

**TO BE PUBLISHED IN THE GAZETTE OF INDIA, EXTRAORDINARY,
PART III, SECTION 4
TELECOM REGULATORY AUTHORITY OF INDIA
NOTIFICATION**

**THE TELECOMMUNICATION (BROADCASTING AND CABLE) SERVICES
INTERCONNECTION (ADDRESSABLE SYSTEMS) (SEVENTH AMENDMENT)
REGULATIONS, 2026
(1 of 2026)**

New Delhi, 5/2/2026

F. No. RG-1/1/(1)/2025-B AND CS(2)— In exercise of the powers conferred by section 36, read with sub-clauses (ii), (iii) and (iv) of clause (b) of sub-section (1) of section 11, of the Telecom Regulatory Authority of India Act, 1997 (24 of 1997), read with notification of the Central Government, in the Ministry of Communication and Information Technology (Department of Telecommunications), No. 39, —

(a) issued, in exercise of the powers conferred upon the Central Government under clause (d) of sub-section (1) of section 11 and proviso to clause (k) of sub-section (1) of section 2 of the said Act, and

(b) published under notification No. S.O.44 (E) and 45 (E) dated the 9th January, 2004 in the Gazette of India, Extraordinary, Part II, Section 3, —

the Telecom Regulatory Authority of India hereby makes the following regulations further to amend the Telecommunication (Broadcasting and Cable) Services Interconnection (Addressable Systems) Regulations, 2017 (1 of 2017), namely: -

1. (1) These regulations may be called the Telecommunication (Broadcasting and Cable) Services Interconnection (Addressable Systems) (Seventh Amendment) Regulations, 2026 (1 of 2026).
 - (2) These regulations shall apply throughout the territory of India.
 - (3) They shall come into force from the 1st April, 2026.
2. In regulation 15 of the Telecommunication (Broadcasting and Cable) Services Interconnection (Addressable Systems) Regulations, 2017 (hereinafter referred to as the “principal regulations”), --
 - (a) for sub-regulation (1), the following sub-regulation shall be substituted, namely: -

“(1) Every distributor of television channels shall get addressable system of its distribution platform, such as subscriber management system, conditional access system, digital rights management system, and other related systems audited once every year, for the preceding financial year, by an auditor, to verify the information contained in the monthly subscription reports made available by the distributor to the broadcasters, and the distributor shall ensure that the relevant audit report, including all annexures, is shared with each broadcaster with whom it has entered into an interconnection agreement, by the 30th September every year:

Provided that the Authority may empanel auditors for the purpose of such audit and it shall be mandatory for every distributor of television channels to get the audit, under this sub-regulation, conducted from any of such empanelled auditors, or M/s Broadcast Engineering Consultants India Limited:

Provided further that the distributor shall inform the broadcaster with whom it has entered into an interconnection agreement, at least thirty days in advance, the schedule of audit and the name of the auditor:

Provided also that the broadcaster may depute one representative to attend the audit and share inputs of the broadcaster for verification during the audit process and the distributor shall permit such representative to attend the audit.

Explanation: For removal of doubt, it is clarified that the presence of the representative of the broadcaster is for the limited purpose of sharing inputs, if any, for verification during the audit process, and does not entitle him to direct or influence, in any manner, the conduct of the audit:

Provided also that it shall be optional for the distributors of television channels, whose active number of subscribers on the last day of the preceding financial year does not exceed thirty thousand, to get the audit conducted under this regulation:

Explanation: For removal of doubt, it is clarified that in the case of infrastructure sharing or Joint Ventures, the combined subscriber base of all distributors utilizing such infrastructure shall be taken into account for determining applicability of above proviso.

Provided also that the empanelled auditor, or M/s Broadcast Engineering Consultants India Limited, conducting the audit of the addressable systems, shall furnish the audit report, along with an audit certificate, to the distributor confirming that the auditor is independent of the auditee and that the audit was conducted in accordance with the provisions of the regulations, and the auditor shall also furnish such other information or certification as may be specified by the Authority from time to time:

Provided also that after coming into effect of these regulations, the unaudited period, if any, preceding the financial year for which the audit is being conducted, shall also be included in the audit.

Explanation: For removal of doubt, it is clarified that in case of first audit after the implementation of these regulations, an unaudited period, if any, preceding to the financial year for which the audit is being conducted, shall also be included in the audit and any overlapping period for which the audit has already been done in the year 2025 shall be excluded from the audit.

Provided further that any variation, due to audit, resulting in less than zero point five percent of the billed amount shall not require any revision of the invoices already issued and paid.”

- (b) in sub-regulation (1A), for the words “in a calendar year of its subscriber management system, conditional access system and other related systems”, the words “in a year within the specified time, of addressable system of its distribution platform” shall be substituted;
- (c) for sub-regulation (2), the following sub-regulation shall be substituted, namely:-

“(2) In case a broadcaster receives the audit report by the 30th September under sub-regulation (1) and finds significant inadequacies or discrepancies in such audit report, it may point out the same, in writing, to the distributor of television channel from whom the audit report has been received, with its specific observations and with supporting documents, if any, within forty-five days of receipt of the audit report:

Provided that the distributor shall, on receiving observations from broadcaster, refer the same to the auditor, within seven days of its receipt, to examine and address the observations and the auditor shall, after addressing the observations of the broadcaster, provide its updated audit report to the distributor within a period of thirty days, which the distributor shall forward to the broadcaster within seven days of its receipt:

Provided further that if the broadcaster finds that its observations have not been addressed completely, it may make a representation before the Authority with its specific observations and supporting documents, if any, within thirty days of receipt of updated audit report:

Provided also that the Authority will examine the representation of the broadcaster, at such fees and costs, as may be specified by the Authority, which shall be borne by the broadcaster and, upon such examination, the Authority may permit the broadcaster to get the audit conducted from any of the auditors empanelled by the Authority, or M/s Broadcast Engineering Consultants India Limited, to

verify the inadequacies/discrepancies pointed out by the broadcaster and the cost of such audit shall be borne by the broadcaster.

(d) after sub-regulation (2), so substituted, the following sub-regulations shall be inserted, namely:-

(2A) In case a broadcaster does not receive the audit report of the preceding financial year by the 30th September from the distributor of a television channel who is under obligation to get its addressable systems audited under sub-regulation (1), it shall be permissible to the broadcasters, either jointly or severally, and after informing the distributor, in writing, to get the audit of the addressable system of such distributor of television channels done, from any of the auditors empanelled by the Authority, or M/s Broadcast Engineering Consultants India Limited, at its own cost:

Provided that where the audit under sub-regulation (1) is optional for the distributor of a television channel, it shall be permissible to the broadcasters, after informing the distributor, in writing, to jointly get the audit of the addressable system done, from any of the auditors empanelled by the Authority, or M/s Broadcast Engineering Consultants India Limited, at their own cost.

Explanation: It is clarified that an audit under these provisions can be got done by a broadcaster only once in a financial year and such audit shall be completed within five months from the 30th September of that financial year.

(2B) In case the audit conducted under sub-regulation (1) or sub-regulation (2) or sub-regulation (2A) reveals that –

- (a) there is a discrepancy in the number of subscribers, the payment amount may be settled in accordance with the provisions of the interconnection agreement entered into between the broadcaster and the distributor;
- (b) the addressable system being used by the distributor does not meet the requirements specified in the Schedule III or the Schedule X or both, it shall be permissible to the broadcaster to disconnect signals of television channels, after giving written notice of three weeks to the distributor.”

3. In Schedule III of the principal regulations,-

(a) for item (B), the following item shall be substituted, namely:-

“(B) Scheduling: The annual audit by distributor under sub-regulation (1) of regulation 15 shall be scheduled in the manner as specified in the said regulation.”;

(b) after item (E), the following item shall be inserted, namely:-

“(F) Infrastructure sharing cases:-

1. SMS and CAS should have capability to meet all the requirements of each distributor as specified in this schedule. Further, separate instances should be created for each distributor using shared SMS/CAS and the data between two or more distributors must be segregated in such a manner that entity wise reconciliation should be possible to be carried out between SMS and CAS.
2. The requirement in respect of watermarking for insertion of network logo for all pay channels at only encoder end shall be applicable for infrastructure provider. The infrastructure seeker shall provide network logo through STB/middleware. However, preferably only two logos, that is, of only broadcaster and last mile distributor shall be visible at customer end.”

4. In Schedule X of the principal regulations,-

(a) for item (B), the following item shall be substituted, namely:-

“(B) Scheduling: The annual audit by distributor under sub-regulation (1) of regulation 15 shall be scheduled in the manner as specified in the said regulation.”;

(b) after item (F), the following item shall be inserted, namely:-

“(G) Infrastructure sharing cases -

1. SMS and DRM should have capability to meet all the requirements of each distributor as specified in this schedule. Further, separate instances should be created for each distributor using shared SMS/DRM and the data between two or more distributors must be segregated in such a manner that entity wise reconciliation should be possible to be carried out between SMS and DRM.
2. The requirement in respect of watermarking for insertion of network logo for all pay channels at only encoder end shall be applicable for infrastructure provider. The infrastructure seeker shall provide network logo through STB/middleware. However, preferably only two logos, that is, of only broadcaster and last mile distributor shall be visible at customer end.”

(Atul Kumar Chaudhary)
Secretary, TRAI

Note.1---- The principal regulations were published in the Gazette of India, Extraordinary, Part III, Section 4, vide notification No. 21-4/2016-B&CS dated the 3rd March, 2017 (1 of 2017).

Note. 2---- The principal regulations were amended vide notification No. 21-6/2019-B&CS dated the 30th October, 2019 (7 of 2019).

Note. 3---- The principal regulations were further amended vide notification No. 21-5/2019-B&CS dated 1st January 2020 (1 of 2020).

Note. 4---- The principal regulations were further amended vide notification No. RG-1/2/ (3)/2021-B AND CS (2) dated 11th June 2021 (1 of 2021).

Note. 5---- The principal regulations were further amended vide notification No. RG-1/2/(2)/2022-B AND CS (2) dated 22nd November 2022 (2 of 2022).

Note. 6---- The principal regulations were further amended vide notification No. C-1/2/(1)/2021-B AND CS(2) dated 14th September 2023 (4 of 2023).

Note. 7---- The principal regulations were further amended vide notification No. RG-8/1/(9)/2021-B AND CS (1 AND 3) dated 8th July 2024 (4 of 2024).

Note. 8---- The Explanatory Memorandum explains the objects and reasons of the Telecommunication (Broadcasting and Cable) Services Interconnection (Addressable Systems) (Seventh Amendment) Regulations, 2026 (1 of 2026).

Explanatory Memorandum

Introduction and Background

1. On 3rd March 2017, the Telecom Regulatory Authority of India (TRAI) notified the Telecommunication (Broadcasting and Cable) Services Interconnection (Addressable Systems) Regulations, 2017. The said regulations were further amended vide a notification dated 30th October 2019, 1st January 2020, 11th June 2021, 22nd November 2022, 14th September 2023 and 8th July 2024 (the principal regulations along with its amendments are hereinafter referred to as “Interconnection Regulations 2017”).
2. Given the size and structure of the sector and the fast changes in technology and business models, there is a need for regulations to evolve with time to resolve the issues raised by stakeholders. Stakeholders have been raising certain issues for review of audit related provisions contained in the Interconnection Regulations 2017. Further, to incorporate infrastructure sharing related provisions contained in the infrastructure sharing guidelines for MSOs dated 29th December 2021, for HITS dated 06th November 2020, and for DTH dated 16th September 2022, issued by the Ministry of Information and Broadcasting (hereinafter referred to as the “MIB”), there is a need to review the audit related provisions and corresponding schedules of the Interconnection Regulations 2017. Accordingly, TRAI issued a consultation paper on ‘Audit related provisions of Telecommunication (Broadcasting and Cable) Services Interconnection (Addressable Systems) Regulations, 2017 and the Telecommunication (Broadcasting and Cable) Services Digital Addressable Systems Audit Manual’ on 9th August 2024 (hereinafter referred to as the “consultation paper”) for seeking comments of the stakeholders. Comments and counter comments received from stakeholders were placed on TRAI’s website. This was followed by an open house discussion on 5th December 2024.
3. After duly considering all the comments and counter-comments received from the stakeholders in response to the consultation paper and its own analysis, the Authority issued Draft Telecommunication (Broadcasting and Cable) Services Interconnection (Addressable Systems) (Seventh Amendment) Regulations, 2025 on 22nd September 2025 (hereinafter referred to as the “draft Regulations 2025”), for seeking further comments of the stakeholders. Comments received from stakeholders on draft Regulations 2025 were placed on TRAI’s website.
4. After taking into consideration the comments received from the stakeholders in response to the consultation paper and draft Regulations 2025 and in-house analysis, the Authority has finalized the Telecommunication (Broadcasting and Cable) Services Interconnection (Addressable Systems) (Seventh Amendment) Regulations, 2026 (hereinafter referred to as the “Seventh Amendment Regulations”). The comments of the stakeholders received on various provisions contained in draft Regulations 2025 have been addressed in detail in the explanatory memorandum. The subsequent paragraphs explain the objects and reasons of the Seventh Amendment Regulations.

Audit related provisions in the Interconnection Regulations 2017

5. Regulation 15 of the Interconnection Regulations 2017 is, *inter-alia*, reproduced as under:

“15. Audit.— (1) Every distributor of television channels shall, once in a calendar year, cause audit of its subscriber management system, conditional access system and other related systems by an auditor to verify that the monthly subscription reports made available by the distributor to the broadcasters are complete, true and correct, and issue an audit report to this effect to each broadcaster with whom it has entered into an interconnection agreement:

Provided that the Authority may empanel auditors for the purpose of such audit and it shall be mandatory for every distributor of television channels to cause audit, under this sub-regulation, from M/s Broadcast Engineering Consultants India limited, or any of such empaneled auditors:

Provided further that any variation, due to audit, resulting in less than zero point five percent of the billed amount shall not require any revision of the invoices already issued and paid.

(1A) If any distributor fails to cause audit once in a calendar year of its subscriber management system, conditional access system and other related systems, as specified under sub-regulation (1), it shall, without prejudice to the terms and conditions of its license or permission or registration, or the Act or

rules or regulations or order made or direction issued thereunder, be liable to pay, by way of financial disincentive, an amount of rupees one thousand per day for default up to thirty days beyond the due date and an additional amount of rupees two thousand per day in case the default continues beyond thirty days from the due date, as the Authority may, by order, direct:

Provided that the financial disincentive levied by the Authority under this sub-regulation shall in no case exceed rupees two lakhs:

Provided further that no order for payment of any amount by way of financial disincentive shall be made by the Authority unless the distributor, has been given a reasonable opportunity of representation against the contravention of the regulations observed by the Authority.

(2) In cases, where a broadcaster is not satisfied with the audit report received under sub-regulation (1) or, if in the opinion of a broadcaster the addressable system being used by the distributor does not meet requirements specified in the Schedule III or the Schedule X or both, as the case may be, it shall be permissible to the broadcaster, after communicating the reasons in writing to the distributor, to audit the subscriber management system, conditional access system and other related systems of the distributor of television channels, not more than once in a calendar year:

Provided that the Authority may empanel auditors for the purpose of such audit and it shall be mandatory for every broadcaster to cause audit, under this sub-regulation, from M/s Broadcast Engineering Consultants India limited, or any of such empanelled auditors.

Provided further that if such audit reveals that additional amount is payable to the broadcaster, the distributor shall pay such amount, along with the interest at the rate specified by the broadcaster in the interconnection agreement, within ten days and if such amount including interest due for any period exceed the amount reported by the distributor to be due for such period by two percent or more, the distributor shall bear the audit expenses, and take necessary actions to avoid occurrence of such errors in the future:

Provided also that it shall be permissible to the broadcaster to disconnect signals of television channels, after giving written notice of three weeks to the distributor, if such audit reveals that the addressable system being used by the distributor does not meet the requirements specified in the Schedule III or the Schedule X or both, as the case may be.

(3) Every distributor of television channels shall offer necessary assistance to auditors so that audits can be completed in a time bound manner.”

6. The sub-regulation (1) of regulation 15 of the Interconnection Regulations 2017 mandates all the distributors of television channels to cause audit of their system once in a calendar year. As per the existing provisions of Interconnection Regulations 2017, if any DPO fails to cause audit of its system once in a calendar year, then such a DPO is liable to pay a financial disincentive (with an upper cap on the financial disincentive of Rupees Two Lakh per year).
7. However, despite the provision of financial disincentive being in place and constant efforts made by TRAI and MIB, it was observed that many distributors are still not getting their system audited in a time-bound manner. As per the data of audits received from the auditors empaneled by TRAI and BECIL, the number of DPO caused audits have been low in the last few years as compared to the number of DPOs required to do so.
8. DPOs with significantly low subscriber base have informed TRAI in various meetings that they find difficulty in causing audits of their systems every year, as they have capacity constraints both in terms of manpower as well as financial resources. Representations were also received from a few small DPOs with requests to exempt them from audit due to their inability to afford audit fees. Several MSOs with small subscriber base have also requested MIB for exemption from the requirement of audit on account of financial constraints.
9. Further, to incorporate infrastructure sharing related provisions contained in the infrastructure sharing guidelines issued by the MIB, there is a need to review the audit related provisions and corresponding schedules of the

Interconnection Regulations 2017. Accordingly, TRAI issued the consultation paper to seek comments of the stakeholders.

10. In this regard, the issues for consultation in the consultation paper were as follows:

Q1. Should provision of Regulation 15(1) be retained or should it be removed in the Interconnection Regulation 2017?

- i) *In case you are of the opinion that provisions of Regulation 15(1) should be retained then*
 - a. *Should it continue in its present form or do they need any modifications?*
 - b. *In case you are of the opinion that modifications are required in Regulation 15(1) of the Interconnection Regulation 2017, then please suggest amended regulations along with detailed justification for the same.*
- ii) *In case it is decided that provisions of Regulation 15(1) should be removed then what mechanism should be adopted to ensure that the monthly subscription reports made available by the distributors to the broadcasters are complete, true and correct?*

Q2. Should small DPOs be exempted from causing audit of their systems every calendar year, under Regulation 15(1) of Interconnection Regulation?

- A. *If yes, then,*
 - 1. *Should 'subscriber base' of DPO be adopted as a criterion for defining small DPOs for this purpose?*
 - i. *If yes,*
 - a) *what limit of the subscriber base should be adopted to define small DPOs for the purpose of exempting them from causing audit of their systems under Regulation 15(1)?*
 - b) *on which date of the year should the DPOs' subscriber base be taken into consideration for categorising whether or not the DPO falls in exempted category?*
 - c) *In case any distributor is offering services through more than one distribution platforms e.g. distribution network of MSO, IPTV, etc. then should the combined subscriber base of such distributor be taken into consideration for categorising whether or not the distributor falls in exempted category?*
 - ii. *If 'subscriber base' criterion is not to be adopted, then what criteria should be selected for defining small DPOs?*
 - 2. *In case it is decided that small DPOs may be exempted from causing audit of their systems under Regulation 15(1), then should broadcasters be explicitly permitted to cause subscription audit and/or compliance audit of systems of such DPOs, to verify that the monthly subscription reports made available by the distributor to them are complete, true and correct?*
 - i. *If yes, what should be the mechanism to reduce burden on small DPOs that may result due to multiple audits by various broadcasters?*
 - ii. *If no, what should be the mechanism to verify that the monthly subscription reports made available by the small DPOs to the broadcasters are complete, true and correct?*
- B. *If you are of the view that the small DPOs should not be exempted from the mandatory audit, then*
 - i. *how should the compliance burden of small DPOs be reduced?*
 - ii. *should the frequency of causing mandatory audit by such small DPOs be decreased from once in every calendar year to say once in every three calendar years?*
 - iii. *alternatively, should small DPOs be permitted to do self-audit under Regulation 15(1), instead of audit by BECIL or any TRAI empaneled auditor?*

Q3. As per the existing Interconnection Regulation, all the distributors of television channels have been mandated to cause audit of their system once in a calendar year. Should the existing provision of "calendar year" be continued or "financial year" may be specified in place of calendar year? Please justify your answer with proper reasoning.

Q4. As per the existing Interconnection Regulation, the annual audit caused by DPO under regulation 15 (1), shall be scheduled in such a manner that there is a gap of at-least six months between the audits of two consecutive calendar years and there should not be a gap of more than 18 months between audits of two consecutive calendar years. Instead of above, should the following schedule be prescribed for annual audit?

