

Annex 1 – General Requirements

SingTel has proposed provisions in its Proposed RIO Modification that do not comply with the Code's requirements in a significant number of material respects. This appears to be an attempt by SingTel to negate IDA's policy intent of the LLC Decision. The following is a summary of the material non-compliance with the Code's requirements:

- (a) The non-price terms proposed by SingTel for its provision of mandated wholesale LLCs are generally worse off as compared to SingTel's retail LLCs offering. This has the effect of substituting price barriers to competition with adverse non-price terms, thereby impeding the Requesting Licensees' ability to compete effectively against SingTel.
- (b) SingTel has proposed provisions that have the overall effect of substantially reducing the duration for which Requesting Licensees can obtain mandated wholesale LLCs under the Code. These include proposing onerous ordering processes, preventing Requesting Licensees from obtaining LLCs 60 business days prior to the expiry of the availability period of service, and providing for the commencement date of service to begin on 20 July 2004 prior to availability of such service under the RIO.
- (c) SingTel has proposed a minimum service commitment term of one year. IDA's policy intent behind its LLC Decision is to enable Requesting Licensees to obtain LLCs at competitive wholesale prices in order to facilitate their LLC trunk network rollout. Any minimum service commitment term has the effect of imposing unjustified costs on the Requesting Licensee and hampers its ability to roll-out their LLC trunk networks in an efficient and cost-effective manner.
- (d) SingTel has proposed restrictions on the ability of Requesting Licensees to resell the mandated wholesale LLCs on an "as is" basis. The Code does not place any such restriction on resale by the Requesting Licensees.

In revising its Proposed RIO Modification, SingTel must give effect to the general requirements set out below in this Annex 1.

1. Principal Requirements Governing Offer of LLCs as a Mandated Wholesale Service

- 1.1 In IDA's decision of 16 December 2003 ("LLC Decision"), IDA concluded that the wholesale LLC market is uncompetitive. In this respect, as an immediate short-term measure to bring about competitive wholesale LLC prices, IDA decided to designate SingTel's LLC as a mandated wholesale service for which SingTel must provide at specified "retail-minus" prices. This is to enable Requesting Licensees to acquire LLCs from SingTel at competitive wholesale prices, so that these Requesting Licensees can in turn compete effectively against SingTel¹.

¹ As noted in paragraph 10 of the explanatory memorandum to IDA's LLC Decision, competing operators currently have no alternative but to buy LLCs from SingTel at or near its retail prices and compete with SingTel for customers at the same retail price levels.

- 1.2 Consistent with the LLC Decision, as a general principle, IDA will not permit SingTel to adopt any non-price provision in its mandated wholesale offering of LLCs that is more onerous or worse off as compared to SingTel's retail LLCs offering. Any such provision will have the likely effect of preventing Requesting Licensees from acquiring SingTel's mandated wholesale service, from being able to compete effectively against SingTel for customers who enjoy better non-price terms under SingTel's retail LLCs offering.
- 1.3 Paragraph 7.2.7.1 of Appendix Two of the Code also clearly provides that SingTel must provide LLCs to Requesting Licensees "in a timely and non-discriminatory manner" and that the LLCs must be "of the same quality and capable of supporting the same transmission characteristics as those that it supplies to its End Users". In this respect, SingTel must also not adopt any non-price provisions which: (a) are unduly burdensome; (b) raise the Requesting Licensees' cost of providing services without any legitimate operational or technical justification; (c) unnecessarily delay provisioning of LLCs; and (d) are less favourable in any respect to what SingTel offers itself, its affiliates and its customers.
- 1.4 Accordingly, SingTel must revise its Proposed RIO Modification to ensure that it does not impose any provision that is more onerous or worse off as compared to its retail LLCs offering, and which provisions must also fully satisfy the requirements set out in Paragraph 7.2.7.1 of Appendix Two of the Code. Please also refer to IDA's annotations to SingTel's Proposed RIO Modification set out in Annex 2 for the specific provisions that IDA has identified to be non-compliant and for which SingTel must revise to comply with the above requirements.

