

GUIDELINES ON SUBMISSION OF APPLICATION FOR FACILITIES-BASED OPERATIONS LICENCE

1 INTRODUCTION

- 1.1 The Singapore telecommunication services market was fully liberalised from 1 April 2000. As required under the Telecommunications Act (Cap. 323), any person operating and providing telecommunication systems and services in Singapore has to be licensed.
- 1.2 The Info-communications Media Development Authority (the “**Authority**”) has adopted a two-pronged licensing approach that differentiates between licensees based on the nature of their operations, i.e., whether facilities-based or services-based type of operations. This document (the “**Guidelines**”) is intended to provide an overview of the licensing framework for licence applicants intending to deploy facilities-based operations in Singapore and to guide them in their applications for the relevant licences.
- 1.3 It should be noted that the licensing framework is formulated on a hierarchical basis with Facilities-Based Operators (FBO) being at the higher hierarchical level. In other words, licensees who are licensed as FBO will be able to offer the services that Services-Based Operators (SBO) can offer, but not vice versa. Also, the intention is that an entity should only require a single licence for all the networks/services it intends to operate/offer. Hence, if a SBO decides to deploy its own network subsequently, it will have to apply to be licensed as a FBO. The FBO licence will then replace its SBO licence.

2 DESCRIPTION OF FACILITIES-BASED OPERATIONS

- 2.1 Facilities-based operations refer to the deployment and/or operation of any form of telecommunication network, systems and/or facilities by any person for the purpose of providing telecommunication and/or broadcasting services outside of his own property boundaries to third parties, who may include other licensed telecommunication operators, business customers or the general public. Parties intending to deploy such operations will require a FBO licence from the Authority.



2.2 Telecommunication networks, systems and facilities include any telecommunication infrastructure for the carriage of telecommunication or broadcast traffic. The traffic may be cross-border or local in nature, and the network coverage may be nationwide or only confined to selected geographical areas in Singapore. These may include mobile communications systems (e.g. base stations, mobile switching centres) required to offer public cellular mobile telephone, trunked radio or mobile data services; and fixed telecommunication systems (e.g. switches, optical fibre, ducts and manholes, submarine cable systems, international cable and satellite gateways) required to offer local and international voice and data services. For the avoidance of doubt, an entity who intends to activate its own IRU¹ capacities on submarine cable systems or light international dark fibre to offer telecommunication services in Singapore, is required to apply² for an FBO licence from the Authority to do so. Interested parties should note that separate licences or authorisation may be required from other relevant government agencies for the deployment and/or provision of certain types of networks and/or services³.

2.3 The range of telecommunication services to be provided over the licensees' facilities may include the following:

- Public Switched Telephone Services
- Public Switched Integrated Services Digital Network (ISDN) Services
- Leased Circuit Services
- Public Radiocommunication Services⁴
- Public Cellular Mobile Telephone Service (PCMTS)
- Public Trunked Radio Services (PTRS)
- Public Mobile Data Services (PMDS)
- Terrestrial Telecommunication Network for Broadcasting Purposes
- Satellite Uplink/Downlink for Broadcasting Purposes

¹ Indefeasible-Right-of-Use ("IRUs")

² If an entity activates its own IRU capacities, or lights international dark fibre, for the purposes of *transiting* traffic through Singapore, or for the entity's *self-use*, that entity may not need to apply for an FBO licence from IMDA provided that (i) the entity procures all domestic backhaul and necessary telecommunication network/services from licensed telecommunication service providers in Singapore; (ii) the entity does not deploy any other telecommunication infrastructure; and (iii) the entity does not offer any telecommunication services in Singapore. For the avoidance of doubt, the transiting traffic does not include wholesale of International Simple Resale or provision of IP Transit service which requires minimally an SBO (Individual) Licence.

³ For example, an FBO Licensee will have to comply with terms and conditions that may be imposed by the Land Transport Authority if the Licensee intends to open up a public road for cable laying.

⁴ Public radio-communication services refer to maritime and aeronautical services.

