



United Arab Emirates



---

# Violation Decision No. (1) of 2008

---

## Price Changes

## Marketing Activities

REDACTED VERSION

Issue Date: 14<sup>th</sup> August 2008

---

Telecommunications Regulatory Authority (TRA)  
P O Box 26662, Abu Dhabi, United Arab Emirates (UAE)  
[www.tra.gov.ae](http://www.tra.gov.ae)

---



Violation Decision No. (1) of 2008, Price Changes/Marketing Activities, Issued 14<sup>th</sup> August 2008

**1. Background**

- 1.1. On or about 14<sup>th</sup> July 2008, it came to the attention of the TRA that Etisalat announced the launch of its “Roaming Alliance” initiative which purported to offer special rates for its customers roaming in Egypt and Saudi Arabia.
- 1.2. Specifically, in a press release Etisalat asserted that both prepaid and postpaid customers, “...who roam in Saudi Arabia through the Mobily Network & Egypt through Etisalat Misr would be charged a simple flat rate at AED 1.40 per minute for local calls, AED 4.65 per minute for calls back to the UAE and AED 1.10 per SMS.”
- 1.3. Additionally, it came to the attention of the TRA that Etisalat was sending an SMS to its customers advising of the price changes for roaming in Saudi Arabia and Egypt. Accordingly, the SMS made the following claim:

*“Shift manually to Etisalat Misr or Mobily networks on your Mobile handset while roaming in Egypt or Saudi Arabia and enjoy the reduced flat rate charges wherever you are in these 2 countries.”*

The TRA noted that Etisalat’s claim that the prices for roaming in Saudi Arabia were in direct conflict with its subsequent written representation to the TRA that the changed prices were, in fact, price increases.

- 1.4. On 16<sup>th</sup> July 2008, the TRA sent letter reference TRA/RA/08/354 to Etisalat wherein the TRA noted that Etisalat had neither sought nor received the approval of the TRA for any of the price changes. Accordingly, the TRA requested further information, including the date which the price changes had been implemented. The TRA requested that such information be provided by 21<sup>st</sup> July 2008.

- 1.5. [REDACTED]

- 1.6. On 22<sup>nd</sup> July 2008, the TRA sent letter reference TRA/RA/08/358 to Etisalat granting its extension request until 24<sup>th</sup> July 2008.

- 1.7. [REDACTED]



Violation Decision No. (1) of 2008, Price Changes/Marketing Activities, Issued 14<sup>th</sup> August 2008

1.8. [REDACTED]

1.9. On 30<sup>th</sup> July 2008, the TRA sent letters reference TRA/RA/08/363 and TRA/RA/08/364 to Etisalat reminding Etisalat that the TRA's Price Control Policy and Price Control Procedure require that Etisalat file a Price Change Request (PCR) with the TRA prior to implementing any new or changed price for regulated services. Accordingly, the TRA instructed Etisalat to withdraw the price changes for roaming in Saudi Arabia by 7<sup>th</sup> August 2008 and to provide written confirmation of such by 10<sup>th</sup> August 2008. The TRA also instructed Etisalat to provide a written explanation for Etisalat's failure to file PCRs for the relevant price changes by 4<sup>th</sup> August 2008. Furthermore, the TRA advised Etisalat that a determination regarding the already implemented price changes for roaming in Egypt would be forthcoming, pending further examination.

1.10. [REDACTED]

[REDACTED]

1.11. On 11<sup>th</sup> August 2008, the TRA ascertained that the price increases which Etisalat had been instructed to withdraw by 7<sup>th</sup> August 2008 were still in effect and had not been withdrawn as per instructions from the TRA.

1.12. On 13<sup>th</sup> August 2008, the TRA sent letter reference TRA/RA/08/385 to Etisalat in which the TRA noted that, "...at no time did the TRA rescind its expectation that the price increases be withdrawn."

## 2. Legal Reference

2.1. The following references were taken into consideration with respect to the prices charged by Licensees, whereas such prices shall be set in accordance with the Regulatory Framework of the TRA:



Violation Decision No. (1) of 2008, Price Changes/Marketing Activities, Issued 14<sup>th</sup> August 2008

2.2. Federal Law by Decree No. (3) of 2003, as amended, in particular Article 14(1) stipulates:

*"...the Authority shall have power to issue regulations, orders, resolutions and procedures in relation to: tariff, charges and fees levied by Licensees..."*

2.3. Article 3(7) of Etisalat's Public Telecommunication License No. 1/2006 stipulates:

*"The prices that the Licensee may charge its Customers in connection with its Services, as well as the terms and conditions, are subject to Regulation by the TRA as specified in the Regulatory Framework in effect at the time."*

2.4. Article 3.1.1 of the TRA's Price Control Procedure Version 2.0 stipulates:

*"The Licensee shall provide to the TRA all requests to implement any new retail or wholesale prices or to change existing prices, including the bundling or packaging of services, in accordance with the Price Control Policy in effect at the time."*

2.5. Article 2.1 of the TRA's Marketing Communications and Practices Regulatory Policy stipulates:

*"No marketing communication or practice shall, or be likely to mislead, confuse or deceive consumers by inaccuracy, ambiguity, exaggeration, omission or otherwise."*

