

**M1'S RESPONSE TO IDA'S CONSULTATION PAPER ON
REVIEW OF THE CODE OF PRACTICE FOR COMPETITION IN THE
PROVISION OF TELECOMMUNICATION SERVICES: REQUEST FOR
COMMENTS REGARDING THE PROPOSED REVISED SECTION NINE OF
THE CODE**

AND

**REQUEST FOR FURTHER COMMENTS REGARDING THE PROPOSED
TELECOMMUNICATION CONSOLIDATION GUIDELINES**

AND

**REQUEST FOR COMMENTS REGARDING THE PROPOSED ADVISORY
GUIDELINES FOR TENDER OFFER PROCESS WHERE THE SINGAPORE
CODE ON TAKE-OVERS AND MERGERS APPLIES**

13 June, 2003

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M1'S RESPONSE TO IDA'S CONSULTATION PAPER ON REVIEW OF THE CODE OF PRACTICE FOR COMPETITION IN THE PROVISION OF TELECOMMUNICATION SERVICES ("CODE"): REQUEST FOR COMMENTS REGARDING THE PROPOSED REVISED SECTION NINE OF THE CODE ("REVISED SECTION NINE") AND REQUEST FOR FURTHER COMMENTS REGARDING THE PROPOSED TELECOMMUNICATION CONSOLIDATION GUIDELINES ("TELECOM CONSOLIDATION GUIDELINES") AND REQUEST FOR COMMENTS REGARDING THE PROPOSED ADVISORY GUIDELINES FOR TENDER OFFER PROCESS WHERE THE SINGAPORE CODE ON TAKE-OVERS AND MERGERS APPLIES ("TENDER OFFER GUIDELINES")

1. M1 welcomes IDA's review of the regulatory regime for changes in ownership and consolidations in Singapore's telecommunications industry. The review is timely in view of the market changes after IDA's first consultation in Oct 2001.
2. M1 has been providing cellular mobile and paging services to the Singapore market since 1 April 1997 and in August 2000, we launched our international telephone services. In April 2001, M1 also obtained the FBO Licence for the Provision of 3G Mobile Communication System and Services and the 3G Spectrum Right.
3. We are pleased to note that IDA has refined the proposed framework and incorporated industry feedback from the previous consultation. M1 continues to support IDA's proposal though certain aspects could be improved. In particular, regulations for consolidations without anti-competition implications should be made less onerous so as not to hinder investments in Singapore's telecommunications industry.
4. Amend threshold level set for "Affiliate"
M1 submits that IDA amends the current threshold level set for Affiliates from 5% to 12% to reduce regulatory burden on Licensee/Applicants. As IDA has concluded that an entity holding an ownership interest of less than 12% is unlikely to raise competitive or public interest concerns, it would be unnecessary and burdensome to request Licensees/Applicants to trace and identify all its direct/indirect Affiliates based on the 5% threshold.
5. Changes in Ownership Interest as a Result of Share Buy-back
 - 5.1 M1 would like to clarify IDA's proposed treatment of changes in ownership due to share buy-backs. IDA should consider the following aspects of share buy-back in its decision:
 - Ownership Interest as a percentage of total share capital would increase as a result of reduction in total share capital, rather than any pro-active share acquisition
 - There would be limited increases in Ownership Interest as share buy-back is capped at a 10% threshold across the entire share base
 - Changes to Ownership Interest can only be finalized after the share buy-back
 - 5.2 For changes in Ownership Interest due to share buy-back, M1 recommends that a notification is sufficient as the change is minimal and not due to pro-active share acquisition. M1 also propose that IDA include an additional clause under Section 9.4.4(a) that filing of Consolidation Application is not required for share buy-back.
6. In addition to the above, M1's detailed comments on the proposed revision and guidelines can be found in Annexes 1, 2 and 3.