

Review of the fixed narrowband wholesale exchange line, call origination, conveyance and transit markets

Identification and analysis of markets,
determination of market power and the setting of
SMP conditions

Final Explanatory Statement and Notification

Published: 28 November 2003

Contents

Summary

Chapter 1	Introduction
Chapter 2	Market definition
Chapter 3	SMP assessment
Chapter 4	Approach to regulatory remedies
Chapter 5	General remedies
Chapter 6	Carrier pre-selection and indirect access
Chapter 7	Wholesale line rental
Chapter 8	NTS call origination
Chapter 9	Flat Rate Internet Access Call Origination (FRIACO)
Chapter 10	Directions
Chapter 11	Cost accounting and accounting separation
Chapter 12	Discontinuation of existing regulation
Annex A	Notification of decisions for the identification of services markets, the making of market power determinations and the setting of SMP services conditions Schedule 1 BT conditions Schedule 2 Kingston conditions
Annex B	Direction: Carrier Pre-selection Functional Specification
Annex C	Direction: Carrier pre-selection ‘Save’ and ‘Cancel Other’ activities
Annex D	Direction: Local-tandem transit and inter-tandem transit for Indirect Access traffic
Annex E	Direction: Wholesale ISDN Line Rental Functional Specification
Annex F	Direction: BT’s Credit Vetting Supplemental Agreement
Annex G	Discontinuation notices: licence conditions
Annex H	Discontinuation notices: directions
Annex I	List of respondents to the August consultation

Summary

A new regulatory regime

S.1 A new regulatory framework for electronic communications networks and services entered into force in the United Kingdom (the “UK”) on 25 July 2003. The basis for the new framework is five new EU Communications Directives that are designed to create harmonised regulation across Europe.

S.2 The new Directives require national regulatory authorities (“NRAs”), inter alia, to carry out reviews of competition in communications markets to ensure that regulation remains appropriate in the light of changing market conditions.

Scope of this review

S.3 The markets and technical area considered in this review relate to wholesale services provided over fixed public narrowband networks. These services are wholesale exchange line services, call origination, local-tandem conveyance and transit, inter-tandem conveyance and transit, single transit and interconnection circuits.

Previous consultations

S.4 On 17 March 2003, the Director General of Telecommunications (the “Director”) published a national consultation document (“the March document”). That document invited comments over a three month period on proposed market definitions, assessments of SMP and appropriate remedies.

S.5 A second stage consultation commenced on 26 August 2003 (“the August document”). The August document set out the Director’s refined proposals based on market developments and responses to the first consultation.

Commission Notification

S.6 As required by the Directives, the August document was also sent to the European Commission and to other NRAs as, in the Director’s opinion, the proposals may have affected trade between Member States. Oftel’s notifications are published on the European Commission’s website at <http://forum.europa.eu.int/Public/irc/infso/ecctf/library?l=/uk&vm=detailed&sb=Title>

Final decision

S.7 This document sets out the Director’s final decision and concludes the market review process for the markets considered in this review.

Market definition

S.8 The Director's final decision, taking full account of representations from all stakeholders, is to define the following services markets:

- wholesale residential analogue exchange line services;
- wholesale residential ISDN2 exchange line services;
- wholesale business analogue exchange line services;
- wholesale business ISDN2 exchange line services;
- wholesale ISDN30 exchange line services;
- call origination on fixed public narrowband networks;
- local-tandem conveyance and transit on fixed public narrowband networks;
- inter-tandem conveyance and transit on fixed public narrowband networks; and
- single transit on fixed public narrowband networks.

S.9 The Director has also identified interconnection circuits as an appropriate technical area for the purpose of imposing appropriate regulatory remedies.

SMP assessment

S.10 The Director's final decision, taking full account of representations from all stakeholders, is that British Telecommunications plc ("BT") has SMP in each of the following markets in the UK excluding the Hull Area:

- wholesale residential analogue exchange line services;
- wholesale residential ISDN2 exchange line services;
- wholesale business analogue exchange line services;
- wholesale business ISDN2 exchange line services;
- wholesale ISDN30 exchange line services;
- call origination on fixed public narrowband networks;
- local-tandem conveyance and transit on fixed public narrowband networks;
- inter-tandem conveyance and transit on fixed public narrowband networks; and
- single transit on fixed public narrowband networks.

S.11 The Director's final decision, taking full account of representations from all stakeholders, is that Kingston Communications (Hull) plc ("Kingston") has SMP in each of the following markets in the Hull Area:

- wholesale residential analogue exchange line services;
- wholesale residential ISDN2 exchange line services;
- wholesale business analogue exchange line services;
- wholesale business ISDN 2 exchange line services;
- wholesale ISDN 30 exchange line services; and
- call origination on fixed public narrowband networks.

Regulatory remedies

S.12 The Director's final decision, taking full account of the findings of SMP and representations from all stakeholders is to impose the following SMP services conditions on BT:

- requirement to provide Network Access on reasonable request;
- requests for new Network Access;
- requirement not to unduly discriminate;
- basis of charges (ie cost orientation);
- charge control;
- requirement to publish a Reference Offer;
- requirement to notify charges;
- requirement to notify technical information;
- transparency as to quality of service;
- requirement to provide Carrier Pre-selection (CPS);
- requirement to provide Indirect Access;
- requirement to provide Wholesale Line Rental (WLR);
- requirement to provide NTS Call Origination; and
- requirement to provide FRIACO.

S.13 The Director's final decision, taking full account of the findings of SMP and representations from all stakeholders is to impose the following SMP services conditions on Kingston:

- requirement to provide Network Access on reasonable request;
- requirement not to unduly discriminate;
- basis of charges (ie cost orientation);
- requirement to publish a Reference Offer;
- requirement to notify charges;
- requirement to notify technical information;
- requirement to provide Carrier Pre-selection; and
- requirement to provide Indirect Access.

S.13 The Director has decided to make the following directions under the above-mentioned SMP services conditions:

- a direction requiring BT and Kingston to comply with the CPS Functional Specification;
 - a direction requiring BT to make changes to its CPS Industry End-to-End Process Description in relation to BT's use of 'Cancel Other';
 - a direction requiring BT to supply a facility to Cable & Wireless ("C&W") which allows C&W to provide a local-tandem transit and an inter-tandem transit service from selected BT local and tandem exchanges for IA traffic originating on BT's network;
 - a direction requiring BT to comply with the Wholesale ISDN Line Rental Functional Specification; and
 - a direction regarding BT's Credit Vetting Supplemental Agreement.
-

Discontinuation of existing regime

S.14 The new Directives allow Member States to carry forward certain existing regulation until market reviews have been completed and new conditions are put in place. Continuation notices have therefore been issued to relevant communications providers to maintain some of the regulation that existed prior to 25 July 2003.

S.15 As the Director has now concluded that the above SMP services conditions should apply, most regulatory requirements on BT and Kingston set out in the Continuation Notices in respect of the markets defined in this document will be discontinued.

Chapter 1

Introduction and background

A new regulatory regime

1.1 A new regulatory framework for electronic communications networks and services entered into force on 25 July 2003. The framework is designed to create harmonised regulation across Europe and is aimed at reducing entry barriers and fostering prospects for effective competition to the benefit of consumers. The basis for the new regulatory framework is five new EU Communications Directives. Four of these Directives have been implemented in the UK via the new Communications Act 2003 (the “Act”). The fifth Directive will be implemented later this year.

1.2 The Act provides for functions, powers and duties to be carried out by Ofcom which include, inter alia, functions, powers and duties flowing from the four EU Communications Directives referred to above. However, Ofcom is not expected to assume full functions under the Act until 29 December 2003. Accordingly, transitional arrangements are in place to enable the Director General of Telecommunications (the “Director”) to carry out certain functions until they are transferred to Ofcom later in the year. Accordingly, references in those provisions of the Act to Ofcom are, for the present time, to be read as references to the Director and this document refers to the Director rather than Ofcom.

Market reviews

1.3 The new Directives require national regulatory authorities (“NRAs”), such as Ofcom, to carry out reviews of competition in communications markets to ensure that regulation remains appropriate in the light of changing market conditions.

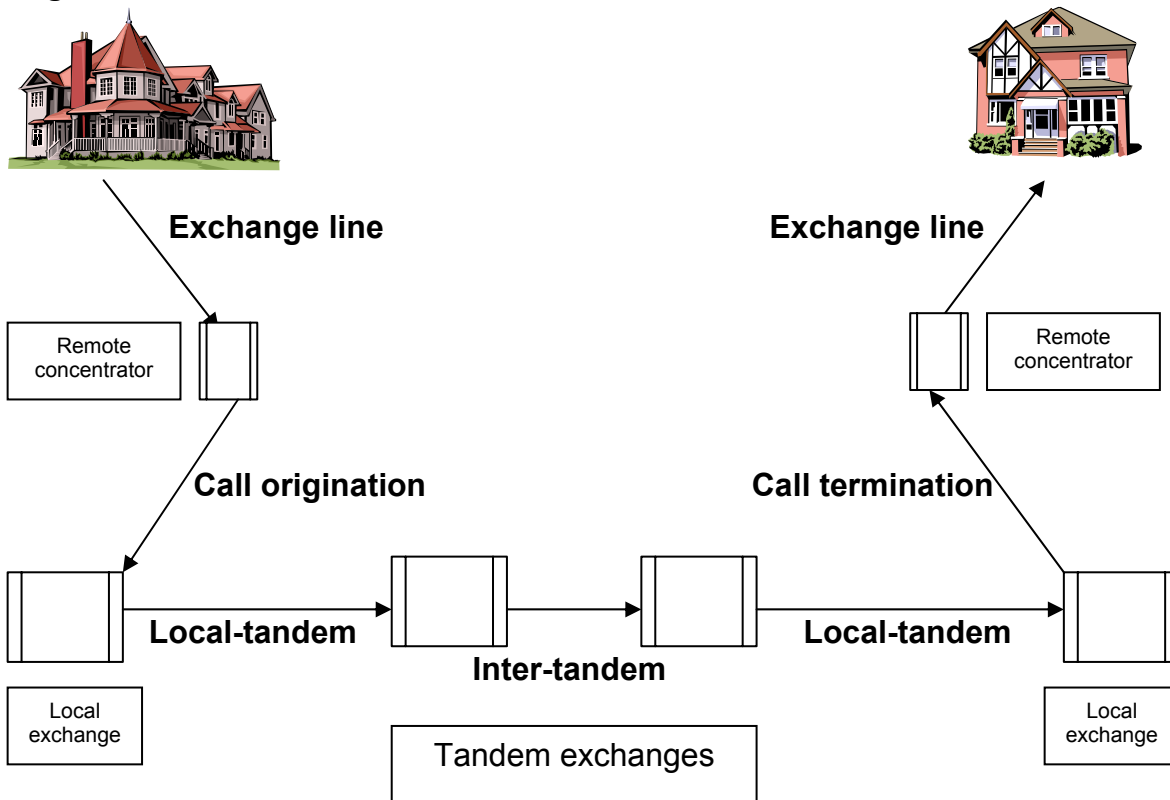
1.4 The detailed requirements and guidance concerning the conduct of market reviews are provided in the new Directives, the Act and in additional documents issued by the European Commission and Ofcom. As required by the new regime, in conducting this review, Ofcom has taken the utmost account of the Commission’s *Recommendation on relevant product and service markets*, adopted on 11 February 2003 (the “Recommendation”) and the Commission’s guidelines on market analysis and the assessment of significant market power (“SMP”) as published in the Official Journal of the European Communities on 11 July 2002 (the “SMP Guidelines”).

Scope of this review

1.5 The markets and technical area considered in this review relate to wholesale services provided over fixed public narrowband networks. Fixed public narrowband networks can be broken down into segments such as exchange lines and call

origination. In order to provide a complete communications service, such as a call to end-users, providers do not have to build entire communications networks but instead can purchase segments from other networks.

Figure 1.1



Wholesale exchange line services

1.6 Wholesale exchange line services are the links between an end-user and the remote concentrator unit.

Call origination

1.7 Call origination is the conveyance of a call originating on a customer's exchange line from the remote concentrator to and over the local exchange.

Local-tandem conveyance and transit

1.8 Local-tandem conveyance ("LTC") and local-tandem transit ("LTT") are services that convey traffic between a local and a tandem exchange.

Wholesale transit services

Inter-tandem conveyance and transit

1.9 Inter-tandem conveyance (“ITC”) and inter-tandem transit (“ITT”) are services that convey traffic between tandem exchanges.

Single Transit

1.10 Single transit is the service a transit operator provides at a single tandem exchange to convey a call from one network to another when a call originates and terminates on networks other than its own.

Interconnection circuits

1.11 Interconnection circuits link the exchanges of two interconnecting operators in order to enable traffic to pass between their networks.

Previous consultations

1.12 On 17 March 2003, the Director published a national consultation document (the “March document”). That document invited comments over a three month period on proposed market definitions, assessments of SMP and appropriate remedies.

1.13 A second stage consultation commenced on 26 August 2003 (the “August document”). The August document sets out the Director’s refined proposals based on market developments and responses to the first consultation.

Commission notification

1.14 As required by Article 7 of the Framework Directive and sections 50 and 81 the Act, the August document was also sent to the European Commission and to other NRAs as, in the Director’s opinion, the proposals may have affected trade between Member States. Oftel’s notifications are published on the European Commission’s website at <http://forum.europa.eu.int/Public/irc/infso/ecctf/library?l=/uk&vm=detailed&sb=Title>

Final decision

1.15 This document sets out the Director’s final decision and concludes the market review process for the markets considered in this review. This document should be read in conjunction with the March and August documents for the full reasoning behind the Director’s decision.

1.16 The Director has considered responses to the August document and taken full account of the points made when setting out in this document his final decision on market definition, SMP and remedies. Where new and substantive points have been made, they have been specifically addressed, however, where points have been repeated from the first stage of consultation, and have been considered

already in Oftel's analysis, this document does not reprise Oftel's previous response.

1.17 The Director's formal Notification of this decision, as required under section 79(4) of the Act, is provided at Annex A.

Chapter 2

Market definition

Introduction

2.1 Section 79(1) of the Act provides that before a market power determination may be made, the Director must (i) identify the markets which are, in his opinion, the ones which, in the circumstances of the UK, are the markets in relation to which it is appropriate to consider such a determination; and (ii) analyse those markets. The Director is, as noted above, required to take due account of all applicable guidelines and recommendations issued by the European Commission. Under section 79(4) of the Act, the Director may identify markets and make market power determinations by way of publication of a notification. The notification at Annex A is such a notification.

Final decision

2.2 The Director's final decision, taking full account of representations from all stakeholders, is to define the following services markets:

- wholesale residential analogue exchange line services;
- wholesale residential ISDN2 exchange line services;
- wholesale business analogue exchange line services;
- wholesale business ISDN2 exchange line services;
- wholesale ISDN30 exchange line services;
- call origination on fixed public narrowband networks;
- local-tandem conveyance and transit on fixed public narrowband networks;
- inter-tandem conveyance and transit on fixed public narrowband networks; and
- single transit on fixed public narrowband networks.

2.3 The market definition analysis for each of these markets remains as set out in Chapters 3 to 6 of the August document.

Responses to the August consultation

2.4 In relation to the wholesale exchange line markets, the European Commission considers that Oftel's analysis is not inconsistent with the methodology set out in the Recommendation and in the Commission's SMP Guidelines. However, it considers that more consideration could have been given to potential merchant wholesale demand and supply (ie demand from and supply to independent purchasers of wholesale exchange lines) in order to establish the existence of these markets and to maintain that an operator enjoys a position of economic strength affording it the power to behave to an appreciable extent independently of its competitors, customers and ultimately consumers.

2.5 Oftel considers that its analysis has taken into account the potential demand from and supply to independent purchasers of wholesale exchange lines. However, further evidence is set out below.

2.6 BT has for several years been offering a Wholesale Line Rental service. An analogue Calls and Access product was introduced in 1998, with Digital Calls and Access being available from 2001 and Wholesale Access from 2002. There are currently approximately 130 service providers using these services, reselling approximately 180,000 analogue lines and ISDN channels. A substantial number of service providers are currently going through the service establishment process and it is expected that there will be approximately 200 service providers by March 2004. Several large service providers, with strong consumer brands, have signalled their intention to enter this market once Wholesale Line Rental (WLR) is 'fit-for-purpose' as a mass market product (see Chapter 7 for further discussion) and this is expected to generate substantial further growth in this market. Oftel considers that this illustrates the significant demand from and supply to independent purchasers of wholesale exchange lines.

Interconnection circuits

2.7 The Director's final decision, taking full account of representations from all stakeholders, is to identify interconnection circuits as an appropriate technical area for the purpose of imposing appropriate regulatory remedies. The Director's reasoning remains as set out in Chapter 7 of the August document.

Chapter 3

SMP assessment

Introduction

3.1 As referred to above, under section 79(1) of the Act the Director must carry out an analysis of identified markets before making a market power determination. Further, section 45 of the Act details the various conditions that may be set under the new regulatory regime. Section 46 details upon whom those conditions may be imposed. In relation to SMP services conditions, section 46(7) provides that they may be imposed on a particular person who is a communications provider or a person who makes associated facilities available and who has been determined to have SMP in a “services market” (ie: a specific market for electronic communications networks, electronic communications services or associated facilities). Accordingly, having identified the relevant markets as discussed in Chapter 2, the Director is required to analyse those markets in order to assess whether any person or persons have SMP as defined in section 78 of the Act (which implements Article 14 of the Framework Directive).

Final decision

3.2 The Director’s final decision, taking full account of representations from all stakeholders, is that British Telecommunications plc (“BT”) has SMP in each of the following markets in the UK excluding the Hull Area:

- wholesale residential analogue exchange line services;
- wholesale residential ISDN2 exchange line services;
- wholesale business analogue exchange line services;
- wholesale business ISDN2 exchange line services;
- wholesale ISDN30 exchange line services;
- call origination on fixed public narrowband networks;
- local-tandem conveyance and transit on fixed public narrowband networks;
- inter-tandem conveyance and transit on fixed public narrowband networks; and
- single transit on fixed public narrowband networks.

3.3 The Director’s final decision, taking full account of representations from all stakeholders, is that Kingston Communications (Hull) plc (“Kingston”) has SMP in each of the following markets in the Hull Area:

- wholesale residential analogue exchange line services;
 - wholesale residential ISDN2 exchange line services;
 - wholesale business analogue exchange line services;
 - wholesale business ISDN 2 exchange line services;
 - wholesale ISDN 30 exchange line services; and
-

- call origination on fixed public narrowband networks.

3.4 The market power assessment for each of these markets remains as set out in Chapters 3 to 6 of the August document.

Responses to the August consultation

Use of Article 14(3)

3.5 UKCTA agrees that Article 14(3) of the Framework Directive is not intended to be used to make blanket SMP designations in respect of all markets which are dependent in some way on an adjacent market and that any application of Article 14(3) should be selective and on a market by market basis. UKCTA does, however, argue that Oftel has a duty to consider the potential for leverage in each of the markets that are adjacent to a market in which a provider has SMP. UKCTA questions why this had been done only in respect of narrowband Internet termination. UKCTA also repeats its view that it does not consider it acceptable for regulatory obligations currently in force to lapse because the market in which they apply has not been reviewed.

3.6 While Oftel understands the concerns expressed by UKCTA, Oftel does not accept that the Commission intended that all markets downstream from, or otherwise adjacent to, a market in which BT or Kingston have SMP should be individually defined and then reviewed with a view to determining scope for leverage and the adequacy or otherwise of remedies in the adjacent SMP market. Neither, more broadly, does Oftel accept that the Commission intended that NRAs should review and notify to the Commission all markets in which regulation had been imposed under the old regime.

3.7 As was explained in the August document, the Commission's Recommendation lists a set of markets in which ex ante regulation may be warranted. NRAs are able to regulate markets that differ from those in the Recommendation where this is justified by national circumstances. NRAs are obliged to take the utmost account of this Recommendation when defining markets appropriate to national circumstances. In Oftel's view, it is not the Commission's intention that NRAs should identify a further layer of markets adjacent to those included in the Recommendation or that markets should be reviewed simply because services within those markets have previously been subject to regulation. The reference point for identifying and reviewing markets under the new European Directives is the set of markets included in the Commission's Recommendation and not the set of services that each NRA has been regulating under the old regime.

