



**EXPLANATORY MEMORANDUM ON THE DECISION OF  
THE INFO-COMMUNICATIONS MEDIA DEVELOPMENT AUTHORITY  
IN RELATION TO THE PROPOSED CONSOLIDATION BETWEEN  
STARHUB ONLINE PTE LTD AND MYREPUBLIC GROUP LIMITED**

**9 MARCH 2022**

<b>SECTION I:</b>	<b>INTRODUCTION</b>
<b>SECTION II:</b>	<b>CONSOLIDATION APPLICATION</b>
<b>SECTION III:</b>	<b>ASSESSMENT APPROACH</b>
<b>SECTION IV:</b>	<b>ASSESSMENT</b>
<b>SECTION V:</b>	<b>DECISION</b>

## SECTION I: INTRODUCTION

1. On 22 September 2021, StarHub Ltd (“**StarHub**”) and MyRepublic Group Limited (“**MR Group**”) announced that StarHub’s wholly owned subsidiary, StarHub Online Pte Ltd (“**StarHub Online**”), intends to acquire a majority interest in a new subsidiary of the MR Group, MyRepublic Broadband Pte Ltd (“**MR Broadband**”), which will take over MR Group’s broadband business and provide broadband services in Singapore to residential and business customers (the “**Proposed Consolidation**”).
2. On 14 October 2021, StarHub, StarHub Online, MR Group and MR Broadband (collectively referred to as the “**Applicants**”) jointly submitted a Short Form Consolidation Application (“**Consolidation Application**”) to IMDA for approval, in accordance with Sub-section 10.3.6 of the Code of Practice for Competition in the Provision of Telecommunication Services 2012 (the “**Code**”).
3. On 19 November 2021, IMDA issued a consultation paper and invited comments from the industry and public on the Consolidation Application (the “**Consultation**”). At the close of the Consultation on 13 December 2021, only one respondent (the “**Respondent**”) submitted comments.
4. This Explanatory Memorandum covers the following matters: the Consolidation Application, the industry response, the legal standards, procedures and analytical framework that IMDA used to assess the Consolidation Application, IMDA’s assessment of the Consolidation Application and IMDA’s decision.
5. Unless otherwise defined, all capitalised terms in this decision paper shall have the same meanings ascribed to them in the Telecommunications Act 1999 (the “**Act**”), the Code or the Telecom Consolidation and Tender Offer Guidelines, as applicable.

## SECTION II: CONSOLIDATION APPLICATION

### Background of the Applicants

6. StarHub Online, a Services-based Operations (“**SBO**”) licensee, was incorporated in Singapore in 2005 and is a wholly owned subsidiary of StarHub. It is licensed to provide Public Internet Access Services in Singapore and is a Designated Telecommunication Licensee (“**DTL**”). It currently provides broadband services in Singapore to residential and business customers using the Nationwide Broadband Network (“**NBN**”) optical fibre platform.
7. MR Group was incorporated in Singapore in 2016 and is a wholly owned subsidiary of MyRepublic Holdings Ltd (“**MR HoldCo**”). It oversees MyRepublic Limited (“**MR SG**”) which was a Facilities-based Operations (“**FBO**”) licensee licensed to provide, amongst others, Public Internet Access Services and Mobile Virtual Network Operation (“**MVNO**”) services in Singapore. It was also providing broadband services in Singapore to residential and business customers using the NBN optical fibre platform. In 2021, MR Broadband was incorporated to be a

wholly owned subsidiary of MR Group, and MR SG's existing broadband-related business and operations in Singapore were transferred to MR Broadband. MR Broadband is licensed as an FBO licensee to provide, amongst others, Public Internet Access Services in Singapore. MR SG's MVNO services in Singapore were however not transferred to MR Broadband and are not part of the Proposed Consolidation. As an FBO licensee, MR Broadband is a DTL.

