

Investigation Report

Entity	Telnyx Australia Pty Ltd (Telnyx), incorporated as Telnyx LLC
ACN / ABN	ABN 79 623 603 725
Type of entity	Carriage service provider (CSP)
Relevant Legislation	<p><i>Telecommunications Act 1997</i></p> <p>Industry Code C555:2020 Integrated Public Number Database (IPND)</p> <p>Telecommunications (Mobile Number Pre-Porting Additional Identity Verification) Industry Standard 2020</p> <p>Telecommunications (Service Provider — Identity Checks for Prepaid Mobile Carriage Services) Determination 2017</p> <p>C661:2022 Reducing Scam Calls and Scam SMS</p>

Findings

The Australian Communications and Media Authority (**ACMA**) finds that Telnyx has, as set out at Table 1 below, contravened the:

- *Telecommunications Act 1997 (Act)*;
- Industry Code (C555:2020) Integrated Public Number Database (IPND) (**IPND Code**);
- Telecommunications (Mobile Number Pre-Porting Additional Identity Verification) Industry Standard 2020 (**PPV Standard**);
- Telecommunications (Service Provider — Identity Checks for Prepaid Mobile Carriage Services) Determination 2017 (**Prepaid Determination**); and
- Industry code C661:2022 Reducing Scam Calls and Scam SMS (**Reducing Scams Code**).

Table 1: Summary of contraventions

Legislation	Provision	Number of contraventions	Relevant period
Act	Subsection 101(1)	3,814 ¹	24 January 2017 to 8 December 2022
	Subsection 128(1)	118	24 September 2020 to 22 November 2022
IPND Code	Clause 4.2.1	3,221	19 March 2020 to 8 December 2022
PPV Standard	Subsection 8(2)	118	24 September 2020 to 22 November 2022
	Subsection 8(5)		
Prepaid Determination	Paragraph 2.3(1)(a)	557	28 August 2019 to 22 November 2022
	Section 6.3	1	
Reducing Scams Code	Clause 5.2.2	At least 4,666	February 2023
	Clause 6.1.1	1	31 October 2022

¹ This figure corresponds to 3,256 contraventions of the IPND service provider rule, 557 contraventions of paragraph 2.3(1)(a) and 1 contravention of section 6.3 of the Prepaid Determination.

Reasons

1. The reasons for the ACMA's findings, including the key elements which establish the contraventions, is based on information obtained from:
 - a. Telnix on 27 July 2022, 25 August 2022 and 1 September 2022, in response to ACMA preliminary enquiries;
 - b. Telstra Corporation Ltd (**IPND Manager**) on 17 October 2022;
 - c. Telnix on 20 and 30 January 2023 in response to a compulsory notice given by the ACMA under section 521 of the Act (**Notice**);
 - d. Telnix on 9, 17 and 18 February 2023 in response to ACMA requests for additional information; and
 - e. Telnix on 19 and 26 April 2023 in response to a second compulsory notice given by the ACMA under section 521 of the Act (**second Notice**).

Integrated public number database (IPND) compliance

Background to the IPND

2. The IPND is a centralised database of public numbers² established in 1998. It is managed by the IPND Manager in accordance with section 10 of the *Telecommunications (Carrier Licence Conditions - Telstra Corporation Limited) Declaration 2019 (Telstra Licence Conditions)*, and under predecessor instruments before 2019.
3. Carriage service providers (**CSPs**) must ensure that customer data about carriage services they supply to end users in connection with a public number is provided to the IPND Manager for inclusion in the IPND. Customer data is provided by Data Providers. A CSP can either act as its own Data Provider or have a third-party Data Provider provide the data on the CSP's behalf.
4. IPND data is used for critical purposes by the emergency call service, the emergency alert system, and national security and law enforcement agencies. It can also be used for permitted research and publication of number directories upon authorisation by the ACMA.
5. The maintenance of the IPND by the IPND Manager is supported by regulatory obligations, including:
 - a. a service provider rule, which applies to CSPs (section 86 of the Act). It requires a CSP which supplies a carriage service to an end-user, where the end-user has a public number, to give the IPND Manager such information as it reasonably requires in connection with its obligation to provide and maintain the IPND (subclause 10(2) of Schedule 2 to the Act); and
 - b. the IPND Code, an industry code registered under Part 6 of the Act, which sets out procedures relating to the transfer of information to and from the IPND Manager and the storage of information in the IPND.
6. Further, the IPND Manager has issued the Integrated Public Number Database (IPND) Data Users and Data Providers Technical Requirements for IPND (the Technical Requirements) which set out information required by the IPND Manager. It details:
 - a. the information required under subsections 10(3)-(5) of the Telstra Licence Conditions including, in relation to a carriage service, the public number, customer name and address, the name of the CSP providing a service to the number, and whether it is unlisted;

