

Our ref: IDA/CMACM/ST/BGTS

2 June 2009

Singapore Telecommunications Limited
31 Exeter Road
Comcentre #18-00
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 DOMINANT
LICENSEE OBLIGATIONS WITH RESPECT TO THE BUSINESS AND
GOVERNMENT CUSTOMER SEGMENT AND INDIVIDUAL MARKETS**

- 1 Please refer to the request filed by Singapore Telecommunications Limited ("**SingTel**") on 10 October 2007 for exemption from application of Dominant Licensee obligations contained in Sections 4 and 8 of the Telecom Competition Code 2005 (G.N. No. S87/2005) ("**Code**") with respect to most telecommunication services that SingTel provides to business and government End Users ("**SingTel's Request**"). Specifically, SingTel seeks an exemption from the application of the Dominant Licensee obligations as referred to in SingTel's Request, with respect to the provision of: (a) telecommunication services in six individual markets ("**Market-Based Request**"); and (b) all retail telecommunication services to customers in the business and government customer segment with an annual spend on telecommunication services of at least S\$250,000 ("**Customer Segment Request**").
- 2 Based on the review of comments and evidence received during three public consultation exercises conducted by IDA on 16 November 2007, 26 August 2008 and 30 January 2009, 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 IDA has considered the comments submitted during the three public consultations and has concluded that the Terrestrial International Private Leased Circuit ("**Terrestrial IPLC**") and Backhaul markets are now effectively competitive and that continued imposition of *ex ante* Dominant Licensee obligations in the Terrestrial IPLC and Backhaul markets is no longer necessary. IDA will therefore grant SingTel an exemption from *ex ante* regulation in these markets. In addition, there will be no change to the exemption granted by IDA to SingTel in respect of *ex ante* regulation in the International Managed Data Service ("**IMDS**") market.¹ However, because IDA believes SingTel retains the ability to leverage its market power in the Local Leased Circuit ("**LLC**") market to distort competition in the Terrestrial IPLC, Backhaul and IMDS markets, IDA will not exempt SingTel from *ex post* competition rules in these markets. IDA has further concluded that, because effective competition has not yet taken root in the Business Local Telephony Service ("**BLTS**"), LLC and Local Managed Data Service ("**LMDS**") markets, IDA will not grant any exemption in those markets. Finally, IDA has concluded that it will not grant SingTel's proposed Customer Segment Request.
- 4 In this regard, IDA declines to grant SingTel's Request in its entirety. However, IDA will grant SingTel's Request in part, as set out in paragraph 6 below. SingTel's Request is far broader than its three previous exemption requests. If SingTel's Request were granted in its entirety, SingTel would be relieved from Dominant Licensee regulation for *all* telecommunication services that it provides to government and business customers who spend at least S\$250,000 per year on telecommunication services, and for *most* of the telecommunication services that it provides to government and business customers who spend less than S\$250,000 per year on telecommunication services.
- 5 Pursuant to section 26(5) of the Telecommunications Act (Cap. 323) and Sub-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:
- Market-Based Request
- 6 IDA will grant SingTel an exemption from the application of the Dominant Licensee obligations specified in:
- (a) Sub-sections 4.2.1.1 to 4.2.1.3, 4.3, 4.4.1, 4.4.2.1, 4.5 and 4.6 of the Code, in respect of SingTel's provision of Backhaul and Terrestrial IPLC services only; and
 - (b) Sub-sections 4.2.2.1 to 4.2.2.3 of the Code, in respect of SingTel's provision of Terrestrial IPLC services only.
- 7 There is no change to the exemption previously granted by IDA in the ICS Decision in respect of SingTel's provision of IMDS, i.e., exemption from the application of Sub-sections 4.2.1.1 to 4.2.1.3, 4.2.2.1 to 4.2.2.3, and 4.3 to 4.6 of the Code.

¹ IDA granted SingTel an exemption from *ex ante* Dominant Licensee obligations for the IMDS market in April 2005.

- 8 IDA will deny SingTel's Request for an exemption from the application of the Dominant Licensee obligations specified in Sub-sections 4.2.1.1 to 4.2.1.3, 4.2.2.1 to 4.2.2.3, 4.4.1, 4.4.2.1, 4.5 and 4.6 of the Code, in respect of SingTel's provision of BLTS, LLC and LMDS services.
- 9 IDA will deny SingTel's Request for an exemption from the application of Sub-sections 8.2.1.1 to 8.2.1.3, 8.2.2.1 and 8.2.2.2 of the Code, in respect of SingTel's provision of BLTS, LLC, Backhaul, Terrestrial IPLC, IMDS and LMDS services.

Customer Segment Request

- 10 IDA will deny SingTel's Customer Segment Request for an exemption from the application of the Dominant Licensee obligations specified in Sub-sections 4.2.1.1 to 4.2.1.3, 4.2.2.1 to 4.2.2.3, 4.4.1, 4.4.2.1, 4.5 and 4.6, 8.2.1.1 to 8.2.1.3, 8.2.2.1 and 8.2.2.2 of the Code in its entirety.

IDA's Final Decision

- 11 Taken together, Table 1 summarises IDA's Final Decision.

Table 1: Summary of IDA's Final Decision

Exemption from Dominant Licensee Obligations		
Market	Section Four – Duty of Dominant Licensees	Section Eight – Abuse of Dominant Position
BLTS	Deny	Deny
LLC	Deny	Deny
Backhaul	Grant	Deny
Terrestrial IPLC	Grant	Deny
IMDS	Previously Granted	Deny
LMDS	Deny	Deny
Customer Segment Request	Deny	Deny

Application of Exemption to New Services

- 12 For the purposes of paragraphs 13 and 14, the following terms shall, unless the context otherwise requires, bear the following meanings:
 - (a) "Conditions" refer to the conditions set out in paragraphs 13(i) and (ii) below in relation to the application of the Exemption to any telecommunication service or product offering referred to in paragraph 13 (a) or (b) below;

- (b) "Exemptions" refer to the exemptions granted by IDA to SingTel from Dominant Licensee obligations as specified in paragraph 6 above, and "Exemption" refers to any of such exemption;
- (c) "Exempted Markets" refer to the Terrestrial IPLC and Backhaul markets, specified in paragraph 6 above, for which IDA has exempted SingTel from Dominant Licensee obligations as specified in paragraph 6 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 16 below.

13 In relation to:

- (a) any telecommunication service or product offering that is currently offered by SingTel after 10 October 2007 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.

14 For the avoidance of doubt, if the Conditions are not satisfied in relation to a telecommunication service or product offering falling within paragraph 13(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.

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

16 Please note that:

- (a) the exemptions granted to SingTel pursuant to paragraph 6 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 13 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.

- 17 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
Deputy Director-General (Telecoms & Post)
kw/cm

Encl.

cc: Ms Chua Sock Koong (Chief Executive Officer, SingTel)