3 GENERAL LICENSING AND REGULATORY FRAMEWORKS

Licensing Framework

- 3.1 Parties interested in applying for an FBO licence shall submit their proposals to the Authority in accordance with the requirements outlined in Section 4 of the Guidelines.
- 3.2 The Authority does not pre-determine the number of FBO licences to be issued. There may however be radio frequency spectrum or other resources and physical constraints that will limit the number of licences available for certain networks and/or services. Applicants for an FBO licence shall be a company incorporated under the Singapore Companies Act, (Cap. 50). There are no foreign equity limits imposed on FBO licensees.
- 3.3 The Authority will evaluate an FBO licence application based on its merits. The Authority will take into account the following in its evaluation of the merits of an applicant's proposal:
- (a) vision of the applicant;
 - (b) organisational structure and financial capability and strength of the applicant;
 - (c) competition strategies of the applicant for the provision of services; technical soundness of the applicant's plans and technical capability to implement the plans;
 - (d) commitments of the applicant in fulfilling its vision and plans; and
 - (e) any other relevant information provided by the applicant.

The Authority will also consider the benefits that will be brought by the applicant to the industry, consumers and the Singapore economy as a whole in terms of the investments in Singapore; enhancement of the telecommunication infrastructure, capacity, capability and connectivity; level of technological and service innovation and responsiveness; range and choice of products and services offerings; competitive pricing; level of quality of service⁵ and level of customer service support, before awarding a licence to the applicant.

Please refer to Annex 1 for an outline of the basic information to be provided in FBO licence applications.

⁵ Please refer to the Authority website for the Authority's key quality of service (QoS) standards. These QoS standards are subject to review and update from time to time.

- 3.4 In line with the Authority's technology-neutral approach, applicants are free to select the most appropriate technology for their proposed operations, based on their own commercial decisions, subject to resource limitations and physical constraints and public interest concerns, if any. Once the licence is granted however, a licensee will be required to seek the Authority's prior approval for any subsequent changes to its networks and service offerings.
- 3.5 Depending on the scope and requirements of their operations, the services offered and the reach of their customers, FBO licensees may apply to be designated as Public Telecommunication Licensees (PTL)⁶ under section 6 of the Telecommunications Act (Cap. 323). PTLs enjoy certain provisions under the Telecommunications Act (Cap. 323) that facilitate the installation and maintenance of their systems; and protection of their systems. The Authority reserves the right to impose certain basic service obligations on PTLs where deemed necessary.

Regulatory Framework

- 3.6 All FBO licensees will be regulated in accordance with the licensing and regulatory frameworks established by the Authority, which are formulated under the provisions of the Telecommunications Act (Cap. 323). Annex 2 provides an outline of the key frameworks currently in place. Licensees are also required to comply with the Code of Practice for Competition in the Provision of Telecommunication Services (Telecom Competition Code), which aims to ensure the development of a fair and competitive telecommunication environment in Singapore. Other codes of practice and regulatory guidelines include the Code of Practice for Info-communication Facilities in Buildings (COPIF) and the Accounting Separation Guidelines. Applicants may refer to the Authority website for the licences issued to other FBO licensees, the Telecom Competition Code and other codes of practice and regulatory guidelines issued by the Authority⁷.
- 3.7 The Authority recognises that the info-communications environment is dynamic and ever-changing. The Authority regularly reviews and refines the frameworks to ensure their relevance, taking into consideration market trends and developments.

⁶ The Authority will consider favourably applications by an FBO to be designated as a PTL if the FBO commits to substantial infrastructure investment and rollout to offer services to a significant proportion of the population within a reasonable period of time.

⁷ The Authority's website address is www.imda.gov.sg. The documents can be found under Regulations and Licensing section.

