

Our ref: TR/0/07/ST/ITS

5 January 2007

Singapore Telecommunications Limited
31 Exeter Road
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Singapore 239732
Fax: 6733 5597

Attn: Mr Sean Slattery
Vice President (Regulatory & Interconnect Strategy)

Dear Mr Slattery,

**FINAL DECISION OF THE INFO-COMMUNICATIONS DEVELOPMENT
AUTHORITY OF SINGAPORE ON THE REQUEST BY SINGAPORE
TELECOMMUNICATIONS LIMITED FOR EXEMPTION FROM APPLICATION
OF DOMINANT LICENSEE OBLIGATIONS WITH RESPECT TO THE RETAIL
INTERNATIONAL TELEPHONE SERVICES MARKET**

- 1 Please refer to the request filed by Singapore Telecommunications Limited ("SingTel") on 28 March 2006 for exemption from application of Dominant Licensee obligations specified in sections 4 and 8 of the Telecom Competition Code 2005 (G.N. No. S87/2005) ("Code") with respect to the Retail International Telephone Services ("Retail ITS") market ("Request").
- 2 Based on the review of comments and evidence received during two public consultation exercises conducted by IDA on 19 April 2006 and 1 September 2006, IDA has arrived at a Final Decision on SingTel's Request as summarised in the following paragraphs. Full details of IDA's Final Decision are set out in the Explanatory Memorandum attached hereto.
- 3 In relation to market definition, IDA has concluded that all Retail ITS for which SingTel had sought an exemption does not constitute a single market. IDA has determined that although some Retail ITS are available to both

Commercial and Residential End Users, some Retail ITS are specifically for use by Commercial End Users and are unlikely to be used by Residential End Users. IDA has therefore decided that the Retail ITS market comprises of two separate markets, namely, a Residential Retail ITS market and a Commercial Retail ITS market. As such, IDA's assessment of the level of competition is based on SingTel's provision of telecommunication services in these two markets. The table below lists SingTel's Retail ITS product offerings that IDA has determined to correspond to these two markets.

List of Retail ITS Products Corresponding to the Residential Retail ITS Market and the Commercial Retail ITS Market

Residential Retail ITS Market	Commercial Retail ITS Market
IDD001	IDD001
STD020	STD020
BudgetCall 013	BudgetCall 013
v019	v019
FaxPlus 012	FaxPlus 012
FaxPlus Connect	FaxPlus Connect
International Calling Cards	International Calling Cards
WorldCard™	WorldCard™
Hello!™Card	Hello!™Card
Operator Assisted Services	Operator Assisted Services
Overseas Paid 800	Overseas Paid 800
Overseas Collect Call	Overseas Collect Call
Prepaid Callback Service	Prepaid Callback Service
	World Conference
	Corporate Switched Telecommunications Network
	Voice VPN
	International Toll Free Service
	ISDN International Data Service
	WorldConference Multi-Media Conference Service

4 Pursuant to section 26(5) of the Telecommunications Act (Cap. 323) and sections 1.7(a) and 2.5.2 of the Code, IDA hereby exempts SingTel from specific provisions of the Code in the following manner:

4.1 Residential Retail ITS Market

4.1.1 IDA has concluded that the continued imposition of Dominant Licensee obligations is no longer necessary for telecommunication services that SingTel provides in the Residential Retail ITS market. This market is effectively competitive and there is little evidence that SingTel has significant market power or the ability to impede competition. Therefore,

subject to paragraph 4.3.2 below, IDA hereby grants SingTel an exemption from the application of sections 4.2.1, 4.2.1.1, 4.2.1.2, 4.2.1.3, 4.2.2, 4.2.2.1, 4.2.2.2, 4.2.2.3, 8.2, 8.2.1, 8.2.1.1, 8.2.1.2, 8.2.1.3, 8.2.2, 8.2.2.1 and 8.2.2.2 of the Code in respect of SingTel's provision of services in the Residential Retail ITS market.

4.2 Commercial Retail ITS Market

4.2.1 The available evidence indicates that the Commercial Retail ITS Market is competitive. Therefore subject to paragraph 4.3.2 below, IDA hereby grants SingTel an exemption from the application of sections 4.2.1, 4.2.1.1, 4.2.1.2, 4.2.1.3, 4.2.2, 4.2.2.1, 4.2.2.2 and 4.2.2.3 of the Code in respect of SingTel's provision of services in the Commercial Retail ITS market.