- i) *The DPOs may be mandated to complete annual audit of their systems by 30th September every year.*

- ii) *In cases, where a broadcaster is not satisfied with the audit report received under regulation 15(1), broadcaster may cause audit of the DPO under Regulation 15(2) and such audit shall be completed latest by 31st December.*
- iii) *In case DPO does not complete the mandatory annual audit of their systems by 30th September in a year, broadcaster may cause audit of the DPO under Regulation 15(2) from 1st October to 31st December [of the] year. This shall not absolve DPO from causing mandatory audit of that year by 30th September and render the non-complaint DPO liable for action by TRAI as per the provisions of Interconnection Regulation 2017?*

Justify your answer with proper reasoning.

Q5. In case you do not agree with schedule mentioned in Q4, then you are requested to provide your views on the following issues for consultation:

- i. *As per the existing Interconnection Regulation, the annual audit caused by DPO under regulation 15(1), shall be scheduled in such a manner that there is a gap of at-least six months between the audits of two consecutive calendar years and there should not be a gap of more than 18 months between audits of two consecutive calendar years. Does the above specified scheduling of audit need any modification? If yes, please specify the modifications proposed in scheduling of audit. Please justify your answer with proper reasoning.*
- ii. *For the audit report received by the broadcaster from the DPO (under regulation 15(1)), should the broadcasters be permitted to cause audit under regulation 15(2) within a fixed time period (say 3 months) from the date of receipt of that report for that calendar year, including spilling over of such period to the next year?*
 - *If yes, what should be the fixed time period within which a broadcaster can cause such audit. Please support your answer with proper justification and reasoning.*
 - *If no, then also please support your answer with proper justification and reasoning?*
- iii. *In case a DPO does not cause audit of its systems in a calendar year as specified in Regulation 15(1) then should broadcasters be permitted to cause both subscription audit and/or compliance audit for that calendar year within a fixed period (say 3 months) after the end of that calendar year?*
 - *If yes, what should be the fixed time period (after the end of a calendar year) within which a broadcaster should be allowed to get the subscription audit and/or compliance audit conducted for that calendar year? Please support your answer with proper justification and reasoning.*
 - *If no, then also please support your answer with proper justification and reasoning?*

Q6. What measures may be adopted to ensure time bound completion of audits by the DPOs? Justify your answer with proper reasoning.

Broad Summary of Comments of the stakeholders on Q1 of the consultation paper

11. In response to Q1, divergent views were received from the stakeholders. Those favouring continuation of regulation 15(1) broadly commented as follows:

- There is no flaw in regulation 15 (1) and it should be retained as it is, however, the efficacy and intention behind its implementation needs to be reviewed in a serious manner, which will help in ensuring its compliance.
- Regulation 15(2) of the challenge audit should be removed. Giving a second option that allows broadcasters to challenge audits (regulation 15(2)) is unnecessary, adds cost to compliance, and gives a higher pedestal to broadcasters allowing them to seek an additional audit over and above the Regulator's own defined audit process.
- If a DPO has completed an annual audit by TRAI empaneled auditor, broadcasters should be restricted from challenging the audit without valid justification and substantiated data.
- Currently the clause related to triggering the audit by a broadcaster is open ended. This should be modified, so that the audit can be triggered by the broadcaster only if there is more than 2% variance in the subscriber count. However, this should not lead to disruption of services in any case.
- Broadcasters with a subscriber base of less than 10% of the total base of DPO should not be given an option to trigger the audit of any DPO.
- Regulation 15(1) should be retained but not on a compulsory basis.

- The audit frequency may be revised to once every 2/3/4/5 years, in order to ease the compliance burden on small MSOs.
- DPOs experience difficulties in arranging yearly technical audits from empaneled auditors. Also, the amount charged by the auditors is extremely high, which they cannot afford.
- Provision under regulation 15(1) is a very necessary condition and it should not be removed, but appropriate self-audit arrangements should be added, where small DPOs are not burdened with the audit fees.

12. Those who opposed continuation of Regulation 15(1) commented as summarized below:

- Regulation 15(1) should be removed, and broadcasters should be given an unfettered first right to cause audits of DPOs' system. This change will ensure that broadcasters, who are the owners of TV channels, have the ability to verify the Monthly Subscription Reports (MSRs) which form the basis of their revenue, and can do so in a timely manner.
- Under the current regime, although DPOs are mandated to conduct audits, many of them fail to do, or they do after inordinate delays and repeated requests of broadcasters. DPOs push back on broadcaster-caused audits, by seeking strict proof of discrepancies found in the DPOs' audit report, and by delaying the broadcaster-caused audits on various pretexts.
- In several past instances, broadcasters requested time to conduct audits, but such requests were denied by DPOs. It was also observed that DPO audit reports were manipulated, incomplete, and inaccurate, with delays in submission. Consequently, the statutory data retention period expired, preventing verification of records for that duration.

13. One of the comments received during the consultation process called for fixing the auditor fees.

14. The stakeholders' comments above were analysed while framing the draft Regulations 2025. The stakeholders' comments on these draft Regulations 2025 presented in the subsequent section of this explanatory memorandum covers issues including annual audit to be mandatorily conducted by a DPO having more than 30000 subscribers; making these audit optional for smaller DPOs having less than 30000 subscribers while enabling the broadcasters to do their audit once in a year, if considered necessary; defining timelines and procedure for audits; the cases and situations when a broadcaster can conduct audit in case of non-receipt of audit report and examination by TRAI before any re-audits by the broadcaster.

Broad Summary of Comments of the stakeholders on Q2 of consultation paper

15. In response to Q2, divergent views were received from the stakeholders. Those favouring exemption to small DPOs from compliance of regulation 15(1), commented:

- There should not be any audit for small MSOs as it is an additional burden, and they are not in a position to bear the cost of the audit. Still, if an audit is necessary, it should be done without any charge.
- There should not be any audit requirement for small DPOs, as a smaller number of DPOs are left in our country.
- The suggested criterion for determining the threshold for exemption based on subscriber base varied significantly; and it ranged from 5000 to 50000.
- Audit is not economically possible in every calendar year. Audit should not be made mandatory for DPOs having less than 5000 subscribers; and the audit frequency may be revised to once in three years for DPOs having 5000 to 10000 subscribers.
- DPO's working at district levels should be exempted from compliance to regulation 15(1).
- Regulation 15(1) should be removed from the Interconnection Regulations 2017, and broadcasters should be given unfettered first right to audit. However, in case regulation 15(1) is retained in some form or the other, then DPOs with less than 30000 subscribers should be exempted from audit under regulation 15(1). With respect to such DPOs, a broadcaster may be allowed to conduct an audit under regulation 15(2) at its discretion once in a calendar year. However, such an exemption should not apply to a DPO having less than 30000 subscribers if it forms part of a Joint Venture (JV) or is otherwise sharing infrastructure, unless the JV or the parties to the infrastructure sharing arrangement together have less than 30000 subscribers.

16. Those opposing exemption to small DPOs from compliance of regulation 15(1), broadly commented as follows:

- Regulation should be same for all the DPOs and there should be no disparity in terms of small or big DPO, as any exemption to smaller DPOs will further increase the disparity and non-compliance of the regulation.
- Law of land never differentiates between caste, creed, economic conditions and influence of the offender and the same applies in the case of the Companies Act 2013 also. The Companies Act 2013 does not discriminate the companies on the basis of their turnover; and therefore, providing exemption to DPOs on the basis of size/turnover will not serve the purpose.
- Regulation 15(1) was introduced in the regulation for bringing transparency in Cable TV and Broadcasting domain, so as to curtail underreporting happening in the sector. Any exemption to regulation 15(1), will further increase underreporting and unauthorized distribution, which will be a huge loss to the exchequer.
- Audit should be compulsory for every DPO whether it is small or big, audit fees can be regulated for smaller DPOs having subscriber base less than 1000.

17. On the question of reducing frequency of mandatory audits for small DPOs, different views received from the stakeholders are summarized below:

- Frequency should not be decreased, and it should continue to be mandated once in a calendar year.
- Frequency of audit should be changed to once every two or three or five years for small DPOs.
- Audit frequency must be modified to once in two financial years to reduce the compliance burden.
- An audit should be required once every five years.
- Prescribed processes for the audit require some changes, as small DPOs currently face financial difficulties due to high audit fees. Audits should be conducted simultaneously by all broadcasting companies by an empaneled auditor. Further, the fee for self-audit should be kept as Rupee 15000 only, or alternatively the audit should be mandated once every three years.
- Audit should be mandated only once in the whole license period.

18. On the issue of identifying the appropriate date in a year for considering the DPOs' subscriber base to determine exemption status, stakeholders generally expressed the following views:

- Subscriber base as of the last financial year should be considered, as subscriber base of DPOs is decreasing day by day.
- Same date should be considered i.e., every year end, or as decided by the TRAI.

19. With respect to whether the combined subscriber base of distributors should be considered for determining exemption status under regulation 15(1), particularly where a distributor operates through multiple platforms such as MSO networks or IPTV, stakeholders expressed divergent views:

- Collective/combined subscriber base of all its distribution platforms should not be considered since DPO executes separate interconnection agreements with broadcasters for each of its distribution platforms.
- Combined subscription base should be taken into consideration.

20. In response to whether broadcasters should be explicitly permitted to cause audit of the systems of small DPOs exempted under regulation 15(1), stakeholders expressed differing views, which are broadly summarized below:

- Any DPO with less than 30000 subscribers should be exempted from mandatory audit under the regulation 15(1). With respect to such DPOs, a broadcaster should be allowed to conduct audit under regulation 15(2) at its discretion once in a calendar year.
- In case differential treatment of DPOs based on subscriber base needs to be given, then broadcasters should be permitted to conduct subscription audit of such small DPOs under regulation 15(2) only where there is doubt regarding the completeness/correctness/truthfulness of the MSRs submitted by them.

21. In response to the question of how the compliance burden on small DPOs may be reduced in cases where they are not exempted, stakeholders broadly expressed the following views:

- There is no compliance burden on small DPOs, except getting only one audit conducted every calendar year. Also, this one-time audit process gets completed in a week's time for smaller DPOs and takes three to four weeks for bigger DPOs having seven to eight headends, therefore as such, there is no compliance burden on

the DPOs. Moreover, Authority can publish a general rate card for audit fees, which shall be based on the number of CAS/number of SMS/number of subscribers/expected time to complete the audit etc. This will also reduce the burden of smaller MSOs.

- In case it is decided to reduce the compliance burden of certain category of DPOs (based on their subscriber numbers), then either of the following methods could be adopted to ensure parity:

Method 1:

- i) The choice to conduct an audit of their systems under regulation 15(1) should remain with the DPOs.
- ii) DPOs (big or small) could be given an option of officially communicating/reporting to TRAI at the beginning of every calendar year (and within the first three months of that calendar year) whether they intend to carry out an audit of their systems as per regulation 15(1) in that calendar year.
- iii) In case the DPO is not willing/not responding, then, the Authority may direct the broadcasters to carry out the audit of such systems under regulation 15(2) and submit the resulting reports to TRAI.
- iv) For DPOs who communicate their willingness to TRAI at the beginning of the year but fail to conclude the DAS audit of that calendar year, then, the Authority may consider appropriate punitive action against the DPO.

Method 2:

- All DPOs (big or small) must compulsorily conduct the compliance audit of their systems as per regulation 15(1) and submit the annual compliance report to TRAI.
- In case differential treatment of DPOs based on subscriber base needs to be given, then broadcasters should be permitted to conduct subscription audit of such small DPOs under regulation 15(2) only where there is doubt regarding the completeness/correctness/truthfulness of the MSRs submitted by them.

22. On the issue of whether small DPOs should be permitted to conduct self-audits under regulation 15(1), in place of audits by the auditors empaneled by TRAI or M/s Broadcast Engineering Consultants India Limited (hereinafter referred to as “BECIL”), stakeholders broadly expressed the following views:

- Some stakeholders opined that the word self-audit is self-contradictory, as audit in itself means scrutiny of data or system by an authenticated third party, which necessarily needs to be un-biased.
- Some stakeholders favoured a self-audit system, wherein the smaller DPOs will not be burdened with the heavy audit charges.

23. The stakeholders' comments above were analysed while framing the draft Regulations 2025. The stakeholders' comments on these draft Regulations 2025 presented in the various sections of this explanatory memorandum covers issues including annual audit to be mandatorily conducted by a DPO having more than 30000 subscribers; making these audit optional for smaller DPOs having less than 30000 subscribers while enabling the broadcasters to do their audit once in a year, if considered necessary; the total subscriber base to be considered for such exemptions in case of a Joint Venture and Infrastructure sharing, defining timelines and procedure for audits; the cases and situations when a broadcaster can conduct audit in case of non-receipt of audit report and examination by TRAI before any re-audits by the broadcaster.

Broad Summary of Comments of the stakeholders on Q3 of consultation paper

24. In response to Q3, divergent views were received from the stakeholders. Those favouring the replacement of the existing provision of ‘Calendar year’ with ‘Financial Year’ broadly commented as follows:

- The audit period should be aligned to financial year, as all the accounting provisions and audits in India are scheduled based on the financial year. Also, the calendar year is not in synchronization with the annual financial year contracts and financial agreements with the broadcasters.
- Aligning the audit period with the financial year ensures consistency with other financial reporting and compliance requirements. This makes it easier for DPOs to integrate the audit process with their annual financial audits. Given that renewal of Reference Interconnect Offer (RIO) takes place during January and February, the past practice of conducting the audit on the basis of the calendar year is impractical.
- Alignment of audit period to financial year would provide several practical and regulatory benefits that would enhance the effectiveness of the audit process. This would streamline the audit process, reduce administrative burden and ensure that the audit captures a complete and accurate representation of the DPO's operations over a consistent reporting period. Moreover, subscription revenue(s) is a key component of the

broadcasting sector, and aligning the audit period with the financial year would ensure that subscription and compliance audits are consistent with the financial data reported.

25. The stakeholders favouring continuation of calendar year broadly opined as follows:

- Regulation 15(1) of the Interconnection Regulations 2017 should be abolished. However, in case it is retained, DPOs may conduct the audit under regulation 15(1) once in a calendar year, provided that this requirement is strictly adhered to.
- The existing provision of annual audits in a calendar year together with a minimum & maximum period specified between two consecutive audits is fine and requires no modification. Further, there is no connection between the audit period prescribed under TRAI regulations and the financial year reporting obligations for a company under the Companies Act, 2013.
- Annual audit conducted by DPOs are directed towards the technical compliance and technical aspects of the system. Financial year-based audit should not be made as the benchmark for DAS audits.

26. The stakeholders' comments above were analysed while framing the draft Regulations 2025. The stakeholders' comments on these draft Regulations presented in the various sections of this explanatory memorandum covers issues including annual audit to be mandatorily conducted by a DPO having more than 30000 subscribers and the periodicity of audit aligned to once in a financial year as against calendar year in the extant regulation.

Broad Summary of Comments of the stakeholders on Q4 of consultation paper

27. In response to Question 4 seeking comments of stakeholders on replacing the extant requirement of annual audits within a calendar year along with minimum and maximum period specified between two consecutive audits by specific timelines for audits, different views were received from the stakeholders. Those favouring the proposed timelines of DPO-caused audit by 30th September every year and broadcaster-initiated audits by 31st December every year, broadly commented as follows:

- The specified timelines ensure compliance and reduce unnecessary conflicts and disputes.
- Stakeholders indicated complete agreement with the proposed timelines as they are time-bound, relevant and put the onus on both the stakeholders for a time bound DAS audit and associated reporting. This will also save unnecessary litigations and long drawn queries from broadcasters, which in many instances come up to six months after sharing the audit report.
- The requirement for the DPO to complete its mandatory annual audit by September 30th is indeed very relevant, and the timelines must be strictly adhered to. The deadline of September 30th for completing the mandatory annual audit constitutes a critical regulatory requirement which ensures that all DPOs are evaluated within a consistent timeframe. This is essential for maintaining uniformity and fairness across the industry. Adhering to this deadline ensures that all entities are held to the same standards and practices. This will also save unnecessary litigation.
- In the event a DPO fails to comply with the audit requirement under regulation 15(1) within the prescribed timelines, the broadcasters should not provide broadcasting signals to such DPO. Regulation 15(2) should not be construed as a fishing inquiry or a tool for the broadcaster to arm twist the DPOs.
- Adherence to these timelines would bring seriousness and discipline in conduct of audits. This will reduce the conflicts and disputes between DPOs and broadcasters, as broadcasters seek queries even after six months of submitting audit reports including those for the previous year's audit.

28. The broad summary of the views received from stakeholders who disagreed with the proposed timelines is as follows:

- Provision for broadcaster-initiated audit on DPOs should be deleted. Broadcasters caused audits are not required as the broadcasters do not raise any objection to the audit reports throughout the year. However, towards the end of the year, when there is no concurrence on commercial terms, broadcasters invoke the need for audit, with obtuse questions to victimize the DPOs with their threats. This unbound power given to the broadcasters needs to be removed to bring a balance in the ecosystem. Furthermore, TRAI mandated audits are done by empaneled auditors which should bring finality and therefore broadcaster-initiated audits are not required at all.

- Oppose the proposal of reducing the period for conducting audit by DPOs to nine months from the current 12 months.
- The current provision requiring an audit to be conducted in a calendar year together with minimum and maximum period specified between two consecutive audits is fine and requires no modification. Further the provision under regulation 15(2) permitting audit by a broadcaster ‘not more than once in a calendar year’ should be stretched to mandate that if one broadcaster has initiated a subsequent audit post receipt of an audit report, no other broadcaster would be permitted to cause audit for the same calendar year.
- Annual audit should be completed within nine months of the end of the previous financial year, i.e., by December of the current financial year. Since the Audit Manual prescribes a large amount of data to be shared with the auditors, sufficient time is required to complete the audit, especially for DPOs having a large amount of data. Further, a grace period of three months (i.e., until March of the current financial year) may be provided to the DPOs. This will allow additional time for the DPOs to complete the audit if they face any unforeseen delays. The requirement of regulation 15(2) of a broadcaster caused audit or challenge audit should be done away with. In the event if the DPO does not complete the audit within the specified time period (i.e., after the grace period as well until March of the current financial year), broadcasters should be allowed to initiate an audit of the DPOs’ systems only within the next six months.
- In case regulation 15(1) is retained in some form or the other, then DPOs should be mandated to complete audit under regulation 15(1) and submit audit reports (including submission of missing annexures and/or supporting data/documents that may be pointed out by broadcaster and/or responding to other audit queries) to broadcasters by 30th June of a calendar year. This will give ample time to the broadcasters to conduct audit under regulation 15(2) at their discretion. Further, broadcasters should continue to have the right to conduct audit under regulation 15(2) at any time (i.e., even before 30th June).

29. The stakeholders’ comments above were analysed while framing the draft Regulations 2025. The stakeholders’ comments on these draft Regulations presented in the various sections of this explanatory memorandum covers issues including unfair practices used by broadcaster to undertake broadcaster caused audit, defining timelines and procedure for audits; the cases and situations when a broadcaster can conduct audit in case of non-receipt of audit report and the examination by TRAI before any re-audits by the broadcaster.

Broad Summary of Comments of the stakeholders on Q5 of consultation paper

30. In response to Question 5 seeking suggestions of stakeholders on timelines if they do not agree to proposed timelines in question 4, varying views were received from stakeholders which are summarized below:

- TRAI mandated audits should be treated as final, and the broadcasters should not be given the right to audit DPOs as it is merely a duplication of work which adds additional costs and burden on the DPOs. Any gaps discovered by the TRAI auditors should be flagged for remedial measures to be taken.
- Broadcasters should be permitted to cause audit under regulation 15 (2) within a fixed time period from the date of receipt of audit report for that calendar year, including any spillover period to the subsequent year. However, the broadcasters must identify specific issues as per the Regulations/Audit Manual for which they are not satisfied with the audit report and communicate the same to the DPOs within four weeks of receipt of the audit report. Further, if a DPO fails to commence the annual audit as per regulation 15(1) within a fixed time frame, then the broadcasters may be permitted to conduct DAS audit of such DPOs under regulation 15(2). In cases where the DPO fails to communicate commencement of mandatory DAS audit under regulation 15(1) within six months of completion of the calendar year, then the broadcasters should seek clarification on the same from the DPO. In case the DPO does not share any schedule for planned commencement of DAS Audit as per regulation 15(1) within four weeks of receipt of such broadcaster communication, then the broadcaster should be allowed to conduct audit of the DPO’s system under regulation 15(2).
- Existing scheduling requirement of a six-month minimum gap and an 18-month maximum gap between audits of consecutive calendar years is appropriate and effective. It ensures regular and timely audits while providing necessary flexibility for organizations to manage their audit schedules effectively. Therefore, no modification to the current timeline is required.
- In case regulation 15(2) is retained on justifiable grounds, then, to maintain a structured and timely audit process, broadcasters should be allowed to initiate queries on the audit done by the TRAI empaneled auditor only within one month of receiving the audit report from the DPO. This will ensure that any discrepancies

- or issues are addressed promptly and efficiently. After this period, broadcasters should not be allowed to trigger any further queries.
- With respect to mandating broadcasters a fixed timeline to conduct audit under regulation 15(2) following receipt of regulation 15(1) audit reports, such timeline should not be mandated upon broadcasters since majority of the audit reports submitted by DPOs have important annexures and data/documents missing. DPOs take months to furnish the same and to respond to broadcaster's queries. Some DPOs also use the excuse of data migration/system crash/server issues/non availability of CAS/SMS tech support.
- Further with respect to binding broadcasters to conduct audit under regulation 15(2) within a fixed timeline after the end of a calendar year, in cases where DPOs have not got audit conducted under regulation 15(1), such timeline should not be mandated upon broadcasters. In practice, most of the time DPOs face challenges in arranging the necessary technical support to facilitate broadcaster-initiated audits.