Licence Fees and Licence Duration

- 3.8 The licence fee for FBOs will be an annual recurrent fee based on Annual Gross Turnover (AGTO) of the FBOs, subject to a minimum amount of \$80,000 or \$200,000, depending on whether the licensee is an FBO or PTL respectively. There is no initial one-time licence fee payable. The duration of the licence will also differ depending on the scope of the Licensee's operations. Successful applicants for the FBO licence will be required to pay the relevant licence fee as stipulated below:

Licence	Licence Fee	
<ul style="list-style-type: none"> • FBOs 	Licence Duration: 15 years, renewable for a further period as the Authority thinks fit Annual Fee (sum of the below):	
	First S\$50 million in AGTO ⁸	S\$80,000
	Next S\$50 - \$100 million in AGTO	0.8% AGTO ⁹
	Above S\$100 million in AGTO	1% AGTO ¹⁰
<ul style="list-style-type: none"> • FBOs designated as Public Telecommunication Licensee 	Licence Duration: 20 years, renewable for a further period as the Authority thinks fit. Annual Fee (sum of the below):	
	First S\$50 million in AGTO	S\$200,000
	Next S\$50 - S\$100 million in AGTO	0.8% AGTO
	Above S\$100 million in AGTO	1% AGTO
<ul style="list-style-type: none"> • Public mobile data services • Public trunked radio services 	Licence Duration: 10 years, renewable for a further period as the Authority thinks fit Annual Fee (sum of the below):	
	First S\$50 million in AGTO	S\$80,000
	Next S\$50 - S\$100 million in AGTO	0.8% AGTO
	Above S\$100 million in AGTO	1% AGTO

⁸ Annual Gross Turnover (AGTO) refers to the annual amount of consideration to which the FBO licensee expects to be entitled in exchange for the transfer of promised goods or services to customers in relation to all licensable activities under the FBO licence granted to the Licensee by the Info-communications Media Development Authority.

⁹ This refers to the FBO licensee's incremental AGTO from S\$50 million, i.e., an FBO licensee with AGTO of S\$60 million will be required to pay a fee of S\$80,000 + 0.8% of the incremental S\$10 million of AGTO.

¹⁰ Similar to the example in footnote 8, this refers to the FBO licensee's incremental AGTO from S\$100 million.

Licence	Licence Fee
<ul style="list-style-type: none"> • Terrestrial telecommunication network for broadcasting purposes only • Satellite Uplink/Downlink for broadcasting purposes 	Licence Duration: 10 years, renewable on a 5-yearly basis Annual Fee: \$5,000

Performance Bond

3.9 The Authority will require the FBO licensees to rollout their networks and provide services in accordance with their offers and proposals as stated in their applications. Each FBO licensee shall provide the Authority with a performance bond for a sum amounting to 5% of its total budgeted capital investment as committed in its application, in accordance with the specimen Banker’s Guarantee specified in Annex 3, and made in favour of the Authority. The performance bond shall cover the material obligations of rollout, service provision and commitments as well as compliance with any directions issued by the Authority.

4 LICENCE APPLICATION PROCEDURE

4.1 Interested parties who wish to apply to the Authority for an FBO Licence, should submit their application via GoBusiness Licensing at <https://www.gobusiness.gov.sg/licences>. The applicant shall also submit one hard copy of its application under a confidential cover with the title clearly marked “**APPLICATION FOR FACILITIES-BASED OPERATIONS LICENCE**”. Each applicant shall include all the basic information requested for in Annex 1 of the Guidelines and submit it the hard copy to the Authority at the following address:

Info-communications Media Development Authority
 10 Pasir Panjang Road
 #03-01 Mapletree Business City
 Singapore 117438
 (To: Director-General (Telecoms & Post) / Deputy CE (Policy,
 Regulation & Competition Development)
 Attention: Industry Liaison Officer)

- 4.3 The Authority will acknowledge individually each application. Unless requested by the applicant, the Authority may disclose the identities, including the composition of the applicants. A list of FBOs licensed by the Authority will be posted on the Authority website. The Authority also reserves the right to disclose any information submitted by applicants where the Authority deems necessary for purposes of clarifying the licences awarded. All other information will be treated in confidence.
- 4.4 The Authority may seek clarification and additional information from the applicant arising from an application. Each application should include an address, contact telephone, facsimile number and email address, and the name and designation of the contact person for correspondences with the Authority.
- 4.5 A successful applicant will generally be awarded its licence within four weeks of application submission, provided that the applicant has submitted all the necessary information requested by the Authority for evaluation purposes and the Authority has completed all necessary clarifications with the applicant.¹¹
- 4.6 One licence will be issued to the successful applicant (or Licensee), regardless of the type and range of operations and services to be provided. The Licensee must however seek the prior approval of the Authority for any subsequent changes to the scope of its licensed operations and services. The Authority will update the licence accordingly.
- 4.7 Applicants will be bound by all terms, commitments, offers, presentations, proposals, plans and obligations stated in their applications. Applicants must use their best efforts to ensure that the information and representations submitted in their applications are accurate in all aspects. Any change in the information contained in the application form, and subsequent information provided to the Authority, must be notified immediately to the Authority.
- 4.8 Successful applicants will be required to launch the commercial services proposed in their applications.