### **Duties of Designated Telecommunication Licensees (“DTLs”) and Acquiring Parties**

8. Pursuant to Section 37(2) of the Act, IMDA has declared every telecommunication licensee which is granted a licence under Section 5 of the Act to provide facilities-based operations, to be a DTL for the purposes of Part 5A of the Act. IMDA has also declared certain telecommunication licensees which are granted licences to provide services-based operations to be DTLs.
9. Under Part 5A 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 IMDA'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.

### **The Consolidation Application**

10. On 14 October 2021, the Applicants jointly submitted the Consolidation Application in relation to the Proposed Consolidation<sup>1</sup>. The Proposed Consolidation is a Horizontal Consolidation as the Applicants are current competing providers of the same services in several markets. As the Proposed Consolidation will result in the Post Consolidation Entity having more than 15% market share in some telecommunication markets in Singapore, the Applicants were required to submit a Long Form Consolidation Application.
11. The Applicants sought IMDA's approval to submit a Short Form Consolidation Application. Based on IMDA's preliminary assessment, IMDA was of the view that the Proposed Consolidation is not likely to result in substantial lessening of competition in the telecommunication markets in Singapore nor will it harm public interest. IMDA thus decided to grant an exemption and permitted the Applicants to submit a Short Form Consolidation Application instead of a Long Form Consolidation Application. The Applicants were nonetheless required to submit additional information to IMDA for assessment when necessary.
12. In the Short Form Consolidation Application, the Applicants submitted that the Proposed Consolidation would result in StarHub Online acquiring 50.1%

---

<sup>1</sup> The Applicants submitted an original Consolidation Application on 14 October 2021 and submitted a revised version for publication on 19 November 2021.

shareholding interest in MR Broadband. As such, StarHub and StarHub Online would become 30% Controllers of MR Broadband.

13. As part of the Proposed Consolidation, the Applicants submitted that they do not foresee any significant impact to competition in the Public Internet Access Services (or generally also referred to as broadband services) market in Singapore following the completion of the Proposed Consolidation for the following reasons:
  - (a) StarHub Online is currently a distant number two player in the broadband market in Singapore. Notwithstanding the completion of the Proposed Consolidation, StarHub Online's market shares would still be smaller than the current market leader;
  - (b) The broadband market is already hyper-competitive with many competing operators and therefore new and re-contracting broadband customers could easily sign up with other operators;
  - (c) The broadband market has very low barriers of entry;
  - (d) Retail broadband customers are already protected by a variety of consumer protection clauses, including the requirements that disadvantageous mid-contract changes cannot be imposed on in-contract customers; and
  - (e) MR Broadband will continue to maintain the existing MyRepublic branding and offer broadband services under the MyRepublic brand name, separate from StarHub Online.
14. Furthermore, the Applicants submitted that the Proposed Consolidation will be advantageous to the consumers as the Post Consolidation Entity will be able to benefit from economies of scale and compete more effectively with other competitors in the broadband market.
15. The Applicants also submitted that they do not foresee significant impact on the provisioning of services to existing customers as MR Broadband will maintain its existing branding. However, if there is any migration required, the Applicants will minimise the disruption or downtime to customers.
16. Besides Public Internet Access Services, the Applicants submitted that MR Broadband is also licensed to provide IP Telephony Services, Managed Data Network Services, Virtual Private Network Services, Resale of Leased Circuit Services and International Simple Resale. StarHub is licensed to provide, amongst others, IP Telephony Services, Public Switched Data Services, Public Internet Access Services and Leased Circuit Services. StarHub Online is licensed to provide Public Internet Access Services.