² Public numbers are numbers specified in the Telecommunications Numbering Plan 2015 and include most numbers such as geographic, freephone, local rate, premium rate, and international numbers.

- b. other information the IPND Manager requires, including the type of service and whether the service to the public number is connected or disconnected; and
 - c. operational and technical requirements for the supply of that customer data by CSPs, and by data providers on behalf of CSPs, to the IPND Manager.
7. The IPND Code reiterates the requirement for customer data under the Technical Requirements and further sets out what, and how, customer data is to be provided to the IPND Manager (for example, setting out timeframes for provision of data to the IPND, and processes for identifying and rectifying errors in IPND data).
 8. The data is defined in the IPND Code as public number customer data, or PNCD, and that term is used in this report.
 9. The IPND Manager's Technical Requirements are referenced in the IPND Code, and the associated IPND Data Guideline (G619:2017) and Industry Guidance Note (IGN019) – IPND reconciliation data extract and Data Provider upload validation process.
 10. Having regard to the critical uses of IPND data, and the public policy purposes to be served by relevant provisions of the Act, the Telstra Licence Conditions and the IPND Code, the ACMA considers that the IPND Manager requires PNCD from CSPs, since it is essential to the proper functioning of the IPND.
 11. For the same reason, PNCD must be accurate, complete and up-to-date. An absence of, or inaccurate or incomplete, PNCD can have potential adverse impacts on the critical activities for which IPND data is used and lead to risks to individuals and public safety.

Respondent submissions

12. Telnix has stated:

“Although ACMA preliminarily determined we were not compliant with the obligation of uploading data to IPND as set forth in its report, we are now fully compliant and feeding the IPND every business day.”

Compliance with the IPND service provider rule

13. Subsection 101(1) of the Act requires that service providers, including CSPs, comply with the service provider rules that apply to them. Subsection 101(3) states that subsection 101(1) is a civil penalty provision.
14. Subsection 98(1) of the Act provides that the service provider rules include those set out in Schedule 2 to the Act.
15. Clause 1 of Schedule 2 to the Act provides that service providers must comply with the Act.
16. Clause 10 of Schedule 2 requires that if a CSP supplies a carriage service to an end-user, and the end-user has a public number, the CSP must give the IPND Manager such information as it reasonably requires to fulfil its obligation to provide and maintain the IPND.
17. The ACMA has considered whether Telnix complied with the service provider rule at clause 10 of Schedule 2 to the Act by addressing the questions set out in Table 2 below.

Table 2: Assessing compliance with the service provider rule

Is Telnix a CSP?	Yes. Telnix is a CSP as defined at section 87 of the Act as it supplies carriage services to the public. Accordingly, it must comply with the service provider rules that apply to it.
Did Telnix supply the carriage services to end-users with public numbers?	Yes. Telnix supplies or supplied the carriage services under investigation to end-users with public numbers.
Did Telnix give the IPND Manager such information as the IPND Manager	No. Telnix did not give the IPND Manager information it reasonably requires to provide and maintain the IPND on

reasonably requires to provide and maintain the IPND, in relation to the carriage services?	3,256 occasions in connection with carriage services under investigation. Specifically, between 24 January 2017 and 8 December 2022, Telnyx failed to provide the IPND Manager any PNCD on 3,256 occasions (in relation to 19 free call services, 41 priority 1300 services, 2,639 pre-paid fixed telephony services and 557 pre-paid mobile services). Telnyx supplied the missing and updated PNCD to the IPND Manager between 23 November 2022 and 17 January 2023, following completion of a reconciliation of its PNCD against that held in the IPND.
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18. Accordingly, the ACMA finds that Telnyx contravened subsection 101(1) of the Act on 3,256 occasions by failing to comply with the service provider rule at clause 10 of Schedule 2 to the Act.

