

**AUCTION OF
TELEX CODES**

INFORMATION MEMORANDUM

4 December 2008

INFO-COMMUNICATIONS DEVELOPMENT AUTHORITY
REPUBLIC OF SINGAPORE

Important Notice

Terms and expressions used in this Important Notice are as defined in this Information Memorandum.

This Information Memorandum has been prepared in connection with the proposed allocation of telex codes. This Information Memorandum is for informational purposes only. It is made available on the express understanding that it will be used for the sole purpose of assisting an interested person in deciding whether it wishes to proceed with a further investigation of possible participation in the Auction.

This Information Memorandum is not intended to form any part of the basis of any investment decision or other evaluation of any decision to participate in the Auction and should not be considered as a recommendation by IDA or IDA's advisers to participate in the Auction. Each interested person must make its own independent assessment of the potential value of the telex codes after making such investigation as it may deem necessary. All information contained in this Information Memorandum may be updated or amended at any time.

While the information contained in this Information Memorandum is believed to be accurate as at the time of posting on IDA's website, it has not been independently verified by IDA or its advisers. Neither IDA nor any of IDA's advisers nor any of their respective directors, partners, officers or employees make any representation or warranty (express or implied) nor has nor will have any responsibility or liability in relation to the accuracy or completeness of the information contained in this Information Memorandum or any other written or oral information made available to any interested person or its advisers. Any responsibility or liability in respect of any such information or any inaccuracy in this Information Memorandum or omission from this Information Memorandum is expressly disclaimed.

This Information Memorandum does not constitute an offer or invitation to participate in the Auction.

Each recipient of this Information Memorandum should consult its own professional advisers as to financial, legal, tax and other matters concerning any potential participation in the Auction or any allocation of the telex codes.

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(A) GENERAL INFORMATION

1. Introduction

1.1 The Info-communications Development Authority of Singapore (“IDA”) is the authority in charge of regulating and promoting the information and communication technology industry in Singapore. IDA will offer to allocate one set of telex codes by way of the process described in this Information Memorandum (“Auction”). By winning the Auction, it permits the Bidder to use the set of telex codes it is allocated in the Auction to provide telex service, provided that the Winning Bidder has or obtains the necessary Service-Based Operator Licence (Individual) (“SBO (I) Licence”) or Facilities-Based Operator (“FBO”) Licence for such operations. This Information Memorandum contains important information that interested persons should read and understand for the purpose of the Auction.

1.2 This Information Memorandum contains:

- Details of the set of telex codes offered for allocation in the Auction;
- a review of associated policy issues;
- an indicative timetable; and
- a description of the application process.

Unless expressly specified otherwise, terms and expressions used in this Information Memorandum are defined in the Auction Rules (please see “Auction of Telex Codes – Auction Rules” released by IDA on 4 December 2008).

2. Telex Codes to be Allocated

2.1 IDA will allocate the following set of telex codes (“Telex Codes”) through the Auction:

(a) Telex Destination Code (“TDC”) – 87

(b) Telex Network Identification Code (“TNIC”) – RS

3. Existing use of the Telex Codes

3.1 The Telex Codes are currently being used by Singapore Telecommunications Ltd (“SingTel”) for the provision of telex service in Singapore. IDA has given approval to SingTel for its request to withdraw its telex service by 30 April 2009. The Telex Codes, “87” and “RS”, will be recovered from SingTel upon SingTel’s cessation of telex service and allocated to the Winning Bidder.

4. Use of the Telex Codes

4.1 The telex provider serves a niche market in Singapore and given that the telex subscribers need to rely on telex service due to the nature of the industries they are in, it is important to ensure the continued provision of telex service to the subscribers. The Winning Bidder who is allocated the Telex Codes will be required to provide telex service to the public immediately after SingTel ceases its telex service.

4.2 IDA will not restrict the technology used by the Winning Bidder for the provision of telex service as long as the Telex Codes are used for the provision of telex service.

4.3 IDA reserves the right to recover the allocated Telex Codes if the Winning Bidder fails to roll out its telex service by 1 July 2009 or ceases to provide telex service in Singapore.

4.4 The telex provider shall comply with any provisions applicable to the use of telex codes in the National Numbering Plan.

5. Rationale for Auction Approach

5.1 The auction methodology has been chosen to be the mechanism to allocate the Telex Codes. This takes into account that multiple parties are interested in the same set of Telex Codes and that a market-based allocation approach, such as an auction, is more effective in ensuring resource optimisation by the interested parties. An auction will be a more efficient, objective and transparent approach for allocating limited resources because it relies on market forces to allocate limited resources to those who value them most. See Section B for overview of the Auction mechanism.