### SECTION III: ASSESSMENT APPROACH

17. Pursuant to Sub-section 10.4.6.7 of the Code, IMDA will not approve a Consolidation Application where it determines that the transaction is likely to substantially lessen competition in any telecommunication market in Singapore or it is in the public interest to deny the Consolidation Application. IMDA will find that a Consolidation substantially lessens competition where the Consolidation would likely: (a) result in a significant reduction in existing competition in any Singapore telecommunication market; or (b) significantly impede the development of future competition in any Singapore telecommunication market.
18. IMDA may also approve the Consolidation Application with conditions designed to reduce any anti-competitive harm or effect, or public interest concern. The Applicants may propose possible conditions for IMDA's consideration that could reduce any potential adverse competitive impact of the Consolidation or public interest concern arising from the Consolidation.
19. Consolidations can generally be considered as "Horizontal Consolidations" or "Non-horizontal Consolidations". A Horizontal Consolidation refers to a consolidation involving two or more entities that are current competing providers of the same services or services that are reasonable substitutes. Non-horizontal Consolidations are consolidations that involve two or more entities that are not current competitors. Where a consolidation has both Horizontal and Non-horizontal aspects, IMDA will assess each aspect of the consolidation under the appropriate standard.
20. IMDA recognises that Horizontal Consolidations can possibly give rise to competition concerns as they result in the elimination of direct competitors. This may result in the creation of a market participant with Significant Market Power ("**SMP**") who has the ability to unilaterally restrict output, raise prices, reduce quality or otherwise act, to a significant extent, independently of competitive market forces. Such consolidations may also result in a concentrated market in which the remaining participants are more easily able to undertake concerted anti-competitive actions, such as price-fixing. However, Horizontal Consolidations that result in the Post Consolidation Entity having a market share of 15% or less in any Singapore telecommunication market are generally less likely to raise competitive concerns.
21. In contrast, Non-horizontal Consolidations are generally less likely to raise competitive concerns and often facilitate competition by creating a more efficient market participant. However, Non-horizontal Consolidations can have adverse competitive effects where at least one of the entities has SMP or participates in a concentrated market with few other competitors. The risk is that the Non-horizontal Consolidation may eliminate a potential competitor or limit the ability of non-affiliated competitors to access an "upstream" input or a "downstream" facility necessary to deliver services to End-Users.
22. IMDA will also consider whether the Consolidation will result in significant efficiencies that could not have been achieved absent the Consolidation and which would likely be passed to consumers. In addition, IMDA will take into

account any other public interest considerations. IMDA will also consider whether any anti-competitive effect may be ameliorated through the imposition of appropriate conditions of approval.

## **SECTION IV: ASSESSMENT**

### **Assessment of Whether the Proposed Consolidation is Horizontal or Non-horizontal**

23. IMDA notes that while the Applicants have described the impact of the Proposed Consolidation on the broadband market, they did not provide any details on the competitive effects and public interest concerns of the Proposed Consolidation on the other market segments.
24. The Applicants submitted that MR Broadband is licensed to provide Public Internet Access Services, IP Telephony Services, Managed Data Network Services, Virtual Private Network Services, Resale of Leased Circuit Services and International Simple Resale.
25. When IMDA sought details from the Applicants on the services and their share in the respective markets, the Applicants further clarified that although MR Broadband is licensed to provide Virtual Private Network Services, Resale of Leased Circuit Services and International Simple Resale services, it currently does not do so, i.e., there are no service offerings. As such, the Applicants confirmed that MR Broadband is not providing any Virtual Private Network Services, Resale of Leased Circuit Services and International Simple Resale.
26. Hence, based on the scope of services that the Applicants are offering, IMDA considers that the Proposed Consolidation will result in a Horizontal Consolidation where the Applicants are current competing providers of three telecommunication services, namely Public Internet Access Services, IP Telephony Services and Managed Data Network Services, as StarHub, StarHub Online and MR Broadband are currently competing providers of the same services or services that are reasonable substitutes.

### **Competition and Public Interest Assessment**

27. In conducting its assessment, IMDA therefore focused on the likely competitive effect of the Proposed Consolidation on the three service segments that will experience Horizontal Consolidation arising from the Proposed Consolidation. IMDA also looked for any potential public interest concern that may arise from the Proposed Consolidation.