Compliance with the IPND Code

19. Clause 4.2.1 of the IPND Code provides that:

Each CSP that provides a Carriage Service to a Customer using a Number must provide the IPND Manager the relevant PNCD, including transaction updates [such as changes to PNCD], in respect of each Carriage Service it supplies, that occur on one Business Day, by the end of the next Business Day. This includes all transactions relating to connections or disconnections.

20. The ACMA has considered whether Telnyx complied with clause 4.2.1 of the IPND Code by addressing the questions set out in Table 3 below.

Table 3: Assessing compliance with the IPND Code upload obligation

Is Telnyx a CSP?	Yes - refer to Table 2 above.
Does or did Telnyx supply the carriage services to end-users with public numbers?	Yes - refer to Table 2 above.
Did Telnyx provide the IPND Manager the relevant PNCD, including transaction updates, for the carriage services which it supplies or supplied, that occurred on one business day, by the end of the next business day (including all transactions relating to connections or disconnections)?	No. Telnyx did not provide the IPND Manager relevant PNCD by the end of the next business day after they occurred on 3,221 ³ occasions for carriage services under investigation which Telnyx supplies or supplied. Specifically, between 19 March 2020 and 22 November 2022, Telnyx failed to provide to the IPND Manager, within the required timeframe, any PNCD on 3,221 occasions (in relation to 19 free call services, 41 local rate services, 2,615 pre-paid fixed telephony services and 546 pre-paid mobile services). These failures occurred while the IPND Code was in force.

21. Accordingly, the ACMA finds that Telnyx contravened clause 4.2.1 of the IPND Code on 3,221 occasions.

³ This figure is different to the figure at paragraph 18 above because certain occasions which breached the service provider rule do not breach clause 4.2.1 of the IPND Code. Specifically, 35 occasions were excluded because they occurred before the IPND Code was in force.

Mobile pre-porting verification compliance

Background to the PPV Standard

22. The purpose of the PPV Standard is to prevent the unauthorised porting of mobile service numbers and reduce harm to customers arising from the unauthorised porting of mobile service numbers.
23. The PPV Standard is an industry standard registered under Part 6 of the Act. It commenced on 30 April 2020, and it applies to:
- a. mobile CSPs who supply or arrange for the supply of public mobile telecommunications services; and
 - b. every port of a mobile service number (commonly known as a mobile phone number).
24. The PPV Standard requires that the gaining CSP, prior to initiating a port of a mobile service number, use additional identity verification processes to confirm that the person requesting a port:
- a. is the rights of use holder (or their authorised representative) for the mobile service number to be ported; and
 - b. has access to a mobile device associated with that mobile service number.

Compliance with the PPV Standard

25. Subsection 128(1) of the Act requires CSPs to comply with standards registered under Part 6 of the Act. Accordingly, CSPs which are mobile CSPs must comply with the PPV Standard.

Subsection 8(2) – requirement to use an additional identity verification process

26. Subsection 8(2) requires that a gaining CSP use at least one additional identity verification process, specified under paragraphs 8(2)(a)—(d) of the PPV Standard, to confirm that the person requesting a port is the rights of use holder⁴ of the mobile service number to be ported.
27. The ACMA has considered whether Telnix complied with subsection 8(2) of the PPV Standard at Table 4 below.

Table 4: Assessing compliance with subsection 8(2)

Is Telnix a mobile CSP?	Yes. Telnix is a mobile CSP as defined in the PPV Standard as it: <ul style="list-style-type: none">• is a CSP as defined at section 87 of the Act, and• supplies mobile carriage services to the public. Accordingly, Telnix must comply with the PPV Standard.
Was Telnix the gaining CSP?	Yes. The PPV Standard defines a gaining CSP as the mobile CSP to which a mobile service number has been or is to be ported. Telnix was the gaining CSP for at least 118 ports between 24 September 2020 and 22 November 2022, through its online channel.
Did Telnix use one of the additional identity verification processes	No. Telnix did not use any of the identity verification processes under subsection 8(2) for at least 118 ports between 24 September 2020 and 22 November 2022 through its online channel.