6. Applications

6.1 In order to participate in the Auction, a person must submit an Application Form (accompanied by the documents specified in the Application Form) as set out in Appendix 1 to the Auction Rules and a crossed cheque made payable to the "Info-communications Development Authority of Singapore" with an amount equivalent to the Bid Price plus 7% GST.

6.2 IDA will determine: (a) whether the Application Form (accompanied by the documents specified in the Application Form) and cheque are in compliance with the Auction Rules; and (b) whether a person submitting such documents is eligible as a Bidder entitled to participate in the Auction.

6.3 IDA, when deciding whether such person is eligible to participate as a Bidder in the Auction, may take into account, amongst other things:

- (a) whether it would be in the public interest for such person to be allocated the Telex Codes; and

- (b) all or any facts, circumstances or matters which IDA considers to be relevant including the financial or personal probity and standing of such person, or any company in the same corporate group as such person, or any director or shareholder of such company.

6.4 The Telex Codes will only be allocated to a company incorporated in Singapore under the Companies Act (Cap. 50).

7. Establishing a New Entity/Consortium

7.1 IDA appreciates that a person or a consortium may wish to participate in the Auction but may not have established an entity which complies with the applicable requirements (see Section 2 of the Auction Rules) at the time the Application Form must be submitted. It is not necessary for such an entity to have been established in order for a Bidder to participate in the Auction.

7.2 In the case of a consortium, one member of the consortium will represent the consortium in the Auction and participate in the Auction as a Bidder. IDA will treat such a representative as though it were participating in the Auction on the Bidder's behalf and IDA shall not have any dealings with, or responsibility to, any other member of the consortium.

7.3 It is the responsibility of the Bidder, if successful in the Auction, to ensure that an appropriate entity owned and controlled by the Bidder, or by the consortium, in accordance with the information provided to IDA and complying with the applicable requirements (see Section A.6 of the Information Memorandum) is established before the application for the SBO (I) Licence or FBO Licence.

7.4 The Application Form submitted in respect of any consortium must provide details of all members of the consortium, including details of their ownership and control structure.

8. Determination as to whether the Auction will proceed

8.1 IDA retains the discretion whether to proceed with the Auction in all situations.

8.2 If the highest Bid Price submitted is the same for more than one Bidder, IDA will conduct a second round of Auction, with the new Reserve Price set to the highest bid amount submitted previously.

8.3 If there is only one valid bid received for the Telex Codes, that Bidder will pay the Bid Price it had submitted in its bid.

9. Reserve Price

9.1 The Reserve Price for the Telex Codes is S\$1,000.00, exclusive of the applicable GST.

10. Fees and Charges Payable for the Allocation of the Telex Codes

10.1 In the allocation of the Telex Codes, the Winning Bidder shall pay the Bid Price at the close of the Auction.

11. Outcome of the Auction

11.1 In the case where the Auction proceeds, the outcome of the Auction will determine the Bidder which is allocated the Telex Codes (“Winning Bidder”).

11.2 Please refer to Section B for details on how the Telex Codes will be allocated if the Auction proceeds.

12. Licence Requirements

12.1 The Winning Bidder will not be issued a new SBO (I) or FBO Licence pursuant to the allocation of the Telex Codes if it already holds an existing SBO (I) or FBO Licence. In the event that the Winning Bidder’s existing SBO (I) or FBO Licence does not allow the provision of telex service, then it must request IDA to modify the scope of its services under its SBO (I) or FBO Licence.

12.2 If the Winning Bidder does not hold an SBO (I) or FBO Licence at the time it is allocated the Telex Codes, it must apply for an SBO (I) or FBO Licence within thirty days of the allocation of the Telex Codes. Details on the SBO (I) and FBO Licensing Framework and Guidelines can be found on IDA’s website at www.ida.gov.sg. Such SBO (I) or FBO Licence must be obtained before services are provided using the Telex Codes granted to such Bidder.

12.3 All holders of SBO (I) Licences will be required to pay the annual SBO (I) Licence fees, currently set at S\$5,000.00 per annum. Please refer to IDA’s website, under the section on “Policy & Regulation, Licensing”, for a template of an SBO (I) Licence.

12.4 If the Winning Bidder already holds an existing SBO (I) or FBO Licence and the existing SBO (I) or FBO Licence does not allow the provision of telex service, it must within thirty days of the allocation of the Telex Codes request IDA to modify the scope of its services and systems under its existing SBO (I) or FBO Licence.

12.5 If the Winning Bidder intends to deploy its own telecommunication infrastructure to provide its own telex lines to the subscribers, it is required to apply for an FBO Licence from IDA if it currently does not hold an existing FBO Licence

from IDA. This is in line with the current licensing framework whereby any person deploying telecommunication infrastructure for the carriage of telecommunication traffic is required to apply for an FBO Licence from IDA. Details on the FBO Licensing Framework and Guidelines can be found on IDA's website at www.ida.gov.sg. If the Winning Bidder only leases telecommunication infrastructure from licensed operators, then an SBO (I) Licence would suffice.