### **Public Internet Access Services**

#### ***Market Definition***

28. IMDA notes that StarHub Online and MR Broadband currently compete in the provision of fixed-line public Internet access services, by providing fixed-line

broadband Internet access services, at speeds of above 100 Mbps over optical fibre platform, to both residential and business customers. For the purpose of this Proposed Consolidation, IMDA will start by defining this market narrowly to include fixed-line broadband Internet access services provided over optical fibre only<sup>2</sup>. If there are no competitive concerns arising from the Proposed Consolidation for this narrowly defined market, there should be no competitive concerns if the market definition is broadened to include more services and players.

29. IMDA notes that at the retail level today, fixed-line broadband Internet services for the residential and business customers are marketed and sold differently. Residential fixed-line broadband services usually include only basic Internet connectivity and the rental of router. For business fixed-line broadband services, in addition to Internet connectivity, they would usually include value-added services such as 24/7 customer support, troubleshooting and dedicated account manager. Hence, subscribers of business fixed-line broadband services tend to pay higher subscription fees compared to residential fixed-line broadband customers. Furthermore, provision of residential and business fixed-line broadband services are different at the fibre network layer. Due to the fibre network architecture which caters more fibre capacity for businesses (i.e., lower contention ratio where fewer customers share the same fibre), customers on business fixed-line broadband Internet services can expect better service quality.
30. In view of the retail and fibre network differences for residential and business fixed-line broadband Internet services, IMDA considers it appropriate to define two markets for Public Internet Access Services:
  - (a) Business Public Internet Access Services Market; and
  - (b) Residential Public Internet Access Services Market.
31. Each market will only include nationwide fibre-based broadband services, and IMDA will assess each market separately. The geographic markets for both the above-mentioned markets are national. Customers in Singapore that require a business or residential public Internet access service must purchase it from a service provider within Singapore.

### ***Competitiveness Assessment***

#### *Market 1 – Business Public Internet Access Services Market*

32. Based on the evidence available, IMDA is satisfied that there is little risk that the Proposed Consolidation would substantially lessen competition in the Business Public Internet Access Services Market.
  - (a) As MR Broadband currently has a small share of the Business Public Internet Access Services market, the Proposed Consolidation will not substantially change the Post Consolidation Entity's combined market share in the Business Public Internet Access Services Market. The Post

---

<sup>2</sup> IMDA will not include fixed-line broadband services provided over Asymmetrical Digital Subscriber Line ("ADSL"), as the number of ADSL users in Singapore is very low (<0.1% of fixed-line broadband subscribers).

Consolidation Entity will have a combined market share of approximately 20% (based on number of business fixed-line broadband subscriptions), and will continue to be behind the current market leader which has a market share of above 60%; and

- (b) With over thirty service providers in the Business Public Internet Access Services Market, it is unlikely that the Post Consolidation Entity will be able to unilaterally restrict output, raise prices or reduce quality as business customers can easily switch to other service providers.
33. IMDA also notes the Applicants' explanations on the potential benefits of the Proposed Consolidation, which will allow them to enjoy economies of scale and bring more value to business customers.

*Market 2 – Residential Public Internet Access Services Market*

34. Based on the evidence available, IMDA is satisfied that there is little risk that the Proposed Consolidation would substantially lessen competition in the Residential Public Internet Access Services Market.
- (a) IMDA notes that StarHub Online is currently the number two market player in terms of number of subscribers and MR Broadband has a smaller market share. The Proposed Consolidation will result in the Post Consolidation Entity having a combined market share of approximately 40% (based on number of residential fixed-line broadband subscriptions), which would put it on par with the existing market leader (which is estimated to have a similar market share). This could allow StarHub Online and MR Broadband to compete more effectively against the market leader, in the form of competitive prices and more innovative services. IMDA notes that StarHub Online and MR Broadband have indicated that they intend to continue providing fixed-line broadband services under separate brand names which means that residential customers can continue to have a choice to subscribe to either service providers, who may offer different choices of fixed-line broadband services; and
  - (b) IMDA does not see significant competitive concerns arising from the Proposed Consolidation for this market as there are currently at least five other residential public Internet access service providers providing similar fixed-line broadband services. Hence, residential customers can easily switch to the other service providers if they offer a more competitive fixed-line broadband package. There are also low barriers to market entry as the NBN Network Company and Operating Company will provide wholesale dark fibre and bandwidth services to any retail service providers on an open and non-discriminatory basis, thereby allowing new entrants to easily join the market and offer fixed-line broadband services, keeping the market competitive. Hence, it is unlikely for the Post Consolidation Entity to be able to unilaterally restrict output, raise prices or reduce quality of their services in this market.