4.2.2 IDA also confirms that SingTel's ISDN International Data Service is within the Commercial Retail ITS market and is therefore exempted from the application of sections 4.4.1 (a) (i) and (ii) and (b), 4.5 and 4.6 of the Code, with respect to the tariff filing requirements for its ISDN International Data Service. For the avoidance of doubt, the exemptions granted to SingTel for its provision of services in the Commercial Retail ITS market in paragraph 4.2.1 will similarly apply to SingTel's ISDN International Data Service.

4.2.3 Notwithstanding that competition has developed in the Commercial Retail ITS Market, SingTel continues to have a relatively high market share and may be able to use any residual market power that it may have, to act anti-competitively. Therefore, while the imposition of *ex ante* Dominant Licensee obligations is no longer necessary for telecommunication services that SingTel provides in the Commercial Retail ITS market, retention of *ex post* rules prohibiting abuse of SingTel's dominant position remains appropriate. Hence, IDA hereby denies SingTel's Request for an exemption from the application of the Dominant Licensee obligations, specified in sections 8.2, 8.2.1, 8.2.1.1, 8.2.1.2, 8.2.1.3, 8.2.2, 8.2.2.1 and 8.2.2.2 of the Code in respect of SingTel's provision of services in the Commercial Retail ITS market.

4.3 Telecommunication services offered by SingTel during the proceeding and after the grant of exemption

4.3.1 For the purposes of paragraphs 4.3.2 and 4.3.3, the following terms shall, unless the context otherwise requires, bear the following meanings:

- (a) "Conditions" refer to the conditions set out in paragraphs 4.3.2 (i) and (ii) below in relation to the application of the Exemption to any telecommunication service or product offering referred to in paragraph 4.3.2 (a) or (b) below;

- (b) "Exemptions" refer to the exemptions granted by IDA to SingTel from Dominant Licensee obligations as specified in paragraphs 4.1.1, 4.2.1 and 4.2.2 above, and "Exemption" refers to any of such exemption;
- (c) "Exempted Markets" refer to the markets, specified in paragraph 3 above, for which IDA has exempted SingTel from Dominant Licensee obligations as specified in paragraphs 4.1.1, 4.2.1 and 4.2.2 above, and "Exempted Market" refers to any of such market; and
- (d) "Effective Date" means the date on which the Exemption takes effect, as specified in paragraph 6 below.

4.3.2 In relation to:

- (a) any telecommunication service or product offering that is currently offered by SingTel after 28 March 2006 that is within any of the Exempted Markets; and
- (b) any new telecommunication service or product offering that SingTel offers after the Effective Date that is within any of the Exempted Markets,

the Exemption granted by IDA in respect of that relevant Exempted Market shall apply to such telecommunication service or product offering **provided** that both the following Conditions are satisfied in relation to such telecommunication service or product offering:

- (i) SingTel must provide a written notification to IDA that it requests the Exemption to apply to such telecommunication service or product offering, including a clear and complete description of such telecommunication service or product offering and an explanation as to why SingTel believes that such telecommunication service or product offering is within the relevant Exempted Market; and
- (ii) Upon considering the written notice under sub-paragraph (i) above, IDA gives written confirmation to SingTel that such telecommunication service or product offering is within the relevant Exempted Market and therefore subject to the applicable Exemption.

4.3.3 For the avoidance of doubt, if the Conditions are not satisfied in relation to a telecommunication service or product offering falling within paragraph 4.3.2 (a) or (b) above, the relevant Exemption will not apply to such telecommunication service or product offering and SingTel must continue to comply with the applicable Dominant Licensee obligations specified in the Code in relation to such telecommunication service or product offering.

5 For the purposes of section 2.5 of the Code, IDA will issue a notice in the *Government Gazette* specifying the exemptions granted to SingTel in this letter.

6 Please note that:

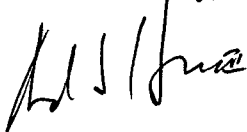
(a) the exemptions granted to SingTel pursuant to paragraphs 4.1.1, 4.2.1 and 4.2.2 above will come into effect on the date of publication of the notice in the *Government Gazette*;

(b) any Exemption granted to SingTel pursuant to paragraph 4.3.2 above will come into effect on the date of publication of the notice in the *Government Gazette* specifying the application of the relevant Exemption to such telecommunication service or product offering;

and will remain in effect until such time that IDA determines that re-imposition of the requirements is appropriate to protect end users or protect and preserve competition amongst telecommunication licensees in the Exempted Markets.

7 Should you require any clarification on the above matter, please send your written queries to the undersigned at fax no. (65) 6211 2116.

Yours sincerely,



Andrew Haire
Assistant Director-General (Telecoms)
kw/cm

Encl.

cc: Mr Lee Hsien Yang, Chief Executive Officer, SingTel