

**SUMMARY NOTES ON QUESTIONS & ANSWERS FROM  
IDA'S PUBLIC FORUM ON  
CODE OF PRACTICE FOR COMPETITION  
IN THE PROVISION OF TELECOMMUNICATION SERVICES**

- 1. Will IDA permit leasing of UNEs? Are dominant licensees required to build additional capacity to accommodate the use of UNEs by other licensees?**

IDA will encourage the leasing of UNEs where appropriate as this will facilitate fast deployment of telecommunication services in the interim period to drive the development of a competitive market. Dominant licensees will have the obligation to make reasonable modifications to existing facilities to meet the requirements of new entrants. IDA will expect the dominant licensees to use its best efforts in a timely manner to provide and offer capacity when and where appropriate. IDA will ensure a fair implementation time-table for the provision of UNEs to enable new entrants to provide their services quickly. However, the use of UNEs has to be balanced with sufficient economic incentives for all facilities-based licensees, both new and existing, to invest and deploy new infrastructures.

- 2. Will new infrastructures deployed by Facilities-Based Operators (FBO) be subject to unbundling and essential support facilities sharing requirements?**

Yes. These requirements are generally applicable to the dominant licensees. For new infrastructures deployed by FBOs, IDA will consider the following 4-part test:

- (i) Whether the network element is controlled by a dominant licensee?
- (ii) Whether the network element is necessary in the provision of the telecommunication service?
- (iii) Can the network element not be obtained from anyone other than the dominant licensee and can the network element be economically feasible to replicate? Are there no other feasible alternatives?
- (iv) Have there been previous negotiations between the licensees and are these licensees unable to reach an agreement?

IDA will also require other operators to share their towers, poles and ducts where there is usable capacity and to do so at reasonable, non-discriminatory terms.

**3. How does IDA classify a licensee as dominant and what are provisions in place for reclassification of a licensee from dominant to non-dominant? How does this affect the treatment of international accounting rate settlement?**

All licensees will be assumed to be non-dominant in the absence of information to the contrary. In determining whether to classify a licensee as dominant, IDA will first conduct a detailed assessment based on economic concepts of market dominance. Some of these factors include: licensee's market share; barriers to entry; supply substitutability; etc. The proposed Code also makes provision for the reclassification of a licensee. IDA may either initiate a proceeding to reclassify a licensee or a dominant licensee may petition to IDA seeking for reclassification.

An operator may have monopoly or significant market power at the far end where calls are terminated even though it may be currently considered as non-dominant in Singapore. Notwithstanding this, all licensees are required to comply with IDA's international settlement regime, which has provisions to safeguard against potential distortions in the international telecommunication services market. (Details of this regulatory framework can be downloaded from the IDA website under the "Policy & Regulation" section.)

**4. IDA has made references to best practices from other countries in the formulation of the proposed Code. However, such practices are generally pertinent to a country-specific historical factors and requirements. How does IDA ensure that these references made are relevant and applicable to Singapore?**

It is important to bear in mind the objectives that IDA is trying to achieve with regards to the proposed Code. In our formulation of the Code, IDA has reviewed the best practices of other countries so as to identify and adopt (with modifications where appropriate) those that are viewed as useful and relevant in Singapore's context. IDA is also seeking industry inputs and comments to ensure that the Code is one that will be effective in helping us achieve our objectives.

**5. (i) What is IDA's view on bundled services jointly offered by a dominant licensee and its affiliated non-dominant companies?**

The Code makes clear that licensees are not allowed to engage in anti-competitive conduct. Dominant licensees are permitted to bundle services which includes services where they are deemed to be the dominant provider as well as services which are deemed to be provided in competition with other non-dominant licensees. A dominant licensee is however required to offer its customers a standalone service option for these non-competitive services; further, revenue from the non-competitive services cannot be used to subsidise the competitive services. (Please see details in section 3 of the proposed Code).

- (ii) **There is a provision for IDA to give advisory guidance when requested by licensees. Yet IDA indicates that these are not binding on IDA? Why is this the case? Shouldn't such advisory guidance from IDA be binding for all future incidents of similar nature?**

While IDA will endeavour to provide advisory guidance to licensees on “hypothetical” situations as outlined by licensees seeking guidance, as these guidelines will necessarily be based on such information as provided by licensees at a particular point of time, it is not realistic or practical for licensees to expect that such advisory guidance will be “binding” as there may be other factors and circumstances that will need to be considered in specific instances as they arise. Licensees thus cannot assume that IDA will grant them “indemnity” if the situation arise that IDA takes enforcement action against them after they had sought such guidance from IDA and acted accordingly.

- (iii) **Will IDA be issuing a separate set of guidelines for accounting separation?**

Yes, IDA is planning to issue its accounting separation guidelines.

- (iv) **Section 8 of the Code covers agreements between FBOs and SBOs. Would it also cover agreements between service providers and equipment dealers?**

Yes, the Code will be applicable to all of IDA's licensees.

6. **How should the current interconnect negotiations proceed whilst the proposed Code is yet to be finalised?**

IDA would advise industry not to “sit back” and wait for the issuance of the Code. Parties should still proceed with negotiations in good faith to conclude their interconnection agreements and seek IDA’s approval accordingly.

**7. What is the basis used in setting the price ceilings and price floors for interconnection charges? Will the proposed asymmetrical charging structure for broadband interconnection tend to penalise the more efficient operators?**

The setting of price floors will be based on FLEC/LRAIC, which will take into account the risk premium for deployment of new and advanced infrastructures. IDA is considering various options, including the adoption of symmetrical charging and “bill and keep” structures as these are easier to administer. However, if two parties are agreeable to adopt asymmetrical charging, IDA will not intervene.

**8. How does IDA arrive at the duration of 90 days for interconnection negotiations between the licensees and an additional 90 days for dispute resolution procedures for unresolved matters referred to IDA? Is the dispute resolution duration too lengthy?**

The proposed Code is designed to encourage licensees to negotiate in good faith and resolve matters between them in a reasonable timely fashion without the need for IDA’s intervention. The number of days proposed are deemed reasonable. Further, wherever possible, IDA will seek to complete its dispute resolution process within 90 days depending on the number and complexity of unresolved issues referred to IDA. This duration is in fact shorter compared to that in US where the duration is between 135 to 160 days. Moreover, IDA will not intervene in those parts of the agreements that the licensees have reached agreement voluntarily.