Authority;
 - (e) “**Mobile Device**” means a communicating device having SIM/IMEI functionality such as mobile phone, Tablet, Router, Dongle, Tracking Device etc.
 - (f) “**Terminal Equipment**” means any apparatus directly or indirectly connected to any network termination point and used for sending, processing receiving intelligence;

PART – 2

PROCEDURE FOR GRANT OF MOBILE DEVICE TECHNICAL STANDARDS COMPLIANCE CERTIFICATE GENERAL CONDITIONS

- 4. Application for grant of Authorization.** - (i) An application for the grant of Authorization to manufacture mobile devices in Pakistan shall be made in the form set out in Schedule 'A' to these Regulations

- (ii) An application under sub-regulation (i) shall be made in original and shall be addressed to the Director (Type Approval) of the Authority.

(iii) An application under sub-regulation (i) shall, where applicable, be accompanied by the documents and details of information set out in Schedule 'A 'check list form'.

(iv). An application under sub-regulation (1) shall be accompanied by the payment of fees of USD 50000/- along with USD 5000/- Non-Refundable processing fee in form of a pay order made in favor of Pakistan Telecommunication Authority in USD or Equaling Pakistani Rupee (PKR).

(v). An Applicant shall have right to withdraw the application made under sub-regulation (1) at any time before grant of an Authorization.

5. Grant of Authorization. - (1) The Authority may grant an Authorization to manufacture mobile devices in Pakistan to an applicant who fulfills the open, transparent and non-discriminatory eligibility criteria given by the Authority from time to time.

(2) The Authority shall consider all applications on merits and in determining whether or not to grant a certificate, the Authority shall consider the following factors, namely: -

2.1.1 Technical competence and experience of applicant's management and key members of staff and local participation in the business; and

2.1.2 Technical viability of the applicant's business plan for mobile device manufacturing

(3) The Authority may reject an application; if it appears that the grant of the Authorization shall threaten or potentially threaten national security.

6. Procedure for grant of Authorization. - (1) on receipt of an application for grant of an Authorization the Authority shall examine the application and suitability of grant of Authorization.

(2) The Authority shall not reject any application without giving a reasonable opportunity of being heard. In case the application is incomplete, the Authority may return the application without rejecting it or may require the applicant to make up the deficiency within given time.

(3) In case the Authority decides to reject the application, it shall give detailed reasons of rejection.

7. Duration- (1) An Authorization shall be valid for a period of ten (10) years.

(2) This Authorization may be renewed for another term(s) beyond ten years on six months prior written request of the licensee before expiry of the existing term subject to the terms and conditions applicable at that time.

PART 3 -

OBLIGATIONS OF AUTHORIZATION HOLDER

8. Obligations of the Authorization Holder. (1) -Following are the obligations of the Authorization Holder: -

- (a) *Authorization Holder will develop a complete automated online searchable system with access to PTA which shall hold complete device record e.g. Serial Number, programmed IMEI on device, color of device, year of manufacturing etc. and shall integrate with PTA system prescribed from time to time;*
- (b) *Authorization Holder shall obtain ISO 9001 certification within one year from issuance of manufacturing Authorization and shall submit the same to PTA. Furthermore, upon certification, Authorization Holder shall publish quarterly ISO9001 related reports on its website. Furthermore, Authorization holder to obtain any other certification as directed by the Authority from time to time.*
- (c) *Authorization Holder shall certify to comply with all International and Local Safety & environmental standards and obtain certification from certification bodies i.e. Occupational Safety & Health Administration (OSHA), Pakistan Occupational Health and Safety Act, 2018 issued by Pakistan Engineering Council etc. for its plants within one year of operations. The certification reports shall be made available on Authorization Holder's website and provided to PTA, as and when required.*
- (d) *Authorization holder will ensure a minimal covered area space of 4000 Square feet for establishment of its manufacturing facility. Moreover, employees need to be equipped with proper attire/gear to ensure safety standards as per best international practices.*
- (e) *In case of re-location/expansion of a manufacturing facility, Authorization Holder shall notify PTA in writing at least 90 days in advance and invite PTA for inspection within 30 days from operations to evaluate changes carried out.*
- (f) *Authorization Holder shall ensure that Finished Product/ Box/Accessories etc. shall have CE Certification etching as well as visible labelling/markings for each manufactured device showing "Manufactured in Pakistan".*
- (g) *Each model shall require PTA Type Approval prior to the commercial sell/market. Furthermore, for all devices manufactured in Pakistan, Authorization Holder is required to obtain GSMA Certificate with country code assigned to Pakistan. In case, Authorization holder opt to manufacture already type approved models, it must have authorization/permission from Principal/OEM/ODM as well as obtain fresh GSMA TAC belonging to Pakistan Code for said model.*

