

CONFIDENTIAL



**CONSULTATION PAPER ISSUED BY  
THE INFO-COMMUNICATIONS DEVELOPMENT AUTHORITY OF SINGAPORE**

**PROPOSED CONSOLIDATION INVOLVING DESIGNATED  
TELECOMMUNICATION LICENSEES, PACNET GLOBAL (SINGAPORE) PTE  
LTD AND PACNET INTERNET (S) PTE LTD**

**19 JANUARY 2015**

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TELECOMMUNICATION LICENSEES, PACNET GLOBAL  
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**19 January 2015**

In accordance with Sub-section 10.6(d) of the Code of Practice for Competition in the Provision of Telecommunication Services 2012 (the “**Code**”), the Info-communications Development Authority of Singapore (“**IDA**”) hereby invites comments from the industry and the public on the proposed Consolidation involving Telstra Corporation Limited (“**Telstra Corporation**”) Telstra Holdings Pty Limited (“**Telstra Holdings**”), Pacnet Global (Singapore) Pte Ltd (“**Pacnet Global**”) and Pacnet Internet (S) Pte Ltd (“**Pacnet Internet**”). Unless specifically defined herein, all capitalised terms shall have the same meanings ascribed to them in the Code. For the purpose of this consultation, “**Pacnet**” shall refer to all Pacnet entities, i.e., Pacnet Global and Pacnet Internet, while “**Telstra**” shall refer to all Telstra entities, i.e., Telstra Corporation and Telstra Holdings.

**PART I: INTRODUCTION**

1. Pursuant to Section 32A(2) of the Telecommunications Act (the “**Act**”), IDA has declared every telecommunication licensee, which is granted a licence under Section 5 of the Act to provide facilities-based operations (“**FBO**”), to be a designated telecommunication licensee (“**DTL**”) for the purposes of Part VA of the Act. Other than FBO licensees, IDA has also declared certain telecommunication licensees<sup>1</sup> to be DTLs for the purposes of Part VA of the Act. DTLs and parties acquiring voting shares or voting power in DTLs (the “**Acquiring Party**”) are required to comply with various provisions relating to such acquisitions under the Act and Section 10 of the Code. Specifically, pursuant to Sub-section 10.3.6 of the Code, a DTL and an Acquiring Party must seek IDA’s approval in connection with any transaction that results in a Consolidation. Under the Code, a Consolidation would occur if an acquisition would result in, *inter alia*, the Acquiring Party becoming a 30% Controller of a DTL, acquiring the business of a DTL as a going concern, or obtaining Effective Control over the DTL.

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<sup>1</sup> For more information on Telecommunications (Designated Telecommunication licensees) Notification 2012, please refer to the following URLs:  
[http://www.ida.gov.sg/~media/Files/PCDG/Practice%20Guidelines/TCC/TelAct\\_DesTelLic\\_Notif2012.pdf](http://www.ida.gov.sg/~media/Files/PCDG/Practice%20Guidelines/TCC/TelAct_DesTelLic_Notif2012.pdf) and  
[http://www.ida.gov.sg/~media/Files/PCDG/Practice%20Guidelines/TCC/Designated\\_Telecomm.pdf](http://www.ida.gov.sg/~media/Files/PCDG/Practice%20Guidelines/TCC/Designated_Telecomm.pdf)

## PART II: PROPOSED CONSOLIDATION INVOLVING TELSTRA AND PACNET

2. On 23 December 2014, both Telstra Corporation and Pacnet Limited announced an agreement where Telstra Corporation intends to acquire all the ordinary shares in Pacnet Limited (the “**Transaction**”). IDA understands that the above Transaction would result in Telstra Corporation, through its wholly-owned subsidiary Telstra Holdings, *inter alia*, becoming a 30% Controller of Pacnet Global (an FBO licensee and DTL) and Pacnet Internet (an SBO licensee and DTL). In accordance with Sub-section 10.3.6 of the Code, Telstra Corporation, Telstra Holdings, Pacnet Global and Pacnet Internet (collectively referred to as the “**Applicants**”) must jointly file a Consolidation Application for the proposed Transaction for IDA’s approval.
3. On 13 January 2015, the Applicants jointly submitted a Long Form Consolidation Application to IDA for approval. Subsequently, the Applicants made revisions to the above and submitted a revised Long Form Consolidation Application on 15 January 2015 (the “**Consolidation Application**”). For the purpose of the Consolidation Review Period, it is deemed to have begun on 15 January 2015.
4. The Applicants have submitted in the Long Form Consolidation Application that the proposed Transaction is unlikely to substantially lessen competition in any telecommunications market in Singapore. In particular, the Applicants submit that the principal operations of the Applicants are complementary and not competitive. For example, they state that Telstra’s principal business in Singapore is in the supply of downstream corporate enterprise services, whereas Pacnet’s principal business and recent focus is the ownership and management of upstream submarine cable systems. The Applicants also submitted that Telstra is not a significant player in the Singapore telecommunications markets that it is participating in and Telstra cannot leverage its Australian operations to affect competition in any Singapore telecommunications market as its operations are mostly domestic.
5. The Long Form Consolidation Application includes the Applicants’ non-confidential statement providing a summary of the Transaction and the Applicants’ assessment of the likely impact of the Transaction on competition in the relevant telecommunications markets in Singapore. These are appended as **Annex A** and **Annex B** respectively. Telstra Corporation’s annual report for 2014 is appended as **Annex C**.

### **PART III: INVITATION TO COMMENT**

6. Pursuant to Sub-section 10.6(d) of the Code, IDA hereby invites comments from the industry and public on whether the Transaction as submitted in the Long Form Consolidation Application will substantially lessen competition in any Singapore telecommunications market or harm public interest. Respondents are also invited to comment on any other related issues (with factual support and reasoned analyses to the extent feasible) not covered in this document, if they believe such issues are relevant to the Transaction involving the Applicants.
7. All submissions must reach IDA before 12 noon on 2 February 2015. A softcopy, preferably in Microsoft Word or Adobe PDF format, must be provided. Parties submitting comments should include their personal/company particulars as well as the correspondence address, contact number and email addresses on the cover page of their submission. All comments should be addressed to:-

**Ms Aileen Chia**  
**Deputy Director-General (Telecoms & Post)**  
**Info-communications Development Authority of Singapore**  
**10 Pasir Panjang Road**  
**#10-01 Mapletree Business City**  
**Singapore 117438**

Please submit your softcopy via email to: **IDA\_Consultation@IDA.gov.sg**. You may also submit a hardcopy via fax to the following fax number: (65) 6211 2116.

8. IDA reserves the right to make public any written submissions and to disclose the identity of the source. Commenting parties may request confidential treatment for any part of the submission that the commenting party believes to be proprietary, confidential or commercially sensitive. Any such information should be clearly marked and placed in a separate annex. If IDA grants confidential treatment, it will consider, but will not publicly disclose the information. If IDA rejects the request for confidential treatment, it will return the information to the party that submitted it and will not consider this information as part of its review. As far as possible, parties should limit any request for confidential information submitted. IDA will not accept any submission that requests confidential treatment for all, or a substantial part, of the submission.