¹¹ In the event that the Authority requires more than four weeks to assess the application due to unforeseen reasons, the Authority will notify the applicant about the additional time required.

5 CORRESPONDENCE/ENQUIRIES

- 5.1 Enquiries on the Guidelines shall be made in writing, indicating clearly on the cover “**Enquiries on FBO Licensing**” and should be addressed to:

Info-communications Media Development Authority
10 Pasir Panjang Road
#03-01 Mapletree Business City
Singapore 117438
(To: Director-General (Telecoms & Post) / Deputy CE (Policy,
Regulation & Competition Development)
Attention: Industry Liaison Officer)

Notes:

- 1 This document has no legal standing and is not intended as a substitute for legal advice. While every effort has been made to provide an accurate and authoritative account of the licensing regime, the licence(s) to be granted to successful applicants will be the complete authoritative text.**
- 2 The information contained in this document is intended to assist interested parties in applying for the relevant licences. It does not bind the Authority to any particular course of action in relation to the handling of any application, or to the terms of any licence to be granted, or to grant any licence to any party. The Authority reserves the right to change its policies and/or to amend this document without prior notice.**
- 3 The grant of a licence is at the sole discretion of the Authority. The Authority reserves the right not to accept any application submitted. The Authority will undertake to explain to the applicant concerned, on the applicant’s request, why the applicant is unsuccessful in its application for a licence.**
- 4 The Authority reserves the right to disclose the identities of parties who have submitted applications. All other information received will be treated in confidence.**

INFORMATION TO BE PROVIDED IN FBO LICENCE APPLICATIONS

1 Vision

Singapore's vision is to be an Intelligent Nation, a Global City, powered by Infocomm. The applicant shall outline his own vision and how this will contribute towards realising Singapore's vision.

2 Organisational structure/financial capability and strength

The applicant shall provide information on:

- (a) the nature and structure of the applicant (for consortium members or single entity) in terms of whether:
 - (i) it has any subsidiary or associated companies, joint ventures and trusts;
 - (ii) it is a private or public entity; and
 - (iii) if public, details of public listings;
- (b) the corporate and shareholding structure of the applicant clearly indicating the ultimate ownership, both direct and indirect;
- (c) details of the composition of the Board of Directors and management structure, this includes the curricular vitae of the Directors and Chairman of the Board as well as the Chief Executive Officer;
- (d) details of principal contractors;
- (e) applicants shall submit the following documents:
 - (i) photocopies of the applicant's incorporation documentation under the Singapore Companies Act, (Cap. 50) including certified copies of the applicant's Memorandum and Articles of Association;
 - (ii) authorised, issued and paid-up capital and relevant certificates indicating the amounts; and
 - (iii) bankers' confirmation of deposits and/or available credit facilities;

- (f) copies of detailed audited accounts of the applicant (i.e. profit and loss accounts, balance sheets, cash flow statements and auditors' reports) for the last three financial years;
- (g) latest interim results of the applicant;
- (h) budgeted projections of the applicant for the next three years (i.e. profit and loss accounts, balance sheets and cash flow statements); and
- (i) a schedule of financial debts, obligations and contingent liabilities of the applicant for the next three years.