2. Period of Availability of LLCs and Minimum Period of Service

- 2.1 SingTel's Proposed RIO Modification does not comply with the requirements of the Code in relation to the period of availability of LLCs as a mandated wholesale service. IDA will re-iterate to SingTel the following key requirements of the Code in relation to the period of availability of LLCs as a mandated wholesale service.
- 2.2 First, paragraph 7.2.1 of Appendix Two of the Code clearly provides that SingTel must offer LLCs "commencing from a date that IDA will specify by separate notice in the *Gazette*". For this purpose, when IDA approves SingTel's RIO modification for the provision of LLCs as a mandated wholesale service, IDA will then proceed to specify the commencement date for which the service becomes available². This will ensure that Requesting Licensees will have the benefit of the mandated wholesale LLC service for the entire

² Please also refer to paragraph 5 of IDA's LLC Decision wherein IDA stated that the designation of SingTel's LLCs as a mandated wholesale service will commence from the date on which IDA approves the prices, terms and conditions of the service for incorporation into SingTel's RIO.

duration of the availability period of between 18 to 24 months³ from the commencement date. However, SingTel has provided in its Proposed RIO Modification for the availability period to commence from 20 July 2004⁴. Given that Requesting Licensees are only able to obtain LLCs as a mandated wholesale service after SingTel's RIO has been modified, SingTel's proposed modification has the effect of substantially cutting down the duration of the availability period specified in the Code.

2.3 Second, paragraph 7.2.2 of Appendix Two of the Code clearly provides that SingTel must offer LLCs as a mandated wholesale service for a period of between 18 to 24 months. In this respect, subject to any reasonable timeframe approved by IDA for SingTel to process and provision the LLC service in its RIO, an eligible Requesting Licensee must have the ability to apply for LLCs at anytime within the availability period, provided that the service activation and provisioning takes place within the duration of the availability period. Therefore, SingTel must not restrict the ability of the Requesting Licensee to apply for and obtain LLCs within the availability period⁵. Such restrictions clearly impede the ability of Requesting Licensees to compete effectively against SingTel. For example, by preventing Requesting Licensees from submitting any further activation request for mandated wholesale LLCs during the period of 60 Business Days preceding the expiry of the applicable availability period, Requesting Licensees are in effect prevented from acquiring additional customers even though they may have completed the roll-out of their trunk circuits to SingTel's exchanges.

2.4 Third, following from SingTel's obligation under the Code to offer LLCs as a mandated wholesale service for the duration of the applicable availability period, IDA will also not permit SingTel to impose on the Requesting Licensee any minimum service commitment term. IDA's policy objective is to encourage Requesting Licensees to roll-out their LLC trunk networks in an efficient and cost-effective manner, thereby promoting facilities-based competition. Upon rolling out their trunk circuits to the respective SingTel exchanges, Requesting Licensees will require deactivation of the full circuits obtained from SingTel and "migrate" their service provisioning to SingTel's tail LLCs to connect to End Users' sites. Therefore, any attempt by SingTel to subject Requesting Licensees to any minimum service commitment term imposes additional and unjustified costs on the Requesting Licensees in their network roll-out. Instead, the term of service for a circuit shall be for a period of one month and renewed automatically on a monthly basis until the occurrence of the earlier of the following events: (a) the Requesting Licensee serves notice to deactivate the relevant circuit; (b) any specified event of termination occurs; or (c) the

³ With reference to paragraph 7.2.2 of Appendix Two of the Code, the period of availability is 18 months for LLCs terminating at End User's site(s) which is(are) all located within the CBD proxy region, and 24 months for all other LLCs.

⁴ For example, please refer to clause 5.3 of the Main Body of SingTel's RIO, clause 11.1 of SingTel's proposed Schedule 7A and clause 11.1 of SingTel's proposed Schedule 7B of its RIO. These clauses do not comply with the Code's requirements.

⁵ For example, please refer to clause 2.4 of SingTel's proposed Schedule 7A and clause 2.5 of SingTel's proposed Schedule 7B, which provides that SingTel will only process the activation request for LLC service that are submitted 60 Business Days before the expiry of the availability period. These clauses do not comply with the Code's requirements.

expiry of the availability period for the mandated wholesale LLCs as provided for in paragraph 7.2.2 of Appendix Two of the Code. The Requesting Licensee may serve notice to deactivate a circuit at any time during the term of service by giving SingTel one month prior written notice. Where the Requesting Licensee requires deactivation of a circuit before the expiry of the one month notice period, the Requesting Licensee shall remain liable for the recurring charges for the circuit until the date of expiry of the notice period.

3. No Resale Restriction to Other Licensees

- 3.1 SingTel's Proposed RIO Modification does not comply with the requirements of the Code in relation to allowing Requesting Licensees to resell LLCs obtained from SingTel on an "as is" basis.
- 3.2 Paragraph 7.2.3 of Appendix Two of the Code provides, among others, that SingTel must not prevent a Requesting Licensee from reselling LLCs obtained from SingTel to other Licensees (including Services-based Operators) for the purpose of connecting to End Users' sites⁶.
- 3.3 In a resale situation, the Requesting Licensee is re-selling (i.e. re-supplying) the LLC obtained from SingTel, either on an "as is" basis or as an input into other value-added service. However, SingTel has proposed restrictions that prevent the Requesting Licensee from reselling the LLCs on an "as is" basis⁷. Such restrictions do not comply with the Code's requirements.