3.8 Oftel has acknowledged, in paragraphs 2.16 and 2.17 of the August document, that Article 14(3) allows NRAs to impose conditions to deal with anti competitive leverage from SMP markets, where conditions imposed in those SMP markets are not a sufficient remedy. Oftel will use Article 14(3) where it is appropriate to do so.

Also, as mentioned at paragraph 2.26 of the August document, Oftel will not hesitate to use the Competition Act 1998 to address instances of suspected leverage. Chapter 2 of the recent statement entitled [Competition Act investigation into alleged anti-competitive practices by BT in relation to its BT Broadband Product](#), 11 July 2003, sets out its approach to such investigations.

Market developments in the local-tandem conveyance and transit market and the inter-tandem conveyance and transit market

3.9 BT considers that the direction regarding indirect access transit (see Chapter 10) and expected CPS growth in both the inter-tandem conveyance and transit market and the local-tandem conveyance and transit market means that both these markets should be reviewed again within the next 18-24 months.

3.10 The Director does not consider that these changes will mean BT's market share will decline sufficiently over this period to alter the finding of SMP. However, Ofcom will closely monitor developments and should it appear that market conditions change significantly, it may be necessary to conduct a review within this period.

Definition of the Hull Area

3.11 Kingston comments that the definition of the "Hull Area" continues to refer to its Telecommunications Act 1984 licence and should instead refer to a geographic region. Oftel notes Kingston's comments, however, has not, as yet, been able to agree an accurate and certain description of a geographic region to define the "Hull Area". Therefore, a definition referring to Kingston's Telecommunications Act 1984 licence has been used.

Chapter 4

Approach to regulatory remedies

4.1 Section 87(1) of the Act provides that, where the Director has made a determination that a person is dominant in a particular market, he must set such SMP conditions as he considers appropriate and as are authorised in the Act. This implements Article 8 of the Access and Interconnection Directive.

4.2 Paragraphs 21 and 114 of the Commission's SMP Guidelines state that NRAs must impose one or more SMP conditions on a dominant provider and that it would be inconsistent with the objectives of the Framework Directive not to impose any SMP conditions on an undertaking which has SMP. Thus, the Director is under an obligation to impose at least one appropriate SMP condition where SMP is confirmed.

4.3 The Act (sections 45-50 and 87-92) sets out the obligations that the Director can impose if he finds that any undertaking has SMP. Sections 87 to 92 implement Articles 9 to 13 of the Access Directive and Articles 17 to 19 of the Universal Service Directive. The obligations relevant to this market review are, in particular:

- the provision of Network Access;
- no undue discrimination;
- transparency;
- cost recovery, including charge controls;
- cost accounting and accounting separation; and
- carrier selection and carrier pre-selection.

4.4 Recital 27 of the Framework Directive states that ex ante regulation should only be imposed where competition is not effective and where competition law remedies are not sufficient to address the problem. In order to provide a full analysis Oftel has, therefore, also considered the option of no ex ante regulation while noting the obligation referred to in paragraph 4.2 above (see paragraphs 8.11 to 8.28 of the August document).

4.5 Chapters 5 to 9 of this document set out the Director's decisions with regard to the SMP services conditions set by way of publication of the notification at Annex A as the regulatory remedies to address BT's and Kingston's SMP in the identified markets.

Communications Act tests

4.6 Section 4 of the Act sets out the Community requirements on the Director, which flow from Article 8 of the Framework Directive. The Director in considering whether to propose any conditions has considered all of these requirements. In

particular, he has considered the requirement to promote competition and to secure efficient and sustainable competition for the benefit of consumers.

4.7 As well as being appropriate (see section 87(1)), each SMP condition must also satisfy the tests set out in section 47 of the Act, namely that each condition must be:

- objectively justifiable in relation to the networks, services or facilities to which it relates;
- not such as to discriminate unduly against particular persons or a particular description of persons;
- proportionate as to what the condition is intended to achieve; and
- in relation to what it is intended to achieve, transparent.

4.8 It is the Director's view that the remedies imposed satisfy the relevant requirements specified in the Act and relevant Directives. This view is explained in detail in the following chapters.

Chapter 5

General remedies

Final decision

5.1 This chapter sets out remedies in response to the findings of SMP in Chapter 3. The full effects of, and the Director's reasons for imposing, the SMP services conditions of a more general nature, so-called 'general remedies', are contained in Chapter 9 of the August document.

5.2 This chapter includes remedies imposed in the wholesale residential ISDN2 exchange line market. None of the respondents to the August document disagreed with the proposed regulation of this market.

Aims of regulation

5.3 The remedies in this chapter are appropriate to promote the development of competition in downstream narrowband markets. A failure to regulate BT and Kingston in these markets is likely to affect the development of competition in that competing providers would be less likely to be able to provide intermediate or retail services without wholesale services provided by BT and Kingston. In the absence of regulation, BT and Kingston would have little incentive to provide such wholesale services.

5.4 It is preferable to apply regulation at the wholesale level as this both addresses SMP issues in the wholesale markets and promotes competition in downstream markets. This is consistent with the requirement that NRAs take measures which meet the objective of encouraging efficient investment in infrastructure and promoting innovation (see Article 8(2) of the Framework Directive and section 4 of the Act). The regulation of wholesale markets encourages competing providers to purchase wholesale products and combine them with their own networks to create products in competition with BT and Kingston.

Responses to the August consultation

Remedies taking account of geographic variations in competition

5.5 BT considers that remedies in relation to the local-tandem conveyance and transit market, the inter-tandem and conveyance and transit market and the single transit market should take account of geographic variations in competition, in line with proposals made for wholesale trunk segments in Oftel's *Review of the retail leased lines, symmetric broadband origination and wholesale trunk segments markets*, 11 April 2003.

5.6 It is not apparent to the Director that there are significant geographic variations in competition in these markets. This is particularly the case in the inter-tandem conveyance and transit market and the single transit market, as many operators are connected to all of BT's tandem exchanges. In addition, the Director considers that it would be impractical to apply different remedies to different segments of these markets. It would not be possible for Oftel to examine the level of competition on each part of BT's network and it is unclear how BT would be able to differentiate the provision of its services on different parts of its network to take into account the different levels of competition and remedies applied.

Requirement to provide Network Access on reasonable request

5.7 Section 87(3) of the Act authorises the setting of SMP services conditions requiring the dominant provider to provide Network Access as the Director may from time to time direct. These conditions may, pursuant to section 87(5) include provision for securing fairness and reasonableness in the way in which requests for Network Access are made and responded to and for securing that the obligations in the conditions are complied with within periods and at times required by or under the conditions. When considering the imposition of such conditions in a particular case, the Director must have regard to the six factors set out in section 87(4) of the Act, including, inter alia, the technical and economic viability of installing other competing facilities and the feasibility of the proposed Network Access.

5.8 Having taken account of the findings of SMP and representations from stakeholders, the Director has decided to require BT and Kingston to provide Network Access to Third Parties on reasonable request and do so on fair and reasonable terms, conditions and charges. 'Network Access' is essentially a broad term and includes interconnection services. It is defined in sections 151(3) and (4) of the Act. Third Party has been defined as a person providing a public electronic communications network or a public electronic communications service (ie electronic communications networks which are provided wholly or mainly for the purpose of making electronic communications services available to members of the public; and electronic communications services that are provided so as to be available for use by members of the public). Accordingly, providers of non-public electronic communications networks or non-public electronic communications services will not be entitled to Network Access under the condition.

5.9 Under this condition, the Director has the power to make certain directions. It is envisaged that this power will be used to deal with issues relating to specific forms of access or the particular terms and conditions on which access is provided. Chapter 10 sets out certain directions that the Director has already decided to make under this condition. Finally, this condition requires the dominant provider to comply with any such directions. Any contravention of a direction may therefore result in a contravention of the condition itself and thus subject to enforcement action under sections 94 to 104 of the Act.

5.10 The condition is imposed in all markets in which BT and Kingston have been found to have SMP and in respect of interconnection circuits.

Communications Act tests

5.11 The Director considers that the condition (Conditions AA1(a) and AB1 for BT and Kingston, respectively, at Annex A) meets the tests set out in the Act.

5.12 The Director has considered all the Community requirements set out in section 4. In particular, the condition promotes competition and secures efficient and sustainable competition for the maximum benefits for retail consumers by enabling providers to compete in downstream markets.

5.13 Section 47 requires conditions to be objectively justifiable, non-discriminatory, proportionate and transparent. The condition is objectively justifiable, in that it relates to the need to ensure that competition develops to the benefit of consumers. It does not unduly discriminate, as it is imposed on both BT and Kingston and no other operator has SMP in these markets. It is proportionate, since it is targeted at addressing the market power that BT and Kingston hold in these markets and does not require them to provide access if it is not technically feasible or reasonable. Finally, it is transparent in that it is clear in its intention to ensure that BT and Kingston provide access to their networks in order to facilitate competition.

5.14 The Director has also taken into account all the factors set out in section 87(4). In particular, the economic viability of building networks to achieve ubiquitous coverage that would make the provision of Network Access unnecessary and the need to ensure that requests for access are reasonable and therefore feasible to provide.

Requirement not to unduly discriminate

5.15 Section 87(6)(a) of the Act authorises the setting of an SMP services condition requiring the dominant provider not to unduly discriminate against particular persons, or against a particular description of persons, in relation to matters connected with the provision of Network Access.

5.16 Having taken account of the findings of SMP and representations from stakeholders, the Director has decided to prohibit BT and Kingston from unduly discriminating in relation to matters connected with Network Access.

5.17 The condition is imposed in all markets in which BT and Kingston have been found to have SMP and in respect of interconnection circuits.

Communications Act tests

5.18 The Director considers that the condition (Conditions AA2 and AB2 for BT and Kingston, respectively, at Annex A) meets the tests set out in the Act.

5.19 The Director has considered all the Community requirements set out in section 4. In particular, the condition promotes competition and secures efficient and sustainable competition by preventing BT and Kingston from leveraging their market power into downstream markets.

5.20 Section 47 requires conditions to be objectively justifiable, non-discriminatory, proportionate and transparent. The Director considers that the condition is objectively justifiable, in that it provides safeguards to ensure that competitors, and hence consumers, are not disadvantaged by BT or Kingston discriminating in favour of their own retail activities or between its own different activities. It does not unduly discriminate, as it is imposed on both BT and Kingston and no other operator has SMP in these markets. It is proportionate since it only prevents discriminatory behaviour that is undue. Finally, it is transparent in that it is clear in its intention to ensure that BT and Kingston do not unduly discriminate. In addition, Oftel has given guidance as to how it might treat undue discrimination in its guidelines *Imposing access obligations under the new EU Directives*, September 2002, (the “Access Guidelines”), which can be found at www.oftel.gov.uk/publications/ind_guidelines/acce0902.htm.

Basis of charges

5.21 Section 87(9) authorises the setting of SMP services conditions imposing on the dominant provider rules concerning the recovery of costs and cost orientation.

5.22 Having taken account of the findings of SMP and representations from stakeholders, the Director has decided to require BT and Kingston to charge on the basis of LRIC plus an appropriate mark-up for common costs including an appropriate return on capital employed. The condition allows the Director to determine that a price need not be set on such a basis.

5.23 The condition is imposed in all markets in which BT and Kingston have been found to have SMP and in respect of interconnection circuits, except for the wholesale residential ISDN2 exchange line services market and the wholesale ISDN30 exchange line services market.

Communications Act tests

5.24 The Director considers that the condition (Conditions AA3 and AB3 for BT and Kingston, respectively, at Annex A) meets the tests set out in the Act.

5.25 The Director has considered all the Community requirements set out in section 4. In particular, the condition promotes competition and secures efficient and sustainable competition by ensuring that charges for wholesale services are at a level that enable operators to compete.

5.26 Section 47 requires conditions to be objectively justifiable, non-discriminatory, proportionate and transparent. The Director considers that the condition is an objectively justifiable and proportionate response to the extent of competition in the markets analysed, as it enables competitors to purchase services at charges that will enable them to develop competitive services to the benefit of consumers, whilst at the same time allowing BT and Kingston a fair rate of return that they would expect in competitive markets. It does not unduly discriminate, as it is imposed on both BT and Kingston and no other operator has SMP in these markets. Finally, it is transparent in that it is clear in its intention to ensure that BT and Kingston charge on a LRIC plus mark-up basis.

5.27 The Director considers that the tests in section 88 have been met. As noted above, there is a risk that, in situations where SMP is persistent, pricing will be distorted and not at competitive levels, as dominant providers are likely to want to charge excessive prices in order to maximise profits by increasing their revenues and the costs of competing providers. The condition is appropriate in order to promote efficiency and sustainable competition and provide the greatest possible benefits to end users by enabling competing providers to buy wholesale services at levels that might be expected in a competitive market.

5.28 The extent of investment of the dominant operator has been taken into account as set out in section 88(2), as the obligation provides for a mark-up for an appropriate return on capital employed. Further, the Director has set out how new services will be treated under this condition in paragraphs 9.43 and 9.44 of the August document.

Responses to the August consultation

5.29 One operator comments that Of tel does not address how it expects BT to implement the new charging methodology for business ISDN2 services and asks how Of tel will ensure that the charge for business ISDN2 is cost oriented. This operator considers that Of tel should set the starting charge for ISDN2.

5.30 Of tel does not propose to set the starting charge for business ISDN2 services at this time. It is BT's responsibility to set its charges in a manner that is consistent with the basis of charges condition. Of tel only expects to intervene if required to do so by a dispute.

Charge controls

5.31 Section 87(9)(a) of the Act authorises the setting of SMP services conditions imposing charge controls in relation to matters connected with the provision of Network Access.

5.32 Having taken account of the findings of SMP and representations from stakeholders, the Director has decided to require BT to ensure that its charges for

services do not increase by more than RPI minus a value of 'X' that varies according to each relevant basket. The services and values for 'X' are set out in the condition.

5.33 The first year of the control will be calculated from 1 September 2003 to 31 August 2004 for analogue wholesale line rental services and 1 October 2003 to 30 September 2004 for all other charge controlled services. This is to allow consistent monitoring of price changes over the year and a seamless transfer from the old to the new regime.

5.34 Oftel will monitor annual net revenues by comparing annual net revenues year-on-year to see whether average charge changes have decreased by the controlling percentage. Any proposed charge change introduced later in the year would apply only for a relatively small proportion of the year and therefore only have a limited effect on annual average prices. This therefore has a similar effect to the current requirement to change charges on average by the mid-point of each charge control year.

5.35 The condition is imposed in all markets in which BT has been found to have SMP and in respect of interconnection circuits, except for wholesale residential ISDN2 exchange line services, wholesale business ISDN2 exchange line services and wholesale ISDN30 exchange line services.

The product management, policy and planning ("PPP") surcharge

5.36 Oftel has commenced a separate review of the pence per minute product management, policy and planning ("PPP") charge that will examine the costs, the charge control and the recovery basis of the PPP charge. The review will also consider whether any new charges for PPP should be applied retrospectively. While not the main focus of the PPP review, Oftel accepts that the conclusions of this review may have implications for the FRIACO PPP charge.

5.37 Oftel does not consider that it is in a position to decide on an appropriate charge control for the pence per minute PPP charge at this time and therefore regulation under the continuation notices will remain in place in respect of the pence per minute PPP charge, and all the services that are regulated within the same basket, until the conclusion of the PPP review.

Charge control proposal on Kingston

5.38 The Director has considered whether a charge control remedy is appropriate for Kingston in the markets where it has been found to have SMP. The Director has already decided that Kingston should be subject to a requirement to provide access on reasonable request, not to unduly discriminate and to provide services on a LRIC plus mark-up basis. Kingston has been subject to equivalent conditions under the existing regulatory regime. Although there is limited evidence of market entry at the wholesale level in the Hull Area, lack of market entry does not in itself

signify that further regulation is necessary. The Director is not concerned with the commercial decisions of operators, as long as a dominant provider has not distorted these decisions.

5.39 Further, the Director considers that extensive monitoring and compliance systems that would be required with the imposition of a charge control would not be proportionate.

5.40 In view of the above, the Director has decided not to impose a charge control on Kingston. The Director considers that such regulation is not a justified and proportionate response to the characteristics of the communications markets in the Hull Area. Indeed, section 45(10)(d) empowers the Director to set different conditions for different cases. A charge control would lead to substantial costs being incurred by both Oftel and Kingston, with little benefit in the way of increased competition at the wholesale level leading to lower prices for consumers.

Communications Act tests

5.41 The Director considers that the condition (Condition AA4 at Annex A) on BT meets the tests set out in the Act.

5.42 The Director has considered all the Community requirements set out in section 4. In particular, the condition promotes competition and secures efficient and sustainable competition by ensuring that charges for wholesale services are at a level that enable operators to compete.

5.43 Section 47 requires conditions to be objectively justifiable, non-discriminatory, proportionate and transparent. The condition is objectively justifiable in that the benefits of RPI-X price controls are widely acknowledged as an effective mechanism to reduce prices in a situation where competition does not act to do so. Although a charge control condition is not imposed on Kingston, it is not unduly discriminatory for the reasons set out in paragraphs 5.38 to 5.40 above. The retention of the current values of X is proportionate, as the current values of X are within the range to be expected. The charge control therefore gives achievable targets for BT and accurately reflects the cost reductions that it could be expected to make across the full period of the control. Finally, the condition is transparent in that it is clear in its intention to control BT's charges whilst creating efficiency incentives.

5.44 The Director considers that the tests in section 88 have been met. There is a risk that, in situations where SMP is persistent, pricing will be distorted and not at competitive levels, as dominant providers are likely to want to charge excessive prices in order to maximise profits by increasing their revenues and the costs of competing providers. The condition is appropriate in order to promote efficiency and sustainable competition and provide the greatest possible benefits to end users, by enabling competing providers to buy wholesale services at levels that might be expected in a competitive market.

5.45 Section 88 requires the extent of the investment of the dominant provider to be taken into account when setting a charge control condition. The extent of BT's investment is taken into account by setting X so that BT's projected rate of return on capital in the last year of the charge control is equal to BT's cost of capital. In 2001, Of tel estimated the pre-tax nominal cost of capital of BT's regulated business to be in the range of 13.41 to 13.78%, with a mid-point of 13.5% (rounded to the nearest 0.5%). The Director is of the view that this estimate remains well within a reasonable range, given that, in the period since this estimate was produced, neither the underlying parameters, nor the Director's preferred method of estimation, have changed in a manner that would imply a higher estimate.

Transparency

5.46 Section 87(6)(b) of the Act authorises the setting of SMP services conditions which require a dominant provider to publish, in such manner as the Director may direct, all such information for the purpose of securing transparency. Section 87(6)(c) of the Act authorises the setting of SMP services conditions requiring the dominant provider to publish, in such manner as the Director may direct, the terms and conditions on which it is willing to enter into an access contract. Section 87(6)(d) also permits the setting of conditions requiring the dominant provider to include specified terms and conditions into the reference offer. Finally, section 87(6)(e) permits the setting of SMP conditions requiring the dominant provider to make such modifications to the reference offer as may be directed from time to time.

5.47 This section considers the following transparency requirements:

- requirement to publish a reference offer;
- requirement to notify charges;
- requirement to notify technical information; and
- transparency as to quality of service.

Requirement to publish a Reference Offer

5.48 Having taken account of the findings of SMP and representations from stakeholders, the Director has decided to require BT and Kingston to publish a reference offer ("RO"). The condition specifies the information to be included in that RO, how the RO should be published, prohibits BT and Kingston from departing from the charges, terms and conditions in the RO and requires that they comply with any directions the Director may make from time to time under the condition.

5.49 The condition is imposed in all the markets in which BT and Kingston have been found to have SMP and in respect of interconnection circuits.

Change to the treatment of network components

5.50 The condition also requires the dominant provider to publish charges and transfer charges for the use of network components. In previous versions of this condition, “Network Components” were defined according to an attached list of 94 items. This list is currently being reviewed in detail following the consultation on *Financial reporting obligations in SMP markets*, 22 May 2003.