⁴ When a customer is issued with a number in association with a telecommunications service, the customer gains the rights of use of that number.

under subsection 8(2) prior to initiating a port?	<p>On 25 August 2022, Telnyx claimed it completes identity verification processes through its 'Know Your Customer' (KYC) procedure.</p> <p>Telnyx states that it requires a customer to provide 2 Category A documents to identify the customer. On 9 February 2023, Telnyx confirmed that this requirement has been part of its 'Know Your Customer' (KYC) procedure since 2 September 2022.</p> <p>Neither the process set out in Telnyx's KYC Procedure, nor the process described by Telnyx in response to the Notice is a process to meet the requirements under subsection 8(2) of the PPV Standard.</p>
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28. Accordingly, the ACMA finds that Telnyx has contravened subsection 8(2) of the PPV Standard on at least 118 occasions.

Subsection 8(5) – requirement to not proceed with a port without verification

29. Subsection 8(5) of the PPV Standard requires that a mobile CSP must not proceed with a mobile service number port unless one of the additional identity verification processes set out under subsection 8(2) or 8(3) has been used by the gaining mobile CSP.

30. The ACMA has considered whether Telnyx complied with subsection 8(5) of the PPV Standard at Table 5 below.

Table 5: Assessing compliance with subsection 8(5)

Is Telnyx a mobile CSP?	Yes – refer to Table 4 above.
Did Telnyx use one of the additional identity verification processes under subsection 8(2) prior to initiating a port?	No. Telnyx did not use any of the identity verification processes under subsection 8(2) for at least 118 ports between 24 September 2020 and 22 November 2022 through its online channel – refer to Table 4 above.
Did Telnyx use one of the additional identity verification processes under subsection 8(3)?	<p>Telnyx was not entitled to use one of the identity verification processes under subsection 8(3) as it did not satisfy the precondition that it first attempt to verify the requesting person's identity under subsection 8(2).</p> <p>Subsection 8(3) requires that where the gaining CSP is unable to confirm that the requesting person is the rights of use holder of the mobile service number to be ported, the gaining CSP may undertake an identity verification using specified documents via the process described in Schedule 1 to the PPV Standard or use a government online verification service.</p> <p>The ACMA finds that even if Telnyx were entitled to use one of the identity verification processes under subsection 8(3), it has not provided sufficient details to the ACMA to determine that it correctly followed the process outline at Schedule 1 of the PPV Standard.</p>
Did Telnyx proceed with a port without using one of the additional verification processes under subsection 8(2) or subsection 8(3)?	Yes. Telnyx proceeded with at least 118 ports between 24 September 2020 and 22 November 2022 without using any of the identity verification processes under subsection 8(2) and subsection 8(3).

31. Accordingly, the ACMA finds that Telnyx has contravened subsection 8(5) of the PPV Standard on at least 118 occasions.

32. By contravening subsection 8(2) and 8(5) of the PPV Standard, the ACMA also finds that Telnix has contravened subsection 128(1)⁵ of the Act on at least 118 occasions.

Pre-paid determination compliance

Background to the Prepaid Determination

33. The Prepaid Determination sets out rules for the supply of prepaid mobile carriage services (prepaid mobile services) by CSPs. Section 2.1 of the Prepaid Determination states that the objects of the Prepaid Determination are to:
- a. assist law enforcement agencies to identify customers in relation to prepaid mobile services;
 - b. protect the privacy of individuals by ensuring that CSPs obtain, record and keep only the minimum amount of customer information that is reasonably necessary, and
 - c. provide CSPs with a range of methods which can be used to verify the identity of customers.

Compliance with the Prepaid Determination

34. Subsection 101(1) of the Act requires that service providers, including CSPs, comply with the service provider rules that apply to them. Subsection 101(3) states that subsection 101(1) is a civil penalty provision. Paragraph 98(1)(b) of Schedule 2 of the Act provides that service provider determinations in force under section 99 are service provider rules.
35. The Prepaid Determination is a service provider determination made under section 99 of the Act.