12.6 All holders of FBO Licence will be required to pay the annual FBO Licence fees, currently set at 1% of the licensee's Annual Gross Turnover, subject to a minimum of S\$100,000.00. Please refer to IDA's website, under the section on "Policy & Regulation, Licensing", for a template of an FBO Licence.

12.7 IDA reserves the right to withdraw the allocation of Telex Codes if the Winning Bidder fails to possess a valid SBO (I) or FBO Licence for the provision of telex service.

13. Duration for use of Telex Codes

13.1 The Telex Codes allocated in the Auction will be withdrawn upon the Winning Bidder's cessation of telex service.

13.2 It is expected that the Telex Codes allocated under the Auction or otherwise allocated by IDA, will be effective as of 1 May 2009

14. Trading of Telex Codes

14.1 IDA does not permit the trading of the Telex Codes by the Winning Bidder.

15. No Moratorium

15.1 IDA may allocate further TNIC and TDC resources for the provision of telex service at any time, and does not commit to any moratorium period during which no such allocation will take place.

16. Provision of Telex Service

16.1 The Winning Bidder shall enter into a commercial contract with its customers.

16.2 The Winning Bidder needs to clearly state to the subscribers the terms and conditions for the subscription of telex service, including price and non-price terms; and any service level agreements.

16.3 The Winning Bidder will also be required to comply with all International Telecommunication Union procedures and requirements for the provision of telex service.

(B) INTRODUCTION TO THE AUCTION FRAMEWORK AND THE BIDDING PROCEDURE

1. Introduction

1.1 This introduction is intended only to provide an overview of some of the main features of the Auction. Any person interested in participating in the Auction should familiarise itself with the Auction Rules and should seek appropriate independent legal and other advice in respect of the Auction Rules.

2. The Auction

2.1 The existing Telex Codes (as specified in Section A.2) will be auctioned and the Winning Bidder will be allocated the Telex Codes.

2.2 The Auction will be conducted in accordance with the Auction Rules and will follow a one-time sealed bid first price auction format. The Winning Bidder is the Bidder who has submitted the highest bid in a single bid auction and pays the Bid Price it has submitted in its bid.

2.3 Bidders will participate in the Auction using the Application Forms to submit their bids. Bidders are to submit the Application Forms (accompanied by the documents specified in the Application Form) and cheques in sealed envelopes at the location, time and date stipulated in the Auction Rules. Upon receipt of the sealed envelopes, IDA officers will open the envelope in the presence of each of the respective Bidder to ensure the appropriate documents have been submitted. IDA officers will then issue an acknowledgement slip to the respective Bidder for the receipt of the bid. For a bid to be considered a valid bid, one of the basic requirements is that it must be above the Reserve Price.

2.4 The Auction will close at the time and date stipulated in the Auction Rules.

3. Results of the Auction

3.1 IDA will announce the results of the Auction within five Business Days (or such longer time as IDA deems appropriate) of the announcement of the close of the Auction.

3.2 The Telex Codes will be allocated following payment by the Winning Bidder in full of the relevant Bid Price. If the Winning Bidder's cheque is subsequently dishonoured, that Bidder will not be allocated the Telex Codes.

4. Forfeiture and Exclusion

4.1 IDA may determine that a Bidder will forfeit amounts up to the amount of the Reserve Price for breaches of the Auction Rules and other conduct prejudicial to the

Auction. Where there is only one bid submitted, the forfeit amounts will be up to the amount of the Reserve Price.

4.2 In addition, Bidders can be excluded from the Auction by notice from IDA in certain circumstances, including collusion between Bidders and conduct prejudicial to the Auction.

(DISCLAIMER: Neither IDA nor any of its officers or employees or its advisers makes any representation nor warranty (express or implied) nor accepts nor will accept any responsibility or liability whatsoever as to, or in relation to, any errors resulting from or relating to the Auction. In no event shall IDA or any of its officers or employees or its advisers be liable for any damages whatsoever resulting from or relating to the Auction. No obligation or liability whatsoever on the part of IDA or its officers or employees or its advisers will arise from the advice or service provided in connection with the Auction.

Bidders are solely responsible for ensuring the security of their bids and that only their Authorised Representatives submit bids on their behalf. Neither IDA nor any of its officers or employees or its advisers will accept any responsibility or liability whatsoever for any of these matters.)

(C) TIMETABLE

1. The timetable set out below is indicative only of the expected timing of certain key events prior to the start of the Auction. The Auction Rules contain provisions relating to the notice which will be given of certain dates and events in relation to the Auction.

2. Please note that IDA may at any time change any of the times or dates and/or shorten or extend the time periods set out in the Auction Rules upon giving at least twenty-four hours' notice, save in emergency situations where such changes may be made without notice.