5.51 As a result, the list of 94 network components has been excluded from this document and the definition of “Network Components” has been changed to allow the Director to direct a list of network components from time to time.

5.52 The final notification and explanatory statement on regulatory financial reporting obligations will contain a draft direction to implement a new network component list based on the ongoing review. The draft direction will be subject to consultation and hence interested parties will have an opportunity to comment on the Director’s proposals with respect to network components.

5.53 This means that, for present purposes, the dominant provider is not yet required to publish charges and transfer charges for network components as part of its RO, as no network components have yet been specified by the Director. However, once the anticipated direction setting out the list of network components is finalised, the obligation to publish this information will enter into effect.

Communications Act tests

5.54 The Director considers that the condition (Conditions AA5 and AB4 for BT and Kingston, respectively, at Annex A) meets the tests set out in the Act.

5.55 The Director has considered all the Community requirements set out in section 4. In particular, the condition promotes competition and secures efficient and sustainable competition for the maximum benefits of consumers by ensuring that providers have the necessary information to allow them to make informed decisions about competing in the relevant markets.

5.56 Section 47 requires conditions to be objectively justifiable, non-discriminatory, proportionate and transparent. The condition is objectively justifiable in that it requires that terms and condition are published in order to encourage competition and provide stability in markets. It is proportionate, as only information that is considered necessary is required to be provided. It does not unduly discriminate as it is applied to both BT and Kingston and no other provider has SMP in these markets. Finally, it is transparent in that it is clear in its intention to ensure that BT and Kingston publish details of their terms and conditions.

Requirement to notify charges

5.57 Having taken account of the findings of SMP and representations from stakeholders, the Director has decided to require BT and Kingston to notify changes to charges.

5.58 Changes must be notified 90 days in advance except in the following markets, which are subject to a 28 day notification period:

- wholesale residential ISDN2 exchange line services;
- wholesale ISDN30 exchange line services; and
- inter-tandem conveyance and transit on fixed public narrowband networks.

5.59 The August document proposed a 90 day notification period for wholesale residential ISDN2 exchange line services. The Director has now decided that a 28 day notification period is more appropriate in this market. This is for the same reasons that he has decided not to impose a requirement to set charges on a cost-orientated basis or to impose a charge control for such services. The reasons are set out in paragraph 15.16 of the August document.

5.60 The condition is imposed in all the markets in which BT and Kingston have been found to have SMP and in respect of interconnection circuits.

Responses to the August consultation

WLR services

5.61 BT has expressed concerns that the 90 day notification requirement on analogue and business ISDN2 WLR services is impractical and will result in delays to service providers benefiting from new capabilities following trials. In the absence of BT providing reasons as to why this should be the case, Oftel considers this requirement appropriate for these services and, at present, does not foresee it causing any difficulties or delays to the launch of WLR services following trials.

Kingston

5.62 Kingston advises that it currently sets interim charges each year based on cost estimates and then revises these charges at each year's end based on actual costs. This leads to retrospective settlements with other providers to deal with any differences between final and interim charges. Therefore, charges, on average, reflect its costs. Kingston seeks guidance as to whether it is able to retrospectively set charges based on cost under the new regime given the proposed requirement to give advance notification of charge changes.

5.63 As delays in setting charges based on cost are not a desired outcome, it is likely to be reasonable that this practice continues in the absence of a forward-looking charge control. In addition, as the intention behind advance notification of charge changes is to allow competitors to change retail prices in line with reductions in wholesale costs, it seems less apparent that advance notification of a

retrospective charge change would serve any purpose. It may, therefore, be appropriate for Kingston to seek the Director's consent for this condition to not apply in these circumstances.

Communications Act tests

5.64 The Director considers that the condition (Conditions AA6(a) and AB5(a) for BT and Kingston, respectively, at Annex A) meets the tests set out in the Act.

5.65 The Director has considered all the Community requirements set out in section 4. In particular, the condition promotes competition and secures efficient and sustainable competition for the maximum benefits of consumers by ensuring that providers have the necessary information to allow them to make informed decisions about competing in the relevant markets.

5.66 Section 47 requires conditions to be objectively justifiable, non-discriminatory, proportionate and transparent. The condition is objectively justifiable, in that the benefits of publication and notification of charges outweigh any possible disadvantages. It is proportionate, as the period of notice is significantly reduced in markets where competition is developing. It does not unduly discriminate as it is applied to both BT and Kingston and there are no other providers with SMP in these markets. Finally, it is transparent in that it is clear in its intention to ensure that BT and Kingston provide notification of charge changes.

Requirement to notify technical information

5.67 Having taken account of the findings of SMP and representations from stakeholders, the Director has decided to require BT and Kingston to notify technical information a minimum of 90 days in advance of providing new wholesale services or amending existing technical terms and conditions. Oftel considers that 90 days is the minimum time that competing providers will need to modify their network to support a new or changed technical interface or support a new point of access or network configuration.

5.68 The condition is imposed in all the markets in which BT and Kingston have been found to have SMP and in respect of interconnection circuits.

Responses to the August consultation

5.69 BT does not consider that the advance notification of changes to technical terms and conditions should extend to changes to BT's Element Based Charging ("EBC") matrix, as proposed by Oftel at paragraph 9.127 of the August document. BT argues that changes to the EBC matrix are made for a number of reasons other than to reflect changes to BT's network configuration. For example, changes are made when new number ranges are used or activated or when other operators introduce new interconnection links and/or Points of Connection. BT argues that

the advance notification requirements could therefore introduce delays in enabling other operators to benefit from establishing new points of interconnect.

5.70 Oftel would like to clarify that it does not expect all changes to the EBC matrix, regardless of their source, to be notified. Oftel considers that changes to the EBC matrix should be notified only where those changes are initiated by BT, normally arising from a change in BT's network configuration. This follows from the objective of Condition AA6(b), which is to ensure that third parties can make effective use of the Network Access provided by BT. In particular, the condition covers "technical characteristics (including information on network configuration where necessary to make effective use of the Network Access)". In order for third parties to make effective use of the Network Access provided by BT, it does not seem necessary that they are notified of EBC matrix changes arising from technical changes that they have initiated themselves, for example the addition of new Points of Connection.

5.71 BT also comments that planned changes to BT's network configuration are documented in the Network Information Publication Principles (NIPP) which are updated quarterly. Oftel considers that the EBC matrix provides complementary information to that published in the NIPP and that notification in the NIPP does not remove the need for EBC matrix notification as set out above.

Communications Act tests

5.72 The Director considers that the condition (Conditions AA6(b) and AB5(b) for BT and Kingston, respectively, at Annex A) meets the tests set out in the Act.

5.73 The Director in imposing this condition has considered all the Community requirements in section 4. In particular, the condition promotes competition and encourages service interoperability for the purpose of securing efficient and sustainable competition and the maximum benefits for consumers by ensuring that providers have sufficient notification of technical changes to BT's network to enable them compete.

5.74 Section 47 requires conditions to be objectively justifiable, non-discriminatory, proportionate and transparent. The condition is objectively justifiable in that it enables competing operators to make full and effective use of Network Access. It does not unduly discriminate as it is imposed on both BT and Kingston and no other operator has SMP in these markets. It is proportionate in that 90 days is the minimum period necessary to allow competing providers to modify their networks. Finally, it is transparent in that it is clear in its intention that BT and Kingston notify technical information.

Transparency as to quality of service

5.75 Having taken account of the findings of SMP and representations from stakeholders, the Director has decided to require BT to publish data on a specified

set of Key Performance Indicators (“KPIs”), the format and frequency of which will be determined by the Director.

5.76 The Director’s proposed KPIs are set out in the consultation document entitled *Proposed requirement on dominant providers to publish Key Performance Indicators*, 11 July 2003, see http://www.oftel.gov.uk/publications/eu_directives/2003/kpis0703.htm. Before finally determining the KPIs, the Director will ensure that sufficient time is allowed for information gathering and detailed discussion of the product specific proposals and commercial issues involved. A number of individual work streams comprising Of tel and industry stakeholders have been formed. The intention is to publish draft directions by the end of 2003 that will be finalised in January 2004. The new procedures should be implemented by mid 2004, dependent upon the outcome of the relevant market reviews.

5.77 The condition is imposed in all the markets in which BT has been found to have SMP and in respect of interconnection circuits.

Kingston

5.78 The Director does not propose that Kingston be subject to this requirement because Kingston’s supply of wholesale services are of insufficient volume for the publication of KPI data to be statistically meaningful.

Communications Act tests

5.79 The Director considers that the condition (Condition AA7 at Annex A) meets the tests set out in the Act.

5.80 The Director in imposing this condition has considered all the Community requirements in section 4. In particular, the condition promotes competition and secures efficient and sustainable competition by ensuring that BT provides an equivalent quality of service to competing providers as it provides to itself.

5.81 Section 47 requires conditions to be objectively justifiable, non-discriminatory, proportionate and transparent. The condition is objectively justifiable because the requirement is intended to ensure that there no undue discrimination in the quality of service provided. It is not, in general, possible to reconstruct operational performance retrospectively and there is no guarantee that the necessary information will be collected at the time the service is provided. The condition is proportionate because the dominant provider will only be required to publish data on an agreed set of KPIs that are representative of key business processes, rather than a complete set of KPIs that cover all aspects of operational performance. Finally, it is transparent in that it is clear in its intention to publish data on quality of service.

5.82 Although an equivalent condition is not proposed for Kingston, it does not unduly discriminate as the condition only applies where there is sufficient demand for the wholesale service in question such that the data provided will be statistically meaningful.

Process for dealing with requests for new products

The August consultation

5.83 The August document invited comments on proposals for regulation of the statement of requirements (“SOR”) process. The proposals covered the following:

- the publication of reasonable guidelines on requesting a new product;
- the provision of information for the purpose of making a request for a new product; and
- a process for dealing with requests for new products.

Responses to the August consultation

Maximum targets

5.84 The UK Competitive Telecommunications Association (“UKCTA”) states that the Director’s proposed target of 60 working days from request is longer than BT’s existing target of 75 calendar days from acknowledgement of request, which is set out in BT’s Standard Interconnection Agreement (“SIA”).

5.85 The Director has compared his proposal against BT’s existing process in its SIA. BT’s target of 75 calendar days from acknowledgement of the request is equivalent to 54 to 58 working days from the date of request, depending on the speed of acknowledgement. This BT target is only marginally shorter than the Director’s proposed target of 60 working days from the date of request. In addition, BT’s existing process of 75 calendar days only requires BT to endeavour to agree with the requesting party a plan for testing the feasibility of the requirement. Under this condition, where a feasibility study is required, BT should, within 60 days, complete the feasibility study, set out an initial offer of terms and conditions and propose timetables for the provision of Network Access and the resolution of any technical issues. In view of the fact that significantly more tasks are contained within the regulated process of 60 working days, the Director has decided not to change the timescale.

Clarity of process

5.86 UKCTA would like an early “yes/no” decision from BT, so that if there is a refusal, a dispute can be referred to the Director earlier.

5.87 The Director considers that a key factor in developing policy on this issue has been to create greater clarity and to avoid the potential for disputes being referred

to him where poorly prepared requests have been rejected by equally unclear and short rejection letters. Under the process, BT will be required to give objective reasons for its decisions. If there were a lack of clarity at point of refusal, it would potentially take the Director longer to resolve the dispute. Conversely, if a feasibility study were completed before refusal, with more information available at this stage, this would probably reduce the time it would take for the Director to resolve the dispute (although actual time to resolve a dispute would depend on the individual circumstances of a case).

5.88 UKCTA states that increasing the granularity and transparency of the process will strengthen the process and stop BT from using it to delay further. UKCTA also comments that the steps in BT's internal processes should be broken down with timeframes set against each task.

5.89 The Director considers that, while clarity in the process is desirable, BT is best placed to develop the internal processes required to ensure BT meets its obligations. The Director has placed an obligation on BT to set out these internal processes, to keep these processes under review and to ensure that these processes are adequate. If BT fails to meet its obligations, the Director may direct BT to improve its processes. Therefore, the Director does not consider it necessary to change the wording of the condition.

Provision of information

5.90 UKCTA has concerns that without a specific timeframe on BT for responding to requests for information, the Director would have to consider a significant number of disputes and determine what is a reasonable timeframe, which would also cause delay in the process. UKCTA recommends a maximum timeframe of 10 working days, allowing the timeframe to be increased by agreement with the requesting party and for such agreement not to be unreasonably withheld.

5.91 The Director considers that it is difficult to determine in advance a specific timeframe that would apply to all requests for information, as these requests will vary in complexity. Therefore, the 'reasonable timescale' formulation is proportionate. It is clearly inappropriate for the Director to place an obligation on a requesting party to judge whether or not BT was acting in a reasonable manner. The Director will deal with any disputes referred in accordance with his published guidelines. Therefore, the Director does not intend to change the wording of the condition.

5.92 BT does not consider that it should be obliged to provide information until it has sufficient understanding of the nature of the request to judge that it is genuine and reasonable.

5.93 BT will be obliged to provide requesting operators with sufficient information to allow them to construct proposed product specifications that are efficient and meet their reasonable requirements. This obligation is placed on BT in the context

of its obligation to meet all reasonable requests for access. BT is free to set out in its guidelines what information it considers it requires in order to assess whether it is under an obligation to provide the requested information. Any dispute between BT and other communications providers about requests for information can, of course, be referred to the Director for resolution.

Feasibility studies

5.94 UKCTA expresses concern that BT may use feasibility studies to delay the process up to the maximum target. It also asks for greater clarity about the circumstances in which BT will require a feasibility study and what is involved in such a study. In addition, UKCTA comments that as a general rule BT has not made available its feasibility studies to operators that have submitted SORs.

5.95 The Director considers that there is a cost implication for BT to conduct a feasibility study. In addition, BT can only carry out a feasibility study where one is reasonably required and will have to give objective reasons why it is needed. BT is required, in the event of a refusal, to provide the requesting operator with a non-confidential version of the feasibility study and to provide Oftel with a copy of the feasibility study (Condition AA1(b).9(b)). BT has commented that it would prefer this requirement to apply only where the refusal becomes the subject of a dispute.

5.96 The objectives of introducing regulation into the SOR process include the need to increase transparency and ensure that requests for access are not subject to unnecessary delay. The Director considers that in the event that BT has taken the extra time needed to complete a feasibility study and then has refused the request, it is reasonable for BT to provide a copy of the feasibility study to the requesting party. This should aid the requesting party to formulate any necessary dispute submission. The requirement to provide the feasibility study to Oftel allows Oftel to monitor the reasons for refusal. This may be particularly important when much of the information in the feasibility study is withheld from the requesting parties on the grounds of confidentiality.

5.97 The Director considers that the completed version of the feasibility study shall include the following:

- a breakdown of BT's estimated development, operational and other costs associated with the provision of the requested service;
- a description of the technical characteristics of the requested service including different technical options for meeting the request and the cost implications of these options; and
- a full description of the billing arrangement of the requested service.

5.98 The Director also expects BT to include other relevant information on the scope of feasibility studies in its published guidelines.

5.99 UKCTA suggests that BT should inform the requesting party that it will be conducting a feasibility study at the 15 working day deadline, rather than at the 35 working day deadline, so that the requesting party is aware at an early stage how long the overall process is likely to take.

5.100 The Director considers that, generally, BT will have to decide whether to conduct a feasibility study earlier than 35 working days, in order to allow time to complete the feasibility study and other requirements within the overall target of 60 working days. Therefore, the Director does consider it appropriate to reduce the target for BT to notify that it will be conducting a feasibility study, to 15 working days. However, there may be limited circumstances where BT, due to a genuine error of fact, decides at a later point in time that a feasibility study is required. In such limited circumstances, BT will have until 35 working days from date of receipt of request to notify the requesting party that a feasibility study is reasonably required and give objective reasons why this is the case. Accordingly, the Director has amended Condition AA1(b).8. In such circumstances, BT must carry out the feasibility study within 45 days of informing the requesting communications provider of the need to do so. This may be extended up to 70 working days, if circumstances have arisen which prevent BT from completing the feasibility study, or if BT and the communications provider agree to such an extension, as set out in Condition AA1(b).10. Further, the period can be extended past 70 working days with the agreement of the Director or the requesting party.

Initial offer of terms and conditions

5.101 BT expresses concern relating to the timescales proposed for providing an initial offer of terms and conditions. BT states that any feasibility work may be completed in the proposed timescales, but it is not possible in more complex cases to undertake the detailed product development assessment and approval necessary to arrive at proposed prices. As clarified above, the Director considers that assessing technical options, and the costs of these technical options, are integral parts of a feasibility study. As set out in the Access Guidelines, determining whether or not a request is reasonable will often require an assessment of the cost of providing the Network Access in question. The Director considers that allowances have already been made for complex cases, with the possibility of extension to the overall target beyond 60 working days. Therefore, the Director does not intend to amend the condition further in this respect. Condition AA1(b).13 allow for extension of timescales where BT, despite using its best endeavours, is unable to complete the feasibility study within 60 working days. BT has expressed its view that “reasonable endeavours” would be a more proportionate condition. The SOR process accompanies an obligation on BT to meet all reasonable requests for access. The timing of the provision of access is often of crucial importance to the requesting party and unnecessary delays may hinder a competitor to BT. It is therefore proportionate to expect BT to use its best endeavours to complete the feasibility study within 60 days. The Director does not therefore intend to amend the condition.

5.102 UKCTA suggests that in order to determine that the product is commercially viable, the initial offer should include any restrictions on the way the product can be used.

5.103 The August document stated (at paragraph 9.185) that an “initial offer” is an opening offer from BT to start commercial negotiations, and that such an offer should include, for example, options to provide the product such as routing options, and proposed pricing. Accordingly, the Director also considers that the initial offer should include any restrictions on the way the product can be used.

Transparency, KPIs, and register of SORs

5.104 UKCTA states that discrimination is a key issue affecting markets in which alternative operators compete, and that lack of transparency means that alternative operators have no visibility as to whether BT’s retail activities get preferential treatment in the SOR process over other communications providers. It adds that applying the requirement to publish KPIs on the SOR process will give Ofcom and alternative operators the transparency to determine whether any discrimination is taking place and will also act as a discipline on BT to avoid discrimination. UKCTA also recommends that BT be required to keep a register of SORs to enable it to track where each one is in the process. UKCTA would, however, expect this to be confidential to BT and Ofcom only.

5.105 The Director agrees that visibility of BT’s performance in handling requests from other communications providers and BT’s retail activities would benefit all parties, including BT. Transparency is likely to lead to greater co-operation between BT and other communications providers and reduce the need for regular regulatory intervention. BT has indicated to the Director a willingness to publish KPIs on a voluntary basis. Should this fail to lead to a satisfactory outcome, the Director will consider extending regulation to cover KPIs on the SOR process. The Director expects BT to set out in its guidelines what information it will publish.

The final condition

5.106 The Director has taken into account comments received and has reviewed disputes referred to him since April 2002. The Director considers that there is evidence in the markets in this review that BT’s current SOR process is not working sufficiently well and that there is a need to improve BT’s response to requests for Network Access. There is evidence from disputes referred to the Director since April 2002 of instances where the introduction of new products and services has been delayed by the unavailability of feasibility studies and other information which the Director would normally expect to be collected during the SOR process. These disputes include, for example, Software rearrangement - Energis Determination request, Ofcom case CW/00542/08/02; Indirect access dispute between BT and Cable & Wireless, CW/00590/01/03; PPCs - request for Determination from Cable and Wireless, CW/00514/04/02, Dispute between THUS

plc and BT about the IN dip retention charge for NTS and SurfTime calls to numbers on 1k blocks, CW/00661/07/03.

5.107 Other communications providers need clarity and certainty about the SOR process. Clear guidelines from BT and the provision of necessary information for the purposes of making a request for Network Access should speed up the SOR process to the benefit of communications providers that require wholesale inputs from BT. An improved process will also enable BT to set a reasonable standard for requests and reject inadequate requests. It should also assist with the timely resolution of disputes, since the nature of the dispute should be clearer and it should be able to be brought in a more timely manner than at present. Accordingly, the Director considers that *ex ante* regulation of BT's SOR process is appropriate.