Section 2.3 – Requirements that must be satisfied before service is activated

36. Subsection 2.3(1) of the Prepaid Determination requires a CSP supplying a prepaid mobile carriage service to a person to comply with the rules set out in Part 4 of the Prepaid Determination, or an approved compliance plan⁶, before activating the service.
37. Subsection 2.3(2) provides for exemptions to the requirement to comply with the rules in subsection 2.3(1). The exemptions set out under Part 3 and subsection 4.2(2) of the Prepaid Determination do not apply to any of the prepaid mobile carriage services that are the subject of this investigation.⁷

Table 6: Assessing compliance with section 2.3

Subsection 2.3(1): Is Telnix a CSP supplying a prepaid mobile carriage service to a person?	Yes. Telnix supplies prepaid mobile carriage services (listed carriage services) within the meaning of section 87 of the Act. Telnix is therefore a CSP supplying a prepaid mobile carriage service to a person.
Paragraph 2.3(1)(a): Did Telnix comply with the rules in Part 4 of the Prepaid Determination before activating prepaid mobile carriage services?	No. See Table 7 below for an assessment of compliance with Part 4 rules.

⁵ Section 128(3) of the Act provides that subsection 128(1) of the Act is a civil penalty provision.

⁶ The ACMA approves compliance plans under section 5.5 of the Prepaid Determination. Compliance plans allow CSPs to use alternative methods to for obtaining information and verifying identity.

⁷ The exemption under Part 3 of the Prepaid Determination does not apply as the services have not been supplied to emergency affected or violence affected individuals in accordance with Part 3. The exemption under subsection 4.2(2) of the Prepaid Determination does not apply as the verification method used was not a real-time financial transaction or a time-delayed financial transaction.

38. Accordingly, the ACMA finds that Telnix contravened paragraph 2.3(1)(a) of the Prepaid Determination because it activated 557 prepaid mobile carriage services between 28 August 2019 and 22 November 2022, without complying with the rules in Part 4 of the Prepaid Determination.
39. By contravening paragraph 2.3(1)(a) of the Prepaid Determination, the ACMA finds that Telnix has contravened subsection 101(1) of the Act.

Part 4 – Rules for obtaining information and verifying the identity of customers

40. Section 4.1 states that Part 4 sets out the rules that CSPs must comply with in relation to obtaining information from and verifying the identity of a customer⁸ of a prepaid service for the purposes of paragraph 2.3(1)(a).
41. Section 4.2 prevents a CSP from activating a prepaid service unless it has obtained information from the customer in accordance with section 4.3; and verified the identity of the customer in accordance with section 4.4 or 4.5, whichever is applicable.
42. Section 4.3 specifies the information a CSP must obtain from a customer before activating a prepaid mobile carriage service. The information varies depending on whether the customer is a purchaser or service activator. Where the customer is a purchaser, a CSP must obtain the information set out in item 1 of table 2 of the Prepaid Determination. Where the customer is a service activator, a CSP must obtain the information set out in item 2 of table 2 of the Prepaid Determination.
43. Section 4.4 sets out the rules that apply to a CSP when verifying the identity of a customer that is a purchaser. It requires a CSP to verify the identity of a purchaser in accordance with table 3 of the Prepaid Determination and to be satisfied that if a document shown to it includes an expiry date, that the document has not expired.
44. Section 4.5 sets out the rules that apply to a CSP when verifying the identity of a customer that is a service activator. It requires the CSP to verify the identity of a service activator using an approved method of identity verification specified in column B of Schedule 1 of the Prepaid Determination.

