

7 March 2013

Nucleus Connect Pte Ltd
3 Tai Seng Drive # 04-00
Da Vinci Building
Singapore 535216

Attention: Mr David Storrie
Chief Executive Officer

Dear Sirs

**DIRECTION OF THE INFO-COMMUNICATIONS DEVELOPMENT
AUTHORITY OF SINGAPORE MADE PURSUANT TO SECTION 27 OF THE
TELECOMMUNICATIONS ACT (CHAPTER 323) IN RESPECT OF THE
REVIEW OF NUCLEUS CONNECT PTE LTD'S INTERCONNECTION
OFFER FOR THE PROVISION OF SERVICES OVER THE NEXT
GENERATION NATIONWIDE BROADBAND NETWORK**

1. The Info-communications Development Authority of Singapore ("**IDA**"), pursuant to Section 27(1) of the Telecommunications Act (Chapter 323) (the "**Act**") and Condition 32.1 of the Licence to Provide Facilities-Based Operations issued to Nucleus Connect Pte Ltd ("**Nucleus Connect**") on 30 October 2009, hereby issues this direction ("**Further Direction**") to Nucleus Connect.
2. Unless the context requires otherwise, all capitalised terms used in this Further Direction, including the appendices, shall have the same meanings as in Nucleus Connect's Interconnection Offer ("**ICO**").
3. IDA refers to the following:
 - (a) The Code of Practice for Next Generation National Broadband Network OpCo Interconnection (the "**OpCo Code**");
 - (b) Nucleus Connect's ICO incorporating various proposed changes, as submitted by Nucleus Connect to IDA on 27 September 2012 ("**Draft Revised ICO**");
 - (c) The Public Consultation titled "Interconnection Offer for the Provision of Services on the Next Generation Nationwide Broadband Network – Review of Nucleus Connect Pte Ltd's Interconnection Offer", issued by IDA on 8 October 2012;
 - (d) IDA's direction dated 31 December 2012 ("**Direction**"), setting out IDA's required modifications ("**Required Modifications**") to the Draft Revised ICO and requiring Nucleus Connect to submit

its further proposed modifications ("**Further Proposed Modifications**") thereto;

- (e) Nucleus Connect's letter dated 7 February 2013 ("**Nucleus Connect's Letter**"), enclosing the Draft Revised ICO which incorporates the Further Proposed Modifications ("**Revised Proposed ICO**"); and
- (f) Nucleus Connect's emails to IDA dated 14 February 2013 and 25 February 2013 ("**Nucleus Connect's Emails**").

Directed Amendments

- 4. Having carefully reviewed Nucleus Connect's Revised Proposed ICO, IDA has found the majority of Nucleus Connect's proposed modifications to be in conformity with IDA's requirements as expressed in the Direction. However, IDA is of the view that certain aspects of Nucleus Connect's Revised Proposed ICO have failed to give full effect to IDA's Required Modifications. In the premises, IDA will direct Nucleus Connect to incorporate specific language to give effect to IDA's requirements.
- 5. Accordingly, IDA hereby directs Nucleus Connect as follows:
 - (a) Nucleus Connect must modify its Revised Proposed ICO to incorporate the specific drafting language set out in the enclosed appendices comprising:
 - (i) Appendix 1 – Directed amendments to the Master ICO Agreement; and
 - (ii) Appendix 2 – Directed amendments to the General Service Terms and Conditions.(together, the "**Directed Amendments**").
 - (b) Nucleus Connect must submit to IDA the clean softcopy of its ICO (including the Master ICO Agreement and the General Service Terms and Conditions, incorporating the Directed Amendments, and all the Service Schedules) **by no later than 12 March 2013**. The softcopy submission must be in Microsoft Word format, and emailed to IDA_ILO@ida.gov.sg. In submitting the Directed Amendments to IDA, Nucleus Connect must make all necessary editorial corrections for typographical, cross referencing and pagination errors.
- 6. The reasons for the Directed Amendments are set out in the appendices to this Further Direction.
- 7. Unless otherwise notified by IDA, Nucleus Connect's Revised Proposed ICO incorporating the Directed Amendments and necessary

editorial corrections (the "**Approved ICO**") is hereby approved with effect from 12 March 2013. Following such approval, Nucleus Connect shall adhere to the implementation timelines as set out below.