The applicant shall provide its business, financial and funding plans of its proposed investment for the first 5 years of operation, including:

- (a) detailed business plans, including the profit and loss accounts, balance sheets and cash flow statements. The profit and loss accounts, balance sheets and cash flow statements shall be prepared in accordance with the Singapore Financial Reporting Standards. All assumptions used (e.g. asset depreciation policies, subscriber projections, annual increase/decrease in operating expenditure) shall be clearly explained;
- (b) financial ratios including return on assets, return on equity, operating profit margin, net profit margin, current ratio, quick ratio and debt-equity ratio. The formula used in computing each ratio shall also be provided;
- (c) forecasts of the internal rate of return, net present value and payback period of the investment. In addition, the net present value at 10%¹² and corresponding payback period shall be computed. The rate of return normally required by the applicant for capital invested shall also be provided (i.e. the hurdle rate);
- (d) a detailed plan of all capital expenditure and working capital requirements for the first 5 years of operations;
- (e) details of the proposed financing plan, including:

¹² 10% takes into consideration the average cost of capital in international capital markets. Applicants may propose other values more appropriate for their specific circumstances.

- (i) the proposed sources of funds and the amounts from each source;
- (ii) timing of funding initiatives and injection of funds;
- (iii) planned repayment terms and schedule for loans, loan stock and debentures;
- (iv) credit facilities available; and
- (v) provisions made for contingent sources of funds. Where relevant, letters of intent, guarantor letters and other documents should be provided to substantiate the financing plan and loan/credit facilities.

3 Competition strategies for the provision of services

The applicant shall describe in detail all the services it intends to provide, including the timing, and the competition strategies it will use to compete in Singapore's telecommunication market and how its operations will contribute to Singapore achievement of its vision.

The applicant shall provide details:

- (a) of the track record of the consortium partners and/or other relevant parties; and
- (b) on how it will apply and leverage on any relevant experience and expertise from consortium partners or other relevant parties which it commits to Singapore; highlighting how these will give it a strategic or competitive advantage.

4 Technical plan and capability

The applicant shall provide information on the following:

- (a) Network Configuration
The overall infrastructure and the components of the international and national networks to enable the provision of the telecommunication services. The description will include the network management capabilities, routing plan, transmission plan, signalling plan and diversity plans.
- (b) Network Facilities
The planned locations and technical details of its network such as international frontier stations and gateways, local/tandem/trunk

exchanges, land lines, cable ducts, radio base station sites and other equipment to be installed and frequency spectrum to be used.

(c) Network Coverage, Capacity and Improvement

The planned geographical coverage of the network upon launch of services and the network capacity expansion plans for the first 5 years of operations; and commitments for improvements to infrastructure facilities for the next 5 years.

(d) Network Interconnection

Where applicable, technical proposals for interconnection with other FBOs' networks (including signalling, transmission and synchronization requirements), covering the interconnection configuration, point of interconnection interface requirements and diversity arrangements.

(e) Network Code of Practice, Security and Protection

- (i) Network performance with an indication of the minimum standards; and
- (ii) Details of network security, IT/system security and physical network protection.

(f) Network Technologies

Technologies to be employed for the switching, transmission and local access systems to deliver basic, broadband and value-added services, with the rationale for the choice of technologies selected.

The applicant shall also:

- (a) Submit a broad network rollout plan and its strategy to implement the network rollout plan; and
- (b) Demonstrate its technical experience and capability in the relevant technical areas and/or access to such technical expertise and experience, including managerial expertise.

5 Any other relevant information

The applicant may submit any information not specified above which it considers relevant for the Authority's consideration of its application.

KEY LICENSING AND REGULATORY FRAMEWORKS GOVERNING OPERATIONS/SERVICE PROVISION FOR FBOS

1 LICENCE FEE

- 1.1 The successful applicant for facilities-based operations shall pay the applicable minimum annual licence fee stipulated within two weeks of the grant of the Licence. The Authority shall forfeit the fees payable under this condition if the Licensee withdraws the acceptance of the Licence after the Licence is awarded; or if the Licence is terminated or cancelled at any time during the term of the Licence.

2 NETWORKS AND SERVICES ROLLOUT PLAN

- 2.1 The Licensee shall rollout its network and services operations as committed under its application. Where the Licensee intends to deploy and operate its installation or plant within the buildings for the purpose of providing telecommunication services, the Licensee shall refer to the Authority's Code of Practice for Info-communication Facilities in Buildings (COPIF) on the relevant duties to be observed.