5.108 The condition will apply to all markets in which BT has been found to have SMP and in respect of interconnection circuits.

5.109 The Director considers that the process should apply to modifications of existing Network Access as well as to completely new forms of Network Access. He would not, however, expect the process to apply to requests for standard Network Access products offered by BT but where the requesting electronic communications provider does not already have the product. He also notes that requests for modifications of existing Network Access are likely to be less complex and should be able to be dealt with relatively quickly.

5.110 The regulated process set out is designed to accompany the obligation for BT to meet all reasonable requests for access in specific markets. The Director acknowledges that a request for a wholesale product could take the form of a request for a new pricing structure or amount to the provision of certain billing information. Therefore, for the avoidance of doubt, the Director considers that the regulated SOR process does apply to modifications of this type where BT has an obligation to meet all reasonable requests. The process does not cover general requests, not associated with specific requests for access, such as requests to modify general contractual terms.

A. Publication of reasonable guidelines on requesting a new product

5.111 Conditions AA1(b).1 and AA1(b).2 will oblige BT to publish the required content and form of a request for new Network Access. In view of comments received, the Director considers that it is appropriate to require BT to produce reasonable guidelines on requesting new Network Access. The Director believes that such guidelines will contribute to an efficient process by ensuring that BT receives accurate product descriptions in the necessary detail and give requesting communications providers confidence that requests are handled in a fair and consistent manner. The Director considers that BT should consult with the Director and relevant third parties before finalising the initial version of these guidelines to ensure that the guidelines meet the reasonable needs of stakeholders. The

Director would expect BT to make the proposed guidelines publicly available and to engage with stakeholders as appropriate to enable them to contribute to the development of the final guidelines. The Director also considers that BT should finalise the initial guidelines within two months of the date the condition enters into force. In addition, BT shall keep these guidelines under review and consult with relevant third parties and the Director before making any amendments.

B. Provision of information for the purpose of making a request for a new Network Access

5.112 The Director considers it appropriate to require BT, on receipt of a reasonable request, to supply sufficient technical and network information to enable third parties to construct proposed product specifications that are efficient and meet their reasonable requirements (Condition AA1(b).3). The Director requires that the information should be supplied within a “reasonable timescale”. If a dispute arises about timescales, the Director would consider what is reasonable on a case-by-case basis, taking into account the complexity of the information request.

5.113 The Director considers that BT should not refuse access to any such information on the basis of confidentiality, although BT may require a non-disclosure agreement. BT has argued that it may be constrained in its ability to supply information to requesting operators due to confidentiality agreements with its suppliers. While the Director appreciates that there may be certain circumstances where BT finds itself constrained, communications providers will obviously be concerned that by signing confidentiality agreements with suppliers, BT can effectively deny access to its network. The Director considers that in signing confidentiality agreements BT must consider its obligations to meet all reasonable requests for access and to provide information to requesting operators. If necessary, BT should review confidentiality agreements with its suppliers.

5.114 Section 87(4)(e) of the Communications Act requires the Director to take account of, inter alia, any relevant intellectual property (“IP”) rights in considering whether it is proportionate to mandate or attach conditions to an access obligation.

5.115 The Director recognises that IP rights will protect some types of information, but where that information is essential to allow BT’s competitors to request and make use of reasonable access products, the Director expects BT to explore whether such information could be made available and protected with non-disclosure agreements.

5.116 As set out in the Access Guidelines, in the event of a dispute about the provision of information, the Director will identify IP rights on a case-by-case basis. The Director notes, however, that:

- the information must be secret, identified (recorded) and substantial; and
 - IP includes patents, know-how, and software copyright.
-

C. Process for dealing with requests for new Network Access

5.117 Amendments have been made to the condition from that proposed in the August document in respect of the process for dealing with requests for new products. The following is a summary of the process:

- BT must acknowledge receipt of the request within five working days (Condition AA1(b).5).
 - BT must give a first written response to the request at the latest within 15 working days of its receipt (Condition AA1(b).6). At this stage, it is envisaged that the response will not be an initial offer of terms and conditions, although nothing would preclude such a response at this stage. If the request is not adequately formulated, the Director would expect BT and communications providers to be able to discuss constructively how a request should be formulated, and this should be covered in BT's guidelines. If the request is refused on the basis of specified objective criteria or the need to maintain network integrity, BT shall detail its reasons for refusal. If the request is sufficiently well formulated BT shall state either that the initial offer of terms and conditions will be prepared, or that a feasibility study will be required (and objective reasons why a feasibility study is required). BT should also at this stage confirm preparation of a timetable for the agreement of technical issues (Condition AA1(b).6).
 - Rejection – BT may reject a request on the grounds that it is not reasonable, is not technically feasible, requires BT to provide something which is not within its power to provide, or would compromise the integrity of BT's network. Oftel has set out, in the Access Guidelines (at paragraph 2.28), the procedure it intends to use to resolve disputes about what is a 'reasonable request' for Network Access. Oftel considers that a request is unreasonable if it imposes an undue burden on BT, ie BT would be unable to recover its costs of providing the requested access.
 - Where no feasibility study – At the latest, 35 working days after receipt of the request, BT must provide an initial offer of terms and conditions and timetable for new Network Access and the resolution of technical issues (Condition AA1(b).7).
 - Where, BT has said that no feasibility study is required but, due to a genuine error of fact, BT decides after 15 days that a feasibility study is reasonably required, it may inform the requesting party within 35 working days that a feasibility study is required (Condition AA1(b).8) and give objective reasons why the study is required. The Director expects that this condition will apply in limited circumstances only, and generally BT will be required to decide whether a feasibility study is required within 15 working days.
-

- Where feasibility study is undertaken – At the end of 60 working days, BT must be able to respond fully to the majority of requests for new Network Access (Condition AA1(b).9). The condition allows provision for this time to be extended to 85 working days, where, despite using its best endeavours, BT is unable to complete the feasibility study within 60 working days or when BT and the requesting operator agree that more time is needed. The Director does however acknowledge that in certain circumstances, BT might reasonably require even more time to respond fully to a request. Such circumstances might include multiple or conflicting requests from different providers, extremely complex requests covering a number of different technologies areas or requests requiring wider industry consultation. The condition therefore includes provision for the overall deadline to be extended to over 85 working days, with the agreement of the requesting party, or with the Director (Condition AA1(b).11).

5.118 Where BT wishes to extend the 60 day deadline to 85 working days (Condition AA1(b).10), it is for BT to show that circumstances exist which prevent it from responding to the request within 60 working days.

Communications Act tests

5.119 This condition is imposed pursuant to section 87 (3) and 87(5) of the Act. Specifically, under section 87(5)(a) the Director considers that the provisions of this condition will help to secure fairness and reasonableness in the way in which requests for Network Access are made and responded to, by adding clarity and robustness to the process. In addition, under section 87(5)(b) he considers that the provisions will help to secure that the obligations contained within the condition are complied with, within the reasonable periods and at the times required by the condition.

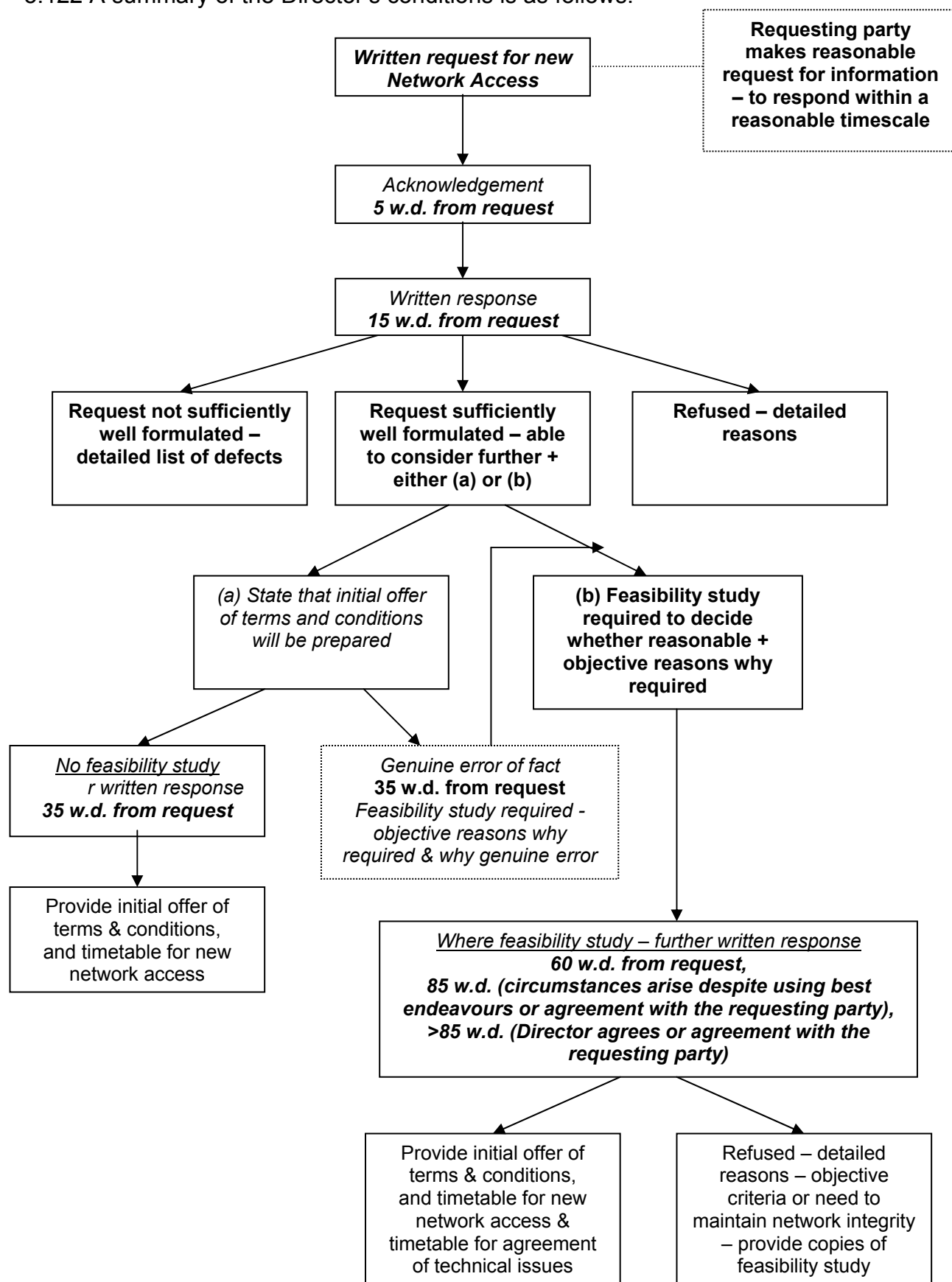
5.120 The Director has considered the matters set out in section 87(4). In particular, under section 87(4)(d) he considers that it is fair and reasonable to impose this condition in the interests of effective competition in the long term, as reductions in delays in provision of new products will ensure that communications providers are able to make effective use of BT's network in competition with BT.

5.121 The Director has also considered the test for setting conditions set out in section 47 of the Act, namely that this condition is objectively justifiable, does not unduly discriminate, is proportionate and transparent. The Director considers that his revised condition meets these tests. In particular, it is objectively justifiable in the light of the deficiencies in the current process which lead to the delays and lack of clarity discussed above. It does not discriminate unduly against BT because BT has been found to have a position of SMP in this market and is therefore able to exploit this position to the potential detriment of its competitors both in this market and in downstream markets. The Director does not consider that the obligation should be imposed on Kingston since there is not the same

level of demand for Network Access in the Hull Area. The condition is proportionate since without it being put in place, BT's competitors would continue to experience problems of the nature already described. Furthermore, it is transparent in its intention to ensure that BT has a reasonable process for dealing with requests for new Network Access.

5.122 Finally, the Director, in imposing this condition, has considered all the Community requirements set out in section 4 of the Communications Act. In particular, under section 4(8) the Director considers that the provisions help secure efficiency and sustainable competition in the markets in this review. They help to ensure efficiency and sustainable competition by enabling other communications providers to make effective use of BT's network in order to offer their own products.

5.122 A summary of the Director's conditions is as follows:



Chapter 6

Carrier pre-selection and indirect access

Introduction

6.1 Carrier pre-selection (“CPS”) is a mechanism that allows users to select, in advance, alternative communications providers to carry their calls without having to dial a prefix. The customer subscribes to the services of one or more CPS operators (“CPSOs”) and chooses the type of calls (eg all national calls) to be routed through the network of the alternative operator. A customer can over-ride the CPS service at any time by dialling a prefix before the number they wish to dial, as long as they have an agreement with the operator to whom the prefix code belongs.

6.2 Indirect access (“IA”) is a mechanism that allows users to select alternative communications providers to their access line provider on a call-by-call basis by dialling a short pre-fix before each number they wish to dial.

6.3 In addition to the remedies set out in Chapter 5, this chapter sets out the requirements to provide CPS and IA, in response to the findings of SMP in the call origination market. The full effects of, and the Director’s reasons for imposing, the CPS and IA requirements are contained in Chapters 10 and 12 of the August document.

Aims of regulation

6.4 The aim of both IA and CPS services is to stimulate competition in the calls market and enhance competition in areas with only limited direct access competition.

Universal Service Directive

6.5 The Universal Service Directive requires the Director to impose an obligation on providers with SMP in markets relating to the provision of fixed services that requires them to allow their customers access to CPS and IA services. On the basis that the Director has found both BT and Kingston to have SMP in retail access and calls (Chapter 3 of the Explanatory Statement entitled *Review of narrowband retail services markets*, October 2003) and also in the fixed call origination market, it is therefore necessary to require that BT and Kingston ensure that CPS services and IA services are available to their customers.

6.6 Under section 90 of the Act, the Director must impose on the dominant provider such SMP conditions relating to CPS and IA as he thinks fit. Such conditions can include requiring the dominant provider to make relevant

interconnection facilities available, cost recovery provisions and the manner in which CPS and IA are to be made available.

CPS condition

6.7 The CPS condition requires CPS to be provided at the request of any customer and that relevant wholesale interconnection facilities are provided to CPSOs on reasonable terms and in accordance with the CPS Functional Specification. It further provides that the charges for such interconnection facilities are reasonably derived from the costs of providing those services and that the costs must be calculated on a forward looking long run incremental cost approach. The CPS condition also sets out the principles for the recovery of costs incurred in the provision of CPS.

6.8 The condition provides the Director with a specific power to issue directions and requires the dominant provider to comply with any such directions. Any contravention of a direction may therefore result in a contravention of the condition itself and thus subject to enforcement action under sections 94 to 104 of the Act.

6.9 The CPS condition contains a provision for the recovery by BT of 'interim' carrier pre-selection ("ICPS") costs. BT is recovering these costs by means of a 'pence-per-minute' surcharge on all relevant BT originated calls that commenced in 2002 over an estimated 5-year life span.

Communications Act tests

6.10 The Director considers that the CPS condition (Conditions AA8 and AB6 for BT and Kingston, respectively, at Annex A) meets the tests set out in the Act.

6.11 The Director has considered all the Community requirements set out in section 4 of the Act. In particular, the condition promotes competition and secures efficient and sustainable competition for the benefit of consumers by enabling providers to compete in downstream markets.

6.12 Section 47 of the Act requires conditions to be objectively justifiable, non-discriminatory, proportionate and transparent. The condition is objectively justifiable, in that it relates to the need to ensure that competition develops to the benefit of consumers. It does not unduly discriminate, as it is imposed on both BT and Kingston and no other operator has SMP in these markets. It is proportionate, as it only requires BT and Kingston to provide access on reasonable terms. Finally, the condition is transparent in that it is clear in its intention to ensure that BT and Kingston allow their customers access to CPS services.

CPS Functional Specification

6.13 The CPS Functional Specification establishes certain technical and other principles in order to enable the efficient implementation of CPS.

6.14 The obligation in the CPS condition to comply with the CPS Functional Specification concerns the manner in which CPS and relevant wholesale interconnection facilities are made available. Under the condition in Annex A, the Director may direct from time to time (following due consultation in accordance with section 49 of the Act) compliance with a particular version of the CPS Functional Specification for the purposes of this condition.

6.15 The Director has decided to make the direction set out in Annex B. The effect of that direction is to require compliance with the CPS Functional Specification annexed to the direction under obligations imposed on BT and Kingston under the CPS condition in Annex A. The reason for the direction is to enable the efficient provision of CPS.

Communications Act tests

6.16 The Director considers that the direction meets the tests set out in the Act. The Director has considered all the Community requirements set out in section 4. In particular, the direction assists in promoting competition and securing efficient and sustainable competition in retail markets for the benefit of consumers by ensuring the efficient implementation of CPS.

6.17 The Director considers that the direction (and the obligations set out therein) satisfies the tests set out in section 49(2). It is objectively justifiable in that it relates to the need to ensure the efficient provision of CPS and therefore that competition develops to the benefit of consumers. It does not unduly discriminate, as it is imposed on both BT and Kingston and no other operator has SMP in these markets. It is proportionate, as it requires BT and Kingston to provide CPS in a manner that is in the Director's view efficient and technically feasible. Finally, it is transparent in that it is clear in its intention to ensure that BT and Kingston efficiently provide CPS.

Indirect access condition

6.18 Having taken account of the findings of SMP and representations from stakeholders, the Director has decided to require BT and Kingston to provide IA on reasonable terms at the request of any customer and that relevant wholesale interconnection facilities are provided that will allow an alternative communications provider to provide IA services to its customer. It further provides that the charges for such interconnection facilities are reasonably derived from the costs of providing those services and that this must be calculated on a forward looking long run incremental cost approach.

6.19 The condition provides the Director with a specific power to issue directions and requires the dominant provider to comply with any such directions. Any contravention of a direction may therefore result in a contravention of the condition itself and thus subject to enforcement action under sections 94 to 104 of the Act.

Communication Act tests

6.20 The Director considers that the IA condition (Condition AA9 and AB7 for BT and Kingston, respectively, at Annex A) meets the tests set out in the Act.

6.21 The Director has considered all of the Community requirements set out in section 4 of the Act. In particular, the condition promotes competition and secures efficient and sustainable competition for the benefit of consumers by enabling providers to compete in downstream markets.

6.22 Section 47 of the Act requires conditions to be objectively justifiable, non-discriminatory, proportionate and transparent. The condition is objectively justifiable, in that it relates to the need to ensure that competition develops to the benefit of consumers. It does not unduly discriminate, as it is imposed on both BT and Kingston and no other operator has SMP in these markets. It is proportionate, as it only requires BT and Kingston to provide IA on reasonable terms. Finally, the condition is transparent in that it is clear in its intention to ensure that BT and Kingston provide IA.

Chapter 7

Wholesale line rental

Introduction

7.1 Wholesale line rental (“WLR”) is a service whereby competing providers effectively lease an exchange line and decide how best to route the customer’s calls. Providers therefore take on the full retail relationship with the customer and offer a ‘single bill’ to end-users for all basic communications services.

7.2 In addition to the remedies set out in Chapter 5, this chapter sets out the requirement on BT to provide WLR in response to the findings of SMP in the following markets in the UK excluding the Hull Area:

- wholesale residential analogue exchange line services;
- wholesale business analogue exchange line services;
- wholesale business ISDN2 exchange line services; and
- wholesale ISDN30 exchange line services.

The full effects of, and the Directors reasons for imposing, WLR are contained in Chapter 14 of the August document.

7.3 Having taken account of the finding of SMP and representations from stakeholders, the Director has decided not to require BT to provide WLR in response to the finding of SMP in the wholesale residential ISDN2 exchange line market, for the reasons set out in Chapter 15 of the August document.

Kingston

7.4 The Director has also found Kingston to possess SMP in the following markets in the Hull Area:

- wholesale residential analogue exchange line services;
- wholesale residential ISDN2 exchange line services;
- wholesale business analogue exchange line services;
- wholesale business ISDN2 exchange line services; and
- wholesale ISDN30 exchange line services.