35. IMDA also notes the Applicants' explanations on the potential benefits of the Proposed Consolidation, which will allow them to enjoy economies of scale and bring more value to residential customers.
36. IMDA has not identified any public interest concerns for the Business Public Internet Access Services Market and the Residential Public Internet Access Services.
37. Accordingly, IMDA concludes that the Proposed Consolidation is unlikely to result in the substantial lessening of competition in the Business Public Internet Access Services Market and the Residential Public Internet Access Services Market.

## **Local Telephony Services**

### ***Market Definition***

38. The IP Telephony service is defined as a form of Voice over Internet Protocol that requires telephone or E.164 numbers that allows a user to make and receive voice, data and video calls in any domestic or overseas location where broadband Internet access is available.
39. IP Telephony service is part of the Local Telephony Market. IMDA has previously defined the Business Local Telephony Services Market to consist of nationwide local fixed-line telephony services (such as Direct Exchange Line ("DEL"), IP Telephony, Integrated Services Digital Network ("ISDN") services) provided to businesses and government End-Users, including ancillary services (e.g., voicemail, call waiting, call forwarding and equivalent services)<sup>3</sup>. Due to the low and falling demand for ISDN services which are becoming obsolete, IMDA is of the view that ISDN subscriptions can be excluded from this market assessment as it is inconsequential.
40. Similar to the Business Local Telephony Services Market, IMDA will define the Residential Local Telephony Services market to include nationwide local fixed-line telephony services (including DEL and IP Telephony) provided to residential End-Users, including ancillary services (e.g., voicemail, call waiting, call forwarding and equivalent services).
41. The geographic markets for both the above-mentioned markets are national. Customers in Singapore that require these services must purchase it from a service provider within Singapore.

---

<sup>3</sup> Refer to the 2009 Explanatory Memorandum on "Final Decision 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" and 2012 Explanatory Memorandum on the "Decision of The Info-Communications Development Authority of Singapore in relation to the Proposed Consolidation involving Cable & Wireless Global Pte Limited and Vodafone Europe B.V."

[https://www.imda.gov.sg/~media/Imda/Files/Inner/PCDG/Consultations/20071116\\_STGovCustSegIn dMkt/BGTSTFinalDecEM.pdf](https://www.imda.gov.sg/~media/Imda/Files/Inner/PCDG/Consultations/20071116_STGovCustSegIn dMkt/BGTSTFinalDecEM.pdf)

[https://www.imda.gov.sg/~media/Imda/Files/Inner/PCDG/Consultations/20120604\\_InvolvingCable/Ex planatoryMemorandum.pdf](https://www.imda.gov.sg/~media/Imda/Files/Inner/PCDG/Consultations/20120604_InvolvingCable/Ex planatoryMemorandum.pdf)

## **Competitiveness Assessment**

### *Market 3 – Business Local Telephony Services Market*

42. Based on the evidence available, IMDA is satisfied that there is little risk that the Proposed Consolidation would substantially lessen competition in the Business Local Telephony Services Market.
- (a) IMDA notes that both StarHub and MR Broadband currently have small shares of this market. The Proposed Consolidation will result in the Post Consolidation Entity having a combined market share of less than 10% (based on number of business fixed-line telephony subscriptions). This is lower than the 15% market share threshold in IMDA's assessment framework, below which IMDA considers should not trigger competitive concerns in a Horizontal Consolidation; and
  - (b) There are more than ten service providers in this market. Hence, it is unlikely that the Post Consolidation Entity will be able to unilaterally restrict output, raise prices or reduce quality as businesses could easily switch to other providers.