2.6. Article 11.1 of the TRA's Marketing Communications and Practices Regulatory Policy, Version 1.0 stipulates:

*"References to prices, services, terms and conditions, or comparisons thereof, shall be clear and transparent and shall not mislead or deceive or be likely to mislead or deceive consumers."*

2.7. Article 11.2 of the TRA's Marketing Communications and Practices Regulatory Policy, Version 1.0 stipulates:

*"New or changed prices or services shall not be announced or otherwise referred to in any marketing communication or practice unless such price or service is in accordance with the TRA's Regulatory Framework in effect at the time."*

2.8. According to Etisalat's Public Telecommunication License No. 1/2006, Article 16.3.2:



Violation Decision No. (1) of 2008, Price Changes/Marketing Activities, Issued 14<sup>th</sup> August 2008

*“If the licensee fails to comply with any of the following:*

- a. any obligations under the Telecommunications Law or its Executive Order;*
- b. any obligations within the License; or*
- c. any obligations contained in the Regulatory Framework in effect at the time;*

*the Licensee may be subject to a penalty. The penalty shall not be less than Dirhams 50,000 and not more than Dirhams 200,000, payable in accordance with procedures as determined by the TRA.”*

- 2.9. Furthermore, Etisalat’s Public Telecommunication License No. 1/2006, Article 16.3.3 allows for increased penalties in certain situations:

*“The penalty then applicable may be doubled:*  
*a. For cases of repeated non-compliance...”*

### 3. Findings

- 3.1. In this matter, the TRA notes that Etisalat has made the assertion that the TRA’s Price Control Regulatory Framework should not be applied to the retail prices which Etisalat charges its customers for international roaming.
- 3.2. In this regard, TRA notes that this subject had been previously addressed by the TRA in respect to the TRA’s Violation Decision No. (2) of 2007, wherein the TRA specifically informed Etisalat that it, *“...rejects Etisalat’s argument that retail roaming charges are outside the scope of the TRA’s regulatory authority because they are determined by agreements with operators outside of the UAE and not based on Etisalat’s independent discretion. In the view of the TRA, the Regulatory Framework specifies that authorization is needed for consumer prices. There is no exception based on the source of underlying costs.”*
- 3.3. Furthermore, the TRA notes that Violation Decision No. (2) of 2007 issued a formal Warning to Etisalat for putting retail roaming prices into effect which had not been approved by the TRA.
- 3.4. With respect to Etisalat’s public notice describing its “Roaming Alliance Offer” as conferring, *“...reduced flat rate charges...”*, the TRA finds that such a claim is in direct conflict with Etisalat’s subsequent assertion that the new prices in Saudi Arabia were, in fact, price increases.



**Violation Decision No. (1) of 2008, Price Changes/Marketing Activities, Issued 14<sup>th</sup> August 2008**

- 3.5. Ultimately, the TRA finds that Etisalat has put into effect a price which is not in accordance with the TRA's Price Control Regulatory Framework.
- 3.6. Additionally, the TRA finds that Etisalat has made public representations regarding price changes which were inaccurate and misleading.
- 3.7. With respect to the actual prices as well as the manner in which they were communicated to the public, the TRA concludes that Etisalat has violated Federal Law by Decree No. (3) of 2003, as amended, the TRA's Price Control Procedure, the TRA's Marketing Communications and Practices Regulatory Policy as well as the provisions of Etisalat Public Telecommunications License No. 1/2006.
- 3.8. Furthermore, the TRA considers that this matter represents a repeated violation by Etisalat of the TRA's Price Control Policy and Procedure.
- 3.9. Based on the foregoing, the provisions of Etisalat's Public Telecommunications License No. 1/2006, Articles 16.3.2 and 16.3.3, with regard to penalties, are applicable.

**4. The Violation Decision**

- 4.1. At its discretion and without prejudice to the TRA's rights regarding any future actions with regard to this violation or any other incident, either related or unrelated, the TRA has determined that it is appropriate to assess a penalty in the amount of Dirhams 400,000 due to the repetitive nature of Etisalat's violation of the TRA's Price Control Procedure.
- 4.2. At its discretion and without prejudice to the TRA's rights regarding any future actions with regard to this violation or any other incident, either related or unrelated, the TRA has determined that it is appropriate to issue a formal Warning with respect to Etisalat's violation of the TRA's Marketing Communications and Practices Regulatory Policy.



Violation Decision No. (1) of 2008, Price Changes/Marketing Activities, Issued 14<sup>th</sup> August 2008

## 5. Payment

Payment of the aforementioned penalty shall be made by Etisalat to the Telecommunications Regulatory Authority within fourteen (14) days of the issuance of this Violation Decision.

## 6. Publication

At its sole discretion, the TRA reserves the right to make public this Violation Decision, or any parts thereof.

## 7. Acknowledgement and Compliance

7.1. Etisalat shall notify the TRA in writing of its receipt of this Violation Decision within one (1) day of the date thereof.

7.2. Etisalat shall notify the TRA in writing on the day it has paid the penalty assessment.