

Our ref: 20211213/05/5B/STG/SH-MR consolidation

13 December 2021

Ms Aileen Chia
Deputy Chief Executive (Connectivity Development & Regulation)
Director-General (Telecoms and Post)
Info-communications Media Development Authority
Attn: Mr Ong Tong San

Dear Mr Ong

**CONSULTATION ON PROPOSED CONSOLIDATION BETWEEN STARHUB
ONLINE PTE LTD AND MYREPUBLIC GROUP LIMITED**

1. We refer to the IMDA's consultation paper dated 19 November 2021 in relation to the above.
2. We submit our views and comments on the proposed consolidation in Annex 1.
3. Thank you.

Yours sincerely

A handwritten signature in black ink, appearing to be "S. Slattery", written in a cursive style.

f Sean Slattery
Vice President
Regulatory and Interconnect

For enquiries, please contact Fok Beng In at bengin@singtel.com

**CONSULTATION ON PROPOSED CONSOLIDATION BETWEEN STARHUB
ONLINE PTE LTD AND MYREPUBLIC GROUP LIMITED**

1. We refer to the IMDA's consultation paper dated 19 November 2021 in relation to the above.
2. Below, we submit our views and comments on the proposed consolidation.

SUMMARY OF KEY POINTS

3. A significant portion of the abbreviated statement issued by StarHub Online Pte Ltd (**StarHub**) and MyRepublic Group Limited (**MR GroupCo**) has been redacted. As such, there is very limited information available to us in order to provide our views and comments.
4. StarHub Ltd and MR GroupCo announced the agreement for StarHub to acquire majority interest in MyRepublic Broadband Pte Ltd (**MR Broadband**) on 22 September 2021. However, StarHub and MR GroupCo only submitted a short form consolidation application (**Consolidation Application**) to the IMDA on 14 October 2021. Further, the abbreviated statement issued by StarHub and MR GroupCo (**Abbreviated Statement**) was dated 19 November 2021. It is unclear whether StarHub Ltd and MR GroupCo had met the necessary regulatory obligation to seek the IMDA's approval before announcing the proposed consolidation. Further, it is unclear why StarHub and MR GroupCo have submitted a short form Consolidation Application instead of a long form consolidation application.
5. In the Abbreviated Statement, it was stated that "*notwithstanding the completion of the Proposed Transaction, StarHub's market share would still be smaller than the current market leader.*" However, in the Consolidation Application, it was also stated that "*ancillary services (such as IP Telephony Services, Managed Data Network Services, Virtual Private Network Services, Public Internet Access Services, Resale of Leased Circuit Services and International Simple Resale) will also be held by MR Broadband.*" It is therefore unclear what is the market definition as it appears to cover services aside broadband services for residential and corporate customers. Any assessment must first be based on a clear market definition.

6. We would also request the IMDA's clarification that MR Broadband will be required to comply with the additional network and cybersecurity requirements imposed by the IMDA, such as the Fixed Telecommunications Infrastructure Resilience Audit (**Fixed TIRA**) framework and the Telecommunications Cybersecurity Code of Practice (**TCS Code**) should the proposed consolidation be approved.

SPECIFIC COMMENTS

7. A significant portion of the Abbreviated Statement has been redacted, hence there is very limited information available to us in order to provide our views and comments. For example:
 - a. In paragraph 6 of the Abbreviated Statement, it appears that a number of agreements were entered into, but the information is redacted in its entirety. There is no information regarding the entities involved and the nature of the agreements. Given the lack of transparency, we are unable to provide any views and comments in relation to such agreements.
 - b. In paragraph 20, StarHub and MR GroupCo are responding to areas of concerns raised by the IMDA. However, this information is also largely redacted. It is not clear why it is the case.
8. Notwithstanding the above, we provide our views and comments below based on the limited available information.

Regulatory due process

9. Under the Code of Practice for Competition in the Provision of Telecommunication Services 2012 (**Code**), designated telecommunication licensees have regulatory obligations relating to the acquisition of voting shares or voting power, including:
 - a. Section 10.3.1.1 – General Duty to Notify and Seek Approval for Acquisitions of Voting Shares or Voting Power in Designated Telecommunication Licensee and Consolidation with Designated Telecommunication Licensee; and
 - b. Section 10.3.6 – Procedures in Connection with Acquisitions resulting in a person becoming a 30% Controller of a Designated Telecommunication Licensee and Other Transactions That Constitute a Consolidation with a Designated Telecommunication Licensee.

10. Singtel notes that StarHub Ltd and MR GroupCo had announced the agreement for StarHub to acquire majority interest in MR Broadband on 22 September 2021. However, the IMDA's consultation paper stated that StarHub and MR GroupCo only submitted its Consolidation Application to the IMDA on 14 October 2021 (approximately 3 weeks after the announcement of the agreement).
11. Further, the abbreviated statement issued by StarHub and MR GroupCo which was provided by the IMDA as part of the consultation was dated 19 November 2021. Given the above, it is unclear whether StarHub Ltd and MR GroupCo had met the necessary regulatory obligation to seek the IMDA's approval before announcing the proposed consolidation.
12. We also note that under section 10.3.6.5(b) of the Code, a short form consolidation application is to be submitted under the following situations:
 - a. the Consolidation is a Horizontal Consolidation that will not result in the Post-Consolidation Entity having more than a 15% share in the telecommunication market in Singapore; or
 - b. the Consolidation is a Non-horizontal Consolidation in which none of the Applicants has more than a 25% share of any telecommunication market, whether in Singapore or elsewhere, in which it participates.
13. It is unclear why StarHub and MR GroupCo have submitted a short form Consolidation Application instead of a long form consolidation application for the proposed consolidation. Further, in response to question 9 of the Consolidation Application, StarHub and MR GroupCo responded as follows:

9. *Does the Consolidation satisfy either of the following criteria? (Y/N)*

The Consolidation is a Horizontal Consolidation that will result in a Post-Consolidation Entity with more than a 15% market share in any telecommunication market within Singapore. If yes, please use the Long Form Consolidation Application.

Response: Yes.

The Consolidation is a Non-horizontal Consolidation in which at least one Applicant has more than a 25% market share in at least one

telecommunication market, whether or not located in Singapore. If yes, please use the Long Form Consolidation Application.

Response: [REDACTED]

Unclear market definition

14. In the Abbreviated Statement, it was stated that “*notwithstanding the completion of the Proposed Transaction, StarHub’s market share would still be smaller than the current market leader.*” However, in the Consolidation Application, it was also stated that “*ancillary services (such as IP Telephony Services, Managed Data Network Services, Virtual Private Network Services, Public Internet Access Services, Resale of Leased Circuit Services and International Simple Resale) will also be held by MR Broadband.*”
15. Singtel submits that StarHub’s market definition (as described in its statement that “*StarHub’s market share would still be smaller than the current market leader.*”) is unclear. The consolidation appears to cover a variety of telecommunication services aside broadband services for residential and corporate customers. We therefore request the IMDA’s clarification on the relevant market definition described by StarHub. Any market assessment must first be based on a clear market definition.

Network and cybersecurity regulatory requirements

16. We request the IMDA’s clarification that MR Broadband will be required to comply with the additional network and cybersecurity requirements imposed by the IMDA, such as the Fixed TIRA framework and the TCS Code should the proposed consolidation be approved.