

The Nigerian Communications Commission Releases Conditions For Offering Closed User Group (CUG) Services In Nigeria

The Nigerian Communications Commission ("NCC") has released a new set of conditions for telecom operators offering Closed User Group ("CUG") Services in the country. CUG services are a type of telecom service that allow mobile subscribers to send text messages or make and receive calls from any member associated within the group or other subscribers outside the CUG at a subsidized, discounted or fixed fee. The CUG configuration provides certain benefits and limits access to these services to the defined set of group members.

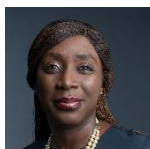
Under the NCC's newly released conditions, CUG services may be offered to subscribers in the following entities: Large Corporate Organizations, Government; Not-For-Profit Organizations; Duly registered Residential Estate Associations; Trade Associations; and Micro, Small and Medium Enterprises (MSMEs). Telecom operators are also mandated to abide by a number of other notable conditions including:

- 1) **RATES:** The condition sets a price cap of N50 per minute for voice calls and N4 per SMS. Specific pricing floors for calls and text messages within and outside a CUG have also been introduced. For voice services and SMS within the CUG (on-net), they cannot be below the rates of **N0.50/min** for voice services and **N1.02** for SMS. Outside the CUG (off-net) voice services and SMS shall not be below the price floor of **N6.40/min** and **N1.02** respectively. The minimum and maximum access fees for both prepaid and postpaid CUG services has also been fixed at N400 and N5000 per month, respectively.
- 2) **SUBSCRIBERS:** A CUG offering must have a minimum of **three (3)** Mobile Station International Subscriber Directory Number (MSISDN) subscribers. The maximum number of MSISDN subscribers differ based on the type of entity¹.
- 3) **RESTRICTIONS:** CUG services have now been limited to the provision of voice calls and Short Messaging Service (SMS). ***Data, VAS, and other ancillary services cannot be bundled with the CUG access/rental fee.***
- 4) **OBLIGATIONS:** Telecom operators who offer CUG services are advised to manage their relationship with the entities being offered the services directly, by liaising with a designated staff of the entity. However, where a third party is engaged to manage any CUG relationship, the agent must hold a Class license and be duly registered with the NCC. Also, telecom operators are required to furnish the NCC with quarterly reports detailing all newly registered CUGs, new subscribers added to an existing CUG, and subscribers that have left an existing CUG.
- 5) **REGISTRATION:** The conditions provide certain mandatory documents that must be submitted before a CUG is registered. These documentary requirements differ depending on the type of entity, please see [here](#) for a comprehensive list of the required documents. Additionally, it is pertinent to note that organisations with subsidiaries are to be treated as separate entities especially if business functions are different.

The revised conditions are set to take effect from the 1st of November 2023 and have been introduced to ensure that CUG services are adequately priced while maintaining compliance with regulatory requirements. The changes introduced by these conditions are quite significant and will impact how CUG services are offered in Nigeria. For more information contact us at tmtpractice@aluko-oyebode.com

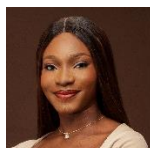
¹ The maximum number of subscribers are as follows – Large Corporate Organisations – 30,000; Government Agencies-20,000; NGOs-10,000; Trade Associations- 2,000 ; and MSME – 200.

Contact Details



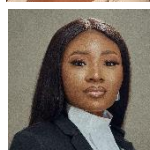
Sumbo Akintola
Partner

M +234 803 403 5122
E Sumbo.Akintola@aluko-oyebode.com



Uchechi Ofoegbu
Associate

M +234 916 985 5185
E Uchechi.Ofoegbu@aluko-oyebode.com



Moyinoluwa Jemiriye
Associate

M +234 916 984 5816
E Moyinoluwa.Jemiriye@aluko-oyebode.com

Further information about the firm, its practice areas, client briefing notes and details of seminars/events are available at www.aluko-oyebode.com. This is a publication of Aluko & Oyebode and is for general information only. It should not be construed as legal advice under any circumstances. For further information, please contact us at ao@aluko-oyebode.com.



1 Murtala Muhammed Drive
Ikoyi, Lagos, Nigeria
P.O. Box 2293, Marina, Lagos

T +234 1 462 8360
E ao@aluko-oyebode.com