MDA'S RESPONSES TO PAY TV OPERATORS' FURTHER QUERIES

Issues raised	MDA's Response
Scope of application of new measures	
The pay TV operators submitted that the new consumer protection measures should apply only to residential or individual consumers.	MDA notes that corporates are generally more able to protect their own interests as compared to individual consumers, and their contracts for pay TV service may be separately negotiated with the pay TV operators and customised to suit their corporate needs. Further, MDA notes that the amendments are primarily to address the concerns of individual consumers, e.g. unilateral changes to service by pay TV operators, lack of awareness of pay TV contract terms and forced upgrading of non-pay TV services using pay TV service. Hence, MDA will apply the obligations of Regulated Persons under Paragraphs 3.2A to 3.2F, 3.5A and 3.5B of the Media Market Conduct Code ("MMCC") to individual consumers*, and exclude corporate entities. However, should there be similar concerns from corporates in the future, MDA will review the scope of application again. *Please refer to 'Information Circular and Exemption in respect of the application of paragraphs 3.2A to 3.2F, 3.5A and 3.5B of the Media Market Conduct Code ("MMCC")'
Application of the Option to exit without Early Termination Charges ("ETCs") in the event of unilateral contract variations ("Exit Option")	
The pay TV operators sought clarification on whether they are obliged to allow consumers to exit the entire pay TV service or just the add-on channel/pack without ETCs, in the event that there is a detrimental change to the add-on channel/pack.	The consumer will have the option to terminate the entire pay TV subscription without any ETCs if pay TV operators make any detrimental changes to add-on channels/packages that are signed up together with the basic tier packages. Pay TV operators can however choose to offer consumers the *additional* option to exit only the add-on pack/channel without ETCs to retain consumers.
One pay TV operator further enquired on the application of the exit option in a scenario where the consumer changes his initial pay TV service by signing up to another add-on channel/pack one year later, and there is subsequently a detrimental change to that add-on channel/pack.	If the add-on channels/packages are subscribed separately after the initial sign-up, and does not entail an extension or renewal of contract term, the pay TV operator is only required to allow the consumer to exit the add-on channel/package if there is a detrimental change to it.

A pay TV operator sought clarification on whether it is obliged to allow a consumer to exit the contract without ETCs, if the consumer changes from package A to package B, and package B or channels within package B is subsequently ceased.	After a consumer has changed the pay TV service from package A to package B, the option to exit the contract without ETCs will apply when there are changes to package B, e.g. in the event of a price increase to package B, or removal of a material channel in package B. Changes to package A, which the consumer no longer subscribes to, will not trigger the exit option.
The pay TV operators sought clarification on whether the assessment of the 20 per cent removal threshold will be made against the total number of channels subscribed by the consumer or the total number of channels offered by the operator.	The assessment of the 20 per cent removal threshold will be made against the total number of channels subscribed by the consumer.
The pay TV operators sought confirmation on whether the assessment of the 20 per cent removal threshold will be made on a “net” basis, considering the number of channels added, as well as those removed, following the consumer’s sign-up.	The assessment of the 20 per cent removal threshold will be made on a “net” basis. Please refer to paragraph 2.3.5 of the Closing Note.
The pay TV operators sought clarification on whether they are obliged to offer four variants of each promotional offer to consumers. For example: 1. 24-month contract for content X, with premium[1] 2. 24-month contract for content X, without premium 3. 12-month contract for content X, with premium 4. 12-month contract for content X, without premium [1]Premium refers to equipment not essential to the provision of the pay TV service e.g. tablet pc, laptops, televisions	Not necessarily so. Using an example where a pay TV operator offers a 24-month contract for content X, with premium: a. The operator will have to offer the option of a 24-month contract for the same content X, without premium. This is required only if the contract requires the consumer to pay ETCs for the premium upon exercising the exit option. The intent is for the consumer to have the option to decide whether to accept the premium at sign-up; b. The operator will have to offer a 12-month or shorter contract (“short term agreement”) for the same content X, with or without premium. If the short term agreement includes premium that is subject to ETCs upon the exit option, the operator will have to additionally offer an option of a short term agreement without premium.

A pay TV operator sought clarification on whether it can require a consumer to pay for the following in the event that the consumer exercises his exit option: 1. Waived one-time charges such as service and installation fees; and, 2. Applicable charges for services that were provided free for a short promotional period in consideration of consumer's agreement to enter into longer term contracts (E.g. 3 months free subscription as part of a 12 month contract)	Pay TV operators are not allowed to require the consumer to pay for the waived one-time charges (such as service and installation fees) and applicable charges for services that were provided free for a short promotional period, in the event that the consumer exercises his exit option.
The pay TV operators sought clarification on how the factors will be used to determine material channel and material sports content. A pay TV operator also suggested pre-defining marquee content, so that it is clear to them which sports content requires an upfront disclosure to consumers of the period of availability. The pay TV operator further requested for an advisory guideline and for MDA to engage pay TV operators in the drafting of such guidelines.	Viewership will be the primary determining factor. However, where viewership data is unavailable or limited, the other factors (i.e. the level of consumer interest in the channel/sports content, the actual or potential value of the channel/sports content to the Regulated Person, and the degree to which the channel/sports content has been marketed and advertised) will be used and considered in totality. Pay TV operators may define their own material content and seek MDA's guidance in their determination of such content. Should there be disagreements between pay TV operators and consumers, MDA would step in to assess the materiality of the channel/content based on the factors. MDA will consider the operator's request for advisory guidelines after there are sufficient cases studies, and will engage pay TV operators in the drafting of such guidelines.
A pay TV operator sought clarification on whether they need to declare upfront to consumers the material channels and/or sports content before the consumer contracts for the pay TV service.	Pay TV operators are not required to declare upfront to consumers which channels or sports content are material at the point of contracting.

