

GUIDELINES ON SUBMISSION OF APPLICATION FOR FACILITIES-BASED OPERATOR 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 Development Authority of Singapore (IDA) 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 set of 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 applying 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. Thus, licensees who are licensed as FBO would 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 be issued a single licence for all the networks/services it intends to operate/offer. Hence, if a SBO decides to build its own network after building up its market share, it can 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 refers 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 their 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 IDA.

2.2 Telecommunication networks, systems and facilities include any telecommunication infrastructure for the carriage of telecommunication or broadcast traffic. The traffic can be cross-border or local in nature, and the network coverage can 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 mobile phone, paging, trunked radio or mobile data services; and fixed telecommunication systems (e.g. switches, optical fibre, cable ducts, submarine cables, frontier stations, international cable and satellite gateways) required to offer local and international voice, data and leased circuit services. 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 services¹.

2.3 The range of telecommunication services to be provided over the licensees' facilities can include backbone/wholesale bandwidth capacity and interconnection/access services to other licensed telecommunication operators, or other domestic and international services such as the following:

- Public Switched Telephone Services
- Public Switched Message Services
- Public Switched Integrated Services Digital Network (ISDN) Services
- Leased Circuit Services
- Public Switched Data Services
- Public Radiocommunication Services²
- Public Cellular Mobile Telephone Service (PCMTS)
- Public Radio Paging Services (PRPS)
- Public Trunked Radio Services (PTRS)
- Public Mobile Data Services (PMDS)
- Public Mobile Broadband Multimedia Services
- Public Fixed-Wireless Broadband Multimedia Services
- Terrestrial Telecommunication Network for Broadcasting Purposes
- Satellite Uplink/Downlink for Broadcasting Purposes

3 GENERAL LICENSING AND REGULATORY FRAMEWORKS

Licensing Framework

¹ For example, a FBO Licensee may need 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.

² Public radio-communication services refer to maritime and aeronautical services.

- 3.1 Parties interested to apply for an FBO Licence should submit their proposals to IDA in accordance with the requirements outlined in Section 4 of this Guidelines.
- 3.2 IDA will not pre-determine the number of FBO licences to be issued. There may however be frequency spectrum or other resources and physical constraints that will limit the number of licences available for certain networks and/or services. There are no foreign equity limits imposed on FBO licensees. The Licensee shall be a company incorporated under the Singapore Companies Act, Chapter 50³.
- 3.3 IDA will evaluate an FBO licence application based on its merits. IDA 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;
 - (e) technical plan and capability of the applicant; and
 - (f) any other information provided by the applicant.

IDA 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 service⁴ and level of customer service support; and resource limitations and physical constraints, before awarding a licence to an applicant.

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

- 3.4 In line with IDA'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

³ For licensees deploying only fixed wireless infrastructure for public broadband multimedia services through the use of nationwide wireless LAN, LMDS, infra-red and laser technologies, IDA will accept applications from foreign companies that are registered under the Singapore Companies Act, Chapter 50.

⁴ Please refer to the IDA website for IDA's key quality of service (QoS) standards. These QoS standards are subject to review and update from time to time.

concerns, if any arises. Once the licence is granted however, licensees will be required to seek IDA's prior approval for any subsequent changes to their networks and services 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)⁵ under section 6 of the Telecommunications Act (Cap. 323). PTLs enjoy certain provisions under the Telecommunications Act (Cap. 323) that facilitates the installation and maintenance of their systems; and protection of their systems. IDA reserves the right to impose certain basic service obligations when deemed necessary.
- 3.6 Arising from scarcity of radio frequency spectrum, operators who intend to deploy wireless technology platforms will be assigned spectrum and/or licensed as FBOs separately via a comparative selection exercise and/or an auction exercise. The number of spectrum rights and licences available will be largely dependent on the radio frequency spectrum available and the bandwidth plan. Interested parties are invited to review the IDA Radio Spectrum Master Plan, which can be found at the IDA website, for more details of the planning and availability of the radio frequency spectrum.

