



FOR IMMEDIATE RELEASE

Compliance with SMP Obligations

Market Update by URCA –3 February 2011

On 22 April 2010, URCA concluded extensive consultation with the industry and imposed specific obligations on Cable Bahamas Ltd. (CBL) and the Bahamas Telecommunications Company Ltd. (BTC), the two licensees presumed to have significant market power (SMP). These obligations were issued pursuant to section 116 of the Communications Act 2009 (Comms Act), requiring URCA to determine which specific *ex ante* obligations, if any, should be imposed on CBL and BTC in relevant economic markets. The obligations were “*designed to maintain ... the objective of encouraging, promoting and enforcing sustainable competition*”.

Status of CBL’s Compliance

CBL was required to comply with the following obligations:

- offer broadband access products to other licensees on a resale basis;
- file existing (“initial”) prices for each of its retail products and services subject to retail price regulation by URCA;
- prepare separated accounts and related documentation for URCA’s review and approval; and
- untie broadband packages from cable TV services.

URCA has conducted a thorough process of reviewing CBL’s compliance with its SMP obligations in the last few months. The engagement has largely been carried out directly with CBL, although there was public consultation on CBL’s broadband resale offer. By 31 December 2010, URCA had deemed CBL compliant on the first three obligations, with the most recent being compliance with URCA’s Final Decision on Accounting Separation.

More recently, URCA has concluded a review of the final obligation – untying. URCA’s Final Decision on Untying required CBL to:

- Agree an overall rollout plan to implement untying across all of its national network, covering the islands of New Providence, Grand Bahama, Abaco and Eleuthera.
- Complete the minimum rollout of optical nodes to be deemed compliant for the purposes of section 116 of the Comms Act. This minimum was stipulated by URCA as the percentage of nodes that had to be untied by 31 December 2010, to demonstrate its commitment to the roll-

out (this is line with the 22 April 2010 Decision whereby URCA noted that “URCA shall specify the measure of compliance ... in terms of minimum geographic areas”).

Percent of Optical Nodes

Island	Completion Rate			
	December 2010	December 2011	December 2012	December 2013
New Providence	20%	45%	75%	100%
Grand Bahama	10%	30%	70%	100%
Eleuthera	15%	50%	100%	-
Abaco	15%	50%	100%	-

- Submit certain information and documents (including reports) to URCA, as follows:
 - Regular reports on progress of the rollout as verified by an independent third party, which URCA has agreed to be the audit firm of Deloitte & Touche;
 - Resolution under seal by CBL’s Board of Directors that commits the company to the untying rollout targets until completion nationally; and
 - Advertising of consumer information relevant to the marketing and availability of the standalone broadband Internet service in the four islands corresponding to CBL’s cable broadband footprint.

The roll-out targets and timescales were an outcome of direct engagement between CBL and URCA and reflect URCA’s desire to foster competition in broadband internet services within the shortest timeframe possible. URCA is satisfied that CBL has met all the necessary steps required for compliance for the purposes of section 116 of the Comms Act.

However, CBL must remain compliant with respect to the remaining roll-out targets/timescales (see Table above) and agreed verification and monitoring processes. Any failure to fully complete the untying of its broadband packages and cable TV services within the specified timescales will have the effect of rendering URCA’s compliance certification of CBL as void or voidable with any resulting implications that this may have for CBL. Also, any failure by CBL at any stage to fully comply with agreed procedures would subject CBL to appropriate legal and regulatory enforcement action as provided by law for failure to comply with its legal, regulatory and/or licence obligations.

As CBL is now compliant with all of its SMP obligations as specified above, CBL can now enter new markets and “engage in the provision of any networks or carriage services which it [was] not already licensed to provide when [the] Act came into force” on 1 September 2009.

Status of BTC's Compliance

URCA also takes this opportunity to update all stakeholders on BTC's compliance with its various SMP Obligations. The SMP Obligations applicable to BTC were as follows:

- offer broadband access products to other licensees on a resale basis;
- eliminate charges for incoming international long distance (ILD) calls to mobile numbers;
- establish national averaging of charges for retail broadband (that is, prices for the product or service must be the same in all parts of The Bahamas where that product or service is available);
- file existing ("initial") prices for each of its retail products and services subject to retail price regulation by URCA;
- publish a Reference Access and Interconnection Offer (RAIO); and
- prepare separated accounts and related documentation for URCA's review and approval.

URCA has conducted a thorough process of reviewing BTC's compliance with its SMP obligations in the last few months. The engagement has largely been carried out directly with BTC, although there was a public consultation on BTC's draft RAIO and interested parties were able to comment on BTC's broadband resale offer. URCA has certified BTC compliant with the first three obligations. URCA has issued final decisions on the RAIO and Accounting Separation and upon resubmission by BTC, URCA anticipates that BTC will be compliant with those obligations in short order. URCA is working with BTC to obtain compliance with the retail pricing rules.

URCA appreciates the constructive engagement with both licensees and the efforts made within each organisation to make the progress achieved within a relatively short period of time.

-END-

For media queries, please contact:

Vincent Wallace-Whitfield, Senior Case Officer

Tel: (242) 393-0234

Email: info@urcabahamas.bs