3 NUMBERING

- 3.1 The National Numbering Plan provides a set of rules and guidelines for the use and assignment of numbers to telephone services delivered over the Public Switched Telephone Network (PSTN), Radio Network¹³ and the Internet or other Internet Protocol (IP) based network. The National Numbering Plan also describes the assignment of numbers to international services, trunk service, emergency services and special services such as voice mail and Intelligent Network (IN) services.
- 3.2 The PSTN, Radio Network and IP Telephony (IPT) share the same numbering plan, which is a uniform 8-digit numbering plan. Numbers are categorised in various services under the National Numbering Plan according to the first digit. The structure of the national number¹⁴ generally complies with the relevant International Telecommunication Union Standard Sector (ITU-T) Recommendations.

¹³ Radio Network is used to collectively represent the paging network, cellular mobile network and trunked radio network.

¹⁴ National number is a subscriber number, which is 8 digits for PSTN and Radio Network. The number structure does not contain any trunk code or network code.

- 3.3 As the regulator of telecommunication industry, the Authority controls and manages the National Numbering Plan. The Authority also ensures that the number allocation process is fair and transparent so as to provide a level playing field for competition. The National Numbering Plan will be reviewed from time to time to ensure its continued relevance. For more information on the Authority's guidelines on number allocation to licensees, please refer to the National Numbering Plan at the Authority website.

4 NUMBER PORTABILITY

- 4.1 Number portability refers to the ability for subscribers to retain their current numbers, including 1800 (toll-free) and 1900 (premium) services numbers, when they change their service providers or geographical locations. Unless otherwise stated, licensees allocated with numbers are required to implement and support number portability.

5 RADIO FREQUENCIES

- 5.1 Licensees shall justify the use of radio frequencies and be subjected to payment of the required frequency fees. Licensees must take all necessary steps to ensure that the use of its systems is safe and does not cause interference to other existing radio-communication networks in the same band or in other bands.

6 QUALITY OF SERVICE STANDARDS

- 6.1 Licensees will have to comply with the Authority's applicable Quality of Service Standards for the services it wishes to provide.

7 INTERCONNECTION AND ACCESS WITH OTHER LICENSEES

- 7.1 The Code of Practice for Competition in the Provision of Telecommunication Services ("Telecom Competition Code") sets out the interconnection and access regulatory framework that licensees must comply with. Licensees are required to interconnect with other licensees. This is to ensure that there is seamless any-to-any communications throughout Singapore, where end-users can communicate between each other and access any services of any service provider regardless of which system(s) the end-users are directly connected to.

- 7.2 The Authority strongly encourages licensees to enter into interconnection agreements through commercial negotiations. Licensees may agree to

interconnect on any mutually agreeable terms, provided that they fulfill the minimum interconnection duties specified in the Telecom Competition Code. The Authority will generally not involve itself in interconnection negotiations between non-dominant licensees. For interconnection with dominant licensees, a licensee may, at its option, do so pursuant to the terms of: (i) an Authority-approved Reference Interconnection Offer (RIO) extended by the dominant licensee; (ii) any existing interconnection agreement between the dominant licensee and any other similarly situated licensee; or (iii) an individualised interconnection agreement with the dominant licensee through voluntary negotiations. If licensees fail to reach an individualised interconnection agreement under option (iii) within 90 days, either licensee may request the Authority to resolve the dispute under the Telecom Competition Code.

8 PROVISION OF INTERNATIONAL SERVICES

- 8.1 Licensees providing international services are expected to build international infrastructure which include back-haul facilities, international gateway facilities, cable landing stations, satellite uplink/downlink facilities and submarine cable/satellite transponder capacity, depending on the selected means of provision. The Licensee may also require access to international cable and/or satellite capacity in order to provide international telecommunication services.
- 8.2 As a start, the Authority will provide licensees with the necessary regulatory support and assistance in order that they may gain access to relevant infrastructure (such as submarine cable landing rights in Singapore) for the provision of international telecommunication services.

Applicants may wish to refer to FBO licences that are published on the Authority website for details on the other licence conditions.