31. The stakeholders' comments above were analysed while framing the draft Regulations 2025. The stakeholders' comments on these draft Regulations 2025 presented in the various sections of this explanatory memorandum covers issues including restricting broadcaster caused audit, limiting time period for broadcasters to cause audit and with specific reasons, allowing broadcaster to cause audit in case DPO fails to get audit conducted in allowed time period and submission of complete audit report with all annexures.

Broad Summary of Comments of the stakeholders on Q6 of consultation paper

32. In response to Q6, the various views received from stakeholders are broadly summarized as follows:

- To ensure timely completion of audits by DPOs, heavy penalties that can act as a deterrent should be imposed on DPOs for non-compliance including cancellation of license to operate their respective distribution platform and blacklisting for a period of three years from operating any kind of distribution platform. Further, DPOs should be mandated to complete the audit within 10-14 days.
- Penalty should be levied for late submission of audit report after the due date to ensure strict compliance to the timelines.
- Broadcasters should be mandated to provide the Transport Stream (TS) and all audit-related queries, if any, to the empaneled auditor or the concerned DPO, at least 15 days prior to the date of commencement of audit. Financial disincentives should also be levied on the broadcasters in case there is a delay of more than 15 days in providing the required response to the auditor/DPO.
- Improving the quality of auditors empaneled by TRAI is crucial for ensuring that audits are conducted with accuracy, integrity, and professionalism. TRAI in collaboration with BECIL should undertake periodic training programs in line with new regulations, technological advancements, and emerging industry practices for upgrading the skills of the auditors.
- DPO must complete self-audit as per regulation 15(1) by 30th June, and in cases where audit is not conducted until 30th June, they should pay a penalty. If broadcasters get audit conducted, it would be very tough for DPOs to manage all broadcasters' audits.
- Strict action should be taken by TRAI against defaulters by imposing financial disincentives to the tune of Rupees Five Lacs on first default, Rupees Ten Lacs on second default and Rupees One Lac per day on continuing default. In cases where the default continues despite reminders and notices by TRAI, the Authority should recommend cancellation of their license. Further, some action should also be there on broadcasters, who continue to provide signals to the defaulting DPOs despite having knowledge of default on audit provisions. Thus, if no audit report is being sent to the broadcasters, and yet the broadcasters are not disconnecting their signals; this implies that the broadcasters are also abetting the default, and hence there should be financial disincentives against such broadcasters also.
- Measures presently in place mandating "Non-Compliant" title to an errant DPO is more than sufficient as this will result in broadcasters not signing new RIO agreement.
- Time bound completion of audits is also dependent on the active participation and co-operation of the DPO's vendors during the conduct of any audit at the DPO's premises. Therefore, the Authority may direct the SMS, CAS and STB vendors of all DPOs to extend complete co-operation and support during audit even if existing commercial relations do not exist between the parties, as the systems deployed come under the purview of the Regulations and hence the vendors must ensure compliance.

33. The stakeholders' comments above were analysed while framing the draft Regulations 2025. The stakeholders' comments on these draft Regulations 2025 presented in the various sections of this explanatory memorandum

covers issues including defining timelines and procedure for audits; quality of audits and action against defaulter DPOs.

34. After analysing the stakeholder comments, counter comments received on the consultation paper and inputs received during OHD, the Authority released draft Regulations 2025 on 22nd September 2025 seeking inputs of the stakeholders. The main body of the draft regulations are presented below:

2. *In regulation 15 of the Telecommunication (Broadcasting and Cable) Services Interconnection (Addressable Systems) Regulations, 2017 (hereinafter referred to as “principal regulations”), --*

(a) for sub-regulation (1), the following sub-regulation shall be substituted, namely: -

“(1) Every distributor of television channels shall get its addressable system of distribution platform, such as subscriber management system (SMS), conditional access system (CAS), digital rights management (DRM) system, and other related systems audited once every year, for the preceding financial year, by an auditor to verify the information contained in the monthly subscription reports made available by the distributor to the broadcasters, and the distributor shall take all necessary measures in advance to ensure that the audit report for the preceding financial year is shared with broadcasters, with whom it has entered into interconnection agreements, by the 30th September every year:

Provided that the Authority may empanel auditors for the purpose of such audit and it shall be mandatory for every distributor of television channels to get the audit conducted, under this sub-regulation, from M/s Broadcast Engineering Consultants India Limited, or any of such empanelled auditors:

Provided further that the distributor shall inform the broadcaster, with whom it has entered into an interconnection agreement, at least thirty days in advance, the schedule of audit and the name of the auditor:

Provided also that the broadcaster may depute one representative to attend the audit and share inputs of the broadcaster for verification during the audit process and the distributor shall permit such representative to attend the audit

Explanation: For removal of doubt, it is clarified that the presence of the representative of the broadcaster is for the limited purpose of sharing inputs, if any, for verification, during the audit process, and does not confer any authority upon him to direct or influence in any manner the conduct of the audit:

Provided also that it shall be optional for distributors of television channels, whose active number of subscribers, on the last day of the preceding financial year, do not exceed thirty thousand, to get the audit conducted under this regulation:

Provided also that the empanelled auditor or M/s Broadcast Engineering Consultants India Limited, conducting the audit of the addressable systems, shall furnish the audit report along with an audit certificate to the distributor confirming that the auditor is independent of the auditee and that the audit was conducted in accordance with the provision of the regulations, and the auditor shall also furnish such other information or certification as may be specified by the Authority from time to time:

Provided also that after coming into effect of these regulations, the unaudited period, if any, preceding to the financial year for which the audit is being conducted, shall also be included in the audit.”

(b) in sub-regulation (1A), for the word “calendar”, the word “financial” shall be substituted;

(c) for sub-regulation (2), the following sub-regulation shall be substituted, namely:-

"(2) (a) In case a broadcaster has received the audit report by the due date of 30th September under sub-regulation (1) and finds discrepancy in such audit report, it may point out the same, in writing, to the distributor of television channel from whom the audit report has been received, citing specific observations with evidence against audit report, within thirty days of receipt of audit report, and may provide a copy of the observations with evidence to the concerned auditor:

Provided that the distributor, on receiving observations from broadcaster shall refer the same to the auditor concerned, within seven days of its receipt, to examine and address the observation and the auditor shall address the observations of the broadcaster and provide its updated audit report to the distributor within a period of thirty days which the distributor shall forward to the broadcaster within seven days of its receipt:

Provided further that if the broadcaster finds that its observations are not addressed completely, the broadcaster may report to the Authority its specific observations with evidence within thirty days of receipt of updated audit report:

Provided also that the Authority shall examine the case on merits, at the fees and costs to be borne by the broadcaster, as may be specified by the Authority and, if found necessary, may permit the broadcaster to get a special audit conducted at the cost of broadcaster to ascertain the discrepancies pointed out by the broadcaster:

Provided also that in case of special audit, by broadcaster, the broadcaster shall give names of three auditors, from amongst M/s Broadcast Engineering Consultants India Limited and the empanelled auditors, to the distributor and the distributor shall choose one auditor for the special audit, within fifteen days, failing which broadcaster shall approach the Authority for selection of the auditor.

(2) (b) In case a broadcaster does not receive the audit report of the preceding financial year by the due date of 30th September –

(i) where the distributor of a television channel fails to share the audit report of the preceding financial year, under sub-regulation (1), with the broadcasters, with whom it has entered into interconnection agreement, by the 30th September of the year in which the audit was due to be conducted, it shall be permissible to the broadcasters either jointly or severally, after informing the distributor, in writing, to get the audit of the addressable system of such distributor of television channels done, at the cost of broadcaster.

(ii) where the audit is optional under sub-regulation (1), it shall be permissible to the broadcasters either jointly or severally, after informing the distributor, in writing, to get the audit of the addressable system done, at the cost of broadcasters.

Explanation: It is clarified that in case, an audit is got done by a broadcaster under these provisions, the audit shall be conducted only once in a year and completed within four months starting from the 30th September of that year:

(2) (c) In case the audit conducted under sub-regulation (1) or (2)(a) or (2)(b) reveals that –

- (a) there is a discrepancy in subscriber numbers, it may be settled as per provisions in the interconnection agreement between broadcaster and the distributor;*
- (b) the addressable system being used by the distributor does not meet the requirements specified in the Schedule III or the Schedule X or both, it shall be permissible to the broadcaster to disconnect signals of television channels, after giving written notice of three weeks to the distributor."*

3. In Schedule III of the principal regulations,-

- (a) for item (B), the following item shall be substituted, namely:-*

"(B) Scheduling: The annual audit by distributor under sub-regulation (1) of regulation 15 shall be scheduled in the manner as specified in the said regulation. ";

(b) after item (E), the following item shall be inserted, namely:-

“(F) Infrastructure sharing cases-

1. SMS and CAS should have capability to meet all the requirements prescribed in this schedule for each distributor. Further, separate instances should be created for each distributor using shared SMS/CAS and the data between two or more distributors must be segregated in such a manner that entity wise reconciliation should be possible to be carried out between SMS and CAS.

2. The requirement in respect of watermarking for insertion of network logo for all pay channels at only encoder end shall be applicable for infrastructure provider. The infrastructure seeker shall provide network logo through STB/middleware. However, preferably only two logos, that is, of only broadcaster and last mile distributor shall be visible at customer end.”

4. In Schedule X of the principal regulations,-

(a) for item (B), the following item shall be substituted, namely:-

“(B) Scheduling: The annual audit by distributor under sub-regulation (1) of regulation 15 shall be scheduled in the manner as specified in the said regulation.”;

(b) after item (F), the following item shall be inserted, namely:-

“(G) Infrastructure sharing cases-

1. SMS and DRM should have capability to meet all the requirements prescribed in this schedule for each distributor. Further, separate instances should be created for each distributor using shared SMS/DRM and the data between two or more distributors must be segregated in such a manner that entity wise reconciliation should be possible to be carried out between SMS and DRM.

2. The requirement in respect of watermarking for insertion of network logo for all pay channels at only encoder end shall be applicable for infrastructure provider. The infrastructure seeker shall provide network logo through STB/middleware. However, preferably only two logos, that is, of only broadcaster and last mile distributor shall be visible at customer end.”

Broad Summary of Comments of the stakeholders on draft Regulations 2025

35. In response to draft Regulations 2025, differing views were received from stakeholders which are summarized below:

- The Authority's approach to introduce changes in a piecemeal manner is inconsistent with the preceding 2024 consultation paper, which dealt with three aspects i.e., audit regulations, infrastructure sharing, and the audit manual, as interdependent and inter-related issues. The current consultative exercise separates the issues of audit regulations, the audit manual and infrastructure sharing. This prevents stakeholders from assessing the cumulative impact of the proposals.
- Withdraw the present draft amendment and subsume the entire exercise into the forthcoming holistic review of the regulatory framework.
- Issues relating to infrastructure sharing remain unanalyzed and that the explanatory memorandum of the draft amendment defers crucial revisions to the audit manual to an unspecified future date.
- During the meeting held on 25th February 2025, TRAI had proposed deferring this exercise and including it within the holistic review of the broadcasting regulatory framework, to which the industry had agreed to avoid duplicative and disjointed interventions.
- TRAI Act, 1997 clearly defines the role of TRAI as a regulator (a legislative function) and the role of the Hon'ble TDSAT as an adjudicator (a judicial function). By granting itself the power to decide cases on their merits, TRAI is overstepping its legislative mandate and assuming a judicial role.

- Draft introduces jurisdictional inconsistencies by interfering with service providers' rights to approach the Hon'ble TDSAT and by encroaching upon the Tribunal's domain.
- Stakeholders have been granted only 15 days (with one additional week's extension) to provide their comments on the draft amendment and no provision had been made for providing counter-comments.
- Draft Regulations 2025 propose significant operational changes involving audit procedures, infrastructure sharing mechanisms, and data management obligations. A minimum period of one year from the date of notification of the revised amendment should be provided to enable all stakeholders to align their systems, processes, and contractual frameworks accordingly.

Analysis

36. In this section, the analysis of general comments received on draft Regulations 2025 has been done followed by detailed analysis of comments on specific regulations.
37. One of the suggestions received in the consultation process was that the draft Regulations 2025 may be withdrawn and the entire exercise may be subsumed into the forthcoming review of the regulatory framework. The issue was examined and since the consultation for amending regulations pertaining to audit regulations and Telecommunication (Broadcasting and Cable) Services Digital Addressable Systems Audit Manual dated 8th November 2019 (hereinafter referred to as the "Audit Manual") were taken up vide a self-contained consultation paper in August 2024 and detailed responses of stakeholders vide comments, counter comments and OHD have been received by the Authority, it is considered appropriate to conclude this process in time. Any deferment of the review of the regulations and consequent amendments for which consultation has already been completed, for a future review of other regulatory provisions for which even the consultation paper has not been issued, will needlessly delay these much-needed amendments which are based on stakeholder requests and the urgent requirement to streamline the audit process. The Authority, therefore, is of the view that amendment to the audit-related provisions need not be deferred any further and may be issued at the earliest.
38. With respect to the comments regarding purported severing of the inter-linked three issues of audit regulations, the audit manual and infrastructure sharing; and issues related to infrastructure sharing remaining un-analyzed, it may be noted that the consultation paper had considered these three issues for stakeholder's comments and analysis. It may also be noted that MIB guidelines permitting infrastructure sharing are already in place. The infrastructure sharing guidelines for HITS, MSOs and DTH were issued by MIB in November 2020, December 2021 and September 2022, respectively, which is after issue of the Interconnection Regulations 2017 and the Audit Manual. Therefore, it is pertinent to identify and address issues in the existing Interconnection Regulations 2017 that may affect infrastructure sharing amongst service providers and corresponding provisions in the Audit Manual. The Audit Manual mentions that it is a guidance document for conducting audits by auditors and it does not supersede any provision(s) of the extant regulations. Hence, this exercise is only to make necessary amendments in regulations and incorporate any required changes in the audit manual. Consultation for required amendments in the Audit Manual has already been done in the consultation paper dated 09th August 2024. The decisions on amendments in audit manual will flow from the decisions on amendments in audit regulations. The Authority is of the view that once the Seventh Amendment Regulations are issued, the audit manual may be issued aligning the manual with the updated regulatory framework, duly considering stakeholders comments.
39. Regarding the meeting held in TRAI on 25th February 2025, it may be noted that this meeting was held in TRAI on the request of broadcasters (i.e. one section of stakeholders) and their viewpoints were heard during the meeting. This is not a replacement of formal consultation process. As examined above, the Authority finds it appropriate to conclude the current consultation initiated to address outstanding regulatory issues, and also demanded by various stakeholders, for which a structured consultative process has already been completed, in time.
40. Regarding the comments about purported overstepping of its legislative mandate and assuming a judicial role by TRAI, it is pertinent to mention that the Authority's intent in this exercise is to streamline the audit process to enhance the efficiency and effectiveness of the audit process and increasing accountability of the auditor. The Authority is in no way attempting or intending to engage in resolution of disputes among service providers. TRAI is establishing a streamlined audit mechanism because the existing system has resulted in duplication of audits. For the financial accounts, each business entity undergoes a single audit in a year and the same is relied upon by ensuring credibility of audit process and accountability of auditors. Likewise, it is now planned that DAS audits should also be conducted normally once by strengthening audit process and ensuring accountability of auditors. For this purpose, the necessary regulatory check has been put so that a second audit is not caused merely as a

routine exercise but is a genuine requirement supported by evidence of flaws in the first audit. This check therefore deals with performance of original auditors (a TRAI empanelled auditor, required to perform audit as per TRAI's regulation, taking TRAI's Audit Manual for guidance). At no stage is a dispute between two service providers being sought to be adjudicated by TRAI. Hence the question of TRAI exceeding its regulatory mandate or stepping into the role of Hon'ble TDSAT does not arise. The Seventh Amendment Regulations therefore are specifically designed to improve the efficacy of overall audit process, reduce redundancy, and increase auditor accountability.

41. With respect to the comments that insufficient time has been provided in the consultation process, it may be noted that the Authority had issued consultation paper on 'Audit related provisions of Telecommunication (Broadcasting and Cable) Services Interconnection (Addressable Systems) Regulations, 2017 and the Telecommunication (Broadcasting and Cable) Services Digital Addressable Systems Audit Manual' on 9th August 2024 for seeking comments of the stakeholders. Comments on the consultation paper were invited from the stakeholders by 6th September 2024 and counter-comments, if any, by 20th September 2024. Comments and counter-comments received from stakeholders were placed on TRAI's website. This was followed by an open house discussion on 5th December 2024. Thereafter TRAI issued draft regulations on 22nd September 2025 and invited comments from stakeholders by 6th October 2025. On the request of stakeholders, the last date for submission of written comments was extended to 14th October 2025. These comments were placed on TRAI's website. It is clear from above that the Authority has given sufficient time to stakeholders for giving inputs at every stage.
42. Regarding the comment on providing a minimum period of one year from the date of notification of the revised amendment, it is noted that the date of implementation of these amendments is 1st April 2026 which provides sufficient time to all stakeholders to implement the Seventh Amendment Regulations. No major infrastructural upgrades requiring the requested one year time appears to be necessary for the implementation, and hence the demand is not considered justified.

Regulation 15(1) –regarding mandatory annual audit by the DPOs

43. In draft Regulations 15(1) of 2025, it has been proposed that DPOs shall get their addressable systems audited every year.

Broad Summary of Comments of the stakeholders on draft Regulations 2025

44. In response, the views received from stakeholders are summarized below:
 - The provision is essential for consumer protection, transparency, trust and regulatory oversight. It ensures that monthly subscription reports are accurate, prevents overcharging or underreporting, builds confidence among stakeholders (broadcasters, distributors, and consumers) by institutionalizing third-party verification and empanelment of auditors. The mandatory reporting timelines enhance compliance and reduce disputes.
 - Annual audit framework should be rationalized so that in the absence of any change in hardware or infrastructure, only a subscription audit is mandated each year. Once a compliance audit has been duly carried out at a DPO, and in cases where there is no subsequent change in the hardware and infrastructure elements that are examined during the compliance audit (such as Headend, CAS, SMS, DRM systems), then repeating the same full-scope technical audit every year may not serve any additional regulatory purpose.
 - Audits should be done once every 5-10 years.
 - Draft Regulations 2025 need to be modified to grant broadcasters an unfettered right to audit and the DPO-caused audits under regulation 15(1) be done away with. This would not only safeguard broadcasters' commercial interests and ensure regulatory compliance but would also help in maintaining level playing field/ease of doing business amongst all DPOs by uniformly eliminating the claimed financial and administrative burden of bearing audit fees, associated obligations under regulation 15(1) and multiple audits.
 - It is necessary for TRAI to mandate that audit reports ought to be accompanied with all annexures, and failure to provide the same should be considered as non-furnishing of audit report.
 - It should be mandated to share the report in readable PDF format along with all the annexures for analysis and working.