Timeline for Implementation of Approved ICO

8. According to Nucleus Connect's Emails, Nucleus Connect informed IDA that its implementation of certain services under the Approved ICO, namely the Relocation of Termination Points within Premises, Express Service and Reclassification service (the "**Three Services**"), would be dependent on the availability of the same to be provided by OpenNet Pte Ltd ("**OpenNet**") on the OpenNet Platform. Nucleus Connect explained that without full details of OpenNet's actual implementation of the Three Services, it was unable to provide any specific implementation timeline and its best estimate was that it could provide the Three Services under the Approved ICO within six (6) months after OpenNet makes the Three Services available on the OpenNet Platform (i.e., 30 April 2013). IDA also understands from Nucleus Connect's Emails that Nucleus Connect would be able to provide the services under the Approved ICO, other than the Three Services, three (3) months after IDA's approval of the Approved ICO.
9. While IDA holds the view that Nucleus Connect should implement the Approved ICO as soon as practicable so that the Retail Service Providers of the Next Generation Nationwide Broadband Network can take up the services under the Approved ICO with prices, terms and conditions that have been revised to meet the needs of the industry, IDA also recognises that Nucleus Connect's concerns with regard to the implementation timeline for the Three Services might not be unfounded. On the balance, considering that Nucleus Connect is able to offer the majority of services under the Approved ICO within a three-month timeframe from IDA's approval, IDA will allow Nucleus Connect a longer lead-time for the implementation of the Three Services. Accordingly, as part of the Further Direction, IDA directs Nucleus Connect to implement:
 - (a) all services under the Approved ICO (except the Three Services) by **12 June 2013** (i.e., three (3) months from 12 March 2013); and
 - (b) the Three Services by **31 October 2013**.

Deactivation of Basic Mandated Services and Retrieval of the NC Equipment

10. In IDA's Required Modifications, Nucleus Connect was required to delink the deactivation of Basic Mandated Services from the retrieval of the NC Equipment, unless it could justify otherwise. Nucleus Connect has requested IDA to review its position on this matter. Nucleus Connect has explained that it has been experiencing challenges in retrieving the NC Equipment from end-users despite putting in

additional effort (e.g., reminding the end-users of the retrieval appointment dates). Nucleus Connect explained that there is little incentive for Retail Service Providers to assist Nucleus Connect in the retrieval of the NC Equipment especially after the service has been deactivated. To ensure that the Contracting Qualifying Persons ("QPs") are fairly treated, Nucleus Connect has proposed that Contracting QPs will not be faulted in circumstances where Nucleus Connect is at fault for not meeting the NC Equipment collection schedule (i.e., the Service Deactivation Start Date will be on the appointment date). In addition, to provide more certainty to the Contracting QPs, Nucleus Connect has also proposed a process for the collection of the NC Equipment.

11. IDA recognises that there may be genuine difficulties for Nucleus Connect to collect the NC Equipment after the deactivation of service. IDA also understands that it is not uncommon for service providers to link the deactivation of equipment to the collection of the service providers' equipment (e.g., set-top boxes). In view of the above, IDA's assessment is that Nucleus Connect's present proposal, as a whole, is not unreasonable to the Contracting QPs. Hence, IDA will not require Nucleus Connect to delink the deactivation of the Basic Mandated Services from the retrieval of the NC Equipment at present. Nevertheless, IDA will continue to monitor this matter and may make further revisions as may be appropriate subsequently.

Inter-Operator Testing Charges due to the Implementation of the Approved ICO

12. IDA understands that the Contracting QPs' cooperation would be essential in ensuring that inter-operator testing between Nucleus Connect's Platform and its Contracting QPs' systems can be completed in a timely manner for the purpose of implementing the necessary changes to the Approved ICO. IDA expects Nucleus Connect to consider the relevant feedback from the Contracting QPs in good faith in determining the scope and schedule of the inter-operator testing.
13. IDA considers that it would be reasonable for Nucleus Connect to ensure that any changes made to the Nucleus Connect Platform as a result of the Approved ICO will only be to such extent as is necessary to implement the same. In the circumstances, IDA further considers that it would be fair and reasonable that:
 - (a) Nucleus Connect should not be made to bear the Contracting QPs' costs in modifying their systems to support the required changes in respect of the Nucleus Connect Platform as a result of the implementation of the Approved ICO; and
 - (b) Nucleus Connect should not impose any charges on Contracting QPs, who are currently connected to Nucleus Connect's Platform, for the inter-operator testing between Nucleus Connect's Platform and the Contracting QPs' respective systems as a result of the implementation of the Approved ICO.

Review of Nucleus Connect's Proposed Charges for New Services

14. IDA has completed its assessment of the proposed charges by Nucleus Connect for the new ICO services. In determining the charges, IDA has audited and reviewed the relevant documentation provided by Nucleus Connect to ensure that the charges are reasonable and reflect appropriate efficiencies. In this regard, IDA approves Nucleus Connect's proposed charges for the new services in the Approved ICO.
15. IDA reserves the right to make public all or parts of any correspondence/submission received in response to this Further Direction. In this regard, any part of any correspondence/submission which the sender (whether Nucleus Connect or another party) considers is commercially sensitive must be clearly marked and placed in a separate annex. IDA will take the above into consideration when deciding whether to disclose the information submitted.
16. Nucleus Connect is reminded of its obligation to comply with IDA's directions as set out in this Further Direction under Section 27(5) of the Act.
17. If you should require any clarification, please direct your written queries to Ms Aileen Chia, Deputy Director-General (Telecoms & Post) via email at IDA_ILO@ida.gov.sg. Please note that any query from Nucleus Connect to IDA for clarification shall not affect Nucleus Connect's obligation to fully comply with this Further Direction.

Yours faithfully



Leong Keng Thai
Deputy Chief Executive Officer and Director-General (Telecoms & Post)