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PRESS RELEASE

BTC and Cable Bahamas Limited (CBL) assessed as having Significant Market Power (SMP) in the retail fixed voice services and broadband and Pay TV services respectively.

Today URCA issues its Final Determination on the Assessment of SMP in the Electronic Communications Sector in The Bahamas. The determination was arrived at following two rounds of consultation with the stakeholders and after the application of section 39 of the Communications Act of 2009 and with reference to industry specific guidelines and international best practice.

The services impacted include Retail Fixed voice; Retail Broadband, National and International Business Data Connectivity and Cable Pay T.V. services. A designation of Significant Market Power means the service provider could be subjected to stipulated obligations and its affected products or services can be subjected to preventative regulatory action. The main purpose of regulating SMP services is for the protection of the Consumer and to ensure fair competition in the market. As the regulator of the industry, URCA's role is to monitor and prevent an operator having SMP from leveraging its market power at the expense of the consumer and other competing service providers.

Here is a sampling of URCA's findings:

- **URCA's Final Determination – SMP findings in the Relevant Market for Fixed Voice Services**
URCA determines that the market definition for the market for fixed voice services is unchanged therefore the competitive assessment and its outcome are also unchanged.
- As such, URCA further determines that **BTC has SMP** in the national market for **retail fixed voice services, covering access, local call, long distance and international call services from a fixed location.**

URCA's Final Determination – SMP findings in the Relevant Market for Broadband Services

URCA determines that:

- Cable Bahamas (CBL) has SMP in the market for broadband services in the areas where it offers these services (i.e., Geographic Market 1 – New Providence, Grand Bahama Eleuthera and Abaco); and
- BTC has SMP in the market for broadband services in all remaining areas (i.e., Geographic Market 2 – all other islands in The Bahamas).

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- **URCA's Final Determination – SMP findings in the Relevant Market for Pay TV Services**

URCA determines that CBL has SMP in the market for Pay TV services in The Bahamas.

By law, URCA can impose and has imposed obligations on the two SMPs which have included retail price regulation based on specified Retail Pricing Rules (RPR) and geographic averaging of prices for Broadband Internet. Further, all SMP products are subject to separate accounting in accordance with URCA's Accounting Separation Guidelines

As a result of its findings, URCA proposes the following SMP obligations on BTC in the market for retail fixed voice services:

- BTC's retail fixed voice services will be subject to ex-ante (imposition of regulatory measures to prevent breach) price cap regulation going forward. URCA will consult separately on the detailed approach and implementation of the price cap regime for retail fixed access and voice services.
- BTC shall not introduce any new retail product bundled (combined service package) offering which contains a retail fixed access and voice service, unless it can demonstrate that this bundle can be replicated by other providers. Replicability will be assessed in line with requirements set out in the Retail Pricing Rules.
- The existing SMP obligations under the Retail Pricing Rules will remain in place until the price cap regulation is fully implemented and URCA communicates the removal of any SMP obligation to BTC.

Likewise the following SMP obligations are being determined/proposed for both CBL and BTC in the market for retail broadband services

- CBL's retail residential and retail business broadband services will be subject to a modified price cap going forward. In the interim period until the modified price cap has been determined and fully implemented by URCA, URCA will not review any applications by CBL for price increases for its retail broadband services which have not been notified to URCA prior to the date at which this final determination has been published.
- CBL shall continue to offer stand-alone (unbundled) retail broadband offers.
- BTC is required to offer geographic uniform prices for retail broadband services.
- BTC and CBL shall not introduce any new retail product bundled offerings including broadband services in the geographic markets where they hold SMP, unless it can demonstrate to URCA that these bundles can be replicated by other providers

The proposed SMP remedies in the Relevant Market for pay TV Services are as follows:

- CBL's access and content pay TV packages (e.g., those packages currently marketed as PRIME, PRIME Select, PRIME Plus and PRIME Extra) will be subject to an *ex-ante* price cap regulation going forward. URCA will consult separately on the detailed approach and implementation of the price cap regime, after publication of the Final Determination for this market review process. In the interim period until the price cap has been determined and fully implemented by URCA, URCA will not review any applications by CBL for price increases for its pay TV services which have not been notified to URCA prior to the date at which this final determination has been published.
- CBL shall not introduce any new retail product bundled offerings of pay TV services with any other of its other retail services unless it can demonstrate that these bundles are replicable by other providers.

The purpose of the SMP Assessment is to define the relevant markets, to assess if any licensee has SMP in each of the market and if so determine the relevant remedies to address any

competition concerns in the relevant market. The actual implementation of the SMP remedies proposed by URCA will only take place after further consultation with the stakeholders.

A complete copy of the final determination assessment and the responses from both Cable Bahamas and BTC can be found on URCA's website www.urcabahamas.bs under its consultation drop down menu.

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