Analysis

45. Sub-regulation (1) of regulation 15 of the Interconnection Regulations 2017 mandates every distributor of television channels to cause an audit of its systems once during each calendar year. Under the extant provisions, failure by a distributor to comply with this requirement attracts a financial disincentive, subject to a maximum ceiling of Rupees Two Lakh per annum. Notwithstanding the existence of this deterrent and the sustained efforts of TRAI and the Ministry of Information and Broadcasting (MIB), it has been observed that a significant number of distributors continue to default in conducting audits within the prescribed timelines.
46. Prior to implementation of Interconnection Regulations 2017, distribution platform operators (DPOs) used to complain that multiple technical audits of their systems by multiple broadcasters result in multiplicity of task and increased workload. Even if each of the pay broadcasters carry out audit of an addressable system platform in a given calendar year then, the same system may end up getting audited multiple times against the same parameters. This practice led to redundant expenditure and imposed a disproportionate financial and operational burden on the limited resources of both broadcasters and distributors.
47. The audit of the systems of DPO is necessary for ensuring trust and confidence in the technical systems deployed by a DPO. Such audits serve to ensure that the technical systems across the industry are standardized as per prescribed regulations, and further enable verification of monthly subscription reports submitted by DPOs to broadcasters. The accuracy of subscription reports is critical, as the settlement of charges between service providers is predicated upon these reports. Moreover, permitting audits of addressable systems constitutes a confidence-building measure across the value chain. Accordingly, the Interconnection Regulations 2017 established a mechanism for comprehensive annual audits of DPO systems.
48. The Authority is of the considered view that if a DPO gets its system audited for verifying subscription numbers and sends these reports to the respective broadcasters, then the problem of multiple audits of a DPO by different broadcasters in different time periods can be substantially mitigated. This measure will alleviate the compliance burden on both broadcasters and DPOs. Accurate subscriber reporting is fundamental to fair and transparent revenue-sharing arrangements, and will serve to minimize litigation. In the absence of a verifiable mechanism to crosscheck subscriber declarations, disputes arising from inconsistencies or under-reporting are likely to undermine trust and compromise contractual settlements.
49. In order to verify the information contained in the MSRs made available by the distributor to the broadcaster, it is pertinent that the distributor gets its complete addressable system audited at regular periodicity and not just subscription audit. Audit is the only mechanism to verify the hardware as well as software changes and the same can be ascertained only by complete audit. An annual audit is considered appropriate as this aligns with financial accounting cycle and enables verification of changes in subscription patterns on an annual basis. This will not only safeguard broadcasters' commercial interests and ensure regulatory compliance, but will also promote transparency and build trust in the system. Consequently, the requirement mandating distributors of television channels to cause an annual audit of their systems has been retained under the Seventh Amendment Regulations.
50. Further the Interconnection Regulations 2017 mandated that any variation, due to audit, resulting in less than zero-point five percent of the billed amount shall not require any revision of the invoices already issued and paid. This provision was omitted in the draft regulation 2025. However, after examining the comments of the stakeholders it emerged that stakeholders intend clarity in the resolution of audit related issues, in general. Accordingly, this provision has been retained in the Seventh Amendment Regulations. The Authority is of the view that revising invoices for such negligible differences would be inefficient and cost-ineffective. Therefore, no revision of invoices already issued and paid is required where the variation is below above threshold.

Regulation 15(1) – regarding annual audits to be conducted in a Financial Year

51. The draft Regulations 2025 proposed that in the regulation 15(1) “calendar year” should be replaced with “financial year”.

Broad Summary of Comments of the stakeholders on draft Regulations 2025

52. In response, differing views were received from the stakeholders. The views received from stakeholders favouring replacement of extant provision of getting the audits conducted in a ‘Calendar year’ with ‘Financial Year’ are summarized as below:

- This aligns with standard accounting practices and eases compliance.
- This ensures consistency with established financial accounting practices.
- Proposed change simplifies audit scheduling, improves financial reconciliation and aligns with statutory reporting cycles.
- Proposed change reduces administrative burden, confusion and enables more coherent tracking of revenue, subscription trends, and consumer pricing changes.

53. Those favouring continuation of calendar year opined the following:

- Current calendar year-based audit cycle aligns with operational timelines and reporting formats followed by most DPOs and broadcasters. Existing provision of calendar year as the audit period may be retained to preserve continuity, resource efficiency, and operational stability.
- Substitution of calendar year with financial year creates significant and unnecessary operational disruption for DTH operators. Their subscriber billing, packaging, and commercial reporting are fundamentally structured around a calendar year (Jan-Dec) cycle, not the financial year and forcing this audit period change requires a costly, complex re-engineering of proprietary IT and data systems and creates a concurrent administrative crunch, as this audit must now be rushed alongside other major financial and tax filings, increasing the risk of errors and non-compliance with minimal demonstrated benefit to transparency.

Analysis

54. The proposed amendments are intended to harmonize the Digital Addressable System (DAS) audit framework with the established financial audit framework. It has been observed that audits conducted on a calendar year basis are not synchronized with the contractual arrangements of broadcasters, which are often structured on a financial year basis. Further, the DTH subscribers' billing is on a continuous basis and not on a calendar year basis. Also, the required change is for the period to be audited which does not require any complex reengineering of proprietary system involved in above.

55. Mandating DAS audits on a financial year basis will facilitate operational and commercial alignment across the broadcasting ecosystem. The amendment shall come into force with effect from the audits to be conducted in the next financial year, i.e., FY 2026–2027 and onwards, thereby affording stakeholders adequate time to recalibrate their audit schedules in conformity with the revised regulatory framework.

56. In order to ensure consistency with contractual schedules between service providers, financial reporting obligations, and compliance requirements, the Authority deems it appropriate to substitute the existing calendar year audit provision with a financial year audit provision. Accordingly, DAS audits pertaining to the preceding financial year should be aligned with the financial year, i.e., 1st April to 31st March.

Regulation 15(1)- regarding the DPO to submit audit report by 30th September

57. In order to ensure time bound completion of audit, draft Regulations 2025 proposed that the audit report for the preceding financial year shall be shared by DPO with broadcasters, with whom it has entered into interconnection agreements, by 30th September every year.

Broad Summary of Comments of the stakeholders on draft Regulations 2025

58. In response, the different views received from stakeholders are broadly summarized as follows:

- Mandatory reporting timelines (by 30th September) enhance compliance and reduce disputes.
- Stakeholders not agreeing to the proposed change stated that the proposed reduction of the timeline from the existing 12 months to just six months is not justified. A six month window is impractically short and may compromise the quality and thoroughness of the audit.
- A view called for reconsidering the proposed timelines by extending the deadline for submission of audit reports to 31st December of the subsequent financial year to ensure sufficient time for accurate, error-free, and quality reporting, without compromising compliance integrity.

- Since the draft amendment shall come into effect from 1st April 2026, they may be permitted to conduct the audit for the period of calendar year 2025 from 1st July 2025 to 31st March 2026 as a one-time dispensation, post which they will align their audit with the financial year as prescribed by the draft amendment.

Analysis

59. The extant regulations did not prescribe specific timelines for submission of audit reports by the distributors of television channels to the broadcasters. The regulatory framework merely requires that the annual audit be scheduled in such a manner that there is a minimum interval of six months and not exceeding eighteen months between two consecutive audits conducted in successive calendar years. The absence of a definitive submission date resulted in audits not being undertaken in a time-bound and uniform manner across the industry, often being pushed to the end of the year, thereby undermining the objective of timely compliance and standardized reporting.

60. In order to institute standardized timelines for audit scheduling and report submission across the industry, the amended regulations stipulate that every DPO shall furnish an audit report to each broadcaster with whom it has entered into an interconnection agreement by 30th September of each year. Furthermore, distributors are required to submit the relevant portions of the audit report, together with all annexures, to the broadcasters concerned.

61. Time-bound completion of audits and the timely submission of audit reports to broadcasters are essential for streamlining the audit process. Accordingly, it is prescribed that audits shall be conducted by the distributor for the preceding financial year, and the audit report shall be furnished by the distributor to each broadcaster with whom it has entered into an interconnection agreement no later than 30th September of the financial year.

62. This stipulation ensures that broadcasters are afforded sufficient time to initiate audits of those distributors who fail to submit their audit reports by the prescribed date. The six month period culminating on 30th September is consistent with financial audit cycles and is considered a reasonable timeframe for planning and scheduling audits keeping in view the scope of work involved. The establishment of a definitive timeline enables distributors to organize and execute their audits in advance, thereby safeguarding the quality, comprehensiveness, and integrity of the audit process.

Regulation 15 (1) 1st proviso – regarding audit by TRAI empanelled auditor or BECIL

63. In line with Interconnection Regulations 2017, the draft Regulations 2025, stated that the Authority may empanel auditors for the purpose of audit under regulation 15(1) and it shall be mandatory for every distributor to get the audit conducted, from M/s Broadcast Engineering Consultants India Limited, or any of such empanelled auditors.

Broad Summary of Comments of the stakeholders on draft Regulations 2025

64. In response, the various views received from stakeholders are summarized below:

- Reiteration of BECIL or TRAI-empanelled auditors as exclusive authorized auditors is redundant. Industry already adheres to the requirement of engaging only authorized entities for annual audits and mandating specific institutions or categories offers no additional regulatory safeguard but restricts flexibility in engaging equally competent and accredited third-party auditors.
- Reference to BECIL in draft Regulations 2025 and all other similar references in the regulations should be amended to reflect only “empanelled auditors” (i.e., without any specific reference to BECIL) as this will preserve equality, avoid perceptions of favoritism, and ensure a level playing field for all empanelled auditors, including BECIL.

Analysis

65. It is pertinent to note that the principal regulations contain explicit provisions permitting audits to be undertaken either by auditors duly empanelled by the Authority or by BECIL. Further, BECIL, being a Central Public Sector Enterprise (CPSE), has been engaged in conducting audits of distributor systems even prior to the introduction of the extant regulatory framework in 2017, and possesses substantial experience and expertise in this domain.

66. In accordance with the stipulations of the Interconnection Regulations 2017, the Authority has empanelled a number of auditors. The audit of the technical systems of distributors, as mandated under the regulations,

necessitates not only financial expertise but also technical proficiency. Hence the auditing entity should not only have financial experts but also technical experts who are well-versed with the broadcasting and distribution industry and are proficient in understanding the technical set-up of DPOs like network, head-end, customer detail integration in SMS and CAS; and possess knowledge of customer and system lifecycle.

67. Through these amendments, the Authority seeks to enhance the accountability of auditors. Further, the technical proficiency requirements and stringent accountability provisions have been incorporated into the Expression of Interest (EOI) document issued by TRAI in August 2025 for empanelment of auditors. Any eligible entity may apply for empanelment as a DAS auditor. The Authority is of the considered view that the empanelment framework provides adequate flexibility for entities to enroll, while ensuring that only financially and technically competent auditors are engaged to meet regulatory requirements.
68. At present, a sufficient number of auditors, including BECIL, are available for selection by distributors and broadcasters, thereby ensuring flexibility in choice. Furthermore, the continued inclusion of BECIL under the Seventh Amendment Regulations, serves to augment the pool of experienced, competent, and eligible auditors. Since distributors and broadcasters retain the freedom to appoint any auditor from the empanelled list, the inclusion of BECIL does not distort the level playing field among auditors.

Regulation 15 (1) 2nd proviso – regarding DPOs to inform audit schedule in advance to the broadcasters

69. In the draft Regulations 2025, the distributors have been mandated to inform the broadcasters, with whom they have entered into an interconnection agreement, regarding the schedule of their DAS audit and the name of the auditor at least thirty days in advance.

Broad Summary of Comments of the stakeholders on draft Regulations 2025

70. In response, various views received from stakeholders are broadly summarized as follows:
 - Intimation to the broadcaster should be given seven days in advance instead of 30 days. After the appointment of an auditor, the audit commences within seven days, and if a DPO has to give 30 days' notice then the DPO has to wait for 30 days to commence the audit.
 - This provision poses both operational and confidentiality challenges. DTH operators' audit timelines are dynamic and dependent on data readiness and system availability; fixing a 30 days advance notice period removes necessary flexibility. Disclosure of the auditor's identity and audit schedule to broadcasters—who are commercial counterparts—creates potential confidentiality and independence risks.

Analysis

71. It is pertinent to note that existing Audit Manual issued by the Authority on 8th November 2019 already provides that if the audit, either compliance or subscription, is caused by the DPO, then the information regarding the schedule/conduction of audit along with audit agency details will be required to be shared with the concerned broadcasters at least 30 days before conduction of audit. Thus, as per the provisions of the Audit Manual, the distributors are already required to provide information related to schedule/conduct of audit along with the audit agency details to the broadcasters at least 30 days before the conduction of audit. The present provision merely incorporates into the regulatory framework, through the Seventh Amendment Regulations, the requirement already contained in the Audit Manual, thereby formalizing the obligation within the regulations. There is no confidentiality challenge involved in the audit. The audited data is of direct use of the broadcaster and the same is given to them.

Regulation 15 (1) 3rd proviso – regarding the broadcaster may depute a representative to attend the audit

72. Draft Regulations 2025 proposed that the broadcaster may depute one representative to attend the audit and share inputs of the broadcaster for verification during the audit process and the distributor shall permit such representative to attend the audit. It is also clarified by the Explanation in the draft Regulations 2025 that the presence of the representative of the broadcaster is for the limited purpose of sharing inputs, if any, for verification, during the audit process, and does not entitle him to direct or influence in any manner the conduct of the audit.

Broad Summary of Comments of the stakeholders on draft Regulations 2025

73. In response, differing views were received from the stakeholders. The comments of the stakeholders favouring the provision, some with certain caveats are summarized as follows:

- Inclusion of broadcaster participation during audits (without influencing the process) is a balanced step that respects both operational independence and stakeholder engagement.
- There are several practical and operational concerns with the single representative limitation as point 18(B)(5) of the Audit Manual permits a broadcaster, in the case of a broadcaster-led audit, to depute two representatives to observe the audit proceedings, however, under the draft amendment, a broadcaster is allowed to depute only one representative to attend the audit and provide inputs. The rationale for this discrepancy is unclear, and it is not evident why TRAI has chosen to prescribe differing requirements for broadcaster led and DPO led audits, particularly when both processes seek to ensure transparency and accuracy in audit outcomes. Keeping in mind the technical and commercial nature of the audit, at least two representatives of the broadcasters should be allowed to discuss and observe the audit.
- In the interest of transparency, daily status update of audit can be recorded.

74. Those opposing the provision that the broadcaster may depute representative to attend the audit, commented as follows:

- Remove the provision and limit the broadcaster engagement to written submissions of inputs. Such presence is unnecessary as broadcasters can provide their inputs via email prior to commencement of the audit and allowing representatives of multiple broadcasters to physically attend will result in large groups (15–20 individuals) entering DPO premises, creating operational disruptions, confidentiality concerns, and risk of data leakage.
- The intent of the audit is to be an independent third-party process conducted by TRAI empanelled auditors and the presence of broadcaster representatives undermines the independence and objectivity of this process. While the Authority has clarified that they would not interfere in the audit process but in practice they are bound to interfere in the audit process, and this would certainly hamper the whole process.
- Audits are conducted on the premises of distributors, which are critical centers for operations and contain other sensitive information that is not required to be shared as a part of the audit process, but the physical presence of the representative poses a risk to distributor's sensitive information being leaked.
- It will be difficult for the distributor to ensure confidentiality as the representative of one broadcaster shall be privy of the information being shared with the representative of another broadcaster and this shall pose a serious threat to the confidentiality of the sensitive information of the distributor.
- Representatives of the broadcasters should not be allowed to communicate with the auditors as that may lead to a situation where the representatives can bias or poke the auditor, thereby rendering the audit process ineffective.
- Independent TRAI-authorized auditors already ensure objectivity and compliance verification, making broadcaster's representative attendance unnecessary and intrusive, which will delay and compromise the integrity of the audit process.

Analysis

75. The Authority is of the considered view that the presence of a broadcaster's representative during the conduct of audits will enhance transparency and strengthen the overall efficacy of the audit process. Such presence ensures that the concerns and issues of the broadcaster are duly addressed in the course of the audit, thereby fostering confidence in the audit outcomes and obviating the necessity for follow up audits by the broadcaster.

76. With respect to the apprehensions raised regarding the participation of broadcaster representatives—namely, that communication with auditors may unduly influence the audit, or that their presence may cause operational disruptions, confidentiality risks, or potential data leakage—it is clarified that the regulations expressly limit the role of broadcaster representatives to the provision of inputs, if any, for verification purposes during the audit. The representatives are not vested with any authority to direct, interfere with, or otherwise influence the conduct of the audit. The procedural modalities for seeking inputs, restricting access to broadcaster specific information, and defining the scope of participation of representatives at the audit site shall be determined mutually by the auditor and the distributor of television channels, in accordance with site specific requirements. It is further noted that the extant Audit Manual already stipulates that DPOs permit the physical presence of broadcaster representatives during audits initiated by broadcasters.

77. Regarding the request to allow two representatives per broadcaster, the Authority is of the considered view that the presence of a single representative is sufficient to safeguard the interests of the broadcaster during the audit. The comparison with provisions permitting two representatives in Audit Manual is misplaced, as such provisions pertain to limited broadcaster-initiated audits. In contrast, audits conducted under regulation 15(1) are comprehensive in nature and encompass all broadcasters. Broadcasters may, if they so choose, explore the option of deputing a common independent representative to the audit site.

Regulation 15(1) 4th proviso – regarding making audits optional for the small DPOs

78. Draft Regulations 2025 proposed that it shall be optional for distributors of television channels, whose active number of subscribers, on the last day of the preceding financial year, do not exceed thirty thousand, to get the audit conducted under regulation 15(1).

Broad Summary of Comments of the stakeholders on draft Regulations 2025

79. In response, divergent views were received from the stakeholders. The views which favoured the provision are broadly summarized as follows:

- Pragmatic exemption for small DPOs from mandatory audits recognizes the operational constraints of smaller players while maintaining checks via broadcaster-initiated audits if necessary, encouraging proportional compliance without stifling regional or niche service providers, promoting inclusivity in the regulatory framework.
- TRAI should periodically review the subscriber threshold to reflect market dynamics and technological evolution.
- Introduce slabs or threshold-based exemptions. MSOs with fewer than 20000 connections may be exempted from mandatory audits under regulation 15(1) and regulation 15(2) and alternatively, such MSOs may be allowed to submit self-certification reports or simplified audit statements as a compliance mechanism.

80. Those opposing the provision commented as follows:

- Mandatory annual audits must continue for all DPOs, irrespective of size as exemptions will lead to misuse, with larger MSOs splitting their operations to fall below thresholds.
- Even small DPOs with 30000 subscribers generate annual revenues in the range of ₹3–5 crores, and the cost of a single annual audit (~₹75,000–1 lakh) is insignificant compared to their operations.
- Transparency and prevention of under-reporting were the very reasons for introducing regulation 15(1) and diluting it will undermine these objectives and create regulatory disparity.
- There should not be different regulations for different DPOs on the basis of size or financial parameters and that the regulatory framework should be uniformly applicable to all DPOs, as any carve-out in favour of smaller entities will only foster disparity, encourage non-compliance, and also increase the cases of non-compliance of the regulation with an adverse bearing on the industry as a whole.
- Audit exemption for small DPOs is unacceptable without the inclusion of the critical safeguards. However, the exemption ought to be conditional upon the aggregation of subscriber bases for infrastructure-sharing entities and the mandatory submission of weekly raw SMS/CAS data for verification purposes. Broadcasters must retain an unfettered right to audit these exempted DPOs at their discretion.

Analysis

81. The Authority notes that DPOs with significantly low subscriber bases have, in various consultations/interactions, represented their difficulties in conducting annual audits of their systems owing to constraints of manpower and financial resources. The smaller DPOs have higher input costs due to poor economies of scale and scope in operations. They are compelled to incur additional expenditure for engaging technical support from Conditional Access System (CAS) and Subscriber Management System (SMS) vendors during the conduct of annual audits due to their limited technical resources and capabilities.