Milestone	Date
Issuance of Information Memo and Auction Rules	4 December 2008
Deadline for submission of queries by Bidders	10 December 2008
Deadline for submission of reply letter for Information Session	10 December 2008
Information Session for interested Bidders	12 December 2008
Submission of Auction Bids	19 December 2008
Announcement of Winning Bidder	Within 5 Business Days from announcement of Winning Bidder

(D) THE REGULATORY REGIME IN SINGAPORE

1. The Regulatory Authority

1.1 IDA is the authority in charge of regulating the information and communication technology industry in Singapore. IDA is a statutory board under the purview of the Ministry of Information, Communications and the Arts.

2. Relevant Legislation

2.1 There are various legislation and subsidiary legislation that are relevant to the provision of telex service. Persons interested in being allocated the Telex Codes and the licence to provide telex service should ensure that they familiarise themselves with such legislation and seek independent legal and other appropriate advice in respect of such legislation.

2.2 The relevant legislation includes (but is not limited to):

- (a) the IDA Act; and
- (b) the Telecommunications Act.

2.3 There are also various codes of practice and numbering plan governing the field of telecommunications, which include (but are not limited to):

- (a) the Telecom Competition Code 2005;
- (b) the Code of Practice for Info-Communications Facilities in Buildings ("COPIF"); and
- (c) the National Numbering Plan.

3. The IDA Act

3.1 The IDA Act sets out the functions and powers of IDA with regard to the licensing and regulation of telecommunication systems and services in Singapore.

4. The Telecommunications Act

4.1 The Telecommunications Act is the primary legislation relating to telecommunications. The Telecommunications Act empowers IDA to grant licences for the provision of telecommunication services and to regulate the telecommunication industry in Singapore. It also authorises IDA to make regulations governing the classes of licences to be granted by IDA and the conditions for their grant, as well as the control and regulation of interference by radio waves, electrical

and other telecommunication means in Singapore. Offences and penalties relating to the unlawful operation of telecommunication systems or services are also stipulated in the Telecommunications Act.

5. The Telecom Competition Code 2005

5.1 The Telecom Competition Code first came into force on 29 September 2000. On 18 February 2005, IDA issued a revised Telecom Competition Code 2005, which came into effect on 4 March 2005. The Telecom Competition Code 2005 sets out a comprehensive regulatory framework for the development of fair and effective competition in the telecommunication industry in Singapore.

5.2 The licensing framework adopted by IDA under the Telecommunications Act, for providing telecommunication services, is divided into the following categories of licensees:

- (a) Facilities-based licensees;
- (b) Services-based licensees;
- (c) Telecommunication equipment dealer licensees; and
- (d) Self-provisioning licensees.

5.3 The Telecom Competition Code applies to the categories of licensees listed in (a), (b), and (c) above, albeit to varying degrees in recognition that certain licensees should be obliged to comply with more stringent obligations by virtue of the extent of their control over the market.

6. COPIF

6.1 The COPIF came into effect on 15 September 2000 and sets out detailed specifications and guidelines for telecommunication facilities in buildings to ensure that architects and construction professionals include in new and re-furbished buildings adequate in-building cabling facilities and space required for the operation of installations and plants used by the public telecommunication licensees and telecommunication system licensees in providing info-communication services to building occupants.

7. National Numbering Plan

7.1 The National Numbering Plan provides a set of rules and guidelines for the use and allocation of number resources for telecommunication services in Singapore.

7.2 The details about the Telecom Competition Code, COPIF and the National Numbering Plan are available on the IDA website.

(E) QUERIES

1. All queries relating to this Information Memorandum and/or the Auction should be made in writing and sent by post or fax directly to IDA to be received by IDA no later than **5.00 p.m. on 10 December 2008**. All queries should be addressed to the following person and sent to the following address:

Info-communications Development Authority of Singapore
8 Temasek Boulevard #14-00
Suntec Tower 3
Singapore 038988
Fax No: (65) 6211 2116

For the attention of: Mr Andrew J. Haire

All queries should be marked: ***Telex Codes Auction Queries***

2. Please note that all queries must be made in writing. No responses will be given to verbal queries. An electronic version must also be sent by e-mail to lee_kah_hui@ida.gov.sg. IDA is under no obligation to respond to any queries made. IDA may publish any queries and the answers provided on its website at <http://www.ida.gov.sg>. The identity of the person raising the query will not be published.

3. Any person considering participating in the Auction should not assume that their application to participate in, their participation in, or the results of, the Auction will be kept confidential. Queries raised by any person must be made in accordance with this Information Memorandum and the Auction Rules. IDA may also publicly announce information relating to the Auction and/or the allocation of the Telex Codes either during or following the close of the Auction or the relevant procedure, without consulting any interested persons.