Table 7: Assessment of compliance with Part 4 rules

<i>Part 4 – Rules for obtaining information and verifying the identity of customers</i>	
Section 4.1: Do the rules in Part 4 apply to Telnix?	Yes. See assessment of compliance with paragraph 2.3(1)(a) (at Table 6 above).
Paragraph 4.2 (1)(a): Did Telnix obtain information from the customer in accordance with section 4.3 before activating the service?	<p>No. The ACMA has assessed compliance with the purchaser rules (item 1) and the service activator rules (item 2) of table 2 in section 4.3 because Telnix could not indicate whether it was following the purchaser or service activator rules in relation to obtaining identifying information from its customers. Telnix did not obtain information from the customer in accordance with the purchaser rules (item 1 of table 2) or the service activator rules (item 2 of table 2). Telnix’s customer records indicate that it did not obtain:</p> <ul style="list-style-type: none"> • information about the number of other activated prepaid mobile services (if any) supplied to the purchaser in relation to 557 customer records as required by item 1 of table 2 • either a business address (in the case of an entity) or a residential address of the purchaser (in all other cases) in

⁸ Section 1.5 of the Prepaid Determination defines a customer of a prepaid mobile carriage service to mean either:
 (a) a purchaser; or
 (b) a service activator.

	<p>relation to 557 customer records as required by item 1 of table 2</p> <ul style="list-style-type: none"> • date of birth information in relation to 394 customer records as required by item 2 of table 2 • either a business address (in the case of an entity) or a residential address of the service activator (in all other cases) in relation to 557 customer records as required by item 2 of table 2. <p>As Telnix did not obtain the information specified in table 2 of section 4.3 before activating prepaid mobile services, the ACMA finds that Telnix contravened paragraph 4.2 (1)(a) on 557 occasions.</p>
<p>Paragraph 4.2 (1)(b): Did Telnix verify the identity of the customer in accordance with section 4.4 or 4.5, whichever is applicable?</p>	<p>No. Telnix advised the ACMA on 20 January 2023 that it was using the visual identity document check in relation to the customer records that are the subject of this investigation. The visual identity document check is a method of identity verification for customers that are service activators. It requires a carriage service provider to confirm whether the activation of the service would result in the service activator having 5 or more activated prepaid mobile services.</p> <p>The ACMA finds that Telnix contravened paragraph 4.2 (1)(b) of the Prepaid Determination on 557 occasions because it failed to verify customer identity in accordance with either section 4.4 or section 4.5.</p> <p>See assessment of compliance with the requirements of section 4.5 below.</p>
<p>Subsection 4.5(1): Does section 4.5 apply to Telnix because it had customers who were service activators?</p>	<p>Yes. Telnix stated that its: <i>methodology presumes the customer is both the purchaser and the activator. However, the Prepaid Determination defines a customer as either a purchaser <u>or</u> a service activator. Not both.</i></p> <p>In an email to the ACMA dated 9 February 2023, Telnix stated that: <i>we ask our customers for category A/B documents as per section 4.4 and verify their identity as per section 4.5.</i></p> <p>The ACMA has therefore assessed compliance against the requirements in section 4.5. However, for completeness, the ACMA has also considered whether, if the rules in section 4.4 applied to Telnix (because its customers were purchasers), it would be compliant with the rules. The ACMA has concluded that Telnix would also have contravened the rules in section 4.4. This is because Telnix did not obtain information from the customer (in accordance with item 1 of table 2 in section 4.3) about the number of other activated prepaid mobile carriage services (if any) supplied to the purchaser, therefore, it could not verify the identity of the customer in accordance with the rules in either item 1 or 2 of table 3 of section 4.4.</p>
<p>Subsection 4.5(2): Did Telnix verify the identity of the service activator using an approved method of</p>	<p>No. Telnix did not use an approved method of identity verification in column B of Schedule 1.</p>