82. Additional representations have been received from certain small DPOs seeking exemption from audit requirements on account of their inability to bear audit fees. Several MSOs have also requested MIB for exemption from the requirement of audit due to their inability to afford audit fees on account of a small subscriber base.
83. In the Telecommunication (Broadcasting and Cable) Services Standards of Quality of Service and Consumer Protection (Addressable Systems) (Fourth Amendment) Regulations, 2024 (3 of 2024), dated 8th July 2024, the Authority recognized DPOs with subscriber bases of less than 30000 as smaller DPOs and accordingly made certain compliance requirements optional for such entities. These included, *inter alia*, the obligation to maintain an Interactive Voice Response System (IVRS), to host a dedicated website with provisions for Consumer Corner and Subscriber Corner, and to publish a Manual of Practice.
84. Issue that such relaxation may result in non-uniform regulation across DPOs of varying sizes or encourage fragmentation of MSOs are unfounded. The provision does not exempt smaller DPOs from audit requirements altogether but renders the annual audit optional, while simultaneously empowering broadcasters to initiate audits where necessary to verify subscriber numbers. However, all DPOs are required to ensure that their technical systems are always compliant with TRAI regulations at all times; and subscriber numbers reported to the broadcasters in the MSRs are correct and accurate.
85. The Authority is cognizant of the declining subscriber numbers attributable to migration towards alternate entertainment platforms, which disproportionately impacts smaller operators due to their limited financial capacity, higher operational costs, and lower economies of scale. In furtherance of its objective to facilitate ease of doing business and promote sectoral growth, the Authority is of the considered view that the requirement of annual audit may be rendered optional for distributors with fewer than 30000 active subscribers.
86. The argument that the income of these DPOs is sufficient to bear cost of audit needs to be viewed with respect to these facts. Further, as per seeding data received from MIB dated 15th September 2025, around 90% of cable subscribers are catered to by the MSOs who have more than 30000 subscribers. The systems of these MSOs are mandatorily being audited while the remaining MSOs who have subscribers up to 30000 are put under optional audit requirements with full rights to the broadcasters to cause audit of their systems.
87. This provision alleviates the compliance burden on smaller operators, many of whom have indicated that audit-related expenses constitute a disproportionately high share of their revenues. At the same time, it preserves flexibility for operators to undertake voluntary audits should they choose to do so and enables broadcasters to cause audits of such DPOs once annually if deemed necessary. This approach is consistent with the broader regulatory intent of reducing compliance costs for smaller entities, as reflected in the Telecommunication (Broadcasting and Cable) Services Standards of Quality of Service and Consumer Protection (Addressable Systems) (Fourth Amendment) Regulations, 2024 (3 of 2024), wherein certain obligations were made optional for DPOs below the defined subscriber threshold.
88. For the purpose of determining applicability, the subscriber base of each registered/licensed DPO as on the last date of the preceding financial year shall be considered. Where infrastructure is shared or in case of Joint Venture, the combined subscriber base of all registered/permited/licensed DPOs utilizing such infrastructure shall be taken into account for determining applicability of these audit provisions. The threshold of 30000 subscribers shall be subject to periodic review by the Authority.

Regulation 15(1) 5th proviso – regarding furnishing of audit certificate by the auditor

89. In the draft Regulations 2025, it was proposed that the empanelled auditor, or M/s Broadcast Engineering Consultants India Limited, conducting the audit of the addressable systems, shall furnish the audit report along with an audit certificate to the distributor confirming that the auditor is independent of the auditee and that the audit was conducted in accordance with the provision of the regulations, and the auditor shall also furnish such other information or certification as may be specified by the Authority from time to time.

Broad Summary of Comments of the stakeholders on draft Regulations 2025

90. In response, a submission received suggested that:

- Mandating auditors to furnish "such other information or certification as may be specified by the Authority from time to time" introduces open-ended compliance obligations without defined limits or notice requirements, which could lead to unpredictable reporting formats or additional certifications beyond the scope of the audit engagement, creating administrative uncertainty for both auditors and distributors.
- Reiterating the inclusion of M/s BECIL alongside TRAI empanelled auditors, unnecessarily narrows the choice of qualified professionals, limiting flexibility, and incur additional costs and may lead to unnecessary time overruns without any clear regulatory benefit.

Analysis

91. The Authority is of the considered view that, consistent with established practices governing financial audits, auditors shall be required to submit the audit report accompanied by an audit certificate affirming their independence from the auditee and confirming adherence to applicable regulatory provisions. The format of such certification may be prescribed separately by the Authority. The provision for any additional information or certification to be furnished by auditor as stipulated by the Authority from time to time, is also necessary to address unforeseen issues that may arise with respect to audit reports. Furthermore, as noted in the preceding sections, DPOs and broadcasters retain the freedom to appoint an auditor of their choice from among those empanelled by the Authority or from Broadcast Engineering Consultants India Limited (BECIL).

Regulation 15(1) 6th proviso – regarding inclusion of unaudited period

92. Draft Regulations 2025 proposed that after coming into effect of these regulations, the unaudited period, if any, preceding the financial year for which the audit is being conducted, shall also be included in the audit.

Broad Summary of Comments of the stakeholders on draft Regulations 2025

93. In response, the various views received from stakeholders are broadly summarized as follows:

- Support the inclusion of this proviso, as it ensures that no operational period remains outside audit oversight. The regulation should clearly specify that the unaudited transition period between calendar and financial year cycles must be seamlessly captured in the subsequent audit.
- Including past unaudited periods retrospectively imposes significant operational and resource burdens on distributors. Historical system data may reside on legacy platforms or archived storage, making retrieval, reconciliation, and verification highly complex and time consuming. Regulations did not mandate retrospective audits earlier, and thus applying this requirement now would have a retroactive effect, contrary to settled regulatory principles and also risks duplicative audits and inconsistent reporting between past and current financial years.

Analysis

94. As per the extant provisions the DPOs are required to get their systems audited up to calendar year 2025. To ensure comprehensive audit coverage and that no operational period remains outside audit oversight, the regulation provides for covering any unaudited period preceding the financial year for which the first audit is conducted under the revised framework. This will close any gaps during transition and create a clean baseline for continued compliance. The extant data storage period requirements under the regulation ensure data availability for the above mandate allay any apprehension related to retrospective application of the provisions. Further, the regulation already clarifies that in case of first audit after the implementation of these regulations an unaudited period, if any, preceding to the financial year for which the audit is being conducted, shall also be included in the audit and any overlapping period for which the audit has already been done in the year 2025 shall be excluded from the audit.

Regulation 15(2) regarding audit by broadcasters

95. Draft Regulations 2025 contain provisions 15(2) (a), 15(2) (b) and 15(2) (c) relating to following scenarios:

- "(2) (a) In case a broadcaster has received the audit report by the due date of 30th September under sub-regulation (1) and finds discrepancy in such audit report....."
- "(2) (b) In case a broadcaster does not receive the audit report of the preceding financial year by the due date of 30th September....."; and

- “(2) (c) In case the audit conducted under sub-regulation (1) or (2)(a) or (2)(b) reveals that –
 (a) there is a discrepancy in subscriber numbers,;
 (b) the addressable system being used by the distributor does not meet the requirements specified in the Schedule III or the Schedule X or both,”.

Broad Summary of general comments of the stakeholders on draft Regulations 15(2)

96. The views received from stakeholders are summarized as follows:

- Audit framework should rest on a single, TRAI-mandated annual audit of DPO addressable systems (as per regulation 15(1) of the Interconnection Regulations 2017). Broadcaster-initiated audit route (as per regulation 15(2) of the Interconnection Regulations 2017) must be eliminated, since it duplicates audit efforts, drives up costs, and undermines the integrity of the TRAI audit regime.
- Parallel provision under regulation 15(2) of the Interconnection Regulations 2017 gives a similar parallel power to broadcasters who are an equal partner in the business value chain.
- Broadcasters frequently question audits conducted by TRAI-empanelled auditors, thereby undermining the credibility of TRAI’s own framework.
- Broadcasters must present substantiated evidence (e.g., subscriber discrepancy >2%) to initiate a second audit, a broadcaster must engage with the original audit report first, with scope for resolution, limit such audits to once per financial year per broadcaster per DPO, ensure grievance redressal mechanisms to protect DPOs from coercion or audit overreach and outcomes of such audits must be shared with TRAI and the DPO, and reflected in a public audit log. These steps will reduce frivolous audits and ensure audit discipline while protecting consumer interests.
- Structured pathway for broadcasters to raise discrepancies and seek special audits is a robust safeguard, as it balances distributor accountability, evidence-based escalation and TRAI’s oversight. TRAI may publish anonymized audit outcomes and compliance to promote industry-wide learning and benchmarking.
- Proposed amendment in regulation 15(2) fundamentally alters the broadcaster’s right to audit and repeals the existing direct right to conduct an audit under regulation 15(2) and replaces it with a cumbersome, multi-stage “challenge” process that is mediated by TRAI. Amendment effectively converts what has hitherto been a straightforward commercial right into a regulator-controlled mechanism, thereby restricting the broadcaster’s autonomy to conduct audit and independently verify subscriber reports furnished by the distributor.
- Explanatory memorandum of the draft Regulations 2025 provides no rationale as to why replacing a direct audit right with a TRAI-gatekept process is a solution and TRAI’s direct involvement introduces additional procedural complexity into what is essentially a B2B revenue assurance mechanism.
- New provision attempts to override the right of broadcasters to approach the Hon’ble TDSAT directly for audit-related disputes, and instead, mandates that they first go to DPO and later to TRAI that inter-alia lacks adjudicatory powers and capacity for prompt and efficient action.
- Hon’ble TDSAT, in Sony Pictures Networks India Pvt. Ltd. vs. Digiana Projects Pvt. Ltd. (B.P. No. 658 of 2020) (“Sony vs. Digiana”), held that a broadcaster’s right to conduct an audit under regulation 15(2) does not require any contest or legal dispute for permitting the broadcaster to proceed with its right to hold an audit. The amendment contradicts this principle by forcing a broadcaster into a lengthy dispute and appeal process to exercise its right to verify its revenue as it retains the problematic DPO-caused audit and fetters the broadcaster’s audit right, making it conditional and subject to TRAI’s approval.
- Circumscribed challenge audit and mechanism therefore under regulation 15(2) is procedurally unviable and strips broadcasters of their fundamental right to verify their revenue and protect their content and strongly oppose its introduction and suggest recognising and allowing broadcaster-initiated audits.

Analysis

97. The Authority has sought to streamline the audit framework by reducing compliance costs, instituting time-bound implementation, and limiting repeat audits to justifiable grounds. It is recognized that the conduct of two audits—one by the DPO and another by the broadcaster—significantly increases the cost to stakeholders. Accordingly, a second audit of the same system should be undertaken only where justifiable grounds exist.

98. The amendments introduced are intended to render the audit system robust, efficient, fair, and equitable, while also reducing costs. A single audit, conducted by an auditor chosen by the DPO from Authority’s empanelled list of

auditors or BECIL, who are subjected to stringent grading and accountability criteria, in the presence of broadcaster representatives, ensures the robustness of the process.

99. The framework mandates that DPOs furnish audit reports to broadcasters within prescribed timelines, while affording broadcasters the flexibility to seek clarifications on discrepancies observed in the audit report within a time-bound manner. Only where such stepwise escalation fails to resolve the broadcaster's concerns in the auditor's work, does the framework provide for the Authority's intervention to examine the alleged inadequacies/discrepancies in conduct of audit. Following such examination, if the Authority finds adequate basis in the broadcaster's contention regarding the inadequacies/discrepancies in the audit, the broadcaster may be permitted to cause a further audit of the DPO's system.
100. Further, given that audits are conducted by auditors empanelled by the Authority, it is imperative to ensure accountability on the part of auditors to undertake audits in a fair, transparent, and professional manner. This has been secured through stringent conditions incorporated in the revised Expression of Interest (EOI) for empanelment of auditors issued in August 2025. Under the revised framework, TRAI empanelled auditors categorized based on their experience, are required to conform to the Authority's empanelment criteria, and must submit, along with the audit report, a certificate affirming their independence and compliance with regulatory requirements.
101. These amendments are designed to streamline the audit process, eliminate unnecessary duplication, and enhance the robustness of the audit ecosystem, while simultaneously reducing costs to stakeholders. By aligning with established industry practice, wherein a single annual financial audit is the norm, the Seventh Amendment Regulations seek to improve audit efficiency, minimize duplication, and strengthen auditor accountability.
102. With reference to the provisions contained in regulation 15(2) of the extant framework, it has been brought to the notice of the Authority that the broadcasters sometimes invoke audits under this regulation without valid justification or substantiated data. And that broadcasters, despite not raising objections to the reports furnished by DPOs throughout the year, often seek to initiate audits towards the end of the year in circumstances where commercial terms remain unresolved, thereby using audit requests as a means of exerting pressure on DPOs.
103. It was further highlighted that the conferment of unbound audit powers upon broadcasters ought to be reconsidered to bring balance in the ecosystem. It has been argued that, since audits mandated by the Authority are conducted by empanelled auditors, such audits should bring finality, rendering broadcaster-initiated audits unnecessary. It was emphasized that once an audit has been conducted in accordance with the Authority's stipulations, any additional audit initiated by a broadcaster imposes undue financial and operational burdens on DPOs, despite their compliance with regulatory requirements. It has additionally been opined that broadcaster-initiated audits do not yield any incremental findings beyond those already covered in the DPO-initiated audit, and in effect amount to a duplication of the audit exercise. The comments called for providing a structured pathway for broadcasters to raise discrepancies for seeking special audits.
104. The Authority is of the view that a second audit of the same system should be undertaken only on justifiable grounds of inadequacies/discrepancies in the audit to avoid repetitive deployment of resources, maintain audit credibility, and uphold the exceptionality of the review process. Unwarranted repetition of audits results in resource wastage, operational disruption, and diminished stakeholder's confidence in the audit process. Therefore, a subsequent audit should be considered only on justifiable grounds supported with basis to demonstrate that significant issues of inadequacies/discrepancies in the audit remain unresolved or in case of unsatisfactory clarification from the auditor. This approach promotes transparency, accountability, and efficient audit practices.
105. To enable examination of adequacy of the grounds for seeking re-audit by broadcasters, there is a need to institute a mechanism for same. It is considered prudent to allow opportunity of clarifications on audit at first stage, when the broadcaster can approach the original auditor itself through DPO for clarifications on audit report to be replied to in a time bound manner. In cases where the original auditor fails to satisfactorily address or reply to the issues raised by the broadcaster, the broadcaster may approach TRAI with grounds for seeking re-audit. This mechanism does not remove the broadcasters' right to seek re-audit in genuine cases. It also does not reflect an intention on the part of TRAI to engage in resolution of disputes among service providers as has been apprehended by some stakeholders. On the contrary it aims to streamline the process. It also removes instances of unwarranted re-audits to coerce commercial deals as has been pointed by certain stakeholders. Any audit by the broadcaster(s) should be limited to their own subscription numbers in addition to the audit of technical systems of the DPO.

106. Regarding the issue raised about overstepping of its legislative mandate and assuming a judicial role by the Authority, as mentioned in previous paras, Authority's intent in this exercise is to streamline the audit process. The focus is on enhancing the efficiency and effectiveness of the audit process and increasing accountability of the auditor and the Authority is in no case attempting or intending to engage in resolution of disputes among service providers. TRAI is establishing a streamlined audit mechanism because the existing system has resulted in duplication of audits. In the financial sector, each business entity undergoes a single audit in a year and likewise it can be replicated in DAS audits also. The Seventh Amendment Regulations therefore are specifically designed to improve the efficacy of overall audit process, reduce redundancy, and increase auditor accountability.

107. While the Hon'ble TDSAT in Sony Pictures Networks India Pvt Ltd vs. Digiana Projects Pvt Ltd (Order dated 07.12.2020) observed that the broadcaster's right under Regulation 15(2) "does not and should not require any contest or legal dispute for permitting the broadcaster to proceed with its right to hold an audit" it is pertinent to note that the case was related to commercial dispute between two service providers. The Tribunal did not hold that the routine audit obligation of the DPO under Regulation 15(1) should be dispensed with. On the contrary, the order clearly distinguished between the annual audit mandated under 15(1) and the right of the broadcaster under Regulation 15(2), emphasizing that both provisions serve distinct purposes. The court's judgement interprets the extant Regulation 15(2) in the context where regulations allow broadcasters to conduct audit. Additionally, the Honorable TDSAT judgement did not adjudicate upon the validity of said regulation and were confined solely to the interpretation of extant provision. Accordingly, the provision remains amenable to amendment by TRAI. Based on the consultation process, Regulation 15(2) is being amended on grounds explained in the Consultation Paper, draft regulation and this EM.

Regulation 15(2)– regarding broadcaster to report in writing within forty-five (45) days in case of any discrepancy

108. In the draft Regulations 2025, it was proposed that in case a broadcaster finds discrepancy in audit report received under regulation 15(1), it may point out the same, in writing, to the distributor of television channel from whom the audit report has been received, citing specific observations with evidence against audit report, within thirty days of receipt of audit report, and may provide a copy of the observations with evidence to the concerned auditor.

Broad Summary of Comments of the stakeholders on draft Regulations 2025

109. In response, various views received from stakeholders are broadly summarized as follows:

- This regulation may be amended to state that the report shall be deemed accepted and no queries can be raised by the broadcaster post expiry of 30 days.
- In case a broadcaster has received the audit report by the due date of 30th September under sub-regulation (1) and finds discrepancy in such audit report related to number of subscribers, it may point out the same, in writing, to the distributor.
- Current framework already provides adequate checks through independent empanelled auditors, reopening and revalidating audit results repeatedly may compromise finality and increase administrative burden on distributors. In case of discrepancy, the broadcaster may raise specific written observations supported by evidence within 30 days of receipt of the audit report and the distributor shall facilitate review by the auditor within a reasonable period, not exceeding 30 days, to ensure timely closure.
- Timeline of 30 days is wholly inadequate, given that broadcasters usually have agreements with hundreds of DPOs, and DPOs may send their audit reports on or around the deadline for submission of audit report and a proper review of reports and analysis of annexures cannot be realistically completed within this compressed period of 30 days.
- In practice, many distributors delay sharing complete audit reports or related communications and do so only after inordinate delays and repeated requests of broadcasters which would lead to expiration of the statutory period for retaining data, meaning there can be no verification of data for that particular period and if the 30 days period starts running from such delayed communication, broadcasters are placed in ambiguous enforcement situations where the deadline has technically lapsed before meaningful engagement has even begun. This provision requiring broadcasters to respond within 30 days ought to be removed so as to, *inter-alia*, neutralize any dilatory tactics.
- At least 90 days' time should be given to the broadcasters to share the observations with the auditors/DPO.

Analysis

110. The Authority realizes that timely completion of audits is critical for the integrity of the entire value chain. It is necessary that audits pertaining to a financial year are completed in all respects by the end of the succeeding financial year. Allowing unbounded or long timelines for response or providing long period to convey observations on discrepancies, would unduly delay the audit process and subsequent compliance actions. Long timeframes for reporting discrepancies can prolong conclusion of audit process thus undermining the efficiency of the system. However, considering stakeholders' requests for extension of the timeframe for broadcasters, a modest increase in time allowed to submit written observations appears necessary and has been duly considered. Accordingly, the Seventh Amendment Regulations provide a time of 45 days, revising the timeline from 30 days as given in draft Regulations 2025. This is considered reasonable, balancing procedural efficiency with a reasonable opportunity for broadcasters to record their concerns.

111. With respect to comments regarding delays by distributors in furnishing complete audit reports, or instances of reports being shared only after repeated requests, the Authority notes that this issue has already been addressed in the amended framework. To ensure standardized timelines for audit scheduling and report submission across the industry, the regulations now mandate that every DPO shall furnish an audit report to each broadcaster with whom it has entered into an interconnection agreement on or before 30th September of each year. In addition, distributors are required to submit the relevant portions of the audit report, together with all annexures, to the concerned broadcasters. This provision establishes uniformity, ensures timely compliance, and enhances transparency in the audit process.

Regulation 15(2) 1st proviso - regarding timelines for DPO and Auditor response, on receipt of Broadcaster's concerns

112. In the draft Regulations 2025, it was proposed that the distributor, on receiving observations from broadcaster shall refer the same to the auditor concerned, within seven days of its receipt, to examine and address the observation and the auditor shall address the observations of the broadcaster and provide its updated audit report to the distributor within a period of thirty days which the distributor shall forward to the broadcaster within seven days of its receipt.