### *Market 4 – Residential Local Telephony Services Market*

43. Based on the evidence available, IMDA is satisfied that there is little risk that the Proposed Consolidation would substantially lessen competition in the Residential Local Telephony Services Market.
- (a) IMDA notes that the Proposed Consolidation will result in the Post Consolidation Entity having approximately 25% (based on number of residential fixed-line telephony subscriptions) of market share. However, this is far behind the market leader, which has a share of more than 50%;
  - (b) IMDA notes that IP telephony services are today often bundled together with fixed-line broadband services and offered free of charge. With only a few service providers in this market (i.e., Singapore Telecommunications Limited ("**Singtel**"), M1 Limited, StarHub, and MR Broadband), IMDA notes that the Proposed Consolidation will result in an increase in market concentration. However, IMDA also notes that with the NBN, barriers to market entry are low, and even so, there had been no new players in this market for the past eight years. This may indicate a lack of commercial / business interest in this market. Additionally, residential subscription to fixed line telephony has been stagnating and on the decline, as more families increasingly migrate to using mobile services at home. Consumers are increasingly less reliant on this service;
  - (c) With the low barriers to market entry, existing fixed-line broadband service providers can easily enter the retail Residential Local Telephony Services market and start offering Residential Local Telephony Services. Hence, it is unlikely that the Post Consolidation Entity will be able to unilaterally restrict

output, raise prices or reduce quality as customers can still easily switch to other providers; and

- (d) As the Dominant Licensee in this market, Singtel continues to be subject to Dominant Licensee obligations and subject to price regulation which will ensure that consumers' interest will continue to be safeguarded.
44. IMDA has not identified any public interest concerns for the Business Local Telephony Services Market and the Residential Local Telephony Services Market.
45. Accordingly, IMDA concludes that the Proposed Consolidation is unlikely to result in the substantial lessening of competition in the Business Local Telephony Services Market and the Residential Local Telephony Services Market.

## **Managed Data Network Services**

### ***Market Definition***

46. IMDA had previously defined the Managed Data Network Services to consist of packet-based services – such as Asynchronous Transfer Mode (“**ATM**”), Frame Relay, Internet Protocol-Virtual Private Network (“**IP-VPN**”), and Ethernet – that provide managed connectivity among multiple customer sites.
47. IMDA had previously defined two markets for Managed Data Network Services<sup>4</sup>:
- (a) Local Managed Data Services (“**LMDS**”) Market; and
  - (b) International Managed Data Services (“**IMDS**”) Market.
48. For the purpose of this assessment, IMDA will adopt the same market definition. The Applicants had clarified that MR Broadband does not offer IMDS. Hence, IMDA will focus the market assessment on the LMDS Market.
49. The geographic market for LMDS is national. Customers in Singapore that require LMDS must purchase it from a LMDS provider within Singapore.

### ***Competitiveness Assessment***

#### *Market 5 – Local Managed Data Network Services Market*

50. Based on the evidence available, IMDA is satisfied that there is little risk that the Proposed Consolidation would substantially lessen competition in the LMDS Market.

---

<sup>4</sup> Refer to the 2009 Explanatory Memorandum on “Final Decision 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”.  
[https://www.imda.gov.sg/~media/Imda/Files/Inner/PCDG/Consultations/20071116\\_STGovCustSegIn dMkt/BGTSFinalDecEM.pdf](https://www.imda.gov.sg/~media/Imda/Files/Inner/PCDG/Consultations/20071116_STGovCustSegIn dMkt/BGTSFinalDecEM.pdf)

- (a) Based on the data available, IMDA estimates that the Proposed Consolidation will result in the Post Consolidation Entity having a market share of approximately 15% (based on amount of revenue<sup>5</sup> from packet-based services). This is within the 15% market share threshold in IMDA's assessment framework, below which IMDA considers should not trigger competitive concerns in a Horizontal Consolidation; and
- (b) There are more than twenty service providers in the LMDS market. Hence, it is unlikely that the Post Consolidation Entity will be able to unilaterally restrict output, raise prices or reduce quality as consumers can easily switch to other providers.