4. Service Migration

- 4.1 IDA's designation of SingTel's LLCs as a mandated wholesale service is for an interim period of between 18 to 24 months. Thereafter, IDA will designate SingTel's tail LLCs as an IRS under the Code. During the interim period, IDA also expects Requesting Licensees to build their own LLC trunk networks to SingTel's exchanges and thereafter obtain tail LLCs from the nearest SingTel exchanges to connect to End Users' sites. In this respect, as and when Requesting Licensees have built their own trunk LLCs to SingTel's exchanges, they may deactivate the full LLCs obtained from SingTel and request for "service migration" to SingTel's tail LLCs. This can take place either within or upon the expiry of the availability period of the mandated wholesale LLCs service. Accordingly, IDA requires SingTel to provide in its revised Proposed RIO Modification, clear and detailed processes and procedures to enable "service migration". These processes and procedures must impose the least burden on the Requesting Licensees and End Users, and must not be less favourable than what SingTel offers itself, its affiliates and its customers. At a minimum, SingTel must address "service migration" under the following circumstances:

⁶ Please also refer to paragraph 20 of the explanatory memorandum to IDA's LLC Decision, wherein IDA explained its policy position in relation to permitting resale of LLCs to Services-based Operators.

⁷ For example, please refer to clause 7.3(a) of SingTel's proposed Schedules 7A and Schedule 7B, which provides that "the resale or otherwise re-supply of the [relevant] service "as is" by the Requesting Licensee to any Third Party is outside the scope of this sole purpose". These clauses do not comply with the Code's requirements.

- (a) de-activation of a mandated wholesale full circuit and activation of corresponding tail circuit(s), where the tail circuit(s) are obtained under the RIO as a mandated wholesale service within the availability period;
 - (b) de-activation of a mandated wholesale full circuit and activation of corresponding tail circuit(s), where the tail circuit(s) are obtained under the RIO as an IRS upon the expiry of the availability period; and
 - (c) transition of tail circuit(s) obtained under the RIO as a mandated wholesale service to that of an IRS, upon the expiry of the availability period of the mandated wholesale service for LLCs.
- 4.2 Notwithstanding the above, in all cases involving “service migration” of LLCs, SingTel must not take any action whatsoever which may result in service disruption to any End User (unless SingTel obtains prior waiver from IDA)⁸.

5. Access to Co-location Space

5.1 Schedule 8B of SingTel’s RIO governs requests for “Co-Location Space and physical access thereto at Co-Location Sites where a Point of Access (POA) with SingTel’s Network is or is to be located”. In order to access SingTel’s tail LLCs, a Requesting Licensee must co-locate its equipment at SingTel’s relevant exchange to establish a POA with SingTel’s Network to connect the Requesting Licensee’s trunk circuits to SingTel’s tail LLCs. Accordingly, IDA’s position is that SingTel must expand Schedule 8B of its RIO to also include co-location for access to SingTel’s tail LLCs. IDA is satisfied that there are compelling policy reasons to do so:

- (a) First, this will ensure efficient use of limited resources at SingTel’s exchanges. For example, where a Requesting Licensee has already obtained co-location space at any of SingTel’s exchanges for access to loops, the Requesting Licensee must also be permitted to use the same co-location space and its co-located equipment to access SingTel’s tail LLCs at no additional cost. SingTel may not require the Requesting Licensee to obtain separate co-location space and install separate equipment in the same exchange to access SingTel’s tail LLCs.
- (b) Second, upon the expiry of the availability period for LLCs as a mandated wholesale service, Requesting Licensees will not be made to terminate their licences for co-location space obtained under SingTel’s proposed Schedule 8E and be made to re-apply for a new licence under a separate co-location schedule. As the same Schedule 8B will govern Co-Location Space for access to tail LLCs, this will facilitate an efficient and effective transition of tail LLCs obtained under the RIO as a mandated wholesale service to that of an IRS.

⁸ Please also refer to paragraph 5 of this Direction on service migration of existing LLCs obtained under SingTel’s retail LLCs offering to the RIO.

- 5.2 SingTel has also not provided IDA with any justification why Co-Location Space at SingTel's exchanges for accessing tail LLCs should be governed by a separate provision apart from the existing Schedule 8B of its RIO.