- (h) *Authorization holder shall ensure to program all emergency helpline codes within its mobile devices within one (1) year of its operations for general public facilitation.*
- (i). *Authorization Holder shall ensure to introduce Urdu language functionality within its manufactured devices within one (1) year of operations to create ease for local consumers*
- (j) . *Authorization Holder will place an awareness leaflet on each finished product reflecting for consumer on how to verify device IMEI status through DIRBS as well as print the programmed IMEI numbers of the device on each box.*
- (k). *Authorization holder shall setup after sales/service centers for consumer facilitation in Federal Capital, Provincial Capitals and major cities for facilitation of its consumers within one (1) year as well as establish touch points in smaller cities/Districts etc. for such facilitation.*
- (l). *Authorization Holder shall establish a fully functional website as well as official domain name email & mailing addresses for correspondence as well as publish in detail of its after sales services addresses and contact details on its website.*
- (m). *Authorization Holder will register all manufactured mobile devices along with IMEI and obtain Certificate of compliance to technical standards/Permissions by applying via DIRBS portal or any other mechanism prescribed by PTA from time to time. Applicant will publish yearly report on manufactured devices for general public and place it on their website.*
- (n). *An undertaking by Applicant on Stamp paper PKR 50/- or above manufacturing plant is allowed to manufacturer mobile device models for a specific brand only for which it holds Authorization/Permissions from the principal/manufacturer. In case of more than one Brand belonging to different manufacturer, it shall require a separate manufacturing plant and Authorization*
- (o). *Authorization Holder shall certify to comply with all International and Local safety standards and produce quarterly reports/certifications etc. to be published on their website and provided to PTA ensuring it meets all standards.*
- (p). *Authorization Holder will obtain Certificate of Compliance to Technical Standards for each consignment of parts (SKD/CKD) imported or locally manufactured for manufacturing of type approved mobile device(s) through DIRBS portal or any other mechanism prescribed by PTA from time to time.*

9. Localization, -The Authorization Holder shall ensure localization of mobile device manufacturing in the manner prescribed below:

Duration	Localization Details	Localization vis-à-vis value of Device
End of Year 1	Packing Materials	2% of total manufactured device packaging to be done locally
End of Year 2	Charger	2% of total manufactured device chargers to be produced locally
	Bluetooth hands-free	1% of total manufactured device hand-free to be produced locally
	Mother board (PCB) Assembly*	10% of total manufactured device PCBA to be produced locally
	Housing and other Plastic Parts etc.	8% of total manufactured device to be done locally
	Display	8% of total manufactured device display screens and components to be produced locally
	Battery	10% of total manufactured device batteries to be produced locally

Note: All above shall be manufactured as per ITU-T technical standards and certification reports for all component shall be provided to PTA for verification. Type approval to be obtained for all terminal equipment where applicable.

10. Inspection. (1) The Authority may conduct inspections of the manufacturing plant through its designated representative from time to time to ensure that Authorization holder is complying with the standards set out in terms and conditions of the Authorization, these Regulations or as determined by the Authority from time to time:

(2). Provided that the Authorization holder shall demonstrate the following equipment is installed in manufacturing plant as part of inspection: -

Laboratory of Reliability Testing	Battery Test Lab	Accessories Test Lab	Radio Frequency, Audio and Optical Lab
<p>Authorization Holder shall ensure for mechanical reliability and environmental durability with minimum following testing equipment availability at its plant:</p> <ul style="list-style-type: none"> a. Controlled Drop test of device b. Micro drop tester c. Electrostatic Discharge tester d. Scratch Testing of Touch panel. e. Connection inserting test machine f. Speaker life test g. Temperature tester h. Handset bending tester i. Steel ball test for touch screen durability 	<p>For verification of stated capacity and discharging time frame of mobile device batteries minimum requirement to be displayed during inspection: -</p> <ul style="list-style-type: none"> a. Battery analyzer b. Battery life cycle analyzer c. Battery cell tester d. Negative Temperature coefficient checker 	<p>Authorization Holder shall ensure during inspection minimum requirement for mobile devices accessories</p> <ul style="list-style-type: none"> a) Oscilloscope b) AC Power regulator c) Dc Electronic Load d) Hi pot tester e) Equipment to measure the inductance (L), capacitance (C), and resistance (R) of an electronic component. LCR Meter f) Precision power supply g) Thermal image 	<p>To ensure radio signal integrity and measure the quality of mobile devices display and camera module quality etc.</p> <p>Following lab test to be conducted at its facility: -</p> <ul style="list-style-type: none"> a. RF tester b. Frequency sweeper c. Shield box d. Sound pressure level meter e. Sound power level meter f. Brightness display tester

- a) *Quality and Control Testing at assembly line including Device Function Test*
- b) *Controlled Drop test of device*
- c) *Electrostatic Discharge (ESD) setup/tools (e.g. ESD Coat, Cap, Wrist band etc.)*
- d) *Product Stress Testing (e.g. Temperature, Mechanical & Electrical, Durability etc.)*
- e) *Wi-Fi, Bluetooth, Antenna & Signal Test*
- f) *Evaluation and verification of IMEI writing*
- g) *All local manufactured devices should abide by type approval regulation standards related to Health, Safety, RF, EM and SAR.*

11. Rights of the Authorization Holder. -

- (1). The Authorization Holder shall be allowed to manufacture mobile devices for a specific brand subject to Type Approval for specific model belonging to the brand. A manufacturing plant is allowed to manufacture mobile device models for a specific brand only for which it holds Authorization/Permissions from the manufacturer.
- (2). In case of more than one Brand belonging to different manufacturer, the Authorization holder shall require a separate manufacturing facility and Authorization at a new premise;

12. DISCONTINUATION OF OPERATIONS

- (1). The Authorization Holder shall not discontinue its manufacturing operations without a prior notice to the Authority, at least 3 months in advance as well ensure it has complied with all legal obligations e.g. Warranty support for its sold products, aftersales services support etc.