7.5 A WLR product is currently not available in the Hull Area. Although the arguments for a such a product to be available in the Hull Area are likely to be similar to those detailed below for BT, the Director believes that it would not be reasonable to require Kingston to supply wholesale line rental without reasonable demand first having been demonstrated.

7.6 In Chapter 5, the Director has imposed an obligation on Kingston to provide Network Access in the exchange line markets in which it has been found to

possess SMP. Kingston is required under this obligation to provide wholesale services to third parties that reasonably request it. The Director considers that this obligation is sufficient to ensure that Kingston provides a wholesale line rental product should a reasonable request be made.

Aims of regulation

7.7 The aims of WLR are twofold. The first objective is to directly address BT's SMP in the residential and business access markets by enabling competing providers to compete in retail access markets without building direct access networks. The second objective is to enhance the effectiveness of the IA and CPS remedies, detailed in Chapter 6, in the markets for calls, by allowing competing providers to provide calls and access as a bundled service.

The WLR condition

7.8 Having taken account of the findings of SMP and representations from stakeholders, the Director has decided to require BT to provide:

- a fit-for-purpose analogue WLR product on an incentive basis;
- a business ISDN2 WLR product in accordance with a functional specification as directed by the Director; and
- an ISDN30 WLR product in accordance with a functional specification as directed by the Director.

Fit-for-purpose analogue WLR on an incentive basis

7.9 Oftel has developed with industry a product specification for analogue WLR. The Oftel statement entitled *Wholesale Line Rental: Oftel's conclusions*, March 2003 sets out the conclusions of this work.

7.10 Partly as an incentive to BT to offer analogue WLR in accordance with the final product specification, Oftel has indicated that it will relax the current retail price control when BT has introduced a fit-for-purpose product that is being actively taken up by providers.

7.11 BT has committed to delivering an analogue WLR product that is compliant with the published product specification by the end of Q1 2004. The specific targets it has adopted are:

- the product will be available for operator trials by the end of January 2004; and
 - the formal product launch will take place by the end of March 2004.
- BT has provided details of its implementation programme, including key milestones, to the relevant industry groups.

Fit-for-purpose assessment

7.12 The Director set out his detailed proposals for the fit-for-purpose assessment criteria in the statement entitled *Wholesale Line Rental: Of tel's conclusions*, March 2003. Under these proposals, BT will be able to trigger the assessment at any time, but this must be at least three months after launch. The assessment itself is expected to take two months, followed by a further one month consultation. There is an incentive on BT not to trigger the assessment early, since BT will not be able to trigger a new assessment within three months of a previous assessment failing; the minimum period between assessments is therefore at least 6 months.

Obligation to provide business ISDN2 WLR in accordance with a functional specification

7.13 BT is required to provide a business ISDN2 version of WLR in accordance with a Functional Specification as directed by the Director. The functional specification sets out the scope of the product and the processes that it has to include.

Obligation to provide ISDN30 WLR in accordance with a functional specification

7.14 BT is required to provide an ISDN30 version of WLR in accordance with a functional specification as directed by the Director. The functional specification sets out the scope of the product and the processes that it has to include.

Cost recovery

7.15 The condition sets out provisions for cost recovery. Of tel expects that each element of cost of WLR will fall into one of four categories: system set-up costs, per operator set-up costs, per operator ongoing costs, and per customer line set-up costs. Of tel has considered how these costs should be recovered in the light of its six principles for cost recovery: cost causation; cost minimisation; distribution of benefits; effective competition; reciprocity; and practicability.

7.16 The Director considers that there are strong arguments, based on the principles of cost minimisation, distribution of benefits, effective competition and practicality, for system set-up costs to be recovered across all BT lines. The principle of cost causation does not point strongly either to recovery of system set-up costs from service providers alone or to recovery across all BT lines. Therefore, system set-up costs are to be recovered across all BT lines.

7.17 The Director considers that there are strong arguments, based on the principle of cost causation and distribution of benefits, for per provider set-up costs, per provider ongoing costs and per line set-up costs to be recovered from service providers alone. The principles of cost minimisation and practicality point towards the recovery of these costs across all BT lines, whilst the principle of effective competition is broadly neutral. Therefore, per provider set-up costs, per-

provider ongoing costs and per line set-up costs are to be recovered from WLR service providers only.

Directions

7.18 The condition provides the Director with a specific power to issue a direction on aspects of WLR and requires the dominant provider to comply with any such directions. Any contravention of a direction may therefore result in a contravention of the condition itself and thus subject to enforcement action under sections 94 to 104 of the Act.

Communications Act tests

7.19 The Director considers that the condition (Condition AA10 at Annex A) meets the tests set out in the Act.

7.20 The Director has considered all the Community requirements set out in section 4 of the Act. In particular, the condition promotes competition and secures efficient and sustainable competition for the maximum benefits for of retail consumers by enabling providers to compete in downstream access markets.

7.21 Section 47 of the Act requires conditions to be objectively justifiable, non-discriminatory, proportionate and transparent. The condition is objectively justifiable, in that it relates to the need to ensure that competition develops to the benefit of consumers. Although the condition is only imposed on BT, it does not unduly discriminate, as the obligation on Kingston to provide Network Access on reasonable request is sufficient to ensure that Kingston provides a WLR product should a reasonable request be made. The condition is proportionate, in that it is necessary to enable competition but is not unduly burdensome on BT. Finally, it is transparent in that it is clear in its intention to ensure that BT provides fit for purpose WLR products.

7.22 In addition, the Director has taken into account the factors set out in section 87(4) and, in particular, the economic viability of service providers building an alternative direct access network and the feasibility of providing WLR.

7.23 The Director considers that the tests in section 88 have been met. As noted above, there is a risk that, in situations where SMP is persistent, pricing will be distorted and not at competitive levels, as dominant providers are likely to want to charge excessive prices in order to maximise profits by increasing their revenues and the costs of competing providers. The condition is appropriate in order to promote efficiency and sustainable competition and provide the greatest possible benefits to end users by enabling competing providers to buy wholesale services at levels that might be expected in a competitive market.

7.24 The extent of investment of BT has been taken into account as set out in section 88(2), as the obligation provides for cost recovery against Oftel's six cost recovery principles.

Functional Specification

7.25 The requirement to comply with the Wholesale ISDN Line Rental Functional Specification (the "Functional Specification") concerns the manner in which business ISDN WLR services are to be made available.

7.26 Under the WLR condition at Annex A, the Director may direct from time to time (following due consultation in accordance with section 49 of the Communications Act) compliance with a particular version of the specification for the purposes of this condition.

7.27 The Director has decided to make the direction set out in Annex E. The effect of the direction, is to require compliance with the Functional Specification annexed to the direction under obligations imposed on BT under the condition in Annex A. The reason for the direction is to enable the efficient provision of WLR.

Communications Act tests

7.28 The Director considers that the direction meets the tests set out in the Act. The Director has considered all the Community requirements set out in section 4 of the Act. In particular, the direction promotes competition and secures efficient and sustainable competition for the benefit of consumers by ensuring that BT efficiently provides business ISDN WLR products.

7.29 The Director considers that the direction (and the obligations set out therein) satisfies the tests set out in section 49(2) of the Act. It is objectively justifiable, in that it relates to the need to ensure that competition develops to the benefit of consumers. Although the direction is only made against BT, it does not unduly discriminate as Kingston does not at this time have an obligation to provide WLR services. It is proportionate, as it does not require BT to provide WLR services in a manner that is technically unfeasible. Finally, it is transparent in that it is clear in its intention to ensure that BT efficiently provides WLR services.

Responses to the August consultation

BT's response

Digital WLR

7.30 BT argues that the proposed remedies for digital WLR are disproportionate and that the availability of digital calls and access products is sufficient. BT suggests that if any further digital product is required, then it should be provided on an incentive basis. BT also argues that the pricing level for digital WLR, suggested by Oftel, understates BT's costs.

7.31 Oftel remains of the view that the digital calls and access product is not a satisfactory alternative to a regulated digital WLR product. This view is based on both the current pricing and the functionality of digital calls and access. Oftel set out its view in the previous documents that the price of digital calls and access is set at too high a level to enable service providers to compete and no evidence has been presented to change Oftel's view. On the issue of functionality, BT has been unwilling to discuss what functionality would be required of a 'fit-for-purpose' digital product and Oftel does not therefore believe that it is credible to expect such a product to be provided on an incentive basis.

7.32 One of the issues considered by Oftel, in deciding whether the new regulation is proportionate, is the current pricing of digital WLR. Oftel estimated a range within which this price should lie, based on all available information, and concluded that the current charge appeared to be high. The range was broad, due to a number of uncertainties associated with the information that was available. Oftel believes that this was a reasonable approach to take, since the aim was not to set a new price for digital WLR but simply to consider the reasonableness of the current price. Oftel does not propose, at present, to set a price for digital WLR, however, it may do so at a later date following an own initiative investigation or if required to by a dispute. In doing so, Oftel will of course request further more detailed data, and take account of all information provided to it before reaching its conclusion.

Cost recovery

7.33 BT argues that the cost recovery proposals for digital WLR are an undue burden on BT and have the potential to distort incentives for cost minimisation. BT's view is that cost recovery should be based on the principle of cost causation. BT further argues that cost recovery should include contractually binding forecasts of demand, with penalty payments where demand does not materialise.

7.34 Oftel acknowledges the importance of cost causation and cost minimisation. These are two of the six principles considered by Oftel before deciding the most appropriate cost recovery mechanism. It should, however, be noted that these principles do not automatically imply that cost recovery should fall entirely on alternative providers, since the system set-up costs of WLR will be caused by the regulatory obligation flowing from BT's market power. Furthermore, there are other principles to be considered, for example, the requirement to recover costs in a manner that does not distort effective competition. Oftel therefore remains of the view that cost recovery should on the basis set out in the August document. Oftel does, however, acknowledge that further work is required on the practical application of these principles.

7.35 Oftel acknowledges the need for a demand forecasting mechanism, which allows BT to manage its operational resources in an efficient manner. However, the mechanism set out by Oftel does not include penalty payments where demand

does not materialise and Oftel remains of the view that these are inappropriate. Penalty payments create a barrier to entry for new operators and are potentially discriminatory, in that BT's retail activities are not subject to the same penalty payments. Therefore, they should only be adopted where there is no other means of obtaining accurate forecasts.

ISDN30 1421 product

7.36 Finally, BT notes the ISDN30 1421 product is not available for new supply and therefore argues that a wholesale variant is not required. BT proposes instead a transfer process for 1421 lines, under which they should first be upgraded to ISDN30e and then transferred.

7.37 Oftel is willing to consider practical changes such as this to the WLR functional specification, as long as the alternative processes that are proposed by BT can be implemented in an efficient manner that is consistent with Oftel's overall objectives. More detailed discussion is required and Oftel expects this discussion to take place within the relevant WLR industry group.

Other responses

SMP market

7.38 The Commission considers that WLR may also be imposed as a retail remedy in the retail access markets, since it serves to introduce competition at that level. Similarly, the Swedish regulator does not consider it necessary to define a wholesale market for the purposes of imposing WLR.

7.39 The Director believes that it is more appropriate to apply a remedy in the market in which BT has SMP. WLR is a remedy for BT's SMP in the wholesale access markets, as it is a wholesale product, rather than a remedy for BT's SMP in the retail access markets. This is the case even though the purpose of WLR is to introduce competition at the retail level.

Relaxation of the retail price control

7.40 BVL expresses concern over Oftel's proposals to relax the retail price control when BT has introduced a fit-for-purpose WLR product. BVL considers that this implies that Oftel intends to allow BT to act as if it does not have SMP, which would severely disadvantage other service providers.

7.41 Oftel does not intend to modify its SMP finding following the introduction of a fit-for-purpose WLR product but does believe that it is appropriate at that point to review the remedies that follow from that SMP finding. Oftel believes that if CPS and WLR wholesale remedies are truly effective, then these coupled with a reduced set of retail remedies (price publication plus relaxation of the retail price

control) will be sufficient to ensure effective retail competition and permit market entry by alternative providers.

System set-up costs

7.42 BVL considers that system set-up costs should be recovered from service providers alone and not across all BT lines. Oftel has set out its analysis for cost recovery in paragraphs 14.35 to 14.47 of the August document. No evidence has been presented that has led the Director to change his mind and he continues to consider that system set up costs should be recovered across all lines.

Definition of business users

7.43 One operator queried whether home workers using ISDN2 lines, purchased as part of a corporate product solution, qualify as business users.

7.44 Oftel acknowledges that the boundary between business and residential markets can be difficult to define. However, if a wholesale ISDN2 product designed for the business market meets the needs of a specific end-user, then Oftel believes that it is reasonable to regard this end-user as a business user. The price premium associated with most business products means that these are unlikely to be purchased by residential users unless they have a genuine need for those features of the product that are specifically targeted at the business market. Oftel therefore expects BT to make wholesale ISDN2 available to alternative providers without qualifying availability according to its perception of the type of end-user.

IA call barring

7.45 BVL opposes the use of IA call barring with WLR, arguing that this is a contravention of the EU requirement for CPS, and does not increase customer choice.

7.46 Oftel has previously set out its view that there is a sound legal basis for IA call barring, due to the fact that the formal requirement to make CPS available only applies to SMP operators and falls away when an alternative provider that does not have SMP takes over the line. Oftel does not believe that IA call barring undermines customer choice, since customers can choose whether to take WLR with a provider that uses call barring. What is important is that customers are provided with sufficient information to make an informed choice and Oftel intends to ensure that this is the case.

Chapter 8

NTS call origination

Introduction

8.1 Number Translation Services (“NTS”) calls are used for the provision of a variety of value-added services, for example the provision of information services and Internet access. In this chapter, “NTS calls” refers to calls to the following numbers: Special Service numbers (including freephone, special local rate and special national rate) and Premium Rate Services (“PRS”) (services currently provided under 090 and 091 number ranges). Within these ranges calls to 0844 04 numbers for Surftime Internet access services and calls to 0808 99 for Flat Rate Internet Access Call Origination, see Chapter 9, are excluded.

8.2 In addition to the remedies set out in Chapter 5, this chapter sets out the Director’s decision on remedies relating to the origination of NTS calls (“NTS Call Origination”) in response to the findings of SMP in the call origination market. The full effects of, and the Director’s reasons for imposing, the NTS Call Origination requirements are contained in Chapter 16 of the August document.

Aims of regulation

8.3 Section 4 of the Act sets out the Community requirements for regulation. The Director has considered all of the criteria in section 4 of the Act, the most relevant being the promotion of competition in the provision of electronic communications networks and services. In particular, the aim of the regulation discussed here is the promotion of competition in the provision of downstream services such as metered Internet access services and NTS voice services.

NTS Call Origination condition

8.4 Having taken account of the finding of SMP and representations from stakeholders, the Director has decided to require BT to provide NTS Call Origination with a regulated retention and a retail uplift charge control (the details of which will be set out in a separate forthcoming consultation document).

8.5 The NTS Call Origination condition requires that BT undertake the retailing of NTS calls on behalf of the terminating operator and pass the retail revenue, net of a retention for its wholesale charges to the terminating operator. The charges that BT can make for the provision of wholesale NTS Call Origination, and hence the retention that it can keep, comprise of charges for conveyance of the NTS call, retailing the NTS call (the retail uplift) and, for PRS calls, a PRS bad debt surcharge. The condition also states that where BT receives a request to provide NTS Call Origination, BT shall provide it on fair and reasonable terms, conditions and charges.

8.6 The condition provides the Director with a specific power to issue a direction and requires the dominant provider to comply with any such directions. Any contravention of a direction may therefore result in a contravention of the condition itself and thus subject to enforcement action under sections 94 to 104 of the Act.

8.7 With respect to calls to 0844 and 0871 number ranges, the Director considers that fair and reasonable terms for providing NTS Call Origination should allow parties requesting NTS Call Origination to determine, within the bounds of what is reasonably possible, the retail prices at which their services are retailed to customers. These terms should also allow the requesting party to use number ranges within 0844 and 0871 that are excluded from BT's retail discounts. Of tel is currently separately consulting on the appropriate future retailing arrangements for 0845 and 0870 number ranges (see document entitled *0845 and 0870 numbers: Review of retail price and numbering arrangements* at <http://www.of tel.gov.uk/publications/numbering/2003/0845condoc0903.pdf>).

No NTS specific regulation on Kingston

8.8 The Director has decided it is appropriate not to impose specific NTS regulation on Kingston. This is because the current unregulated arrangements appear to be satisfactory for consumers and operators and there would likely to be costs in introducing specific regulation. Consequently, the Director's view is that the introduction of specific regulation on Kingston would not meet the proportionality test in section 47 of the Act.

8.9 For the avoidance of doubt, the more general conditions set out in Chapter 5, including the condition relating to the basis of charges, will still be relevant for NTS calls originating on Kingston's network. Therefore, the absence of specific NTS regulation on Kingston does not preclude Kingston from making a retention for call origination that is different from BT's equivalent retention. Of tel would urge Kingston and other operators to engage in constructive negotiation taking into account this regulatory framework.

Communications Act tests

Section 47

8.10 The Director considers that the NTS Call Origination condition (Condition AA11 at Annex A) meets the tests set out in section 47 of the Act for the following reasons:

Objectively justifiable

8.11 The NTS Call Origination condition is objectively justifiable because it is necessary to promote competition and innovation in downstream markets. In particular, current NTS regulation has enabled competition to develop in provision

of voice NTS services, wholesale metered Internet termination and retail dial-up Internet access, generating substantial benefits for consumers (as discussed in paragraph 16.17 of the August document).

8.12 In the absence of this regulation, BT would have the incentive and ability to set an excessively high charge for NTS Call Origination services and this would lead to excessively high prices paid by consumers. BT could also leverage its market power from call origination into downstream markets by imposing a margin squeeze on terminating operators. Other terminating operators would then be unable to compete with BT in the provision of downstream services, for example, voice NTS services and metered Internet termination services, enabling BT to assert market power in downstream markets.

Non-discriminatory

8.13 The Director does not consider that equivalent regulation of Kingston would be proportionate (see above). Therefore, the difference in treatment of these operators is not unduly discriminatory. In addition, Oftel has responded to BT's comment about discrimination below.

Proportionate

8.14 The NTS Call Origination condition is proportionate because it is necessary for BT to provide retailing services to third parties using NTS Call Origination, in order for NTS Call Origination to be effective in promoting competition and innovation in the downstream markets.

8.15 In particular, the Director considers that the use of IA by terminating operators is unlikely to provide a competitive constraint on BT's behaviour. This is because each terminating operator would have to establish a billing relationship with each calling party, resulting in many bills being sent to each consumer. The economies of scale and scope present in retail billing mean that it would not in general be feasible to enter the market in this way, particularly for smaller providers.

Transparency

8.16 The NTS Call Origination condition is transparent because the requirements on BT are clearly set out in the condition. Where there is flexibility within the scope of that requirement, for example in relation to retailing arrangements, Oftel is engaging with the industry to review certain aspects.

Section 87(4)

8.17 In addition, the Director has taken into account the factors set out in section

87(4) of the Act and, in particular, the economic viability of service providers establishing a billing relationship with each calling party and the feasibility of BT's provision of retail billing.

Responses to the August consultation

8.18 BT comments that it considers the NTS Call Origination condition is discriminatory between BT and other access providers. BT repeats the point it raised in response to the March consultation that, if it is not economically viable for an NTS operator to bill individual customers, they must use access services provided by whichever access provider the retail customer has chosen (BT or otherwise). BT considers this would imply reciprocal regulation as for call termination services.

8.19 Specifically, BT does not agree with the distinction Of tel makes in the August consultation between geographic call termination, where the calling party needs to access a particular party, and NTS calls, where NTS service providers need access to a wide range of callers.

8.20 Of tel has already considered this issue in paragraphs 16.50-16.51 of the August document. An alternative way of expressing the same arguments is to consider that NTS service providers will in general need access to enough customers to make their service viable. Therefore, it is the number of customers they have access to that is important rather than access to specific customers. BT has SMP in call origination and therefore NTS service providers are in general only able to access a viable number of customers if they have access to BT's customers, and hence the need for the NTS Call Origination condition. A similar condition is not required on non-SMP call originators despite the fact that they control the billing relationship with their own access customers. This is because non-SMP operators do not control access to a large enough number of customers such that it would be impossible for an NTS service provider to offer a viable service without access to those customers.