Regulatory Framework

- 3.7 All FBO licensees will be regulated in accordance with the licensing and regulatory frameworks established by IDA, 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. Interested parties may refer to the IDA website for copies of a generic FBO licence or the licences issued to other FBO licensees, the Telecom Competition Code and other relevant guidelines issued by the IDA⁶.

⁵ IDA 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.

⁶ IDA's website address is www.ida.gov.sg . The documents can be found under the Policy and Regulation section.

3.8 IDA recognises that the info-communications environment is dynamic and ever-changing. IDA will continue to review and refine the frameworks to ensure their relevance, taking into consideration market trends and developments.

Licence Fees and Licence Duration

3.9 In general, licence fees for FBOs will be an annual recurrent licence fee set at 1% of the Licensee’s Annual Gross Turnover (AGTO)⁷, subject to a minimum amount which differs, depending on the services offered. 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 fees as stipulated below:

Licence	Licence Fee
<ul style="list-style-type: none"> • FBO designated as PTL 	Initial Fee: None Annual Fee: 1% AGTO, subject to a minimum of S\$250,000 per year Licence Duration: 20 years, renewable for a further period as IDA thinks fit
<ul style="list-style-type: none"> • Terrestrial telecommunication networks for telecommunication purposes 	Initial Fee: None Annual Fee: 1% AGTO, subject to minimum of S\$100,000 per year Licence Duration: 15 years, renewable for a further period as IDA thinks fit
<ul style="list-style-type: none"> • Public cellular mobile telephone services • Public mobile broadband multimedia services • Public fixed-wireless broadband multimedia services 	Due to limited frequency spectrum, the licence fees and licence duration will be specified together with the approach to award the respective spectrum rights and licences, via a comparative selection exercise and/or an auction exercise.
<ul style="list-style-type: none"> • Public radio paging services • Public mobile data services • Public trunked radio services 	Initial Fee: None Annual Fee: 1% AGTO, subject to minimum of S\$1,200 per year Licence Duration: 10 years, renewable for a further period as IDA thinks fit

⁷ Annual Gross Turnover (AGTO) is the annual fair value of the consideration received or receivable for licensable activities taking into account the amount of any trade discounts and volume rebates allowed by the enterprise.

For the computation of the annual licence fee, licensees are required to submit the AGTO that is audited by a certified public accountant using the special purpose audit SSA800 standards for the computation of the annual licence fee. The template of the audited AGTO statement to be submitted is attached in Annex 4.

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

3.10 IDA 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 licensee shall provide IDA 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 IDA. The performance bond shall cover the material obligations of rollout, service provision and commitments as well as obligations in compliance with any directions issued by IDA.

4 LICENCE APPLICATION PROCEDURE

4.1 Each applicant should submit three copies of its applications under a confidential cover with the title clearly marked “**APPLICATION FOR FACILITIES-BASED OPERATOR LICENCE**”. Each applicant should include all the basic information requested for in Annex 1 of this Guidelines and submit their application to IDA at the following address:

Info-communications Development Authority of Singapore
8 Temasek Boulevard
#14-00 Suntec Tower Three
Singapore 038988
(Attn: Deputy Director General (Telecoms & Post))

4.2 Each application should include a content page and an executive summary, highlighting the main points and salient features of the proposal. Each submission should include one set of CD/DVD containing the application. Applicants should use at minimum Microsoft Word 97 and Microsoft Excel 97 for their text and spreadsheets.

4.3 IDA will acknowledge individually each application⁸. Unless requested by the applicant, IDA may disclose the identities, including the composition of the

⁸ Applicants will no longer have to pay an administrative fee of S\$1,000 (inclusive of GST) for the application for FBO licence with effect from 1 April 2009.

applicants. A list of FBOs licensed by IDA will be posted on the IDA website. IDA also reserves the right to disclose any information submitted by applicants where IDA deems necessary for purposes of clarifying the licences awarded. All other information will be treated in confidence.