51. IMDA has not identified any public interest concerns for this market.

52. Accordingly, IMDA concludes that the Proposed Consolidation is unlikely to result in the substantial lessening of competition in the LMDS Market.

### **Assessment on Other Key Points Raised by Respondent**

#### Compliance with Network and Cybersecurity Requirements

53. IMDA has received feedback seeking clarification on whether MR Broadband would be required to comply with the additional network and cybersecurity requirements imposed by 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. IMDA would like to clarify that as StarHub Online and MR Broadband will continue to operate independently, they will be required to comply with the prevailing regulatory requirements.

#### Compliance with Regulatory Processes

54. The Respondent highlighted that StarHub and MR Group had made announcements on the Proposed Consolidation prior to seeking IMDA's approval and sought clarifications on whether the Applicants have met the necessary regulatory obligation to seek IMDA's approval before the announcement. The Respondent had also cited Sub-sections 10.3.1.1 and 10.3.6<sup>6</sup> of the Code which describe the general duty to notify and seek approval for acquisitions of voting shares or voting power in DTL and consolidation with DTL, and the procedures in connection with acquisition resulting in a person becoming a 30% controller of a DTL respectively.

---

<sup>5</sup> We have used revenue as a basis for market share determination for the Local Managed Data Network Services Market as this market consists of ATM, Frame Relay, IP-VPN and Ethernet and each service may have differing subscription measurement.

<sup>6</sup> 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 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.

55. Given that the Proposed Consolidation is a Horizontal Consolidation that will result in the Post Consolidation Entity having more than 15% market share in any telecommunication market within Singapore, the Respondent also sought clarification on why the Applicants were allowed to submit a Short Form Consolidation Application instead of a Long Form Consolidation Application.
56. IMDA would like to clarify that, pursuant to Sub-sections 10.3.1.1 and 10.3.6 of the Code, every Acquiring Party and DTL must seek IMDA's approval in connection with the acquisition of Voting Shares or Voting Power in the DTL that would result in such Acquiring Party becoming a 30% Controller or result in a Consolidation with the DTL. This should take place prior to the consummation of the proposed transaction. IMDA does not consider the announcement of an intended transaction or consolidation to be in breach of the Code. IMDA notes that it was mentioned in the announcement that the Proposed Consolidation is subject to regulatory approvals.
57. With regard to the type of Consolidation Application to be submitted, the Applicants submitted a request for exemption from having to submit a Long Form Consolidation Application. IMDA had granted the exemption, based on the considerations as explained in paragraph 11 above.

#### Transparency

58. The Respondent also raised concerns that a significant portion of the Abbreviated Statement submitted by the Applicants has been redacted and there is limited information available to the public.
59. IMDA would like to clarify that the original Abbreviated Statement submitted to IMDA included references to commercial agreements between the Applicants, and this information is commercially sensitive and confidential. Hence, the information was removed from the published document. Some of the redacted portions also included the Applicants' responses to IMDA's queries pertaining to the commercial agreements and confidential issues. IMDA had assessed that the removal of these responses and agreements were unlikely to materially affect the public or industry's ability to comment on the Proposed Consolidation and hence, IMDA had allowed the exclusion of this information from the published Abbreviated Statement.

#### **SECTION V: DECISION**

60. IMDA has concluded its review of the Consolidation Application. Taking into consideration the Applicants' submissions and further clarifications, the comments from the industry and IMDA's assessment above, IMDA has assessed that the Proposed Consolidation is not likely to result in a substantial lessening of competition in any of the telecommunication market in Singapore. IMDA is also of the view that there are no public interest concerns to deny the Consolidation Application. IMDA therefore approves the Consolidation Application.