8.21 Of tel notes that this principle has already been demonstrated for other services, in particular for Directory Enquiries and unmetered dial-up Internet access. For these services, third party service providers have been able to enter the market despite the fact their services have not been available, at least initially, on the networks of non-SMP call originators. Subsequent availability of these services on other networks has been achieved through commercial negotiation.

8.22 UKCTA asks for Of tel to make it clear that the NTS retail uplift charge control will not be applied retrospectively following the separate review and consultation on this. BT requests that the review of the retail uplift be completed within 6 months of 25 July 2003 because it is concerned with the level of the current charge. Of tel would like to reiterate that it is committed to undertaking a thorough review of the retail uplift, but that any decision over the period to which the charge control applies can only be made following that consultation.

NTS retail uplift charge control

8.23 The Director considers that in principle a charge control on the retail uplift is appropriate, but is not considering the details of such a charge control as part of this document. The details of this will be set out in a separate forthcoming consultation document.

8.24 The Director has set out in Chapter 5 the reasons why he considers a charge control condition meets the tests set out in the Act. In addition, in relation to the principle of setting a retail uplift charge control, the Director considers that the tests set out in the Act are met as set out below.

8.25 The Director considers that a charge control for the retail uplift meets the tests set out in section 47 of the Act. The retail uplift charge control is objectively justifiable as an RPI-X control provides incentives to BT to minimise costs and reduces the regulatory costs associated with setting the retail uplift. Although a charge control is not proposed for Kingston, it is not unduly discriminatory for the reasons set out in paragraphs 5.38 to 5.40. It is proportionate as it enables competitors to develop competitive services to the benefit of consumers, whilst at the same time allowing BT a fair rate of return and imposes lower regulatory costs than a charge which is set on an annual basis. Finally, it is transparent in that it is clear in its intention to control BT's charges whilst creating efficiency incentives.

8.26 In addition, the Director has taken into account the factors set out in section 87(4) of the Act and, in particular, the economic viability of service providers establishing a billing relationship with each calling party and the feasibility of BT's provision of retail billing.

8.27 The Director also considers that the tests in section 88 of the Act have been met. There is a risk that, in situations where SMP is persistent, pricing will be distorted and not at competitive levels. A charge control is necessary in order to promote competition and provide benefits to end users, as it acts to control the charge for a wholesale input to retail services in the absence of competition reducing prices. In addition, an RPI-X control promotes efficiency as it provides incentives for BT to reduce its costs during the controlled period. The extent of BT's investment is taken into account by setting X so that BT's projected rate of return on capital in the last year of the charge control is equal to BT's cost of capital.

8.28 The Director will consider all the relevant tests when he sets out his detailed proposals for the retail uplift charge control and PRS bad debt surcharge in the forthcoming consultation document.

Chapter 9

Flat rate internet access call origination (FRIACO)

Introduction

9.1 In addition to the remedies set out in Chapter 5, this chapter sets out the Director's decision on remedies relating to the provision of Flat Rate Internet Access Call Origination ("FRIACO") in response to the findings of SMP in the call origination market and the local-tandem conveyance and transit market. The full effects of, and the Director's reasons for imposing, the FRIACO requirements are contained in Chapter 17 of the August document.

Aims of regulation

9.2 Section 4 of the Act sets out the Community requirements for regulation. The Director has considered all of the criteria in section 4 of the Act, the most relevant being the promotion of competition in the provision of electronic communications networks and services. In particular, the aim of the regulation discussed here is the promotion of competition in the provision of wholesale unmetered narrowband Internet termination services and retail unmetered narrowband Internet access services.

FRIACO condition

9.3 Having taken account of the findings of SMP and representations from stakeholders, the Director has decided to require BT to provide:

- FRIACO at the local exchange ("DLE FRIACO"); and
- FRIACO at the tandem exchange ("Single Tandem FRIACO").

DLE FRIACO

9.4 DLE FRIACO enables calls originating on BT's network to be conveyed to a DLE and handed over to a terminating operator for a flat rate charge. DLE FRIACO should be provided at any DLE where BT separates Internet traffic from other calls and no per minute charges should be made for the conveyance of this traffic. Where BT receives a request to provide NTS Call Origination, BT shall provide it on fair and reasonable terms, conditions and charges.

9.5 The condition provides the Director with a specific power to issue a direction and requires the dominant provider to comply with any such directions. Any contravention of a direction may therefore result in a contravention of the condition itself and thus subject to enforcement action under sections 94 to 104 of the Act.

Charges

9.6 The basis for cost recovery set out in Chapter 5, namely LRIC plus an appropriate mark-up is relevant to any FRIACO products supplied, subject to the specific pricing methodology set out below.

9.7 The pricing methodology for FRIACO reflects the fact that it is a capacity based service. In the case of DLE FRIACO, network capacity used includes local exchange call origination (LECO) circuits and the DLE port. However, since ports carry more traffic than local exchange circuits in the busy hour (which is the relevant period for network dimensioning), each FRIACO port will require more than one LECO circuit to support it, if the Grade of Service on the local exchange circuits is not to be reduced. The Adjustment Ratio (AR) adjusts for the number of LECO circuits required per DLE port.

9.8 In addition, there is a charge for product management, policy and planning (PPP). Therefore, the total charge for DLE FRIACO is calculated by the following formula:

$$[D(i) \times AR(DLE)(LECO)] + D(ii) + D(iii)$$

where:

D(i) = local exchange call origination (LECO) circuit excluding FRIACO port at the Local Exchange;

D(ii) = FRIACO port at the Local Exchange;

D(iii) = PPP per FRIACO port;

AR(DLE)(LECO) = the adjustment ratio for DLE FRIACO use of the LECO circuit

9.9 The charges for the LECO circuit, FRIACO port at the DLE and PPP are subject to charge controls, which are set out in Chapter 5.

9.10 Note that the derivation of both DLE FRIACO and Single Tandem FRIACO ("ST FRIACO") charges (below) assume equivalent payment terms for metered and unmetered call origination services. The terms for the payment of the FRIACO charge should, therefore, be equivalent to those for corresponding metered call origination services and should therefore consist of some form of payment in arrears.

9.11 The Director's investigation into the Intelligent Network (IN) charge (see www.oftel.gov.uk/publications/internet/2003/friaco0703.htm) concluded in July 2003 that BT should not have the right to make a charge for the use of the IN to route FRIACO calls as the use of the IN is no longer necessary. The FRIACO condition requires BT to make only the charges set out in the condition for providing DLE FRIACO and ST FRIACO, and therefore reflects the findings of that investigation.

9.12 Of tel is setting the adjustment ratio for DLE FRIACO at the level set out in its July 2002 statement, ie $AR(DLE)(LECO)$ for DLE FRIACO = 1.78. However, Of tel

is currently collecting updated traffic information from BT and intends to publish a separate consultation on the adjustment ratio later this year.

ST FRIACO

9.13 The FRIACO condition requires BT to provide ST FRIACO, as a remedy for BT's SMP in local-tandem conveyance and transit and call origination. ST FRIACO is similar to DLE FRIACO; the main difference is that traffic is carried to BT's tandem exchange. The same requirements that apply to DLE FRIACO apply to ST FRIACO, except as detailed below.

Charges

9.14 The principles as outlined above for DLE FRIACO are also relevant to ST FRIACO. Two further charges are specified for ST FRIACO, as follows:

F(i): Local-tandem circuit excluding FRIACO port at tandem exchange; and

F(ii): FRIACO port at tandem exchange.

Therefore, the charge for ST FRIACO is given by:

$$[D(i) \times AR(ST)(LECO)] + [(D(ii) + F(i)) \times AR(LT)] + D(iii) + F(ii);$$

where:

AR(ST)(LECO) = adjustment ratio for ST FRIACO use of the LECO circuit

AR(LT) = adjustment ratio for ST FRIACO use of the Local-tandem circuit

9.15 In the same way as the DLE FRIACO adjustment ratio takes account of the number of LECO circuits needed per DLE port, the local-tandem adjustment ratio takes account of the number of local-tandem circuits needed per tandem layer FRIACO port. It is calculated as the ratio of the average busy hour erlangs per circuit (BHEPC) of the operator interconnect port to the average BHEPC of the local-to-tandem circuit.

9.16 In addition, since ST FRIACO makes use of the LECO circuit at the DLE, it is necessary to consider an adjustment ratio for the number of LECO circuits needed per DLE for the provision of ST FRIACO. However, the appropriate value of AR(LECO) for ST FRIACO can be different from that for DLE FRIACO because the EPC of FRIACO ports might be different at DLEs and tandem exchanges. For example, it might be possible to achieve higher utilisation of FRIACO ports at tandem switches, because of the benefits of greater concentration of traffic and larger route sizes.

9.17 Oftel has based the values of AR(ST)(LECO) and AR(LT) on the methodology and data provided for Oftel's February 2001 Direction on ST FRIACO. Since then there has been limited take-up of ST FRIACO and any traffic flowing would not have reached a mature and stable level. Therefore, Oftel believes that it is still appropriate to use the existing values of AR(ST)(LECO) and AR(LT) for ST FRIACO. Accordingly, Oftel is setting the adjustment ratios for ST FRIACO as AR(ST)(LECO) = 2 and AR(LT) = 1.19.

No FRIACO specific regulation on Kingston

9.18 The Director has decided that no specific condition to provide a wholesale unmetered call origination product should be imposed on Kingston. This is because it would not be proportionate to require Kingston to supply a FRIACO product without reasonable demand first having been demonstrated.

9.19 However, in Chapter 5, the Director sets out a number of conditions on Kingston, including the requirement to provide Network Access on reasonable request. It is therefore important to recognise that a request for Network Access under the Network Access condition could include a request for a FRIACO product for traffic originating within the Hull Area.

Communications Act tests

Section 47

9.20 The Director considers that the FRIACO condition (AA12 at Annex A) meets the tests set out in section 47 of the Act for the following reasons:

Objectively justifiable

9.21 The FRIACO condition is objectively justifiable because, by enabling competing operators to originate Internet traffic on an unmetered basis, it promotes competition in the provision of wholesale unmetered narrowband Internet termination and retail narrowband unmetered Internet access. As discussed in the document entitled *Wholesale unmetered narrowband Internet termination services - UK excluding Hull area market* (http://www.oftel.gov.uk/publications/eu_directives/2003/narrowt0803_uk.pdf), operators offer competing unmetered termination services based on DLE FRIACO and ST FRIACO, and the Director's conclusion is that this market is effectively competitive. Of tel's statement on retail Internet access published in January 2002 also concluded that there is effective competition in the retail market.

9.22 As well as creating benefits for competing operators and ISPs, competition in these markets has created benefits for UK consumers in terms of the price and availability of unmetered services. Recent research shows that for residential and business consumers, UK prices are cheaper than all other countries considered for basic Internet access (Internet access for consumers who have no particular requirement for access speed, ie usually dial-up access), see http://www.oftel.gov.uk/publications/research/2003/benc_doc1003.pdf.

9.23 ST FRIACO reduces barriers to entry by enabling operators to achieve an efficient national rollout with a lower volume of traffic than that that would be required using DLE FRIACO alone. Therefore, ST FRIACO allows smaller players to enter the market effectively. In the absence of ST FRIACO, operators need to

interconnect with all of BT's local exchanges in order to achieve national coverage. Although there are economies of scale associated with converting switched traffic to IP traffic at the local exchange level (using DLE FRIACO), for areas with low traffic volumes there are significant benefits arising from concentrating traffic at the tandem level. These include route thickness and granularity effects, non-coincident busy hours and uncertainty of geographic distribution.

9.24 Oftel believes that the absence of appropriate unmetered access products would be detrimental to competition in unmetered narrowband Internet termination and also retail Internet access. If operators had to rely on purchasing metered wholesale call origination from BT as an input to their unmetered termination products, they would be exposed to forecasting risks, as they have no certainty about the extent to which their unmetered services will be used. If call volumes exceed their forecasts, operators' payments to BT will increase directly in line with the higher volume of calls, but their (flat-rate) income from ISPs will remain the same. The lack of an unmetered wholesale call origination product therefore has the potential to create a situation under which an operator offering an unmetered termination service would suffer a margin squeeze.

9.25 Oftel takes the view that BT does not face similar risks when its position is assessed on an end-to-end basis. Any losses incurred by BT's unmetered termination operation would be purely notional and offset by notional profits in its call origination business. There are two main reasons for this. First, the metered wholesale charges paid to BT are based on an average cost. This wholesale charge is substantially above the marginal cost incurred by BT in providing the additional call volumes (at any time of day). This means that BT's actual costs do not rise with call volumes in the same way as payments by other operators using metered call origination.

9.26 Secondly, marginal network costs do not grow proportionally with call volumes originating from individual customers. A large increase in call volume from an individual customer is likely to entail greater use of the network's off-peak period. During the off-peak period, the network has spare capacity. Hence, the marginal cost to BT of such a call is at (or not materially different from) zero. An increase in call volume from each individual customer would not necessarily therefore cause BT's costs to rise in line with increased call volumes (or, indeed, at all). However, if other operators only have a metered call origination service available from BT, they would be required to pay on a pence-per-minute basis for such extra calls.

Non discriminatory

9.27 Although a similar condition is not imposed on Kingston, it is not unduly discriminatory as the Director considers it would not be proportionate to require Kingston to supply a FRIACO product without reasonable demand first having been demonstrated.

Proportionate

9.28 The condition is proportionate, as the requirements on BT are necessary in order to meet the aims set out in paragraph 9.2, namely the promotion of competition in the provision of wholesale unmetered narrowband Internet termination services and retail unmetered narrowband Internet access services.

Transparent

9.29 The condition is transparent because the requirements and availability for FRIACO are clearly set out in this Explanatory Statement and Notification and the FRIACO condition.

Section 87(4)

9.30 In addition, the Director has taken into account all the factors set out in section 87(4) of the Act and, in particular, the economic viability of service providers building out their own networks and the feasibility of providing FRIACO.

Section 88

9.31 The Director further considers that the requirements relating to FRIACO charges meet the criteria set out in section 88 of the Act. As noted in Chapter 5, there is a risk that, in situations where SMP is persistent, pricing will be distorted and not at competitive levels. The FRIACO condition is necessary in order to promote competition and provide benefits to end users by enabling competing providers to buy unmetered wholesale services at levels that might be expected in a competitive market. In addition, the FRIACO charge takes account of the extent of the investment of BT (as required by section 88(2) of the Act) as set out in paragraph 5.45.

Responses to the August consultation

9.32 BT requests that Oftel modify the FRIACO remedy to include the right to make a stranded asset charge.

9.33 Oftel has previously explained the rationale for removing the specific right to make a stranded assets charge in its March and August documents. The original inclusion of a stranded assets clause for ST FRIACO was due to exceptional circumstances that no longer exist. Therefore, the inclusion of a stranded assets clause is now inappropriate and unnecessary. However, as pointed out in the August document, Oftel's interpretation of what is a reasonable request includes the consideration of whether the SMP operator can reasonably expect to receive at least a reasonable rate of return on any necessary investments made to supply the product (see the Access Guidelines).

9.34 The European Commission comments that unmetered wholesale products may also be used for the provision of retail services other than the provision of unmetered Internet access. Oftel agrees with this observation.

Chapter 10

Directions

Carrier pre-selection 'Save' and 'Cancel Other' activities

Introduction

10.1 'Cancel Other' is a functionality that allows BT to cancel a customer's order for CPS during the 10 day period between the confirmation of an order for CPS and the switch on/over date of this service.

10.2 On 8 July 2003, the Director issued a direction (the "Old CPS Direction") in accordance with the provisions of regulation 6(3) of the Telecommunications (Interconnection) Regulations 1997 that required changes to the CPS Industry End-to-End Process Description (the "CPS Process Description") in relation to BT's use of 'cancel other' during the CPS process. The CPS Process Description is incorporated by reference into BT's Standard Interconnect Agreement.

10.3 In order to ensure that the obligations imposed in the Old CPS Direction continue to be enforceable against BT, the Director believes it necessary to issue a new direction under the requirement to provide Network Access on reasonable request, Condition AA1.1(a), (the "New CPS Direction").

10.4 With the objective of ensuring effective competition through the use of CPS, the New CPS Direction requires certain changes to be made to the current CPS Process Description. These are aimed at increasing transparency and limiting the scope for the use of the CPS process in a way that may reduce confidence in this process and affect the development of competition in retail markets.

10.5 The New CPS Direction can be found at Annex C. The effect of the New CPS Direction is set out at paragraph 10.4 above. The reasons why the Director considers he is justified in imposing the New CPS Direction are set out at paragraph 10.4 above and at paragraphs 10.6 and 10.8 below.

Communications Act tests

10.6 The Director considers that the direction meets the tests set out in the Act. The Director has considered all the Community requirements set out in section 4 of the Act and, in particular, the requirements to promote competition, secure efficient and sustainable competition and secure the maximum benefit for retail consumers. The Director considers that BT's use of 'Cancel Other' in conjunction with 'Save' activity gives rise to increased mistrust between BT and Pre-Selected Providers, damages the reputation of CPS and creates increased reluctance of consumers to try alternative operators. By preventing BT from using 'Cancel Other' in conjunction with 'Save' activity, and by requiring greater transparency in the use

of 'Cancel Other' in other circumstances, the Director is of the view that this will have a positive impact on the further development of CPS and will thus help to promote competition to the benefit of retail consumers.

10.7 In making a direction that affects the operation of a condition imposed under section 49 of the Act, the Director must first be satisfied that to do so is objectively justifiable, does not discriminate unduly, and is proportionate and transparent.

10.8 The Director considers that the changes set out in the New CPS Direction are a proportionate means of addressing the existing problems with BT's use of 'Cancel Other' and are objectively justifiable for the following reasons:

- the status quo fails to prevent damage to the development of competition using CPS as set out above;
- no party has been able to suggest less intrusive measures that would still be effective in rebuilding trust between Pre-Selected Providers and BT and giving confidence that customers' CPS orders are cancelled only when strictly necessary and on reasonable grounds, and not simply when BT claims that the customer has changed its mind;
- there have been protracted discussions at the CPS Process Group and the CPS Commercial Group about what appear to the Director to be reasonable adjustments to the CPS process to manage BT's use of 'Save' and 'Cancel Other' activities in a fair and equitable manner. These discussions have stalled due to the lack of agreement between BT and Pre-Selected Providers about changes to the CPS process; and
- the Director has proposed changes to the CPS process and has consulted Pre-Selected Providers and BT both informally and formally on his proposals. There has been no voluntary agreement by BT to the Director's proposals, nor has BT been willing to suggest effective alternatives to address the full range of problems identified.

10.9 The New CPS Direction does not discriminate unduly against BT, as the 'Cancel Other' functionality is only available to BT.

10.10 The New CPS Direction sets out clearly what obligations are to be imposed on BT in relation to its use of 'Cancel Other' and therefore meets the requirements of transparency.

Responses to the August consultation

10.11 BVL submits that the category of 'internal customer mis-communication' should not be allowed as a reason for BT to use 'Cancel Other'. BVL adds that, in such cases where a decision is made to cancel the CPS order, they would expect the customer to cancel the contract with the gaining provider.

10.12 The Director noted in the explanatory document to his Old CPS Direction that in most situations in which a customer, who is unaware of a CPS order as a

result of mis-communication, contacts BT (or is contacted by BT) this will appear to BT (and the customer) like slamming. In this case, BT would be allowed to use 'Cancel Other' in any event. However, the Director recognises that there may be joint decision making in a household or organisation and therefore BT is required to investigate further by asking questions such as "are you the authorised decision maker?" and "could anyone else in your organisation have requested the CPS order?". If the customer expresses any doubt, BT must request that the customer call back once the customer has clarified the situation and still considers that there is actually a problem.