- 4.4 Clarifications/queries submitted in relation to this licensing framework/guidelines and IDA's corresponding replies may be published on the IDA website, unless the information is deemed to be commercially sensitive by the inquiring party and justified accordingly to IDA.
- 4.5 IDA may seek clarification and additional information from the applicant arising from an application. Each application should include an address, contact telephone and facsimile numbers and the name and designation of the contact person for communication with IDA.
- 4.6 Successful applicants will generally be awarded their licences within four weeks of application submission, provided that the applicant has submitted all the necessary information requested by IDA for evaluation purposes and IDA has completed all necessary clarifications with the applicant.⁹
- 4.7 One licence will be issued to the successful applicant (or Licensee) for each licence category applied for, regardless of the type and range of operations and services to be provided under each category. The Licensee must however seek the prior approval of IDA for any subsequent changes to the scope of its licensed operations and services. IDA will update the licence accordingly.
- 4.8 Existing licensees holding any licence that falls under the FBO category, and who wish to continue with their existing scope of operations and services may do so. Existing licensees who wish to expand the scope of their operations and services are invited to apply to the IDA.
- 4.9 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 IDA, must be immediately notified to IDA.
- 4.10 Successful applicants will be required to launch the commercial services proposed in their applications.

5 CORRESPONDENCE/ENQUIRIES

- 5.1 Any enquiries concerning this invitation to submit applications are welcome. Enquiries made in writing should indicate clearly on the cover “**Enquiries on FBO Licensing**” and should be addressed to:

Info-communications Development Authority of Singapore
8 Temasek Boulevard
#14-00 Suntec Tower Three
Singapore 038988
(Attn: Deputy Director-General (Telecoms & Post))

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 IDA 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. IDA 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 IDA. IDA reserves the right not to accept any application submitted. IDA 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 **IDA reserves the right to disclose the identities of parties who have submitted applications. All other information received will be treated in confidence.**

⁹ In the event that IDA requires more than four weeks to assess the application, IDA will endeavor to notify the applicant that another four weeks is required.

INFORMATION TO BE PROVIDED IN FBO LICENCE APPLICATIONS

1 Vision

Singapore's vision is to be an outstanding info-communications hub in the new knowledge-based global economy. The applicant shall outline its 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 should submit the following documents:
 - (i) photocopies of the company's incorporation¹⁰ documentation under the Singapore Companies Act, Chapter 50 including certified copies of the company'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;

¹⁰ For licensees deploying only fixed wireless infrastructure for public broadband multimedia services through the use of nationwide wireless LAN, LMDS, infra-red and laser technologies, IDA will accept applications from foreign companies that are registered under the Singapore Companies Act, Chapter 50.

- (f) copies of detailed audited accounts of the applicants (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 Statements of Accounting 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 should 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%¹¹ 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 operation;
- (e) details of the proposed financing plan, including:
 - (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;

¹¹ 10% takes into consideration the average cost of capital in international capital markets. Applicants may propose other values more appropriate for their specific circumstances.

- (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 operation; and commitments for improvements to infrastructure facilities for the next 5 years.

- (d) Network Interconnection
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 supportive 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. IDA 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. IDA has issued a COP for Info-communication Facilities in Buildings (COPIF), implemented with effect from 15 September 2000, to facilitate network rollout by licensees.

3 NUMBERING

- 3.1 As the telecommunication industry regulator, IDA controls and manages the National Numbering Plan. IDA allocates numbers in blocks of 10,000 numbers to the relevant operators and ensures that the scarce number resource is utilised efficiently. IDA also ensures that the number allocation process is fair and transparent so as to provide a level playing field for competition. The National Number Plan is reviewed from time to time to ensure its continued relevance. The Licensee shall comply with IDA's National Numbering Plan as published on IDA's website at the following URL: http://www.ida.gov.sg/idaweb/doc/download/I476/National_Numbering_Plan.pdf
- 3.2 IDA has defined certain patterns of telephone numbers to have a certain value ("Golden Numbers") because they are easy to remember. When assigning numbers to licensees, IDA will require the licensees to pay a one-time sum of S\$ 50 per Golden Number at the time of assignment of the number blocks. Based on present definition, there are 486 Golden Numbers in a 10,000 number block. The licensees have the flexibility thereafter to market the numbers, including offering them to their customers free of charge.