Broad Summary of Comments of the stakeholders on draft Regulations 2025

113. In response, various views received from stakeholders are summarized as follows:

- While supporting the above-mentioned provision of draft Regulations 2025, it was suggested that after this iteration, no audit should be allowed to be triggered by the broadcaster on their own. TRAI should check the re-audit case for merit based on evidence, thereby ensuring a clear and predictable audit schedule.
- If there is delay in completing the audit due to justifiable reasons requiring consultation with the regulator, the DPO should inform TRAI accordingly and once such intimation is duly acknowledged by TRAI, the revised timeline should be treated as the effective audit completion period. TRAI should formalize this sequence and include provisions for extension of timelines in genuine cases acknowledged by the Authority.
- This regulation should be amended to state that no additional audit shall be carried out and that the auditor shall merely provide a detailed response to the queries raised by the broadcaster within a period of 30 days as it will be difficult to re-open the report and amend it according to multiple queries raised by multiple broadcasters.
- Improvisation of the audit report should not be permissible and once an auditor has completed and signed an audit, neither the auditor nor the distributor should have any scope to revise, re-interpret, or dilute the findings as allowing ex-post improvisations compromises the independence of the audit, and undermines confidence in the process.
- Proposed timelines (seven days for distributor and 30 days for auditor) are overly stringent and do not account for the practical time needed to examine complex technical and transactional data. In many cases, addressing broadcaster observations involves technical data extraction, validation, and system verification, requiring coordination between multiple teams and impractical timelines could lead to incomplete responses or procedural lapses.

Analysis

114. The Authority is of the view that clear timelines will help ensure timely completion of the audits. Regarding the comment of the stakeholders that revision of the audit report should not be allowed, it may be noted that the intent of the provisions under this regulation is to provide an opportunity to broadcasters to bring out any inadequacies or discrepancies in the audit and provide the auditor the opportunity to provide clarifications, or rectifications that may be needed based on factual position. This is intended to reduce disputes and minimize the need for a subsequent audit. Further a span of 30 days is considered enough for the auditor to examine the issues raised and to provide clarifications/rectifications where necessary.

115. Regarding requests for timeline extensions in genuine cases, the Authority believes that timely audit completion is crucial. The timelines have been framed after duly considering the reasonable requirements. Permitting extensions could be used to circumvent the audit process, undermining its effectiveness.

Regulation 15(2) 2nd and 3rd proviso – regarding the provision that broadcaster may approach TRAI if its concerns are not properly addressed seeking an audit

116. In the draft Regulations 2025, it was proposed that if the broadcaster finds that its observations are not addressed completely, the broadcaster may report to the Authority its specific observations with evidence within thirty days of receipt of the updated audit report. The Authority shall examine the case on merits, at the fees and costs to be borne by the broadcaster, as may be specified by the Authority and, if found necessary, may permit the broadcaster to get a special audit conducted at the cost of the broadcaster to ascertain the discrepancies pointed out by the broadcaster.

Broad Summary of Comments of the stakeholders on draft Regulations 2025

117. In response, various views received from stakeholders are summarized as follows:

- A second-level escalation to the Authority should be limited to substantial or material discrepancies rather than all residual disagreements, to prevent overburdening both the Authority and stakeholders.
- TRAI, being a regulatory authority, is not empowered to adjudicate disputes arising from substantial or material discrepancies in the audit report and such grievances between the broadcaster and the distributor fall under the jurisdiction of the Hon'ble TDSAT. Any dispute arising out of the audit report will be a question of law which shall be referred to and adjudicated by the Hon'ble TDSAT as provided for in the Telecom Regulatory Authority of India Act, 1997.
- Regulation appropriately ensures broadcaster accountability for costs but lacks clarity on the process and scope of Authority intervention. There should be clear parameters defining when the Authority may permit special audits, to prevent frequent and unnecessary re-audits that could disrupt operations.
- Broadcaster should inform the distributor of its concerns while reporting to TRAI and before the special audit is granted, the distributor should also be permitted to submit its clarifications to the Authority.
- Treating a broadcaster's audit as "special" would require a broadcaster to demonstrate suspicion or submit *prima facie* evidence before being permitted to verify its own revenue. Such an approach weakens safeguards against data manipulation and renders the verification process reliant on regulatory discretion.
- All references to TRAI's approval for broadcaster-led or "special" audits be deleted, and that the regulations to affirm the broadcaster's right to conduct audits as a normal, integral, and indispensable element of the interconnection regime.

Analysis

118. As mentioned earlier, dual audits by DPOs and broadcasters increase costs. A second audit of the same system should only be undertaken with justifiable grounds. Questioning audits conducted by TRAI-empanelled auditors or BECIL also undermines the system's integrity. Aligning with normal audit practices of single annual audits, these regulations aim to streamline the process, reduce duplication of audits, and enhance auditor accountability while providing broadcasters reasonable opportunity to get their concerns addressed by way of the procedure outlined in the regulation. This approach would eliminate duplication and improve overall efficiency.

119. For the financial accounts, each business entity undergoes a single audit in a year and the same is relied upon by ensuring credibility of audit process and accountability of auditors. Likewise, as mentioned above, it is now planned that DAS audits should also be conducted normally once by strengthening audit process and ensuring accountability of auditors. For this purpose, the necessary regulatory check has been put so that a second audit is

not caused merely in routine but is a genuine requirement supported by facts of flaws in the original audit. This check therefore deals with performance of original auditors (a TRAI empanelled auditor, required to perform audit as per TRAI's regulation, taking TRAI's Audit Manual for guidance).

120. Regarding the suggestion that escalation to TRAI should be confined to substantial or material discrepancies, so as to avoid overburdening both the Authority and the regulated entities with residual disagreements of minor consequence, the Authority agrees that the purpose of the provision is to address those inadequacies/discrepancies which materially affect subscriber reporting and revenue settlement. Accordingly, the framework is intended to ensure that consideration of re-audit is supported with evidence of significant inadequacies/discrepancies.
121. Regarding the comment by stakeholders that any dispute arising out of the audit report will be a question of law which should be referred to the Hon'ble TDSAT, the matter has been discussed in previous paras. The Authority is not intending to adjudicate any dispute between service providers but is envisaging scrutiny of grounds cited for inadequacies/discrepancies in the audit report before permitting a re-audit. It may be noted that the Authority's role under the regulation in this regard is for regulatory oversight and facilitation of audits where *prima facie* inadequacies/discrepancies are demonstrated. The adjudication of disputes of law or contractual interpretation shall continue to vest with the Hon'ble TDSAT. At no stage, a dispute between two service providers is being sought to be adjudicated by TRAI. Hence the question of TRAI exceeding its regulatory mandate or stepping into the role of Hon'ble TDSAT does not arise.
122. Regarding the need for greater clarity on the process and scope of Authority intervention, audits by broadcaster are envisaged to be permitted by the Authority where inadequacies/discrepancies are material, supported with the documentary evidence and remain unresolved even after pointing out to the original auditor. The broadcaster must submit evidence of such inadequacies/discrepancies along with its request, and TRAI will examine the matter for an adequate ground before permitting an audit.
123. Stakeholder comments further suggested that distributors should be afforded an opportunity to submit clarifications before a special audit is granted. The matter under consideration in the regulation is the fair and effective conduct of audit and not the commercial dealings between broadcaster and distributor. The auditor appointed by DPO has already got an opportunity to clarify the inadequacies/discrepancies raised by the broadcaster under the current amendment. Aim is to provide a structured pathway for broadcasters to raise inadequacies/discrepancies in DPO caused audit report to avoid unnecessary duplication of audits as in the extant system.
124. Regarding the observation related to treating broadcaster-initiated audits as "special" audits, it is to note that the word "special" was used just to give a different term to a repeat audit caused by broadcaster vis-à-vis the original audit caused by the DPO. However, to allay apprehensions of an impression that the broadcaster caused audit has different provisions than the DPO caused audit, the word "special" has been deleted in the revised amendment. The Authority clarifies that broadcasters retain their right to conduct audits under regulation 15(2) of the principal regulations on justifiable grounds.

Regulation 15(2) 3rd proviso – regarding selection of auditor for audit by the broadcaster

125. In the draft Regulations 2025, the 4th proviso of Regulation 15 (2) (a) proposed that in case of special audit, by broadcaster, the broadcaster shall give names of three auditors, from amongst M/s Broadcast Engineering Consultants India Limited and the empanelled auditors, to the distributor and the distributor shall choose one auditor for the special audit, within fifteen days, failing which broadcaster shall approach the Authority for selection of the auditor.

Broad Summary of Comments of the stakeholders on draft Regulations 2025

126. In response, various views received from stakeholders are summarized as follows:
 - Granting the DPO the power to select one of the three auditors proposed by the broadcaster or reject all of them by, *inter-alia*, not responding within 15 days' neutralizes the audit's independence as well as defeats the objective of an impartial investigation. Subsequent provision, which allows TRAI to appoint an auditor should the DPO fail to choose, is opaque and devoid of any specified criteria for selection of auditor. Entire framework for broadcaster audit needs to be reconsidered and the right to select an auditor for a broadcaster-caused audit ought to rest with the broadcaster initiating it, like in the case of DPO-caused audits. The

broadcaster, being the aggrieved party and the one financing the audit, should be free to appoint competent auditors from the Authority's empaneled list.

- Specific and repeated inclusion of BECIL, in the draft amendment, is inappropriate and creates a perception of preferential treatment.
- Selection process should maintain neutrality and fairness, ensuring neither party gains undue influence over the choice of auditor. Allowing the broadcaster to propose all three names may affect perceived independence and a balanced approach would ensure joint participation in auditor nomination.
- In case multiple broadcasters request a special audit from the Authority and are allowed to get the same conducted, how will the distributor tackle multiple special audits as managing multiple audits through different auditors will hamper the daily functioning of the distributor and thus the same will become a huge challenge. In case a special audit is permitted from multiple broadcasters then a common auditor should be appointed to conduct the audit.

Analysis

127. In consideration of stakeholder feedback, and in alignment with the principle that distributors are vested with the discretion to select their auditor and the broadcaster too ought to have similar discretion, the proviso has been omitted from the Seventh Amendment Regulations. Consequential modifications have been affected in the third proviso to expressly permit broadcasters to appoint auditors of their choice from the empanelled list and BECIL, thereby ensuring flexibility and autonomy in the conduct of audits. The matter of mentioning the name of BECIL has already been dealt in this explanatory memorandum.

128. With regard to the comment concerning multiple audit requests and the selection of a common auditor, it may be noted that regulation 15(2) of the principal regulations already provides for broadcaster-initiated audits, and the present amendment does not alter that position. The need for broadcasters' right to seek re-audit on justifiable grounds, is also acknowledged by the Authority. Accordingly, no further modification or clarification in this regard is necessary.

Regulation 15(2A)- regarding the case where broadcaster does not receive audit report and the broadcaster may conduct its own audit within five (5) months

129. In the draft Regulations 2025 (regulation 15(2) (b)), two scenarios were proposed for cases where the broadcaster does not receive the audit report of the preceding financial year by the due date of 30th September –

- (i) where the distributor of a television channel fails to share the audit report of the preceding financial year, under regulation 15(1), with the broadcasters, with whom it has entered into interconnection agreement, by the 30th September of the year in which the audit was due to be conducted, it shall be permissible to the broadcasters either jointly or severally, after informing the distributor, in writing, to get the audit of the addressable system of such distributor of television channels done, at the cost of broadcaster.
- (ii) where the audit is optional under regulation 15(1), it shall be permissible to the broadcasters either jointly or severally, after informing the distributor, in writing, to get the audit of the addressable system done, at the cost of broadcasters.

It was clarified in the draft Regulations 2025 that in case an audit is got done by a broadcaster under these provisions, the audit shall be conducted only once in a year and completed within four months starting from the 30th September of that year.

Broad Summary of Comments of the stakeholders on draft Regulations 2025

130. In response, various views received from stakeholders are summarized as follows:

- Broadcasters often deal with hundreds of distributors, and audit resources—both financial and logistical—cannot be marshalled across the entire ecosystem within such a compressed window of 4 months starting 1st October every year. Amendment should not mandate any fixed timeline for broadcasters to conduct audits in such cases, allowing flexibility to ensure thorough and accurate verification of subscriber data.
- This provision unfairly shifts responsibility and cost to broadcasters for a compliance lapse of the distributor, even though such audits are regulatory obligations of distributors. Audit under regulation 15(1) is a

compliance requirement for distributors, not broadcasters. Imposing the audit cost on broadcasters when the distributor defaults effectively penalizes the wrong party and creates a perverse incentive for distributors to delay audits.

- For distributors with small subscriber bases where audits are optional, the proposed regulation may result in unnecessary and frequent audits by multiple broadcasters, creating disproportionate compliance costs and duplication. Optional audits were introduced to ease compliance burden on small distributors and allowing broadcasters to override this optionality defeats that regulatory intent and could financially strain small operators.

Analysis

131. The number of broadcasters-initiated audits in recent years has not been all pervasive across broadcasters and DPOs. While a four-month period is generally considered sufficient to complete such audits, the Authority has taken note of stakeholder comments regarding operational constraints. However, provision of the 6 months time as allowed for DPO caused audit is not considered necessary as sufficient time would have passed since close of previous financial year, and DPO's preparedness would be available. Accordingly, the timeframe for completion of broadcaster-initiated audits has been revised to five months from 30th September (from four months provided in the draft Regulation), thereby providing additional flexibility while retaining a time-bound discipline in the audit process.
132. With respect to the stakeholders' comments that the cost of audits in cases of DPO default should not be borne by broadcasters, the Authority is of the view that the regulatory framework must balance compliance obligations with practical enforceability. The provision ensures that broadcasters retain the ability to verify subscriber data even in cases of distributor non-compliance, while the financial payment by them discourages frivolous or excessive audit requests. Non-compliance by such DPOs remains subject to financial disincentives and regulatory action under the principal regulations.
133. To address concerns regarding small distributors, the Authority has provided that willing broadcasters may jointly commission audits of such distributors' addressable systems, thereby minimizing duplication and reducing costs. This safeguard ensures that the regulatory intent of easing burdens on small DPOs is preserved, while still allowing broadcasters to verify data where necessary.

Regulation 15(2B) – regarding discrepancy in subscriber numbers to be settled as per interconnection agreement between broadcaster and DPO; and the requirements under Schedule III or X or both not met

134. In the draft Regulations 2025, it was proposed that in case the audit conducted under sub-regulation (1) or (2)(a) or (2)(b) reveals that –
 - (a) there is a discrepancy in subscriber numbers, it may be settled as per provisions in the interconnection agreement between broadcaster and the distributor;
 - (b) the addressable system being used by the distributor does not meet the requirements specified in Schedule III or Schedule X or both, it shall be permissible to the broadcaster to disconnect signals of television channels, after giving written notice of three weeks to the distributor.

Broad Summary of Comments of the stakeholders on draft Regulations 2025

135. In response, the various views received from stakeholders are broadly summarized as follows:

- Regulation 15(2)(c), in its current form in the draft Regulations 2025, is both restrictive and ambiguous, the wording suggests that it provides certain limited remedies to broadcasters in cases of discrepancies or non-compliance by DPOs with the requirements prescribed under Schedule III and/or Schedule X, however, the scope and applicability of these remedies remain unclear, potentially leading to interpretational uncertainty and inconsistent implementation. Regulation 15(2)(c) be reworded to reflect that in case of discrepancy in subscriber numbers and/or the addressable system being used by the distributor does not meet the requirements specified in the Schedule III or the Schedule X or both, broadcaster may take remedial measures in terms of applicable laws/agreement between the parties.
- TRAI should prohibit signal disconnection arising from audit findings and any non-compliance issue should be addressed through corrective action or TRAI-directed resolution rather than service interruption.

- Mandatory audit is a statutory tool, and its findings on subscriber discrepancies must lead to a standardized resolution enforced by TRAI or TDSAT, not left open to protracted commercial renegotiation and relying on variable interconnection agreement clauses creates an avenue for endless disputes and commercial leverage against the DTH platform, which undermines the entire purpose of a clear regulatory audit.

Analysis

136. Regarding variation in subscriber numbers revealed during audit vis-à-vis monthly subscriber reports, the Authority is of the view that suitable provisions should be incorporated in the Reference Interconnection Offers (RIOs) and interconnection agreements to address such discrepancies, if any. This approach entrusts the resolution of penalties and adjustments to market mechanisms by allowing parties to mutually agree on the terms, rather than prescribing detailed penalty structures, under the regulatory framework. The existing regulation also provides for settlement of variation in subscriber numbers found during broadcaster caused audit as per interconnection agreement.
137. Further, as per the extant Interconnection Regulations 2017, where an audit reveals non-compliance with the requirements specified in Schedule III or Schedule X, broadcasters are permitted to disconnect signals after providing the distributor with three weeks' written notice. The same provisions have been retained in the Seventh Amendment Regulations to ensure deterrence against systemic non-compliance.
138. With respect to suggestions that signal disconnection should be prohibited, the Authority does not concur at this stage. Signal disconnection, subject to a three-week notice period, remains a proportionate and necessary remedy to safeguard the integrity of the broadcasting ecosystem where systemic non-compliance is established. Removing this remedy would dilute deterrence against manipulation of subscriber data and undermine compliance with technical standards prescribed under Schedule III and Schedule X.

Scheduling

139. In the draft Regulations 2025, it was proposed that the annual audit by distributor under sub-regulation (1) of regulation 15 shall be scheduled in the manner as specified in the said regulation.

Broad Summary of Comments of the stakeholders on draft Regulations 2025

140. In response, a submission mentioned that the regulation already mandates an annual audit under regulation 15(1) and stating that the audit "shall be scheduled in the manner as specified in the said regulation" simply reiterates the existing law without providing any new functional detail or clarification on scheduling parameters.

Analysis

141. Given that scheduling is already covered under regulation 15(1) in the Seventh Amendment Regulations, Schedule III and Schedule X have been modified to align with the existing provision, ensuring consistency.

Infrastructure Sharing Provisions

142. In the consultation paper, some other issues for consultation were as follows:

Q11. In light of the infrastructure sharing guidelines issued by MIB, should clause C-14 (CAS & SMS) of Schedule-III of Interconnection Regulation 2017, be amended as follows:

"The CAS shall be independently capable of generating, recording, and maintaining logs, for a period of at least immediate preceding two consecutive years, corresponding to each command executed in the CAS including but not limited to activation and deactivation commands issued by the SMS."

In case Infrastructure is shared between one or more distributors, the CAS shall be capable of generating, recording, and maintaining logs for each distributor separately for the period of at least immediate preceding two consecutive years, corresponding to each command executed in the CAS including but not limited to activation and deactivation commands issued by the SMS."

Please support your answer with proper justification and reasoning. If you do not agree then suggest an alternative amendment, with proper justification?

Q12. For those cases of infrastructure sharing where the CAS and SMS are not shared by the infrastructure provider with the infrastructure seeker,

- i. do you agree that in such cases, the audit of the infrastructure seeker so far as the shared infrastructure is concerned, should extend to only those elements of the infrastructure of the provider which are being shared between the DPOs?*
- ii. should a broadcaster be permitted to cause the complete technical audit of all the DPOs, including the audit of the shared infrastructure, as a precondition for the broadcaster to provide the signals of television channels, if the broadcaster so decides?*

Please support your answers with proper justification and reasoning.

Q13. In case CAS and SMS are shared amongst service providers,

- i. what provisions for conducting audit should be introduced to ensure that the monthly subscription reports made available by the distributors (sharing the infrastructure) to the broadcasters are complete, true, and correct, and there are no manipulations due to sharing of CAS/DRM/SMS?*
- ii. should a broadcaster be allowed to simultaneously audit (broadcaster-caused audit) all the DPOs sharing the CAS/DRM/SMS, to ensure that monthly subscription reports are complete, true, and correct in respect of all such DPOs, and there are no manipulations due to sharing of CAS/DRM/SMS?*

Support your answer with proper justification and reasoning.

Q14. Do you agree that in case of infrastructure sharing between DPOs, suitable amendments are required in the Schedule III of the Interconnection Regulation and the audit manual for assessment of multiplexer's logs during audit procedure? If yes, please suggest the proposed amendment(s), keeping in mind that no broadcaster should be able to see the data of another broadcaster. Please support your answer with proper justification and reasoning. If you do not agree, then also please support your answer with proper justification and reasoning?

Q17. In light of the infrastructure sharing guidelines issued by MIB for sharing of infrastructure amongst MSOs, amongst DTH operators and between MSO and HITS operator, do you think that there is a need to amend any other existing provisions of Interconnection Regulations 2017 or introduce any additional regulation(s) to facilitate infrastructure sharing amongst MSOs, amongst DTH operators and between MSOs and HITS operators? If yes, please provide your comments with reasons thereof on amendments (including any addition(s)) required in the Interconnection Regulation 2017, that the stakeholder considers necessary in view of Infrastructure guidelines issued by MIB. The stakeholders must provide their comments in the format specified in Table 4 explicitly indicating the existing Regulation number/New Regulation number, suggested amendment and the reason/full justification for the amendment in the Interconnection Regulation 2017.