SPECIMEN COPY OF BANKER'S GUARANTEE

Dated { }

{Name of Bank}

{Address of Bank}

To: Info-communications Media Development Authority

10 Pasir Panjang Road

#03-01 Mapletree Business City

Singapore 117438

Attn: Director General (Telecoms & Post)

Dear Sir

This Banker's Guarantee ("Guarantee") is issued pursuant to [Condition x.x]* and [Schedule X]* of the licence to provide [the proposed service] ("Licence") granted to {Name of Licensee} of registered address {Address of Licensee} under Section 5 of the Telecommunications Act (Cap. 323) (the "Act").

We, **{Name of Bank}** whose registered office is at **{Address of Bank}** (the "Bank") understand that the Info-communications Media Development Authority (the "Authority") has on **{Date of Licence}** issued the Licence to **{Name of Licensee}** to be a **[Facilities-Based Operator]** in Singapore.

Pursuant to **[Condition x.x]* and [Schedule X]*** of the Licence, the Bank hereby issues this Guarantee to secure the due performance of **{Name of Licensee's}** commitments with respect to **[its obligations under the Licence.] / [its obligations under the Licence in relation to Milestone X under Schedule X of the Licence.]**

The Bank hereby guarantees and undertakes to pay to the Authority up to the sum of **[amounting to 5% of the Licensee's total budgeted capital investment]** ("Guaranteed Amount"), in accordance with the terms and conditions hereinafter contained, if **{Name of Licensee}** fails to **[perform its obligations under the Licence] / [perform its obligations under the Licence in relation to Milestone X* under Schedule X* of the Licence].**

If **{Name of Licensee}**, in the Authority's sole and absolute opinion, fails to meet its commitments as stated under **[its Licence]**, the Bank guarantees to pay the Authority unconditionally on the Authority's written demand, the relevant sum of the Guaranteed Amount (or part thereof) without any notice, reference or further enquiry from **{Name of Licensee}** or any other party and without requiring or obtaining any evidence or proof that the Authority is entitled to the Guaranteed Amount (or part thereof).

Any such demand made by the Authority shall be conclusive and binding on the Bank notwithstanding any difference between the Authority and **{Name of Licensee}** or any dispute pending before any court, tribunal arbitrator, or any other authority.

Each demand by the Authority shall be accompanied by a certificate signed by an authorised officer(s) of the Authority substantially in the form as set out in the Schedule. The authorised officer(s) shall be any person who is appointed as such by the Authority and shall be subject to such change(s) as deemed necessary by the Authority from time to time. The Authority may not make a demand in any other manner except as expressly provided in this Guarantee.

For the avoidance of doubt, the Authority may make more than one demand on this Guarantee so long as the demands are made within the period specified and the aggregate amount specified in all such demands does not exceed the Guaranteed Amount.

All payments by the Bank to the Authority shall be by way of a **Singapore** dollar crossed cheque, drawn on a bank in Singapore and made in favour of the "Info-communications Media Development Authority".

The Bank shall pay the Authority within five (5) business days after the date on which the Authority makes a demand of a relevant sum of the Guaranteed Amount (or part thereof) on the Bank, failing which the Bank shall pay interest to the Authority at the prevailing prime rate of the bank. The term "Business Day" means a day (other than a Saturday, a Sunday or a public holiday in Singapore) on which commercial banks are open for business in Singapore.

The Bank shall not revoke this Guarantee during its currency without the Authority's prior written consent.

This Guarantee shall take effect on the date of the Licence, **{Start Date specified in Licence, Schedule X*}** and shall remain in force up to and including **{the expiry of the latest Banker's Guarantee Validity Period of the Milestones secured by this**

Guarantee} (“Guarantee Validity Period”). The Authority may serve its demand on the Bank at anytime after the expiration of the Guarantee Validity Period but prior to the expiration of three (3) months after the Guarantee Validity Period.

A person who is not a party to this Guarantee has no right under the Contracts (Rights of Third Parties) Act (Cap. 53B) to enforce any terms of this Guarantee.

This Guarantee shall be governed by and construed in accordance with the laws of Singapore and both parties hereto shall submit to the exclusive jurisdiction of the courts of Singapore.

Note:

- * [] Details to be changed accordingly depending on type of Licence granted.
- { } Details to be furnished by the Licensee.