<p>identity verification in column B of Schedule 1?</p>	<p>In its response to the ACMA Notice, Telnyx stated: <i>We are using “visual identity document check” as the identity verification method.</i></p> <p>The visual identity document check is item 8 of column B of Schedule 1; however, the ACMA finds that Telnyx failed to comply with its requirements. See the assessment of compliance with the requirements of item 8 of Schedule 1 below.</p>
<p><i>Item 8 of Schedule 1, subitem 2</i></p> <p><i>Can Telnyx be taken to have verified the identity of a service activator because:</i></p>	
<p>Paragraph (2)(a): Telnyx confirmed whether the activation of the service will result in the service activator having 5 or more activated prepaid mobile carriage services?</p>	<p>No. The visual identity document check method requires CSPs to verify the identity of a service activator by conducting a visual identity document check in relation to the service activator. A higher standard of verification is required if the activation of the service will result in the service activator having 5 or more activated services.</p> <p>In the documents and information provided to the ACMA, Telnyx supplied no evidence that it sought confirmation of the number of activated services from its customers as part of its identity verification procedures therefore it cannot have complied with paragraph 2(a) of subitem 2.</p>
<p>Paragraph (2)(b): The service activator complied with the visual identity document check requirement described in subitem (3)?</p>	<p>No. The visual identity document check method requires documents to be shown to CSPs. That is, it requires the CSP to sight the identity document being verified in person.</p> <p>Telnyx stated that its customers <i>use our online portal to place orders, submit documentation.</i> The ACMA finds that submitting documents to be verified through an online portal does not comply with the requirement for documents to be shown to the CSP by service activators.</p> <p>The verification requirements also differ depending on whether the activation of the prepaid mobile service will result in the customer having five or more activated prepaid mobile services.</p> <p><i>Where the activation of the prepaid mobile carriage service will result in:</i></p> <ul style="list-style-type: none"> • <i>fewer than five services, the CSP must verify the customer’s identity by seeing either 1 category A or 2 category B documents.</i> • <i>five or more services, the CSP is required to visually check:</i> <ul style="list-style-type: none"> ○ <i>2 category A or</i> ○ <i>1 category A and 2 category B documents.</i> <p>Category A and B documents are defined in section 1.8 of the Prepaid Determination. An examination of records provided to the ACMA by Telnyx demonstrates that it accepted documents that are not captured by the definition of a Category A or B document. For example, ASIC records, utility bills, lease agreements and business registration certificates as evidence of identity.</p> <p>Even if Telnyx could demonstrate that the activation of a prepaid mobile service would not result in the customer</p>

	having 5 or more services and that it was using a valid category A or B document, it has failed to comply with the requirements of the visual identity check method. This is because on 20 January 2023, Telnix stated that it requires service activators to provide 1 category A and 1 category B document for verification which does not meet the required standard of proof.
Paragraph (2)(c): Telnix satisfied itself that a document shown to it included an expiry date that has not expired?	Appears to comply. Telnix customer records do not demonstrate its compliance with this requirement. However, on 9 February 2023, it provided screenshots of the activation process which showed that Telnix requires customers to provide a valid passport, that is, a passport that has not expired. Telnix also advised that the verification process can take a few working days and is led by <i>our numbering team who scrutinizes each document thoroughly and may ask for more documentation and information from the customer, if needed.</i>
Paragraph (2)(d): Telnix immediately activated the prepaid mobile carriage service?	No. Telnix advised that: its customers submit identity documents via its online portal which are subsequently checked. The verification process can take several days. The sighting of the documents and the activation of the service should occur at once. The ACMA finds that Telnix has therefore failed to comply with this requirement.
Paragraph (2)(e): Telnix recorded the description of the service as a 'visual identity document check'?	Not assessed. The ACMA did not request this information from Telnix, so this aspect of the visual identity document check method was not tested.

Subsection 6.3 – record of compliance arrangements

45. Section 6.3 of the Prepaid Determination requires a CSP who supplies prepaid mobile carriage services to keep a written description of the arrangements that it has in place to comply with the Prepaid Determination.

Table 8: Assessment of compliance with subsection 6.3

Does Telnix keep a written description of the arrangements that it has in place to comply with this Determination?	No. The Notice required Telnix to provide a copy of the written description of the arrangements Telnix had in place under the Prepaid Determination. Telnix responded 'n/a'.
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46. The ACMA has concluded that Telnix does not keep a written description of its arrangements in accordance with section 6.3 of the Prepaid Determination because it failed to produce them on request. The ACMA therefore finds that Telnix has contravened section 6.3 on 1 occasion.
47. By contravening section 6.3 of the Prepaid Determination, the ACMA finds that Telnix has contravened subsection 101(1) of the Act.

Reducing Scams Code compliance

Background to the Reducing Scams Code

48. The Reducing Scams Code places obligations on all carriers and carriage service providers (C/CSPs) to implement measures to protect consumers from harms caused by scams and to disrupt scam activity in Australia.