Table 4: Format for stakeholders' response on amendments required in Interconnection Regulation 2017 in view of Infrastructure guidelines issued by MIB

<i>S no</i>	<i>Regulation number of the existing Interconnection Regulation 2017/New Regulation number proposed in the Interconnection Regulations 2017 (1)</i>	<i>Provisions of the existing Regulation (2)</i>	<i>Amendment/ new provision(s) suggested by the stakeholder (3)</i>	<i>Reasons/ full justification for the proposed amendment (4)</i>
<i>1</i>				
<i>2</i>				

(Note: In case additional regulation is proposed column (2) may be left blank)

Q19 Stakeholders may also provide their comments on any other issue relevant to the present consultation.

Broad Summary of Comments of the stakeholders on Q11 of consultation paper

143. In response, various views received from stakeholders are summarized as follows:

- Agreed with the proposed amendment. Suggested that in case of sharing of infrastructure the following should be ensured:
 - i. CAS instances for the infrastructure provider and seeker should be separated into logical instance with separate database. The hardware and associated infrastructure (space and power) requirements may only be shared.
 - ii. Each CAS instance will communicate to only one SMS. A CAS instance to be addressed by multiple SMS cannot be allowed, since in such a situation the one-to-one correspondence is lost.
- “logs” should mean and be defined as, “transactional logs and all commands exchanged between CAS & SMS excluding CAS internal logs in the backend components within CAS solution/system are also considered as logs”. While making an amendment, the type of logs shall be clearly captured in the amendment and therefore the revised clause C-14 be as follows:

“The CAS shall be independently capable of generating, recording, and maintaining transactional logs, for a period of at least immediately preceding two consecutive years, corresponding to each command executed in the CAS including but not limited to activation and deactivation commands issued by the SMS.”

In case Infrastructure is shared between one or more distributors, the CAS shall be capable of generating, recording, and maintaining transactional logs for each distributor separately for the period of at least immediately preceding two consecutive years, corresponding to each command executed in the CAS including but not limited to activation and deactivation commands issued by the SMS.”
- While agreeing with the proposed amendment stakeholders suggested that the CAS shall be capable of whitelisting and tagging all STB/VCs of respective distributors and generating, recording and maintaining logs with date and time stamp for a period of at least immediately preceding three consecutive years, corresponding to each command executed in the CAS including but not limited to activation and deactivation commands issued by the SMS.
- In case of infrastructure sharing, only the headend/video signals/transport stream should be shared between the infrastructure provider and the infrastructure seeker, and each entity should maintain its own independent CAS & SMS. TRAI should not permit the sharing of CAS and SMS as it also undermines the fundamental principles of competition, service differentiation and service/subscriber identification/correlation to relevant DPOs and that the systems remain crucial for DPOs to manage subscriber access, deliver unique services, and protect content security. Further, it could lead to potential content security and distribution risks, including under-declaration of subscribers, which would adversely impact broadcasters.

144. The stakeholders’ comments above were analysed while framing the draft Regulations 2025. The stakeholders’ comments on these draft Regulations 2025 presented in the various sections of this explanatory memorandum covers issues including CAS and SMS sharing which are governed by the MIB guidelines. Regarding the stakeholders’ comments related to technicalities of CAS/SMS sharing and definition of logs, it may be noted that the macro procedural details for audit will be addressed in the Audit manual suitably as these can be universally applied to all DPOs. For other remaining issues related to technical functionalities, the Authority is of the view that such technical/finer details need not be governed by regulations.

Broad Summary of Comments of the stakeholders on Q12 of consultation paper

145. In response, various views received from stakeholders are summarized as follows:

- Audit of infrastructure seekers should extend to only those elements of the infrastructure of the provider which are being shared between the DPOs.
- For those cases of infrastructure sharing where the CAS and SMS are not shared by the infrastructure provider with the infrastructure seeker, a separate audit of the infrastructure seeker and the infrastructure provider should be conducted.
- In cases where the CAS and SMS are not being shared between the infrastructure provider and seeker, for the infrastructure seeker, all elements must be audited, not just the elements of the infrastructure provider which are being shared, to evaluate if infrastructure sharing is happening in actual and to what extent. The audit should commence simultaneously for all infrastructure providers and seekers.
- Broadcaster should not be permitted to cause the complete technical audit of all the DPOs, including the audit of the shared infrastructure, as a precondition for the broadcaster to provide the signals of television channels,

in the interest of time to market considering the number of broadcasters involved and long lead time of concluding an audit.

- A single auditor should be permitted to conduct audits for all line of services – DTH, HITS, IPTV etc. and further, broadcasters should not be allowed to commission a complete technical audit of all the DPOs, including an audit of shared infrastructure, as a precondition to providing the signals of television channels because it is sensitive information related to network architecture.
- Broadcaster should be permitted to cause complete audit of all elements of all the DPOs involved in the infrastructure sharing arrangement, including the audit of shared infrastructure, as a precondition for the broadcaster to provide signals of television channels, so as to understand the type and manner of infrastructure being shared between DPOs and how many DPOs are sharing the infrastructure.

146. The stakeholders' comments above were analysed while framing the draft Regulations 2025. The stakeholders' comments on these draft Regulations 2025 presented in the various sections of this explanatory memorandum covers issues including CAS and SMS sharing which are governed by the MIB guidelines. Regarding the stakeholder comments related to scope of audit in case of sharing of CAS/SMS sharing, it may be noted that the macro procedural details for audit that can be universally applied to all DPOs will be addressed in the Audit manual suitably. For other remaining issues such as permitting only single auditor for all lines of services, the Authority is of the view that such technical/finer details need not be governed by regulations.

Broad Summary of Comments of the stakeholders on Q13 of consultation paper

147. In response, various views received from stakeholders are summarized as follows:

- Where CAS and SMS are being shared amongst service providers, the systems of the DPO providing infrastructure should be capable of generating individual reports for each DPO seeking infrastructure. Additionally, it should be possible for broadcasters to disconnect individual DPOs sharing infrastructure for any reason, including but not limited to non-compliance with provisions of the regulations or defaulting in payments towards subscription fees, or indulging in piracy. Broadcasters should be allowed to conduct joint and simultaneous audits covering all elements of all the DPOs sharing the infrastructure.
- Audits (both under regulation 15(1) and 15 (2)) of the infrastructure provider and the infrastructure seeker(s) should be done simultaneously so that complete data dumps can be extracted from the shared CAS and SMS systems simultaneously and the entire universe of STBs (along with all entitlement records) can be divided amongst the service providers based on the unique identifier/differentiator defined in the shared CAS and SMS systems.
- In case of CAS/SMS/DRM sharing, broadcaster audit of infrastructure seeker can be mandated in accordance with the existing audit manual specifications as it is sensitive in nature from all stakeholders' perspective. While allowing simultaneous audits by broadcasters is feasible, a strict timeline of four weeks should be established to complete the audit upon receiving notice from all DPOs involved in sharing CAS/SMS/DRM. There should be an insertion of new provision in schedule III, point number C (5).
“Provided that, any CAS instance can be integrated with only a single SMS.”
- Existing provisions for conducting audit are sufficient to ensure that the monthly subscription reports made available by the DPO to the broadcasters are complete, true, and correct, and there are no manipulations due to sharing of CAS/DRM/SMS. Similar provisions may be applied in case of infra-sharing service provider and that the broadcaster may be allowed to simultaneously audit (broadcaster-caused audit) all the DPOs sharing the CAS/DRM/SMS.
- Broadcaster should not be allowed to simultaneously audit (broadcaster-caused audit) all the DPOs sharing the CAS/DRM/SMS as all DPOs/MSOs/DTH/HITS are required to undergo mandatory annual audit every year. Therefore, any specific/relevant requirements of the broadcaster can be audited during the yearly audits themselves.

148. The stakeholders' comments above were analysed while framing the draft Regulations 2025. The stakeholders' comments on these draft Regulations 2025 presented in the various sections of this explanatory memorandum covers issues including CAS and SMS sharing which are governed by the MIB guidelines. Regarding the stakeholder comments related to scope and timelines of audit in case of sharing of CAS/SMS sharing, it may be noted that the macro procedural details for audit that can be universally applied to all DPOs will be addressed in the Audit manual suitably.

Broad Summary of Comments of the stakeholders on Q14 of consultation paper

149. In response, various views received from stakeholders are summarized as follows:

- In cases of infrastructure sharing, the existing clause 4.5 is applicable and no changes are required, since the multiplex output (transport stream) carries common ECM and EMM from the shared CAS platform.
- Although there is no risk of information leakage with respect to Mux infrastructure sharing per se but to efficiently limit the audit scope with respect to a particular DPO, it is recommended to provide Transport stream wise breakup of each DPO sharing a common Mux. The following amendment should be made in section 4.5 of Audit manual for infra sharing:

"Check MUX configuration to validate number of Transport Streams ("TS") configured with SID, scrambling status of each SID and ECM and EMM configuration (MUX-TS Stream-No. of ECM & EMM configured) as per the Infra sharing declaration done for the respective DPO like MUX ID, TS ID, Service ID listing of the overall Service Lineup of DPO under Audit."

- If multiplexer is common & they are doing simul-crypt of signal, in such a case broadcaster can see the logs during audit. However, if the DPO is running both feeds separately with two different MUX then broadcaster should be allowed only to see his own part. In addition, it should be mandated that broadcasters should not require the service provider to show the data of another broadcaster.
- Multiplexers play an important role of carrying the services in encrypted or unencrypted mode. Auditors should be specifically given free access to review the same and regulations should be amended to specifically reflect that MUX logs should be made available for review/verification during audits to ensure channel encryption status throughout the audit period. DPOs should be mandated to maintain such logs at least in the form of non-editable archived reports for a period of at least three preceding years. The following amendments in Schedule III of the Interconnection Regulation and the audit manual should be made:
 - i. Both infrastructure provider & infrastructure seeker should maintain the logs of the Network Service Manager controlling the compression chain of all encoders and all multiplexer ("MUX") and the MUX logs must be maintained with details of audio video PID mapping, service IDs, service names, and all information related to the services and encryption. The distributor of television channels shall provide recording of all the Transport Stream ("TS") being distributed from its headend on request by the broadcaster.
 - ii. Further, encryption of all channels distributed by the distributor of television channels must be implemented only by the CAS on the MUX and not on any other device of the headend. Many DPOs pass the channels through the MUX in unencrypted mode and scrambles the entire stream at the QAM (Modulator) which cannot individually activate/deactivate a channel on the subscriber STBs. This results in under declarations since these channels have no record in the CAS and SMS systems. Following amendment should be made to Clause D14 as follows:

"the primary DPO/infrastructure sharing provider should insert its watermarking network logo for all pay channels at Encoder end while each DPO taking services from infrastructure provider distributor shall insert watermarking network logo for all pay channels at STB end, place in such a way that watermarking network logo of infrastructure sharing provider should not get overlapped or hide. Ideally Infrastructure sharing provider watermarking network logo to be placed on the left lower side of the screen and each DPO taking services from infrastructure provider shall insert logo on lower right side of the screen".

150. The stakeholders' comments above were analysed while framing the draft Regulations 2025. The stakeholders' comments on these draft Regulations 2025 presented in the various sections of this explanatory memorandum covers issues including infrastructure sharing which are governed by the MIB guidelines. Regarding the stakeholder comments related to multiplexer, it may be noted that the macro procedural details for audit that can be universally applied to all DPOs will be addressed in the Audit manual suitably.

Broad Summary of Comments of the stakeholders on Q17 of consultation paper

151. In response, various views received from stakeholders are summarized as follows:

- Suggested addition of a new Chapter related to 'Infrastructure Sharing' in the Interconnection Regulations 2017, to add any clauses related to infrastructure sharing. In this regard, the detailed response of the stakeholder is available on the TRAI's website. The stakeholder mentioned the following:

- Any infrastructure sharing request will be subject to meeting the broadcasters' technical requirements and written approval, hence, DPOs shall seek approval/NOC from the Broadcasters on any pending technical/commercial issues.
- In case of infrastructure sharing the primary MSO should enable activation/ deactivation portal and provide access to Broadcaster to such portal to exercise its right to deactivate defaulting primary or secondary MSO (as applicable) independently.
- In case CAS and SMS are shared, the primary DPO shall store CAS and SMS data of each secondary DPO separately and ensure that the same is accessible individually. If only TS signals are being provided to the secondary DPOs, then details of each secondary DPO should be stored and shared individually.
- Audits of entities sharing infrastructure shall be conducted jointly and simultaneously.
- All DPOs desiring to share infrastructure shall be mandatorily required to get their systems pre-audited by the broadcaster's technical team (prior to getting into any arrangements for infrastructure sharing).
- In case a secondary DPO shifts from one primary DPO to another for sharing infrastructure, such DPO shall provide a No Objection Certificate from the broadcaster prior to sharing infrastructure with another primary DPO.
- The primary DPO shall ensure that the secondary DPO receives good quality and uninterrupted supply of signals of broadcasters' TV channels.
- Infrastructure sharing should be allowed in all possible scenarios and across all platforms, including but not limited to DTH and IPTV.

152. The stakeholders' comments above were analysed while framing the draft Regulations 2025. The stakeholders' comments on these draft Regulations 2025 presented in the various sections of this explanatory memorandum covers issues including amendment in Interconnection Regulations 2017 pursuant to infrastructure sharing. It may be noted that the infrastructure sharing will be governed by MIB guidelines on infrastructure sharing. Macro procedural details related to audit of DPOs sharing infrastructure that can be universally applied to all DPOs will be addressed in the Audit manual suitably. For other remaining issues such as the requirement of activation/ deactivation portal, ensuring uninterrupted services or quality of signals by infrastructure provider, cases of shifting of infrastructure seeker from one DPO to another, etc., the Authority is of the view that such technical/finer details need not be governed by regulations but should be addressed by mutual agreements.

Broad Summary of Comments of the stakeholders on Q19 of consultation paper

153. In response to Q19 seeking stakeholder comments on any other issue relevant to the present consultation, various views received from stakeholders are as follows:

- i. Broadcasters misuse the power granted to them under clause 15(2), and it has become a tool for them to harass the MSO either financially or legally.
- ii. The two conditions mentioned in clause 15(2) i.e. "*Not satisfied with the audit report*" and secondly "*in the opinion of a broadcaster*", are open ended. Anything which broadcasters would like to raise only to harass the DPO can be asked under above mentioned clause.
- iii. Stakeholders suggested revisions to clause 15(2) as below:
 - a. *In cases where the auditor referred in 15(1) (a), issues a qualified report, with respect to the subscription reports submitted by the DPO to the broadcaster or with respect to non-confirmation of the requirements specified in the Schedule III or the Schedule X or both, as the case may be, it shall be permissible to the broadcaster, after communicating the reasons in writing to the distributor, to audit the subscriber management system, conditional access system and other related systems of the distributor of television channels, not more than once in a calendar year:*
 - i. *Provided that, the auditor raises the following qualifications in their report.*
 - a. *No. of subscribers submitted by DPO and verified by the TRAI empaneled auditor in its audit report, are more than variation of 0.5%.*
 - b. *Undeclared CAS / SMS/Head End found during audit*
 - c. *If an Unencrypted signal is found during Audit.*
 - d. *More than 5% variation, if found between ground STB samples given by Broadcasters and actual availability in the system.*
- iv. To enable auditors to conduct audit of IPTV apps being offered by DPOs in their closed networks, it is essential that the features of such apps be standardized, or a whitelisting procedure for such apps be introduced.

- v. IPTV platforms that want to deliver services other than through STB, should also be required to get their audit done through information security auditors including Testing of Headend /IT Application testing / Security Testing and control testing / Configuration of the Application including configuration and vulnerability and other testing.
- vi. Auditors should release the audit report to DPOs and broadcasters on the same day.
- vii. Each empanelled audit agency should have trained personnel, who are well versed with the CAS/SMS, digital headend and related head-end systems. It is noted that most of the enrolled empanelled agencies have experience in financial audits and not in the CATV/DAS/IPTV environment audits.
- viii. Regarding infrastructure sharing, stakeholder(s) opined-
 - a. Infrastructure sharing of CAS and SMS Servers should be permitted in HITS and DTH platforms.
 - b. To ensure that there is no data loss in case of server failure in simulcrypt environment (infrastructure sharing), DPOs should ensure that they have a disaster recovery system (back-up/stand-by servers) in place in respect of its CAS and SMS which is capable of recording and preserving each action performed on and through its CAS and SMS for minimum of immediately preceding three consecutive years.
 - c. Infrastructure provider should use reasonable efforts to maintain a service availability (a service free from viewer discernible problems including, without limitation, video with no audio, audio with no video or significant signal distortion) without any interruption or deviation from the daily transmission schedule.
 - d. Infrastructure provider should create a broadcaster remote live control panel (dashboard) to inter-alia allow broadcasters to remotely activate/deactivate/reactivate signals of their respective channels to the secondary DPOs.
 - e. Dashboard should clearly display
 - details of each CAS along with CAS number that have been deployed by infrastructure provider and the secondary DPO in real time.
 - status of encryption to respective broadcasters i.e., whether such channels are encrypted or unencrypted in real time.
 - name of all respective broadcasters services that are available on the platform in respect of infrastructure provider and the secondary DPO.
 - f. Any CAS that is added or deleted on infrastructure sharing platform should reflect on Dashboard with date and time stamp of such addition and/or deletion, as applicable. It should be the obligation of the infrastructure provider and infrastructure seeker to inform broadcaster in writing about any proposed changes 30 days in advance.
 - g. In case of HITS infrastructure sharing environment, Cable Operators' Premise Equipment (COPE) units issued by HITS provider to MSO's local cable operators ("LCO")/DPOs needs to be clearly identified/visible in their systems. Further, during audit of HITS, HITS operator should provide detailed information including installation address of COPE units to the empanelled auditors as well as to the broadcaster as and when requested by broadcaster
 - h. Infrastructure sharing DPOs should mandatorily schedule finger printing at an interval of every ten (10) minutes on 24×7×365(6) days basis and in such a manner that fingerprinting is visible on TV screens of connected STBs.
- ix. A proper audit fees matrix is required to be published by TRAI. Due to intense negotiations, the quality of report and audit work sometimes gets compromised.
- x. Maximum number of Audit for audit firm should be fixed under Regulation 15(1) and 15(2).
- xi. For conducting audits under regulation 15(1) and/or 15(2), DPO/Broadcaster should request TRAI by submitting the fees for Audit as per fees matrix. TRAI in turn should appoint the Auditor.
- xii. Sometimes DPOs find hosting SMS in cloud solution or in data centre to be cost effective. During the audit, physical verification of such servers is not possible. For example, when SMS is hosted in AWS Mumbai and auditor asks for physical verification in AWS Mumbai, which is not possible, then a non-compliance flag is assigned to the SMS. Hence, this is required to be addressed in the audit manual.
- xiii. The auditor should be required to verify the MSR data for every pay channel of broadcasters available on DPO's network for 20% sample weeks covering at least one week of every month for the entire audit period.
- xiv. Verification is currently being done at aggregate level only for total active subscribers in CAS versus in SMS. This should also include number of entitlements (i.e., total channels active on each active CAS card) versus total number of entitlements on each CAS card in SMS.
- xv. Audit process will be meaningful only if the DPO submits CAS and SMS wise subscriber number as part of the monthly subscriber report submitted to broadcaster every month.