10.13 The Director considers that allowing BT to use 'Cancel Other' in this way will be likely to reduce the number of 'Cancel Other' orders in situations of mis-communication because the customer is asked to resolve any problems before BT can cancel the order. Only when it is established that there has been a mistake or an actual problem is BT allowed to use 'Cancel Other'. The Director considers that this measure increases the transparency of the CPS customer transfer process by making it more likely that cases of slamming can be separated out from those of customer mis-communication. Cases of customer mis-communication should therefore (as far as possible) not be incorrectly ascribed to slamming activity on the part of the erstwhile gaining CPSO.

Local-tandem transit and inter-tandem transit for Indirect Access traffic

Introduction

10.14 On 15 July 2003, the Director issued a direction (the "Old IA Direction") in accordance with the provisions of regulation 6(6) of the Telecommunications (Interconnection) Regulations 1997 for the resolution of a dispute between C&W and BT regarding indirect access ("IA") services.

10.15 In order to ensure that the obligations imposed in the Old IA Direction continue to be enforceable against BT, the Director believes it necessary to issue a new direction under the requirement to provide Network Access on reasonable request, Condition AA1.1(a), (the "New IA Direction"). The New IA Direction can be found at Annex D. The effect of the New IA Direction is set out at paragraph 10.17 below. The reasons why the Director believes he is justified in imposing the New IA Direction are set out in paragraphs 10.24, 10.25 and 10.27.

10.16 In summary, the New IA Direction requires BT to:

- supply a facility to C&W which would allow C&W to provide a local-tandem and an inter-tandem transit service from selected BT local and tandem exchanges for IA traffic originating on BT's network; and
 - complete negotiations with C&W and provide the requested facility by 1 January 2004.
-

10.17 It should be noted that the Director has agreed to extend the deadline in the Old IA Direction for providing the requested facility to 1 January 2004. The Director's decision was made with the express agreement of BT and C&W. It should also be noted that BT has provided the option appraisal referred to in the Old IA Direction on 26 August 2003. This requirement has therefore been deleted from the New IA Direction.

10.18 In making these proposals, the Director has taken into account the relevant parts of Oftel's Access Guidelines and the requirements under the Act.

The Access Guidelines

10.19 The Access Guidelines set out how the Director intends to resolve disputes relating to Network Access. The Director believes that these Guidelines are equally relevant in imposing a direction under the requirement to provide Network Access on reasonable request.

10.20 The Access Guidelines set out a two-stage process for establishing whether a request for Network Access is reasonable or not.

10.21 The first consideration is whether the requested facility is technically feasible and within the power of the communications provider, in this case BT, to provide. In addition, the Director has not received any evidence to persuade him that the IA facility requested by C&W is technically unfeasible and BT has already committed itself to providing the facility, albeit with some significant details to be resolved by the two parties within commercial negotiations.

10.22 The second consideration is whether the proposed facility would impose an undue burden on the communications provider. The Director recognises that BT will need to resolve certain operational and technical issues in order to introduce the requested facility and notes that BT is already working towards resolving these issues. The Director has not received any persuasive evidence to indicate that the requisite changes BT will have to make present an undue obstacle to providing the requested facility. Therefore, the Director does not consider the provision of the requested facility to represent an undue burden on BT.

Communications Act tests

10.23 The Director considers that the direction meets the tests set out in the Act. The Director has considered all the Community requirements set out in section 4 and, in particular, the requirements to promote competition, secure efficient and sustainable competition and secure the maximum benefit for retail consumers. The Director believes that the requested facility will enable the provision of a significant alternative for the provision of local-tandem and inter-tandem services for IA traffic. Currently, only BT provides such services to IA operators, whose traffic originates on BT's network. The provision of the requested facility should therefore facilitate greater competition. The Director believes that the requested facility will allow

greater choice for those communications providers who provide IA services, as they will be able to purchase these services from providers other than BT. This gives such communications providers the potential to pass on any benefits accrued through competition to end-users.

10.24 The requested facility would also allow more efficient use of the parties' networks; the potential increase in traffic volume should produce cost savings. This improved efficiency should further facilitate consequential benefits for end-users in terms of services, price and overall choice.

10.25 In issuing a direction that affects the operation of a condition imposed under section 49 of the Act, the Director must first be satisfied that to do so is objectively justifiable, does not discriminate unduly and is proportionate and transparent.

10.26 The Director considers that there is clear evidence of potential demand for the proposed facility that C&W has requested from BT. The Director also considers that the provision of an alternative service to that currently provided by BT to communications providers providing IA services represents a significant promotion of competition. The Director, therefore, considers that the New IA Direction is objectively justifiable.

10.27 The New IA Direction does not unduly discriminate against BT, as although it is not proposed for Kingston, no operators have requested similar facilities from Kingston.

10.28 The Director has also assessed whether the facility is a proportionate solution to the relevant issues. The Director recognises that BT will need to make various technical and operational changes in order to provide the facility. However, the Director has not received any convincing evidence that the proposed provision represents an insurmountable obstacle to BT.

10.29 The Director has considered the possible alternatives to the requested facility, including a communications provider transferring its IA code entirely to C&W. However, the additional switching and interconnection that this would involve would result in an unviable business proposition for C&W. The Director also views BT's other suggestion that Oftel issue multiple access codes as similarly unviable. The Director believes that, having considered BT's proposed alternatives, the requested facility is the most practical method of delivering the service. The Director considers that the New IA Direction is therefore proportionate.

10.30 The New IA Direction sets out clearly the obligations that the Director imposes on BT in relation to the provision of the requested facility. The New IA Direction therefore meets the requirement of transparency.

Responses to the August consultation

10.31 Energis considers that the New IA Direction should be amended to require BT to make the requested facility available to any person who reasonably requests it.

10.32 The Director does not consider it necessary to amend the New IA Direction, as suggested by Energis. BT will be subject to the requirement in Condition AA2 not to unduly discriminate against particular persons or against a particular description of persons in relation to matters connected with Network Access. The provision of the requested facility by BT will be subject to this requirement.

BT's Credit Vetting Supplemental Agreement

Introduction

10.33 On 20 February 2003, the Director issued a direction (the "Old Credit Vetting Direction") in accordance with the provisions of regulation 6(6) of the Telecommunications (Interconnection) Regulations 1997 for the resolution of a dispute between BT and the Operators listed in Schedule 2 of the Old Credit Vetting Direction regarding BT's Credit Vetting Supplemental Agreement.

10.34 The requirements set out in the Old Credit Vetting Direction have not as yet been implemented into BT's Network Charge Control Standard Interconnect Agreement ("NCC SIA"). In order to ensure that the obligations imposed in the Old Credit Vetting Direction continue to be enforceable against BT, the Director believes it necessary to issue a new direction under the requirement to provide Network Access on reasonable request, Condition AA1.1(a), the "New Credit Vetting Direction".

10.35 The Director considers that it is reasonable, in principle, for BT to have a credit vetting policy. BT has stated that its proposals are designed to give it a degree of protection without unduly restricting market entry for new operators or restricting growth for existing operators. The Director considers that such an objective is reasonable. However, having taken into account the views of BT and a number of other operators, following the consultation on the Old Credit Vetting Direction, the Director considers that certain changes should be made to this policy in order to ensure that BT's Credit Vetting Supplemental Agreement is reasonable and consistent with its stated aim.

10.36 In summary, the New Credit Vetting Direction states that BT can introduce the Credit Vetting Supplemental Agreement, but requires BT to implement the following requirements (the "Requirements"):

- remove the paragraphs of the Supplemental Agreement which refer to BT's ability to automatically reduce payment periods for invoices;
 - ensure that an operator can understand how any credit limit has been set. If BT has relied on internal information for the purposes of setting an operator's
-

credit limit, the Director considers that such information shall be made available to that operator;

- ensure that appropriate dispute resolution procedures apply to disputes arising from disputed credit vetting reports;
- ensure that an operator is given written notice when a late payment, sufficient to infringe a provision of BT's Supplemental Agreement, has been made. Such notice will be issued after BT has received both the first and the second late payment in question;
- ensure that paragraph 14B.6.3 of its Supplemental Agreement shall apply only when the Credit Vetting Report indicates that there is something adverse; and
- not credit vet an operator solely as a result of novation if, prior to that contractual change, and in the absence of a structural change that may lead to that operator being considered a financial risk, the operator's payment record was not sufficient to infringe BT's credit vetting provisions

10.37 The New Credit Vetting Direction can be found at Annex F. The effect of the New Credit Vetting Direction is set out at paragraph 10.36 above. The reasons why the Director believes he is justified in imposing the New Credit Vetting Direction are set out below.

Communications Act tests

10.38 The Director considers the New Credit Vetting Direction meets the tests set out in the Act. The Director has considered all the Community requirements set out in section 4 and, in particular, the requirements to promote competition, secure efficient and sustainable competition and secure the maximum benefit for end users. The Director considers that it is reasonable in principle for BT to have a Credit Vetting policy in place, as taking steps to prevent bad debt from occurring in the first place, is more efficient than taking steps only after the bad debt has been incurred. Maximum benefit for end-users will be secured where a solvent operator does not have to bear costs incurred as a result of the financial instability of an insolvent operator. The requirements on BT will ensure that its credit vetting policy is reasonable. The promotion of competition and the securing of efficient and sustainable competition will be ensured if the credit vetting policy is reasonable and does not restrict the ability of operators to compete.

10.39 The Director considers that the Old Credit Vetting Direction remains relevant, and that it is necessary to make the New Credit Vetting Direction in order to ensure that the measures set out in the Old Credit Vetting Direction remain in place. The Director is of the opinion that it is appropriate in principle for BT to have a credit vetting policy. However, this policy should be amended in accordance with the requirements on BT in order to ensure that BT's Credit Vetting Supplemental Agreement is reasonable and consistent with its stated aim.

10.40 In making a direction that affects the operation of a condition imposed under section 49 of the Act, the Director must first be satisfied that to do so is objectively justifiable, does not discriminate unduly, and is proportionate and transparent.

Objectively justifiable

10.41 The Director considers that the requirements on BT are objectively justifiable as they relate to the fair application of the Credit Vetting Supplemental Agreement and will ensure that the Credit Vetting Supplemental Agreement is reasonable and sufficiently transparent. For example, BT is required to ensure that an operator can understand how any credit limit has been set. In addition, BT is also required to ensure that an operator is given written notice when a late payment, sufficient to infringe a provision of BT's Supplemental Agreement, has been made. Implementation of such requirements will ensure that competition between BT and communications providers is not distorted.

Not unduly discriminatory

10.42 The Director has also considered whether the New Credit Vetting Direction does not unduly discriminate between operators with SMP in this market. It is a commercial matter for these operators to decide whether they should implement a credit vetting policy, and the Director has not had to consider any other disputes relating to any such policies. However, where a credit vetting policy is introduced, it should be reasonable, proportionate and transparent. The introduction of a credit vetting policy should not distort competition and any allegation that this is the case can be considered by the Director.

Proportionate

10.43 The Director also considers that the requirements on BT will ensure that the Credit Vetting Supplemental Agreement is a proportionate solution to the issue that BT has identified. BT has stated that its credit vetting policy is designed to give it a degree of protection without unduly restricting market entry for new operators or restricting growth for existing operators. However, the Director considers that the requirements on BT ensure that its policy is consistent with this stated aim. For example, removal of the paragraphs of the Supplemental Agreement which refer to BT's ability to automatically reduce payment periods for invoices will ensure that the Credit Vetting Supplemental Agreement does not have an undue adverse impact on the cashflows of smaller operators. In addition, the implementation of appropriate dispute resolution procedures to disputes arising from disputed credit vetting reports will ensure that the level of security is not disproportionate to the credit risk that an operator may pose. Therefore, the New Credit Vetting Direction is the most proportionate method of ensuring that BT's policy is consistent with its stated aim.

Transparent

10.44 Furthermore, the New Credit Vetting Direction sets out clearly the requirements to be imposed on BT and therefore it meets the requirements of transparency.

The Access Guidelines

10.45 The Access Guidelines state that obligations relating to the supply of wholesale products must be based on the nature of the problem identified, proportionate and justified in light of the objectives in Article 8 of the Framework Directive. The New Credit Vetting Direction has been formulated in accordance with the nature of the problem identified, which is that the Current Credit Vetting Supplemental Agreement is not consistent with its stated aim. Section 4 of the Act gives effect to Article 8 of the Framework Directive. As section 4 of the Act has been considered above, further analysis of the objectives of Article 8 is not required. Furthermore, it has also already been stated why the New Direction is proportionate.

Chapter 11

Cost accounting and accounting separation

11.1 This chapter covers regulatory financial reporting obligations that can be imposed on the BT and Kingston, to ensure that a number of the remedies set out in Chapter 5 are met. In particular, obligations of cost orientation, charge controls and non-discrimination can require the imposition of financial reporting regimes to monitor dominant providers' compliance with these obligations. This chapter covers the imposition of obligations for cost accounting systems and accounting separation.

11.2 The processes of regulatory financial reporting are complex and cover many issues such as accounting standards and methodologies, audit, transparency, disaggregation, reconciliation and publication of information. These practical issues are distinct from the questions such as the level of regulation in a market and the types of remedies to be employed, which have been addressed in the market reviews. However, these practical processes should be consistent across all markets susceptible to regulation to ensure that there is certainty both for the regulator, dominant providers and other players in the market.

11.3 Therefore, on 22 May 2003, the Director published the consultation document *Financial reporting obligations in SMP markets*. This document can be found at http://www.oftel.gov.uk/publications/eu_directives/2003/cost/index.htm. The scope of this document was to address the issues of how the requirements for cost accounting and accounting separation will be implemented. It contained the draft cost accounting and accounting separation conditions. It also proposed the level of granularity required for such obligations to be imposed in a proportionate and appropriate manner. The Director intends to publish the explanatory statement and formal notifications on regulatory financial reporting at the end of the market review process so that the requirements of the accounting separation condition and the cost accounting condition can reflect the findings of the individual reviews. As regulatory financial reporting is based on financial years, any resulting financial reporting obligations will enter into force on 1 April 2004.

Cost accounting systems

11.4 Under sections 87(9) to 87(11) and 88 of the Act, appropriate cost accounting obligations may be imposed on dominant providers in respect of the provision of Network Access, the use of the relevant network and the availability of relevant facilities. Cost accounting rules may be made in relation to charge controls, the recovery of costs and cost orientation.

11.5 The cost accounting obligations for BT would apply to the markets and the technical area for which BT must demonstrate that its charges are set on the basis of LRIC plus an appropriate mark-up for the recovery of common costs. These are:

- wholesale residential analogue exchange line services;
- wholesale business analogue exchange line services;
- wholesale business ISDN2 exchange line services;
- call origination on fixed public narrowband networks;
- local-tandem conveyance and transit on fixed public narrowband networks;
- inter-tandem conveyance and transit on fixed public narrowband networks;
- single transit on fixed public narrowband networks; and
- interconnection circuits.

11.6 The cost accounting obligations for Kingston would apply to the markets and the technical area for which Kingston must demonstrate that its charges are set on the basis of LRIC plus an appropriate mark-up for the recovery of common costs. These are:

- wholesale residential analogue exchange line services;
- wholesale business analogue exchange line services;
- wholesale business ISDN2 exchange line services;
- call origination on fixed public narrowband networks; and
- interconnection circuits.

11.7 In the document entitled *Financial reporting obligations in SMP markets*, the Director has proposed the details of the cost accounting information required for these purposes from BT and Kingston. This information can be found at Annex C of the document entitled *Financial reporting obligations in SMP markets*.

Communications Act tests

11.8 Section 4 of the Act sets out the Community requirements for regulation. The Director has considered all of the criteria in section 4 of the Act. In particular, the imposition of a cost accounting obligation would specifically be justifiable and proportionate to promote competition in relation to the provision of electronic communications networks and services; and to ensure the provision of Network Access and service interoperability for the purpose of securing efficient and sustainable competition and the maximum benefit for the persons who are customers of communications providers. This is because the imposition of a cost accounting obligation will ensure that obligations designed to curb potentially damaging market power can be effectively monitored and enforced.

11.9 In addition, the Director has considered the tests laid out in section 88 of the Act. It appears from the market analysis that there is a relevant risk of adverse effects arising from price distortion. In particular, the market analysis has shown that BT and Kingston might fix and maintain some or all of their prices at an excessively high level, or impose a price squeeze so as to have adverse consequences for end-users. In the light of this analysis, and taking into account the level of investment of the dominant providers, the Director is of the view that a

cost accounting obligation is appropriate for the purposes of promoting efficiency, promoting sustainable competition, and conferring the greatest possible benefits on the end-users of public electronic communications services.

11.10 Section 47 of the Act requires conditions to be objectively justifiable, non-discriminatory, proportionate and transparent. The Director believes that given the importance of cost orientation and charge controls in these markets the imposition of a cost accounting obligation is objectively justifiable. That is, in order to ensure that the obligations of cost orientation and charge control are met and the benefits are realised, it is essential that the Director is able to monitor the obligations via a cost accounting obligation. Furthermore, the cost accounting obligation does not discriminate between BT and Kingston as they are the only dominant providers identified by this market review and are the only providers on whom cost orientation or charge control obligations are proposed.

11.11 The proportionality and transparency of the financial reporting obligations is dealt with in more detail in the separate consultation *Financial reporting obligations in SMP markets*. In that document, the Director has proposed the amount of information required and the processes needed to ensure that the information is fit for purpose, relevant and reliable. The Director will ensure that in imposing a cost accounting obligation it is both proportionate and transparent.

Accounting separation

11.12 Under sections 87(7) and 87(8) of the Act, appropriate accounting separation obligations may be imposed on the dominant provider in respect of the provision of Network Access, the use of the relevant network and the availability of relevant facilities. That is to say, the dominant provider may be required to maintain a separation for accounting purposes between such different matters relating to Network Access or the availability of relevant facilities.

11.13 The accounting separation obligations for BT and Kingston will apply to the markets and the technical area that are subject to the obligation to not unduly discriminate. In relation to BT, these are:

- wholesale residential analogue exchange line services;
- wholesale residential ISDN2 exchange line services;
- wholesale business analogue exchange line services;
- wholesale business ISDN2 exchange line services;
- wholesale ISDN30 exchange line services;
- call origination on fixed public narrowband networks;
- local-tandem conveyance and transit on fixed public narrowband networks;
- inter-tandem conveyance and transit on fixed public narrowband networks;
- single transit on fixed public narrowband networks; and
- interconnection circuits.

11.14 In relation to Kingston, these are:

- wholesale residential analogue exchange line services;
- wholesale residential ISDN2 exchange line services;
- wholesale business analogue exchange line services;
- wholesale business ISDN2 exchange line services;
- wholesale ISDN30 exchange line services;
- call origination on fixed public narrowband networks; and
- interconnection circuits.

11.15 In the document entitled *Financial reporting obligations in SMP markets*, the Director has proposed the details of the accounting separation information required for these purposes from BT and Kingston. This information can be found at Annex H of the document entitled *Financial reporting obligations in SMP markets*.

Communications Act tests

11.16 Section 4 of the Act sets out the Community requirements for regulation. The Director has considered all of the criteria in section 4 of the Act. In particular, the imposition of an accounting separation obligation would specifically be justifiable and proportionate to promote competition in relation to the provision of electronic communications networks and services; to ensure the provision of Network Access and service interoperability for the purpose of securing efficient and sustainable competition and the maximum benefit for the persons who are customers of communications providers. This is because the imposition of an accounting separation obligation will ensure that obligations designed to curb potentially damaging market power can be effectively monitored and enforced.

11.17 Section 47 of the Act requires conditions to be objectively justifiable, non-discriminatory, proportionate and transparent. The Director believes that given the importance of non-discrimination in these markets the imposition of an accounting separation obligation is objectively justifiable. That is, in order to ensure that the obligation to not unduly discriminate is met and the benefits are realised, it is essential that Oftel is able to monitor the obligations via an accounting separation obligation. Furthermore, the accounting separation obligation does not discriminate between operators of the same class. That is, BT and Kingston are the only dominant providers identified by this market review and are the only providers with proposed obligations to not unduly discriminate in their relevant markets.

11.18 The proportionality and transparency of the financial reporting obligations is dealt with in more detail in the separate consultation *Financial reporting obligations in SMP markets*. In that document, the Director has proposed the amount of information required and the processes needed to ensure that the information is fit for purpose, relevant and reliable. The Director will ensure that any accounting separation obligation imposed is both proportionate and transparent.