SCHEDULE

CERTIFICATION OF DEFAULT

Dated { }

To: {Name of bank}
{Address of Bank}

Dear Sirs

BANKER'S GUARANTEE TO SECURE THE OBLIGATION OF {NAME OF LICENSEE} TO THE INFO-COMMUNICATIONS MEDIA DEVELOPMENT AUTHORITY

We refer to the Banker's Guarantee dated **[Date of Guarantee]**. Terms defined in the Guarantee shall, unless otherwise defined herein, have the same meaning in this certification.

We hereby certify that **{Name of Licensee}** has failed to meet its **[its obligations under the Licence] / [its obligations under the Licence in relation to Milestone X* under Schedule X* of the Licence.]** and such failure has not been remedied as at the date hereof.

{Insert name of authorised officer of IMDA}
for and behalf of
Info-communications Media Development Authority

INDEPENDENT AUDITOR'S REPORT ON LICENSEE'S ANNUAL GROSS TURNOVER

[To the Board of Directors of _____ (Company) or Other Appropriate Addressee]

Opinion

We have audited the Schedule of the Annual Gross Turnover ("AGTO")¹⁵, in relation to all licensable activities under the [please insert type of licence¹⁶] granted to the [Licensee's Name] (the "Licensee") by the Info-communications Media Development Authority ("IMDA"), for the period from [date] to [date] (the "Schedule").

In our opinion, the AGTO totalling [insert amount] in the Schedule is prepared, in all material respects, in accordance with the attached Basis of Preparation.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Schedule* section of our report. We are independent of the Licensee in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Accounting and Restriction on Distribution and Use

We draw attention to the attached Basis of Preparation to the Schedule, which describes the basis of accounting. The Schedule is prepared to assist the Licensee to meet the requirements of the IMDA in connection with the determination of the Licensee's annual licence fee by the IMDA. As a result, the Schedule may not be suitable for another purpose. Our report is intended solely for the Licensee and the IMDA and should not be distributed to or used by parties other than the Licensee or the IMDA. Our opinion is not modified in respect of this matter.

¹⁵ The AGTO refers to the annual amount of consideration to which [name of Licensee] (the Licensee) expects to be entitled in exchange for the transfer of promised goods or services to customers in relation to all licensable activities under the [please insert type of licence] granted to the Licensee by the Info-communications Media Development Authority

¹⁶ Types of Licences include, Facilities-Based Operations, Services-Based Operations (Individual), Postal Services Operations, Nationwide Free-to-Air TV Services, Nationwide Free-to-Air Radio Services, Nationwide Subscription TV Services, Niche TV Services.

Responsibilities of Management and Those Charged with Governance¹⁷ for the Schedule

Management is responsible for the preparation of the Schedule in accordance with the Basis of Preparation, and for such internal control as management determines is necessary to enable the preparation of the Schedule that is free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the Licensee's financial reporting process.

Auditor's Responsibilities for the Audit of the Schedule

Our objectives are to obtain reasonable assurance about whether the Schedule is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Schedule.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Schedule, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Licensee's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosures made by management.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to

¹⁷ Or other terms that are appropriate in the context of the engagement.

communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards¹⁸.

The engagement partner on the audit resulting in this independent auditor's report is [name].¹⁹

_____ (Firm)

Public Accountants and
Chartered Accountants
Singapore

_____ (Date)

Enclosure:

The Schedule
Basis of Preparation

¹⁸ This paragraph is to be included only if the Company is listed.

¹⁹ The engagement partner's name is only disclosed in cases whereby the company is listed.

COMPANY'S LETTERHEAD

**BASIS OF PREPARATION
OF THE ANNUAL GROSS TURNOVER**

Annual Gross Turnover ("AGTO")

The AGTO refers to the annual amount of consideration²⁰ to which [name of Licensee] (the Licensee) expects to be entitled in exchange for the transfer of promised goods or services to customers in relation to all licensable activities under the [please insert type of licence] granted to the Licensee by the Info-communications Media Development Authority.

²⁰ The amount of consideration is recognised in accordance with the Licensee's accounting policy for revenue. The accounting policy is based on the requirements of [SFRS(I) 15/ FRS 15] Revenue from Contracts with Customers.