



Mobile Broadband Group
PO Box 34586, London SE15 5YA

5th September 2005

Mr Dominic Peachey
Wholesale and Prudential Policy Division
Financial Services Authority
25 The North Colonnade
Canary wharf
London E14 5HS

Dear Mr Peachey,

Proposed amendments to the Perimeter Guidance manual

The Mobile Broadband Group ("MBG") welcomes the opportunity to respond to the FSA's consultation on the proposed amendments to the Perimeter Guidance manual, as set out in Chapter 12 of the July 2005 Quarterly CP. The MBG's members are O2, Orange, T-Mobile, Virgin Mobile, Vodafone and 3 and we now serve approximately 60 million subscribers in the UK – with around 10% of people maintaining more than one subscription.

The MBG concurs with the FSA that the amendments reflect recent guidance received from the European Commission Services concerning the application of the E-Money Directive to mobile telephone network operators and service providers. The motive behind the EC's and the FSA's guidance has been to reduce uncertainty among UK mobile operators about the possible application of the E-money directive to prepaid cards. The new guidance has achieved this objective and we very much welcome it.

The prepaid cards are primarily used for the purchase of airtime. However, as you are aware, customers also purchase value added services such as directory services, ring tones, dating services and many others. The payment is always made by the customer to the mobile operator, aggregated and then settled in bulk with the value added service provider.

As you point out in your consultation document, such payments still account for less than 1% of turnover. Nevertheless, value added services are a fast growing part of the mobile business and the new guidance from the European Commission and the FSA will ensure that investment and innovation will not be held back by unnecessary regulation. We very much support the FSA's proportionate and well-founded approach to this issue.

The MBG also agrees with the FSA that a cost benefit analysis is not necessary. There are no significant compliance costs and the benefits to consumers from being able to buy value added services through the extremely convenient medium of a pre-paid mobile phone card are potentially considerable.

Yours sincerely,

Hamish MacLeod
Mobile Broadband Group