

IDA.INTC.03.0004

5 February 2007

Singapore Telecommunications Limited
31 Exeter Road,
#18-00 Comcentre
Singapore 239732

Attention: Mr Lee Hsien Yang
Group Chief Executive Officer

Dear Sirs

DIRECTION OF THE INFO-COMMUNICATIONS DEVELOPMENT AUTHORITY OF SINGAPORE: MODIFICATION OF REFERENCE INTERCONNECTION OFFER ("RIO") TO PROVIDE FOR TAIL LOCAL LEASED CIRCUITS AS AN INTERCONNECTION RELATED SERVICE

1. The Info-communications Development Authority of Singapore ("**IDA**"), pursuant to the Info-communications Development Authority of Singapore Act (Chapter 137A), Section 27(1) of the Telecommunications Act (Chapter 323) ("**the Act**") and Condition 34.1 of the Licence to Provide Facilities-Based Operations issued to Singapore Telecommunications Limited ("**SingTel**") on 1 April 1992, hereby issues this Direction to SingTel.
2. Please refer to the following documents:
 - a. IDA's decision dated 12 April 2006 in relation to SingTel's Reconsideration Request of 20 March 2006, directing SingTel to make certain amendments to its RIO ("**12 April 2006 Decision on Reconsideration**"); and
 - b. The Minister's decision dated 23 January 2007 on SingTel's appeal against IDA's 12 April 2006 Decision on Reconsideration, wherein the Minister varied the 12 April 2006 Decision on Reconsideration ("**Minister's Decision**").
3. For the purposes of giving effect to the 12 April 2006 Decision on Reconsideration, as varied by the Minister's Decision, IDA hereby directs SingTel to submit to IDA for approval, by **5.00pm, 5 March 2007**:
 - a. SingTel's proposed modifications to its RIO. Specifically, SingTel must propose the following modifications:
 - i. amendments to Clause 3.2 of Schedule 4C to allow SingTel to reserve capacity in relation to Tail Local Leased Circuits as

an Interconnection Related Service (“IRS TLLCs”) of bandwidths **between 64 kbps and 2 Mbps** to meet its reasonable anticipated requirements in the next 12 months for the purpose of using the underlying infrastructure – Local Loop - **to provide Direct Exchange Line services to comply with its Universal Service Obligation;**

- ii. amendments to Clause 3.2 of Schedule 4C to allow SingTel to reserve capacity in relation to IRS TLLCs to meet its anticipated requirements in the next 12 months **for operations and maintenance purposes so as to comply with its Quality of Service obligations under the Telecom Competition Code 2005 and Service Level Guarantees under the RIO;**
 - iii. amendments to Schedule 9 permitting SingTel to impose a One-Time System Set-up Charge for its provision of IRS TLLC services under Schedule 4C and the quantum thereof;
 - iv. an acceptable mechanism by which IDA may audit SingTel's reservation requirements under Paragraphs 3.a.i. and 3.a.ii. above; and
- b. SingTel's detailed justification and substantiation for the quantum of the One-Time System Set-up Charge that it proposes to impose under Paragraph 3.a.iii. above. Such justification and substantiation should include at the minimum, all documentation, assumptions adopted and computations made which support SingTel's proposed quantum for the One-Time System Set-up Charge. IDA will not accept any submission justifying or substantiating the quantum of the One-Time System Set-up Charge after the date specified in this Paragraph 3.

4. In proposing the modifications to the RIO, IDA reminds SingTel that:

- a. In accordance with Paragraph 20 of the Minister's Decision, IDA's approval of SingTel's proposed amendments under Paragraph 3.a.i. and 3.a.ii. above are conditional on SingTel proposing an acceptable mechanism by which IDA may audit SingTel's reservation requirements;
- b. In accordance with Paragraphs 33, 34(b) and 34(c) of the Minister's Decision, IDA's approval of the quantum of SingTel's proposed One-Time System Set-up Charge under Paragraph 3.a.iii. is contingent on SingTel being able to justify the costs and the reasonableness of its having incurred the costs. Specifically, SingTel must substantiate all its claims for the One-Time System Set-up Charge and fully account and justify all charges and individual cost components. The activities will only be included within scope where SingTel is able to

demonstrate that the activities are new and were not previously available for retail LLCs or MWS TLLCs;

- c. To the extent that any of SingTel's proposed modifications fail to give effect to the Decision on Reconsideration, as varied by the Minister's Decision or, in IDA's view, is not acceptable, IDA will direct SingTel to adopt specific drafting language;
 - d. IDA will reject any proposed modification by SingTel that is not for the purpose of giving effect to the required modifications as set out in this Direction; and
 - e. Any non-compliance with this Direction constitutes a contravention of Section 8 of the Act for which IDA will not hesitate to take strong enforcement action.
5. SingTel must submit to IDA one hardcopy and one softcopy, both in clean and marked-up versions, of the applicable RIO schedules referred to in Paragraph 3 above, incorporating SingTel's proposed modifications to effect IDA's requirements. The marked-up version must clearly identify each modification made by SingTel to these Schedules. The softcopy submission must be in Microsoft Word format and emailed to liau_chie_kiong@ida.gov.sg, at the same time SingTel submits to IDA the hardcopy of its proposed modifications.
6. Any clarification required on this Direction must be made in writing and marked for the attention of our Mr Andrew J Haire (Assistant Director-General (Telecoms)) and faxed to 6211-2116. Please note that any query directed by SingTel to IDA for clarification shall not affect SingTel's obligation to comply fully with this Direction (including the timelines stipulated).

Yours faithfully,



Leong Keng Thai
Deputy Chief Executive Officer / Director-General (Telecoms)