

26 April 2011

To: All Facilities-based and Services-based Licensees

Dear Sirs,

**CLARIFICATIONS ON THE APPLICATION OF SUB-SECTION 3.2.4.4 OF THE CODE OF PRACTICE FOR COMPETITION IN THE PROVISION OF TELECOMMUNICATION SERVICES 2010**

1. The intent of this letter is to explain the application of Sub-section 3.2.4.4 of the Code of Practice for Competition in the Provision of Telecommunication Services 2010 (the "**Code**").
2. Sub-section 3.2.4.4 (Restrictions on Termination or Suspension due to Breach of Another End User Service Agreement) states that:

*"Notwithstanding Sub-sections 3.2.4.1 and 3.2.4.2 of this Code, a Licensee may not terminate an End User Service Agreement, or suspend the provision of Service to an End User, on the grounds that the End User has breached any of the terms and conditions in another End User Service Agreement, where:*

- (a) *the Service to be terminated or suspended is a Basic Telephone Service (where Basic Telephone Service means a fundamentally plain telephony service as may be identified by IDA in a Licensee's licence, which service enables an End User to make and receive voice calls within Singapore); or*
  - (b) *the other End User Service Agreement that has been breached is with a different Licensee."*
3. Unless otherwise defined, capitalised terms used herein shall have the definitions assigned to them in the Code.

**Extension of Time for Licensees to Comply with Sub-section 3.2.4.4 of the Code**

4. Pursuant to Licensees' feedback that more time is needed for Licensees to modify their systems and processes in order to comply with Sub-section 3.2.4.4 of the Code, IDA has granted an exemption to all Facilities-based and Services-based Licensees from complying with Sub-section 3.2.4.4 of the Code until **30 September 2011**.
5. From 30 September 2011 onwards, all Facilities-based and Services-based Licensees shall comply with Sub-section 3.2.4.4 of the Code for all Services provided to End Users, regardless of whether the Services were subscribed for prior to, or after, 30 September 2011.

Application of Sub-section 3.2.4.4 of the Code to Situations where an End User is issued a Single Bill for Multiple Services

6. In the situation where:
- (a) an End User opts for a single bill for multiple Services provided by different Licensees;
  - (b) that End User does not make any payment of the bill; or the End User makes only partial payment of the bill and does not specify which Service under the single bill he is paying for; and
  - (c) the End User has been provided a reasonable opportunity to make full payment of the bill or to identify the Service(s) for which payment has been made and the End User has failed to do so,

each of the Licensees who are providing the Services under that single bill shall be allowed to suspend or terminate the Service that it is providing, as the Licensees are not in a position to attribute the payment to any specific Service.

7. However, where one of the multiple Services under the single bill is a Basic Telephone Service, and where any partial payment that is made by the End User is sufficient to pay for such Basic Telephone Service and the End User has not specified that the partial payment is made for any of the multiple Services apart from the Basic Telephone Service, the Basic Telephone Service shall not be terminated so as to ensure that the End User continues to have access to this critical service.

*Illustration 1: Mr X has subscribed to a mobile service and a broadband service from two affiliated companies, A and B respectively. The monthly subscription charge for each of the two services is \$20, and Mr X has opted to pay for the two services through a single bill issued by company A.*

*During the month of January, Mr X makes a \$20 payment for the two services, but does not inform either company A or B what service he is making payment for. Mr X was subsequently provided with reasonable notice to remedy the situation. However, Mr X neither made full payment of his bill nor provided any further information on the service which he intended to pay for. Under this scenario, companies A and B are not prohibited from suspending or terminating both Mr X's mobile and broadband services.*

*Illustration 2: Mr X has subscribed to a mobile service and a Basic Telephone Service from two affiliated companies, A, and B respectively. The monthly subscription charge for each of the two telecoms services is \$20, and Mr X has opted to pay for the two services through a single bill issued by company A.*