13. NATIONAL SECURITY

- (1). The Authorization Holder shall comply with the national security and other requirements of section 54 of the Act and any other national security requirements under any other law as intimated from the Authority from time to time.

“Schedule A”

Check list for Application for Mobile Manufacturing Authorization Application

S. No.	Items	Check (✓) if attached
1.	Request letter on Company letterhead addressed to Office of Director Type Approvals, PTA HQs- F-5/1, Islamabad	
2.	Forms: -	
	a. Request letter on company letterhead duly signed by CEO/Board of Directors (BoD)	
	b. Company Profile, Certified copy of SECP, NTN, Form-29 and Form -A etc.	
	c. Address of location along with pictures where manufacturing plant proposed to be setup;	
	d. Authorization letter from Brand/Manufacturer/OEM/ODM stating manufacturing to be done shall be for its brand only and no other brand shall be produced at this plant. Along with certificate by Brand/Manufacturer/OEM/ODM to ensure supervision for ensuring compliance to all technical standards for mobile devices being manufactured at this plant as well as all machinery/setup shall conform to international manufacturing and safety standards.	
	e. Undertaking that devices manufactured in Pakistan shall have GSMA TAC which belong to country code “Pakistan” within GSMA database. <i>No other country GSMA TAC shall be programmed in manufactured devices in Pakistan.</i>	
	f. Detail of all directors/ members/ BoD etc. showing names, designations, mailing addresses, contact numbers, emails and directorship in other companies (if any) along with security clearance in case of foreigner share holder within the company.	
3.	Application Processing Fee and Authorization Fee	
4.	PTA Approved Mobile Device Manufacturing Authorization will be issued to applicants, either local companies or joint ventures between global manufacturer/brand and local manufactures. Furthermore, shareholding of local company shall not be less than 33% in case of a joint venture between local and foreign company	
5.	Certified True Copies of Legal Documents (by SECP)	
	i. Certificate of Incorporation	
	ii. Memorandum & Article of Association (Note: The object clause should contain provision of mobile device manufacturing for which the Authorization is applied).	
	iii. Form-29	
6	a. Copies of Computerized National Identity Card for Pakistani national shareholder directors/board of directors/trustees/members etc. (attested by Notary Public). b. Attested copies of Passports of foreign nationals duly attested by MoFA after security clearance.	
7	Undertaking on duly notarized stamp paper: a. That neither the applicant Company nor its shareholder directors are defaulter(s) of PTA and any bank in Pakistan.	
9	Bio-data of key management personnel (CEO/CTO/Directors /Board/members etc.)	
10	Brief Description of the Applicant's Business Plan, 3 to 5 years business plan	

11	<p>Detailed Mobile Device Manufacturing Plan showing</p> <ul style="list-style-type: none"> i. Type of Mobile Device to be manufactured along with technology to be offered within the device ii. Plant lay out along with installed equipment details iii. Covered Area of Plant iv. Detailed plan along with mechanism for following: - <ul style="list-style-type: none"> a) <i>Quality and Control Testing at assembly line including Device Function Test</i> b) <i>Controlled Drop test of device</i> c) <i>Electrostatic Discharge (ESD) setup/tools (e.g. ESD, Coat, Cap, Wrist band etc.)</i> d) <i>Product Stress Testing (e.g. Temperature, Mechanical & Electrical, Durability etc.)</i> e) <i>Wi-Fi, Bluetooth, Antenna & Signal Test</i> f) <i>Evaluation and verification of IMEI writing</i> v. <i>Applicant shall submit an undertaking from CEO/BOD on Stamp Paper (PKR 50 or above) that Applicant/Company will only manufacturer PTA type approved mobile devices for which it has obtained manufacturing Authorization from Brand/Principal and shall not manufacturer any other brand. Applicant/Company will comply with all the Laws as applicable for the time being in vogue and pay all applicable duties/taxes etc.</i> vi. Authorization letter from principal/brand owner on its company letterhead stating that Authorization Holder will only manufacturer brand belonging to the principals etc.; 	
12	<p>A detailed technical presentation in PPT format containing following</p> <ul style="list-style-type: none"> ii. All machinery details being imported/setup to be used to Manufacturing plant, details of materials to be used iii. Technical Literature with description for each manufacturing plant related equipment/machinery 	

Note:

- * A Defaulter of PTA cannot apply for any Authorization. The shareholders/members of the defaulter company etc. cannot have ownership of any amount in the new company applying for any mobile manufacturing Devices.
- * The Authority reserves the rights to require any other documents/information from the applicant. Mere submission of documents does not make the applicant eligible for Authorization
- * Submission of all above documents/information is mandatory for evaluation of Authorization application.