A pay TV operator sought confirmation on whether it would be excluded from the exit option if it notifies consumers upfront of impending price increases or channel/content removal at the point of contracting.	As a general principle, a pay TV operator will not be excluded from the exit option just because it notifies the consumer at sign-up of an impending price increase or removal of a material channel. However, in the exceptional circumstance where the pay TV operator has already publicly communicated and notified existing subscribers that by a specified date in the near term, a specific channel will be terminated from the service, or that the price will be increased by a specified quantum, the pay TV operator can be excluded from offering the exit option for the specific channel removal or price increase. In such an instance, the pay TV operator must inform new and re-contracting consumers upfront of the exact channel to be removed or the quantum of price increase. They should also highlight to these consumers that the exit option will not apply for the specific channel removal or price increase. For removal of material sports content, please refer to Paragraph 3.5A(a)(i)(C).
Application of disclosure requirements	
The pay TV operators viewed that it is unnecessary for them to retain call centre recordings relating to the agreement when the consumer is already going to be provided with the Critical Information Summary ("CIS") after the call.	It is necessary for pay TV operators to retain the call centre recordings, as they would contain the consumers' explicit acknowledgement that they have understood the terms and conditions at the point of contracting.
The pay TV operators sought clarification on whether it is necessary to send the full contract and CIS to consumers each time they purchase a new channel or content pack (e.g. through set-top box remote controls or online) which can be ceased after one month.	Pay TV operators are only required to send the full contract and CIS of the initial sign-ups to consumers. For subsequent sign-ups for additional channels or add-on packs, pay TV operators should inform consumers of the changes in service terms at sign-up (e.g. changes in content and price via on-screen display, email or sms notifications). These revised service terms should also be accessible to the consumer for his reference (e.g. via online user portal).

The pay TV operators viewed that the requirement to provide a list of the channels in the CIS is impractical, and suggested referring consumers to their website, which they would update regularly.	The intent of including the list of channels in the CIS is to ensure that the consumer is aware of the specific channels that he subscribed at the initial sign-up, as they are the relevant channels for determining whether the exit option could be triggered in the future. Pay TV operators may use channel logos or acronyms of channel names or append the related package or channel brochures to the CIS. Pay TV operators may also propose alternative ways that would meet the described intent for MDA's consideration.
A pay TV operator suggested reducing the information required in the CIS to focus only on the following: a. Specifics on price b. Presence of applicable ETCs when the exit option is exercised; c. Specific period of availability and/or expiry of any complimentary service, channels, and/or content and applicable charges thereafter; d. If it is a multi-play service, the subscription fee of the remaining non-pay TV services should the consumer exit the pay TV service component	MDA will maintain the disclosure requirement in Paragraph 3.2D. MDA views that the information suggested for exclusion (e.g. presence of unilateral variation contract clauses, changes to service upon expiry of services offered on promotional or continuous basis, and the applicable charges that will apply for free trials) are important to consumers, as they affect the content and/or pricing of their pay TV service subscription. Such disclosure will enable consumers to make informed decisions and minimise disputes over unexpected changes to their subscription.
A pay TV operator viewed that it is beyond MDA's jurisdiction to require pay TV operators to disclose upfront to consumers the subscription fee of the remaining non-pay TV services in the multi-play bundle in the event that they exercise the Exit Option.	MDA's requirements do not extend beyond its jurisdiction. What we require is for pay TV operators to disclose upfront to consumers the reduction in subscription fee that is attributed to the termination of the pay TV subscription within their multi-play bundles.
Transfer of licence conditions	
A pay TV operator sought confirmation that the relevant licence conditions that are transferred to MMCC will be removed from the licence to avoid duplication.	The consumer protection licence conditions that are transferred to the MMCC will be removed from the licence.

Effective date of implementation	
The pay TV operators have requested for an implementation period to effect some/ all of the new requirements.	Following further discussion meetings with pay TV operators to understand the operational considerations, MDA will provide a transition period to implement the following requirements: a. Pay TV operators will have one year (i.e. until 30 April 2017) to implement the requirement to provide full contracts and CIS to consumers under Paragraph 3.2D(b). Notwithstanding, pay TV operators shall use best efforts to disclose to consumers at the point of contracting the key terms and conditions, and where available provide a copy of such terms and conditions, while they work on implementing the changes to their IT systems; b. Pay TV operators will have nine months (i.e. until 30 Jan 2017) to implement the disclosure requirement for revised prices of remaining services in multi-play bundles under Paragraph 3.2D(a)(vi). Notwithstanding, during the transition period, pay TV operators will need to inform consumers that the prices of the remaining services would change in the event that the exit option is exercised, and the basis on which the prices will be determined (e.g. prevailing prices of standalone services). All other requirements will come into effect from 30 April 2016.

Any queries on the above responses may be addressed to:

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