*During the month of January, Mr X makes a \$20 payment for the two services, but does not inform either company A or B what service he is paying for. Mr X was subsequently provided with reasonable notice to remedy the situation. However, Mr X neither made full payment of his bill nor provided any further*

*information on the service which he intended to pay for. Under this scenario, as the \$20 payment by Mr X is sufficient to cover the Basic Telephone Service provided by company B, company B shall not terminate its provision of the Basic Telephone Service to Mr X. However, company A is not prohibited from suspending or terminating Mr X's mobile service.*

*Illustration 3: Mr X has subscribed to a mobile service, a broadband service and a Basic Telephone Service from three affiliated companies, A, B and C respectively. The monthly subscription charge for each of the three telecoms services is \$20, and Mr X has opted to pay for the three services through a single bill issued by company A.*

*During the month of January, Mr X makes a \$20 payment for the three services and notifies company A that he intends to make payment only for the mobile service. Mr X was subsequently provided with reasonable notice to remedy the situation. However, Mr X did not make any further payment of the charges for his broadband and Basic Telephone Service. Under this scenario, company A shall not suspend or terminate Mr X's mobile service as Mr X has made payment for the service.*

*However, as Mr X has not made payment for the broadband service or Basic Telephone Service, companies B and C are not prohibited from suspending or terminating Mr X's broadband service and/or Basic Telephone Service.*

Application of Sub-section 3.2.4.4 of the Code to Situations where Services are Suspended/ Terminated as a Consequence of the Suspension/ Termination of Other Services on which the Former is Dependent

8. In the situation where:

- (a) a Service provided by Licensee A can only be delivered or used through a Service provided by Licensee B; and
- (b) if Licensee B suspends or terminates the provision of its Service to the End User, which results in the End User being unable to use/access Licensee A's Service,

this shall not constitute a contravention of Sub-section 3.2.4.4 of the Code by either Licensee A or Licensee B, where the End User has been informed upfront of the relationship between the two Services and the relevant implications concerning the suspension and termination of the Services.

*Illustration 4: Mr X has subscribed to a broadband service from company A and a Basic Telephony Service from company B. Company A has made clear to Mr X that its broadband service is provided over company B's Basic Telephone Service, and Mr X must continue to subscribe to company B's Basic Telephone Service in order to continue using company A's broadband service.*

*Subsequently, Mr X breaches the terms of his contract with company B for the Basic Telephone Service. Company B therefore terminates Mr X's Basic Telephone Service. As Mr X is no longer subscribed to company B's Basic*

*Telephone Service, Mr X can no longer utilise company A's broadband service as well.*

*In this scenario, company B's action does not constitute a breach of Sub-section 3.2.4.4 of the Code. Any consequential suspension/termination of company A's service is also not a breach of Sub-section 3.2.4.4 of the Code.*

#### Application of Sub-section 3.2.4.4 of the Code to Licensees who Bill on Behalf of Other Licensees

9. For the avoidance of doubt, Sub-section 3.2.4.4 of the Code shall apply to Licensees ("**billing Licensees**") who bill on behalf of other Licensees who provide Services to End Users ("**Service Providers**"). Accordingly, the billing Licensees shall not suspend or terminate the provision of any Services that the billing Licensees itself provides to an End User, on the grounds that the End User has breached any of the terms and conditions in the End User Service Agreement that the End User has concluded with the Service Providers.

*Illustration 5: Mr X has subscribed to a mobile service from company A. Mr X subsequently subscribes for an SMS-based news service provided by company B, whose charges are billed to Mr X through the mobile bills from company A.*

*Mr X subsequently fails to make payment for the SMS information service provided by company B. In this scenario, company A shall not suspend or terminate Mr X's mobile service, so long as he continues to make payment for his mobile service.*

#### Conclusion

10. The above information will be published on IDA's website [www.ida.gov.sg](http://www.ida.gov.sg) for general information.

Yours faithfully,



Aileen Chia (Ms)  
Deputy Director-General (Telecoms & Post)