Short Codes

- 3.3 Short access codes are 3- or 4-digit numbers that allows callers (end-users) to gain access to special services provided by any of the Licensee. These short access codes can be categorised into 2 groups:

- (a) codes which are universally accessible¹² and allocated to a single licensee - Category I; and
- (b) codes which are universally accessible and universally allocated¹³ to all licensees - Category II

3.4 All licensees must share the following Category II common access codes:

- (i) “000” international dial direct (IDD) access code
- (ii) “1800” toll-free services access code
- (iii) “1900” premium rate services access code
- (iv) “100” directory enquiry services access code
- (v) “19xx” internal network test / routing access code
- (vi) “1711” time announcement access code

3.5 IDA reserves the right to review the current categorisation of short codes and classify more numbers under Categories I and II where necessary.

3.6 Currently, there are fewer 3-digit access codes available compared to the 4-digit access codes. As such, FBOs who have substantial infrastructure investment will be given priority for the 3-digit access codes. Furthermore, only FBOs that meet the following criteria will be eligible to ballot/bid for 3-digit access codes:

- a) FBOs with overall investments in infrastructure, including international connectivity and capacity that will expand the overall global international reach from Singapore, with investment commitment of at least S\$150 million over the first 3 years from the date of licensing; and
- b) FBOs must intend to serve the mass consumer market base so as to justify the use of 3-digit access codes; for instance, offering international public switched telecommunication services to the general public. FBOs offering international communication services to just corporate users will therefore not be eligible for 3-digit access codes.

3.7 For more information on IDA’s guidelines on number allocation to licensees, please refer to the National Numbering Plan at the IDA website.

¹² “universally accessible” means any end-user should be able to gain access to the respective services regardless of which Licensee’s network the end-user is using. The services may or may not be provided by this Licensee by default. This will however be transparent to the end-user.

¹³ “universally allocated” means that all Licensees will use the same access codes for the provision of certain specific services.

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 operators or geographical location. Number portability is already in place for PCMTS and PRPS since 1 April 1997, and for fixed networks since 1 April 2000. Unless otherwise stated, licensees allocated with numbers are required to implement and support number portability.

5 INTERCONNECTION AND ACCESS WITH OTHER LICENSEES

- 5.1 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.
- 5.2 IDA 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. IDA 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 IDA-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; (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 IDA to resolve the dispute under the Telecom Competition Code.

6 PROVISION OF INTERNATIONAL SERVICES

- 6.1 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.

Service Provision by means of Satellite

- 6.2 As a start, IDA will provide licensees with the necessary regulatory support and assistance in order that they may gain access to relevant infrastructure (including Level 4 access to INTELSAT facilities and submarine cable landing rights in Singapore) for the provision of international telecommunication services.

7 INTERNATIONAL SETTLEMENT REGIME

- 7.1 To ensure fair, effective and transparent competition in the provision of international telecommunication services, IDA has formulated a set of guidelines to govern international settlement arrangements between our international carriers and those in the overseas destinations, in particular, arrangements for parallel accounting and proportionate returns. Licensees who establish their own international telecommunication facilities and/or provide international telecommunication services are required to comply with the guidelines, details which can be found at the IDA website.
- 7.2 In summary, for purposes of establishing the requirements for international settlement arrangements, routes to overseas destinations will be categorised either as Category I or Category II. Category I routes are deemed to be fully liberalised with respect to the provision of international facilities and services. Category II routes are routes where there exist a monopoly carrier at the overseas destination end, or where there is limited deregulation/competition in international services. IDA will take into consideration the route classification when assessing whether regulatory conditions need to be imposed on a case-by-case and route-by-route basis. IDA is more likely to impose regulatory conditions, such as the reporting of accounting rates and traffic statistics as well as compliance with requirements for parallel accounting and/or proportionate returns, on a Category II route than a Category I route.