Analysis

154. The Authority has examined the submissions made by the stakeholders. In this regard, the following may be noted:

- Regarding the issues related to regulation 15(2), it may be noted that these issues have already been addressed in the Seventh Amendment Regulations and the justifications for same have been presented in the analysis sections of this EM at various places.
- In response to comments regarding simultaneous submission of audit report to the DPO and broadcaster, the Seventh Amendment Regulations mandates the completion of audits within prescribed timelines and stipulates prompt forwarding of audit reports to broadcasters.
- In response to comments regarding audit of IPTV service providers, all the DPOs including IPTV operators have been mandated to cause audits of their systems once every calendar year under TRAI's Interconnection Regulations 2017. Schedule X of the Interconnection Regulations 2017 specifies the Digital Rights Management (DRM) System Requirements.
- In response to the perceived need for trained audit personnel, the Seventh Amendment Regulations aim to streamline audit process and enhance auditor accountability. It may be noted that the eligibility criteria contained in the Expression of Interest for empanelment of auditors to carry out audit of Digital Addressable Systems prescribe the minimum experience and proficiency requirements for the applicant auditors.
- Regarding infrastructure sharing, it may be noted that:
 - This is governed by the provisions contained in the respective infrastructure guidelines of the Ministry of Information and Broadcasting (MIB) for each platform, namely DTH, HITS, MSOs, etc.
 - MIB guidelines already permit infrastructure sharing including CAS/SMS between MSOs, between MSO and HITS operator, and between DTH operators.
 - MIB guidelines do not permit infrastructure sharing of CAS/SMS between HITS and DTH operators.
 - The guidelines contain detailed requirements for infrastructure sharing entities which include provisions related to disaster recovery system, disconnection of signals by broadcasters, maintaining logs, CAS/SMS sharing and making them accessible for audit etc. Regarding the suggestion on creating a dashboard, COPE terminals, etc., it may be noted that it is a matter of technical functionality and is better addressed by market practices.
 - All service providers are required to ensure compliance with the provisions of these guidelines issued by MIB.
 - Besides this, all Regulations of TRAI including the Telecommunication (Broadcasting and Cable) Services Standards of Quality of Service and Consumer Protection (Addressable Systems) Regulations, 2017 (as amended) are required to be complied with by all service providers.
 - Regarding the suggestion for universal overt fingerprinting, this may potentially compromise user experience. Whenever there is a requirement of identifying a compromised DPO, finger printing etc. can be initiated for the concerned segment of DPOs.
- Regarding regulating audit fees, it may be noted that TRAI has empaneled sufficient number of auditors in the sector and as a result, audit charges are fairly competitive.
- Considering the number of empanelled auditors that provides sufficient competition, the EOI restricts continuous audit by the same firm of a DPO beyond three years instead of fixing maximum number of audits by a firm.
- Macro procedural details for audit that can be universally applied to all DPOs are/will be covered in the Audit manual. Regarding other remaining issues related to technical functionalities, the Authority is of the view that such technical/finer details need not be governed by regulations.

Draft Regulations 2025

155. In the draft Regulations 2025, it was proposed that SMS and CAS/DRM should have capability to meet all the requirements prescribed in Schedule III and X respectively for each distributor. Further, separate instances should be created for each distributor using shared SMS/CAS/DRM and the data between two or more distributors must be segregated in such a manner that entity wise reconciliation should be possible to be carried out between SMS and CAS/DRM.

Broad Summary of Comments of the stakeholders on draft Regulations 2025

156. In response, various views received from stakeholders are summarized as follows:

- Agreed with the provisions.
- While agreeing with inclusion of infrastructure sharing provisions, further suggested that TRAI should align infrastructure sharing provisions across all relevant schedules and clarify that shared systems may include CAS, SMS and content acquisition systems/signals. The infra sharing clause should be extended to Schedule IX as well to avoid any confusion (since currently the inclusion is limited to Schedule III & Schedule X).
- This provision imposes a massive, unnecessary, and uncompensated capital expenditure on compliant DTH operators and forcing a shift to costly "separate instances" for multiple distributors merely satisfies a rigid regulatory definition, creates operational redundancy, and would ultimately lead to higher service costs passed directly to the consumers.
- Disagreed with the provisions. Draft amendment proposes to introduce a framework for infrastructure sharing without conducting any foundational analysis to justify its approach. Suggested to not to finalize these provisions until these foundational studies are conducted through regulatory sandboxing and shared with stakeholders for consultation. Broadcasters should be allowed to conduct joint and simultaneous audits covering all elements of all the DPOs proposing to share infrastructure and/or sharing the infrastructure.
- Draft regulations do not explain how separate instances of SMS and DRM/CAS systems will be technically implemented for multiple DPOs sharing infrastructure. TRAI should issue detailed technical guidelines clarifying system segregation, data access, and auditability to prevent ambiguity and misuse. The following was submitted:
 - i. Shared SMS and DRM systems must be capable of meeting all prescribed requirements for each DPO independently. Separate instances must be created for every DPO and the systems must ensure complete segregation of data to enable entity-wise reconciliation between SMS and DRM.
 - ii. The audit should be commenced simultaneously for all DPOs including infrastructure provider and seekers.
 - iii. The systems (SMS & CAS) of the DPO providing infrastructure should be capable of generating individual reports for each DPO seeking infrastructure. Additionally, broadcasters shall disconnect individual DPOs sharing infrastructure for noncompliance with provisions of the regulations including and not limited to default in payments towards subscription fees or indulging in piracy. Broadcasters should be allowed to conduct joint and simultaneous audits covering all elements of all the DPOs sharing the infrastructure.
 - iv. The CAS shall be capable of whitelisting and tagging all STB/VCs of respective distributors and generating, recording and maintaining logs with date and time stamp for a period of at least immediately preceding three consecutive years, corresponding to each command executed in the CAS including but not limited to activation and deactivation commands issued by the SMS.
 - v. CAS instances for the infrastructure provider and seeker should be separated into logical instance with separate database. The hardware and associated infrastructure (space and power) requirements may only be shared.
 - vi. Each CAS instance will communicate to only one SMS. A CAS instance to be addressed by multiple SMS cannot be allowed, since in such a situation the one-to-one correspondence is lost.
 - vii. Broadcaster should have right to do the technical audit before allowing infrastructure sharing to the DPO. It will help to ensure that the DPO system is in compliance with the TRAI regulations.
- Prohibit DPOs facing signal disconnection due to outstanding dues or piracy from bypassing broadcaster action through infra-sharing arrangements and allowing such DPOs to access broadcaster signals via another distributor would defeat enforcement actions and promote non-compliance.
- DPOs must obtain prior written approval or No Objection Certificate (NOC) from the concerned broadcaster before entering into any infrastructure sharing arrangement and broadcasters should also be allowed to conduct an audit of the infrastructure provider's systems before such sharing is operationalized.

Analysis

157. The Authority notes that infrastructure sharing is governed by the provisions contained in the respective guidelines/statutes of the Government for each platform, namely DTH, HITS, MSOs, etc. The Ministry of Information and Broadcasting (MIB) guidelines already permit infrastructure sharing including CAS/SMS. Accordingly, all service providers are required to ensure compliance with the provisions of these guidelines issued by MIB while entering into or operationalizing infrastructure sharing arrangements.

158. In the extant regulations, item (C) 2 of Schedule III of Interconnection Regulations 2017 states:

“The SMS shall be independently capable of generating, recording, and maintaining logs, for the period of at least immediate preceding two consecutive years, corresponding to each command executed in the SMS including but not limited to activation and deactivation commands.”

In the extant regulations, item (C) 14 of Schedule III of Interconnection Regulations 2017 contains:

“The CAS shall be independently capable of generating, recording, and maintaining logs, for the period of at least immediate preceding two consecutive years, corresponding to each command executed in the CAS including but not limited to activation and deactivation commands issued by the SMS.”

159. Similar provisions exist in Schedule X of the Interconnection Regulations 2017. In cases of infrastructure sharing, wherein SMS, CAS, and DRM may also be shared, these provisions require amendment to ensure that SMS, CAS and DRM systems have the capability to meet all requirements prescribed under the Interconnection Regulations 2017 for each distributor. Further, separate instances should be created for each distributor using shared SMS/CAS/DRM and the data between two or more distributors must be segregated in such a manner that entity wise reconciliation should be possible to be carried out between SMS and CAS/DRM.
160. Regarding other issues related to Audit manual raised in the consultation paper dated 9th August 2024, vide question nos. 7, 8, 15, 16 and 18 comments of the stakeholders have been noted and examined. These include clause wise suggestions in audit manual and changes in audit manual required due to infrastructure sharing. Accordingly, suitable amendments will be considered by the Authority in the Audit Manual.
161. In view of above, suitable provisions have been included in the Seventh Amendment Regulations. However, the market developments shall be monitored, and further intervention as felt necessary may be considered at appropriate time.

Infrastructure Sharing Provisions – Watermarking

162. In the consultation paper, other issues for consultation were as follows:

Q9. In light of the infrastructure sharing guidelines issued by MIB, should clause D-14 (CAS & SMS) of Schedule-III of Interconnection Regulation 2017, be amended as follows:

“The watermarking network logo for all pay channels shall be inserted at encoder end only.

Provided that only the encoders deployed after coming into effect of Telecommunication (Broadcasting and Cable) Services Interconnection (Addressable Systems) (Amendment) Regulations, 2019 (7 of 2019) shall support watermarking network logo for all pay channels at the encoder end.

In case of infrastructure sharing, the infrastructure sharing provider shall insert its watermarking network logo for all pay channels at encoder end while each DPO taking services from infrastructure provider distributor shall insert its own watermarking network logo for all pay channels at STB end.”

Please support your answer with proper justification and reasoning. If you do not agree then suggest an alternative amendment, with proper justification?

Q10. In case of infrastructure sharing, if it is decided that the infrastructure sharing provider shall insert its watermarking network logo for all pay channels at encoder end while each DPO taking services from infrastructure provider distributor shall insert its own watermarking network logo for all pay channels at STB end,

i) does the specification of the logos (transparency level, size, etc), of both Infrastructure provider and infrastructure seeker distributors, need to be regulated? If yes, please provide detailed specification (transparency level, size, etc) of the logos of both Infrastructure provider and infrastructure seeker distributor.

ii) Since appearance of the logos of more than one DPO on the TV screen may compromise the quality of the video signal at the subscriber’s end, what measures such as overlapping logos of the DPOs or any other solution, should be adopted to ensure that while logo of the DPO (infrastructure seeker) is prominently visible on the subscriber’s TV screen, the objective of tracing piracy is also met through watermarking the network logo of the infrastructure provider DPO suitably? Please provide details of measure proposed.

Please support your answer with proper justification and reasoning.

Broad Summary of Comments of the stakeholders on Q9 of consultation paper

163. In response, various views received from stakeholders are broadly summarized as follows:

- The infrastructure sharing providers shall insert the watermarking network logo for all the pay channels from encoder end and DPO who are in shared network will also insert their logo from STB end. This is required to ensure that the operators sharing infrastructure can be identified for piracy individually through watermarking.
- In case of infrastructure sharing, the watermarking logo can be inserted either at the encoder end or STB end.
- Insertion of watermarking logo should essentially happen at encoder end only to prevent any unnecessary incidents of piracy. However, in case of infrastructure sharing, the watermarking logo can be inserted either at the encoder end or STB end.
- Watermarking logo can be inserted either at the encoder end or STB end and decision should be mutually decided between provider and seeker.
- If the infrastructure is to be shared, inserting a logo should be at the STB end only or if a common infrastructure is used a logo of provider and DPO can be placed at different locations not overlapping each other.
- Encoder level logo insertion should not be mandated and only STB level logo insertion can serve the purpose of infrastructure sharing needs and anti-piracy requirements.
- Most MSOs have old encoder and there is no vendor support to upgrade. Small DPO can't afford all new hardware, so there should be some relaxation for the MSOs if they are operating in a limited area with honestly no chances of piracy.
- Under infrastructure sharing arrangements, logo insertion from encoder shall lead to various complications of logo overlap and user experience problems so watermark logo insertion from encoder should not be mandated. To address the requirement of anti-piracy, DPO triggered fingerprint can still serve the purpose in the following way in case someone is able to alter/mask the watermark logo:
 1. Broadcaster shall be able to identify the infrastructure provider using broadcaster triggered fingerprint.
 2. On identifying the infrastructure provider source, broadcaster shall make the infrastructure provider accountable to trigger the DPO triggered fingerprint for identifying the real DPO (infrastructure seeker/infra provider) STB ID.
 3. Since infra provider does not have the capability currently available for triggering the fingerprint on infrastructure seeker STB, there are 2 possible solutions-
 - Develop a utility using fingerprint API of all infra seekers so that it triggers fingerprint immediately or
 - Establish a common anti-piracy team of all partner DPOs to trigger the fingerprint within prescribed timeframe.
- The proposed stipulations require proper examination and practical testing before introduction. There is no evidence presented on how commands executed through CAS or SMS can be definitely attributed to a specific DPO. TRAI should conduct testing through regulatory sandboxing before implementing any sweeping changes. The stakeholder proposed the following amendment:

"The watermarking network logo for all pay channels shall be inserted at encoder end only. Provided that ~~only~~ the encoders deployed ~~after~~ before coming into effect of Telecommunication (Broadcasting and Cable) Services Interconnection (Addressable Systems) (Amendment) Regulations, 2019 (7 of 2019) shall that do not support watermarking network logo for all pay channels at the encoder end shall be decommissioned and replaced with encoders that support watermarking network logo for all pay channels at encoder end, on/before 31st March 2025.

In case of infrastructure sharing, the infrastructure sharing provider shall insert its watermarking network logo for all pay channels at encoder end while each DPO taking services from infrastructure provider distributor shall insert its own watermarking network logo for all pay channels at STB end. The two watermarks should be visible on the screen, one watermark of the infrastructure sharing provider from encoder end & one watermark of the DPO taking services from the infrastructure provider distributor from STB end. Provided that the STB watermark should be 50% transparent."

164. The stakeholders' comments above were analysed while framing the draft Regulations 2025. The stakeholders' comments on these draft Regulations presented in the subsequent section of this explanatory memorandum covers reasons for regulatory provisions related to watermarking network logo to be provided by the infrastructure provider at encoder end and by the infrastructure seeker through STB/middleware.

Broad Summary of Comments of the stakeholders on Q10 of consultation paper

165. In response, various views received from stakeholders are summarized as follows:

- Specification of the logos should not be regulated considering the complexity involved in implementing at the STB end for development and required specification. Specifications should be left to the operator to decide.
- Insertion of two logos will not only lead to complexities and complications but also irritate and disturb the subscriber viewing experience. This would mean that the subscriber will be watching three logos (i) one from the infra service provider, (ii) another from the infra service receiver and (iii) the other from the broadcaster. This will be in addition to the forced messages or scroll to be run by the DPOs. The purpose of controlling piracy can be tackled by the flashing of fingerprint at broadcaster level and STB level.
- Having 2 logos on screen along with broadcaster logo would bring bad user experience and confusion. Therefore, it would be difficult to carry both the DPOs logos on the screen and it is advisable that infrastructure seeker logo should be given priority.
- Current level of transparency around 80% is to be maintained for DPO logo.
- To ensure quality of video signal at the subscriber end and to stop piracy through watermarking logo few regulations should be made that:
 - Logo size should not be greater than 1080P.
 - Logo should be clearly visible.
 - More than one logo of DPO and more than one logo of broadcaster should not be visible on TV Screen.
- Since 2 watermarks are appearing on the screen, the STB-end watermark should be kept at 50% transparency so as not to hamper the consumer's viewing experience. The primary DPO/infrastructure sharing provider should insert its watermarking network logo for all pay channels at encoder end while each DPO taking services from infrastructure provider distributor shall insert watermarking network logo for all pay channels at STB end, placed in such a way that watermarking network logo of infrastructure sharing provider should not get overlapped or hidden. Ideally Infrastructure sharing provider watermarking network logo should be 50% transparent with 2cm X 2 cm and to be placed on the right lower side of the screen and each DPO taking services from infrastructure provider shall insert logo with 50% transparent 50% with 1.5cm X 1.5 cm on lower left side of the screen and ensure that both logos should be prominently visible on the subscriber's TV screen. It will help the field team to identify both logos without any confusion and help to trace the source of the signal in case of piracy. Further, it should be mandatory for infrastructure sharing platforms to enable fingerprinting at every 10 minutes interval on all STBs.

166. The stakeholders' comments above were analysed while framing the draft Regulations 2025. The stakeholders' comments on these draft Regulations presented in the subsequent section of this explanatory memorandum covers issues related to specifications of logos on the TV screen for the best viewing experience to the end user.

167. In the draft Regulations 2025, it was proposed that the requirement in respect of watermarking for insertion of network logo for all pay channels at only encoder end shall be applicable for infrastructure providers. The infrastructure seeker shall provide a network logo through STB/middleware. However, preferably only two logos, that is, of only broadcaster and last mile distributor shall be visible at customer end.

Broad Summary of Comments of the stakeholders on draft Regulations 2025

168. In response, various views received from stakeholders are summarized as follows:

- Mandating encoder-level logo insertion is not recommended due to its negative impact on customer experience and incurring a huge cost on DPO, this approach creates a complex and confusing scenario by automatically pushing a second service provider logo to the Set-Top Box (STB). The subscriber shall be viewing two logos one of the infrastructure service providers and one of the infrastructure receivers, beside intricacies, this will irritate the viewers also, as he will see three logos (one of broadcaster, and two of service providers beside running of messages and scroll). Only STB level logo insertion can serve the purpose of infrastructure sharing needs and anti-piracy requirements.
- The watermarking network logo for all pay channels shall ordinarily be inserted at the encoder end, provided that, in cases where signals are distributed through shared infrastructure and the DPO displays its network logo through the Set Top Box (STB) or middleware, the requirement to insert such DPO's watermarking logo

at the encoder end shall not apply, subject to the condition that (a) the infrastructure provider shall insert or retain the broadcaster's identifier or watermark at the encoder end to ensure upstream traceability; and (b) the concerned DPO shall ensure that its STB or middleware is technically certified, incorporates non-disable forensic watermarking or overlay, maintains appropriate logs, and complies with such security, audit, and technical requirements as may be specified by the Authority from time to time.

- The introduction of the word "preferably" as well as omission to mandate display of logo of infrastructure provider makes the new provision weak, which is inconsistent with the strict technical compliance required by Schedule III. For anti-piracy efforts to be effective, it must be mandatory for the logos of the broadcaster, the infrastructure provider, and the last-mile DPO to be clearly and non-overlappingly visible on the end-user's screen. This framework be deferred until a thorough, transparent "regulatory sandboxing" exercise is completed to test its practical viability and security.
- Regulation should explicitly allow the DTH network logo to be mandatory, alongside the broadcaster logo, as per commercial necessity and restricting DPO's branding power to a non-preferred slot or limiting logo visibility interferes with DPO's fundamental right to market and secure their network and dilutes consumer identification of the actual service provider.

Analysis

169. As per item (D) 14 of Schedule III of Interconnection Regulations 2017:

"The watermarking network logo for all pay channels shall be inserted at encoder end only.

Provided that only the encoders deployed after coming into effect of these Amendment regulations shall support watermarking network logo for all pay channels at the encoder end."

Similar provisions exist in Schedule X of Interconnection Regulations 2017.

170. Interconnection Regulations 2017 mandated insertion of watermarking network logo from encoder end for pay channels. The main purpose of the abovementioned provision was to tackle piracy by tracing the source of signal which is used for piracy. This approach is necessary because a rogue entity may be able to disable or tamper with the logo inserted only at the STB level. However, in case of infrastructure sharing between DPOs since the encoders may be shared by multiple DPOs, inserting multiple watermarking of each DPO from encoders will result in appearance of multiple DPO logos on the end screen which will compromise the quality of the video signal viewing experience on the TV screen.

171. Accordingly, the Authority is of the view that infrastructure providers may be mandated to insert watermarking network logo at only encoder end and infrastructure seeker may be permitted to provide network logo through STB/middleware.

172. In such a scenario, if the broadcaster desires, they should be able to identify the infrastructure provider using broadcaster triggered fingerprint. On identifying the Infrastructure Provider source, the broadcaster may ask the infrastructure provider to trigger the DPO triggered fingerprint for identifying the real DPO STB ID. This architecture also prevents multiple logos from cluttering the video signal and avoids additional financial burdens associated with deploying separate encoders.

173. However, to protect the interest of consumers, the Authority is of the view that multiple logo appearances on video signals needs to be avoided. Accordingly, not more than 2 logos – one of the broadcasters and the other of the last mile distributor, should preferably be visible at customer end at any time on the end screen. Logo specifications decision is left to the service providers. The Authority is of the view that service providers would normally endeavour to provide the best viewing experience to the end user.

174. In view of the above, suitable provisions have been included in the Seventh Amendment Regulations. However, the market developments shall be monitored, and further intervention as felt necessary may be considered at appropriate time.

List of Acronyms

Acronyms	Description
BECIL	Broadcast Engineering Consultants India Limited
CAS	Conditional Access System
DAS	Digital Addressable Systems
DRM	Digital Rights Management
DPO	Distribution Platform Operator
DTH	Direct To Home
ECM	Entitlement Control Message
EMM	Entitlement Management Message
EoI	Expression of Interest
HITS	Headend in the Sky
IPTV	Internet Protocol Television
JV	Joint Venture
MIB	Ministry of Information and Broadcasting
MSO	Multi-System Operator
MSR	Monthly Subscription Report
OHD	Open House Discussion
RIO	Reference Interconnection Offer
SMS	Subscriber Management System
STB	Set Top Box
TDSAT	Telecom Disputes Settlement and Appellate Tribunal
TRAI	Telecom Regulatory Authority of India
TS	Transport Stream