49. Among the obligations, the Reducing Scams Code places requirements C/CSPs to not originate SM traffic on their networks using Alphanumeric Sender IDs without taking steps to confirm that the A-Party has a valid use case. The Reducing Scams Code also places obligations on C/CSPs to report blocked scam calls and scam SMS to the ACMA quarterly.

Compliance with the Reducing Scams Code

Clause 5.2.2 – improving number and Alphanumeric Sender ID accuracy

50. Clause 5.2.2 of the Reducing Scams Code states:

If a SM uses an Alphanumeric Sender ID, Originating C/CSPs must only originate SMS on their Telecommunications Network using an Alphanumeric Sender ID where:

- a) *it does not present as a Number; and*
- b) *the Originating C/CSP has been provided evidence by the A-Party confirming that the A-Party has a valid use case for the Alphanumeric Sender ID.*

51. Clause 2.2 of the Reducing Scams Code states Alphanumeric Sender ID means a personalised identifier (for example, the name of a business or organisation) instead of a Number.

52. The ACMA has considered whether Telnix complied with clause 5.2.2 of the Reducing Scams Code by addressing the questions set out in Table 11 below.

Table 9: Conditions for originating SMS using Alphanumeric Sender ID

Is Telnix a CSP?	Yes – refer to Table 2 above. Accordingly, Telnix must comply with clause 5.2.2 of the Code.
Has Telnix originated SMS on its telecommunications network using Alphanumeric Sender IDs where it does not present as a number?	Yes. Information obtained from Telnix on 30 January and 19 April 2023 indicates that it allowed A-Parties to use Alphanumeric Sender IDs to send SMS originated on its telecommunications network during the period 12 July 2022 to 31 March 2023.
Was Telnix provided evidence by the A-Party confirming that the A-Party had a valid use case for the Alphanumeric Sender ID?	Information obtained from Telnix on 30 January 2023 indicates that A-Parties can only insert Alphanumeric Sender IDs after being granted “Level 2” verification from Telnix. On 9 February 2023, Telnix confirmed that it does not place any restrictions on the Alphanumeric Sender ID that a customer is able to use, but also stated on 19 April 2023 that it establishes that A-Parties have a valid use case for Alphanumeric Sender IDs during the onboarding process for new customers. However, Telnix’s “Level 2” verification procedure does not include a process to confirm that a customer has a valid use case for each Alphanumeric Sender ID the customer intends to use. On 26 April 2023, Telnix stated it did not obtain written evidence of a valid use for Alphanumeric Sender IDs used to send at least 4,666 SMS in February 2023. Accordingly, Telnix did not comply with the obligation to only originate SMS using an Alphanumeric Sender ID where it has obtained evidence of a valid use case to use the Alphanumeric Sender ID on at least 4,666 occasions.

53. Accordingly, the ACMA finds that Telnyx did not comply with clause 5.2.2 of the Reducing Scams Code on at least 4,666 occasions in February 2023.

Clause 6.1.1 – reporting scam calls and scam SMS

54. Clause 6.1.1 of the clause states:

C/CSPs must, within 20 Business Days of the end of each calendar quarter, report to the ACMA:

- a) For Scam Calls, in the format and detail specified in Appendix D; and*
- b) For Scam SMS, in the format and detail specified in Appendix E.*

55. The ACMA has considered whether Telnyx complied with clause 6.1.1 of the Reducing Scams Code by addressing the questions set out in Table 12 below.

Table 10: Reporting obligations

Is Telnyx a CSP?	Yes – refer to Table 2 above. Accordingly, Telnyx must comply with code clause 6.1.1.
Did Telnyx, within 20 Business Days of the July to September 2022 calendar quarter, report to the ACMA the number of scam calls and scam SMS it blocked?	The ACMA did not receive a report from Telnyx on the number of scam calls or scam SMS blocked for the 1 July to 30 September 2022 quarter. The ACMA received two reports from Telnyx relating to the number of calls and SMS blocked for subsequent quarters, within the requisite timeframes.

56. Accordingly, the ACMA finds that Telnyx did not comply with clause 6.1.1 of the Code due to the lack of provision of its report for the quarter July to September 2022 within 20 Business Days after that quarter (specifically 31 October 2022).