SPECIMEN COPY OF BANKER'S GUARANTEE

Dated { }

{Name of Bank}

{Address of Bank}

To: Info-communications Development Authority of Singapore

8 Temasek Boulevard,

#14-00 Suntec Tower 3

Singapore (038988)

Attn: Deputy Director General (Telecoms & Post)

Dear Sir

This Banker's Guarantee ("Guarantee") is issued pursuant to [Condition x.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 Development Authority of Singapore ("IDA") 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]** of the Licence, the Bank hereby issues this Guarantee to secure the due performance of **{Name of Licensee's}** commitments with respect to **[its proposed plans to provide the facilities as stated under Schedule C or D of the Licence].**

The Bank hereby guarantees and undertakes to pay to IDA 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 **[execute the respective commitments made in Schedule C or D of the Licence].**

If **{Name of Licensee}**, in IDA's sole and absolute opinion, fails to meet its commitments as stated under **[Schedule C or D of its Licence]**, the Bank guarantees to pay IDA unconditionally on IDA's written demand, the relevant sum of the Guaranteed Amount 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 IDA is entitled to the Guaranteed Amount.

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

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

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

The Bank shall pay IDA within five (5) business days after the date on which IDA makes a demand of a relevant sum of the Guaranteed Amount on the Bank, failing which the Bank shall pay interest to IDA 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 IDA's prior written consent and further agrees that the guarantee herein shall be enforceable until IDA discharges this Guarantee.

This Guarantee shall take effect on the date of the Licence, **{Date of Licence}** and shall remain in force up to and including **{Due date for completion of commitments}** ("Guarantee Validity Period"). IDA may serve its demand on the Bank at anytime after the expiration of the Guarantee Validity Period but prior to the expiration of one (1) month 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 2001 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 IDA

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 commitments as stated under Schedule C or D of its Licence]** and such failure has not been remedied as at the date hereof.

{Insert name of authorised office of IDA}

for and behalf of

Info-communications Development Authority of Singapore

Auditor's Report on Licensee's Annual Gross Turnover

To : Infocomm Development Authority of Singapore
Attn: Director (Finance)

[Licensee's Name](the "Licensee") – Annual Gross Turnover for the period from [dd/mm/yyyy] to [dd/mm/yyyy]

We refer to your request to audit the Annual Gross Turnover ("AGTO") of the Licensee for the period from [dd/mm/yyyy] to [dd/mm/yyyy]. The AGTO in this report refers to the annual fair value of the consideration received or receivable for licensable activities taking into account the amount of any trade discounts and volume rebates allowed by the Licensee. Our responsibility is to express an opinion on whether the AGTO amount stated is in accordance with the documents and records kept by the Licensee relating to all licensable activities under the Facilities-Based Operations licence granted to the Licensee by the Infocomm Development Authority of Singapore ("IDA").

We conducted our audit of the attached schedule in accordance with Singapore Standards on Auditing applicable to special purpose audit engagements. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the schedule is free of material misstatement. Our audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the schedule, and also checking and agreeing the amounts in the attached schedule to the Licensee's accounting records. Our audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the schedule. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the AGTO (which refers to annual fair value of the consideration received or receivable for licensable activities taking into account the amount of any trade discounts and volume rebates allowed by the Licensee) for the period from [dd/mm/yyyy] to [dd/mm/yyyy], totalling [insert amount] is in accordance with the documents and records kept by the Licensee relating to all licensable activities under the Facilities-Based Operations licence granted to the Licensee by IDA.

_____(Firm)
Certified Public Accountants
Singapore
_____(Date)