11.19 As non-discrimination must be capable of being implemented, where appropriate, on a service or product basis it is not sufficient for monitoring to be carried out only at the market level, as this would not enable Oftel to identify whether products and services are being provided on a non-discriminatory basis.

Chapter 12

Discontinuation of existing regulation

Existing regulation

12.1 The following obligations, relevant to the markets considered in this review, are currently imposed on BT and Kingston:

- obligation to interconnect with Schedule 2 Public Operators;
- requirement to meet requests for access other than from Schedule 2 Public Operators;
- requirement not to unduly discriminate;
- obligation to have cost oriented charges for interconnection services;
- requirement to publish a reference interconnection offer;
- network charge change notice regime;
- requirement to send individual agreements to the Director and publish them;
- requirement to have cost accounting systems and accounting separation;
- prohibition on cross subsidies; and
- requirement to provide carrier-pre-selection.

12.2 The following obligations, relevant to the markets considered in this review, are currently imposed on BT only:

- network charge control regime;
- wholesale quality of service obligations;
- code of practice on the confidentiality of customer information;
- requirement to provide wholesale line rental;
- obligations relating to the Number Translation Services (NTS) regime; and
- requirement to provide Flat Rate Internet Access Call Origination (FRIACO).

Continuation of existing regulation

12.3 The new Directives allow Member States to carry forward certain existing regulation until market reviews have been completed and any new conditions are put in place. The power for the Director to do this is contained in paragraphs 9 and 22 of Schedule 18 to the Act. As NRAs were not able to notify draft proposals to the European Commission before 25 July 2003, the Director issued continuation notices to relevant communications providers to maintain some of the regulatory regime that existed before that date. Specified licence conditions and interconnection directions were made to continue in force by continuation notices given to BT and Kingston on 21 and 23 July 2003, respectively, (the "Continuation Notices"). These Continuation Notices came into effect on 25 July 2003. Further details are contained in the Director's statement entitled *Continuing Licence*

Conditions after 25 July, 10 September 2003, available at http://www.oftel.gov.uk/publications/eu_directives/cont_notices/cont0903.pdf

Discontinuation of existing regulation

12.4 Paragraph 9(11) and 22(9) of Schedule 18 to the Act imposes a duty on the Director, as soon as reasonably practicable after giving a continuation notice, to take the necessary steps to enable him to decide whether or not to set an SMP condition for the purpose of replacing the continued obligation. He must also decide whether or not to impose a new SMP condition for that purpose. As the Director has now concluded that SMP conditions should apply in the markets and technical area covered in this review, most present regulatory requirements on BT and Kingston set out in the Continuation Notices in respect of the markets and technical area defined in this document will be discontinued. Discontinuation notices for both BT and Kingston can be found in Annexes G and H. The effect of the discontinuation notices will be to discontinue the continued condition provisions and directions, in so far as they apply to the markets and technical area identified in this document.

12.5 The Director issued a consultation document entitled *Discontinuing licence conditions after 25 July 2003*, 2 October 2003, (available at http://www.oftel.gov.uk/publications/eu_directives/2003/discont1003.pdf) (the "October consultation document") which consulted on a model discontinuation notice, the process for discontinuation and the appropriateness of discontinuing a particular obligation in respect of a particular market review. In that consultation document, the Director set out at Annex 3 the continued conditions and interconnection directions which he considers apply to the markets and technical area covered by this document. These are:

- for BT: conditions 43, 45-49, 50A, 53, 65, 69 and 69B;
- for Kingston: conditions 43, 45-49, 50A and 53; and
- directions: 1, 2, 3, 5, 8, 15, 16, 18, 19, 23, 26, 27, 28, 29, 30, 31, 32, 34-41, 43, 49, 52, 53, 54, 56, 57.

12.6 The Director received a number of responses to that consultation concerning the directions relevant to this market review. The Director's response to these is set out in the statement entitled *Discontinuing licence conditions*, 13 November 2003.

12.7 In so far as Conditions 57 and 58 are concerned, the Director set out at paragraph 11 of the October consultation document his view that these obligations only apply where certain obligations are in place, eg the obligation to interconnect or to provide specific services. He therefore did not consider it necessary to discontinue Conditions 57 and 58 on a market by market basis since they will cease to apply when other obligations, such as an obligation to provide specific services, are discontinued, which will be on market by market basis. He proposed that Conditions 57 and 58 are discontinued formally once the whole market review

process has been completed. The Director received no responses to the October consultation that has led him to change that view.

12.8 In relation to Condition 43, the Director set out his proposal in paragraph 13 of the October consultation document that that condition should be discontinued on a market by market basis. The Director has therefore discontinued Condition 43 in so far as it applies in the markets covered by this review.

Discontinuation of licence conditions

12.9 As set out in the discontinuation notices at Annex G, the following conditions will cease to apply in so far as they relate to the markets covered in this review:

- for BT: Conditions 43, 45-49, 50A, 53, 65, 69.1-69.4, 69.5-69.21 (in so far as they relate to Standard Services other than policy management, policy and planning (PPP), interconnection circuits and other products in the same charge control basket), and 69B; and
- for Kingston: Conditions 43, 45-49, 50A and 53.

Discontinuation of Directions

12.10 As set out in the discontinuation notices at Annex H, the following Directions will cease to apply in so far as they relate to the markets covered in this review:

- directions: 1, 2, 3, 5, 8, 15, 16, 18, 19, 23, 25, 26, 27, 28, 29, 30, 31, 32, 34-41, 43, 49, 52, 53, 54, 56, 57.

12.11 Conditions 69.5-69.21 in so far as they relate to policy management, policy and planning (PPP), interconnection circuits and other products in the same charge control basket will be discontinued separately at a later date on completion of the PPP review.

12.12 Accounting separation conditions, ie Conditions 50 and 78 for BT, and Condition 50 for Kingston, will be discontinued separately at a later date on completion of the review of accounting separation and cost accounting obligations.

Service of the notices

12.13 The discontinuation notices are served by post not electronically. These notices are deemed to be effected after their publication and posting, in accordance with section 7 of the Interpretation Act 1978 and section 394 (7) of the Act.

Annex A

Notification of the identification of certain services markets, the making of market power determinations and the setting of SMP services conditions

NOTIFICATION PURSUANT SECTIONS 48(1) AND 79 OF THE COMMUNICATIONS ACT 2003

The identification of certain services markets, the making of market power determinations in relation to those markets and the setting of SMP services conditions in relation to BT and Kingston under section 45 of the Communications Act 2003

WHEREAS:

- (A) the Director General of Telecommunications (the “**Director**”) made, in accordance with regulation 6 of the Electronic Communications (Market Analysis) Regulations 2003 (S.I. 2003/330), proposals for identifying certain services markets, making market power determinations in relation to those markets and the setting of SMP services conditions in relation to British Telecommunications plc (“**BT**”) and Kingston Communications (Hull) plc (“**Kingston**”) by way of publication of a notification on 17 March 2003 (the “**First Notification**”);
 - (B) by virtue of the Communications Act 2003 (Commencement No. 1) Order 2003 (S.I. 2003/1900 (C.77)) made under sections 411 and 408 of the Communications Act 2003 (c.21) (the “**Act**”):
 - (i) certain provisions of the Act were commenced on 25 July 2003 for the purpose only of enabling the networks and services functions under those provisions to be carried out by the Director; and
 - (ii) those provisions of the Act are to have effect as if references to Ofcom were references to the Director;
 - (C) having considered all responses duly made to the First Notification and revised certain of his proposals in the light of those responses, the Director issued a further notification pursuant to sections 48(2) and 80 of the Act setting out his proposals for the identification of services markets, the making of market power determinations in relation to those markets and the setting of SMP services conditions in relation to BT and Kingston on 26 August 2003 (the “**Second Notification**”);
-

- (D) a copy of the Second Notification was sent to the Secretary of State in accordance with section 50(1)(a) of the Act, and to the European Commission and to the regulatory authorities of every other member State in accordance with sections 50(3) and 81 of the Act;
- (E) in the Second Notification and the accompanying explanatory statement, the Director invited representations about any of the proposals set out therein by 26 September 2003;
- (F) by virtue of section 80(6) of the Act, the Director may give effect to any proposals to identify a market for the purposes of making a market power determination or any proposals for making a market power determination set out in the Second Notification, with or without modification, where:
 - (i) he has considered every representation about the proposals made to him within the period specified in the Second Notification; and
 - (ii) he has had regard to every international obligation of the United Kingdom (if any) which has been notified to him for this purpose by the Secretary of State; but
 - (iii) the Director's power to give effect to such proposals is subject to sections 82 and 83 of the Act;
- (G) by virtue of section 48(5) of the Act, the Director may give effect to any proposals to set SMP services conditions set out in the Second Notification, with or without modification, where:
 - (i) he has considered every representation about the proposals made to him within the period specified in the Second Notification; and
 - (ii) he has had regard to every international obligation of the United Kingdom (if any) which has been notified to him for this purpose by the Secretary of State;
- (H) the Director received responses to the Second Notification and has considered every such representation duly made to him in respect of the proposals set out in the Second Notification and the accompanying consultation document; and the Secretary of State has not notified the Director of any international obligation of the United Kingdom for this purpose;
- (I) the European Commission has not made a notification for the purposes of Article 7(4) of the Framework Directive as referred to in section 82 of the Act and the proposals do not relate to a transnational market as referred to in section 83 of the Act; and

NOW, therefore:

1. The Director identifies, in accordance with section 79 of the Act, the following fifteen markets for the purposes of making market power determinations in relation to each of these markets:
 - (a) for the United Kingdom excluding the Hull Area:
 - (i) wholesale residential analogue exchange line services;
 - (ii) wholesale residential ISDN2 exchange line services;
 - (iii) wholesale business analogue exchange line services;
 - (iv) wholesale business ISDN2 exchange line services;
 - (v) wholesale ISDN30 exchange line services;
 - (vi) call origination on fixed public narrowband networks;
 - (vii) local-tandem conveyance and transit on fixed public narrowband networks;
 - (viii) inter-tandem conveyance and transit on fixed public narrowband networks;
 - (ix) single transit on fixed public narrowband networks; and
 - (b) for the Hull Area:
 - (i) wholesale residential analogue exchange line services;
 - (ii) wholesale residential ISDN2 exchange line services;
 - (iii) wholesale business analogue exchange line services;
 - (iv) wholesale business ISDN2 exchange line services;
 - (v) wholesale ISDN30 exchange line services; and
 - (vi) call origination on fixed public narrowband networks.
 2. The Director makes, in accordance with section 79 of the Act, the following market power determinations that the following persons have significant market power:
 - (a) in relation to each of the markets set out in paragraph 1(a) above, BT; and
 - (b) in relation to each of the markets set out in paragraph 1(b) above, Kingston.
-

3. In accordance with sections 48(1) and 79 of the Act, the Director hereby sets pursuant to section 45 the SMP services conditions on the persons referred to in paragraphs 2(a) and (b) above as set out in Schedules 1 and 2, respectively, to this Notification to take effect, unless otherwise is stated in those Schedules, on the date of publication of this Notification.
 4. The effect of, and the Director's reasons for, identifying the markets set out in paragraph 1 above and making the market power determinations set out in paragraph 2 above are contained:
 - (a) in the case of the markets set out in:
 - (i) sub-paragraphs 1(a)(i) to (v) above; and
 - (ii) sub-paragraphs 1(b)(i) to (v) above,in Chapter 3 of the explanatory statement accompanying the Second Notification and in Chapters 2 and 3 of this Notification;
 - (b) in the case of the markets set out in:
 - (i) sub-paragraph 1(a)(vi); and
 - (ii) sub-paragraph 1(b)(vi),in Chapter 4 of the explanatory statement accompanying the Second Notification and in Chapters 2 and 3 of this Notification;
 - (c) in the case of the market set out in sub-paragraph 1(a)(vii), in Chapter 5 of the explanatory statement accompanying the Second Notification and in Chapters 2 and 3 of this Notification; and
 - (d) in the case of the markets set out in:
 - (i) sub-paragraph 1(a)(viii); and
 - (ii) sub-paragraph 1(a)(ix),in Chapter 6 of the explanatory statement accompanying the Second Notification and in Chapters 2 and 3 of this Notification.
 5. The effect of, and the Director's reasons for the setting of, the SMP services conditions set out in Schedules 1 and 2 to this Notification are contained in Chapters 4 to 9 of the explanatory statement accompanying this Notification and Chapters 8 to 10, 12 and 14 to 17 of the explanatory statement accompanying the Second Notification;
 6. In making the decisions referred to in paragraphs 1 and 2 above, the Director has taken due account of all applicable guidelines and recommendations
-

which have been issued or made by the European Commission in pursuance of a Community instrument, and relate to market identification and analysis, as required by section 79 of the Act.

7. In making the decisions referred to in paragraphs 1 to 3 above, the Director has considered and acted in accordance with the six Community requirements set out in section 4 of the Act.
 8. The Director considers that the SMP services conditions referred to in paragraph 3 above comply with the requirements of sections 45 to 47, 87, 88 and 90 of the Act, as appropriate and relevant to each such SMP condition.
 9. The Director has sent a copy of this Notification to the Secretary of State in accordance with section 50(1)(a) and 81(1) of the Act and to the European Commission in accordance with sections 50(2) and 81(2) of the Act.
 10. Save for the purposes of paragraph 1 above of this Notification and except as otherwise defined in this Notification, words or expressions used shall have the same meaning as they have been ascribed in the Act.
 11. In this Notification:
 - (a) **“Act”** means the Communications Act 2003 (c.21);
 - (b) **“BT”** means British Telecommunications plc, whose registered company number is 1800000, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 736 of the Companies Act 1985, as amended by the Companies Act 1989;
 - (c) **“Director”** means the Director General of Telecommunications as appointed under section 1 of the Telecommunications Act 1984;
 - (d) **“First Notification”** has the meaning given to it in recital (A) to this Notification;
 - (e) **“Hull Area”** means the area defined as the 'Licensed Area' in the licence granted on 30 November 1987 by the Secretary of State under section 7 of the Telecommunications Act 1984 to Kingston upon Hull City Council and Kingston Communications (Hull) plc;
 - (f) **“Kingston”** means Kingston Communications (Hull) plc, whose registered company number is 2150618, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 736 of the Companies Act 1985, as amended by the Companies Act 1989;
 - (g) **“Second Notification”** has the meaning given to it in recital (C) to this Notification; and
-

- (h) **“United Kingdom”** has the meaning given to it in the Interpretation Act 1978 (c. 30).

DAVID ALBERT EDMONDS

DIRECTOR GENERAL OF TELECOMMUNICATIONS

27 November 2003

SCHEDULE 1

The SMP services conditions imposed on BT under sections 45, 87, 88 and 90 of the Communications Act 2003 as a result of the analysis of the markets set out in paragraph 1(a) of this Notification in each of which BT has been found to have significant market power (“SMP conditions”)

Part 1: Application, definitions and interpretation relating to the SMP conditions in Part 2

1 The SMP conditions in Part 2 of this Schedule 1 shall, except insofar as it is otherwise stated therein, apply to each and all of the markets set out in paragraph 1(a) of this Notification and to Interconnection Circuits.

2 In this Schedule 1:

- (a) **“Act”** means the Communications Act 2003 (c. 21);
 - (b) **“Access Charge Change Notice”** has the meaning given to it in Condition AA6(a).2;
 - (c) **“Access Contract”** means:
 - (i) a contract for the provision by the Dominant Provider to another person of Network Access to the Dominant Provider’s Electronic Communications Network;
 - (ii) a contract under which Associated Facilities in relation to the Dominant Provider’s Public Electronic Communications Network are made available by the Dominant Provider to another person;
 - (d) **“Approved Apparatus”** means, in relation to any Electronic Communications Network, Apparatus which meets the appropriate essential requirements of regulation 4 of the Radio Equipment and Telecommunications Terminal Equipment Regulations 2000, SI 2000 No. 730 as amended by the Radio Equipment and Telecommunications Terminal Equipment (Amendment) Regulations 2003, SI 2003 No. 1903;
 - (e) **“Autodiallers”** means Apparatus located at the premises of the Subscriber which routes calls from that Subscriber to a provider of Publicly Available Telephone Services other than the Dominant Provider by means of the automatic addition of a prefix to the dialled Telephone Number;
-

- (f) **“Call Origination Services”** mean any and all of the following specific services provided by the Dominant Provider and covered by Condition AA1(a):
 - (i) call origination (including operator assistance and emergency intermediate services); and
 - (ii) call origination (including emergency intermediate services);
 - (g) **“Carrier Pre-selection”** means a facility which allows a Subscriber to whom a Publicly Available Telephone Service is provided by means of a Public Telephone Network to select which Pre-selected Provider of such Services provided wholly or partly by means of that Network is the Pre-selected Provider he wishes to use to carry his calls by designating in advance the selection that is to apply on every occasion when there has been no selection of Provider by use of a Telephone Number;
 - (h) **“Carrier Pre-selection Facilities”** means those facilities which enable the Pre-selected Provider to provide Carrier Pre-selection to Subscribers to whom a Publicly Available Telephone Service is provided by means of a Public Telephone Network, including (without limitation to the generality of the foregoing):
 - (i) Carrier Pre-selection Per Customer Line Set-up Facilities;
 - (ii) Carrier Pre-selection Per Provider Set-up Facilities;
 - (iii) Carrier Pre-selection Per Provider On-going Facilities; and
 - (iv) Carrier Pre-selection System Set-up Facilities;
 - (i) **“Carrier Pre-selection Functional Specification”** means a document, which specifies technical and other principles which are intended to effect the efficient implementation and utilisation of Carrier Pre-selection and Carrier Pre-selection Interconnection Facilities, as may be directed by the Director from time to time for the purposes of the Dominant Provider complying with its obligations under Condition AA8;
 - (j) **“Carrier Pre-selection Interconnection Facilities”** means those facilities for Interconnection which enable the Pre-selected Provider to provide Carrier Pre-selection to the Subscribers of the Dominant Provider; including (without limitation to the generality of the foregoing):
 - (i) Carrier Pre-selection Per Customer Line Set-up Facilities;
-

- (ii) Carrier Pre-selection Per Provider Set-up Facilities,
 - (iii) Carrier Pre-selection Per Provider On-going Facilities
- but excluding Carrier Pre-selection System Set-up Facilities;
- (k) **“Carrier Pre-selection Per Customer Line Set-up Costs”** means the costs incurred by the Dominant Provider in providing Carrier Pre-selection Per Customer Line Set-up Facilities;
 - (l) **“Carrier Pre-selection Per Customer Line Set-up Facilities”** means those Carrier Pre-selection Facilities required from the Dominant Provider by a Pre-selected Provider in order for the Pre-selected Provider to be able to set up Carrier Pre-selection on the Exchange Line of a Subscriber to whom the Dominant Provider provides a Publicly Available Telephone Service by means of a Public Telephone Network;
 - (m) **“Carrier Pre-selection Per Provider On-going Costs”** means the costs incurred by the Dominant Provider in providing Carrier Pre-selection Per Provider On-going Facilities;
 - (n) **“Carrier Pre-selection Per Provider On-going Facilities”** means those Carrier Pre-selection Facilities required from the Dominant Provider by any individual Pre-selected Provider which enable the Pre-selected Provider to continue on an on-going basis to offer Carrier Pre-selection to Subscribers to whom the Dominant Provider provides Publicly Available Telephone Services by means of a Public Telephone Network, including (without limitation to the generality of the foregoing) activities such as product management;
 - (o) **“Carrier Pre-selection Per Provider Set-up Costs”** means the costs incurred by the Dominant Provider in providing Carrier Pre-selection Per Provider Set-up Facilities;
 - (p) **“Carrier Pre-selection Per Provider Set-up Facilities”** means those Carrier Pre-selection Facilities required from the Dominant Provider by any individual Pre-selected Provider in order for the Pre-selected Provider to be able to offer Carrier Pre-selection to Subscribers to whom the Dominant Provider provides Publicly Available Telephone Services by means of a Public Telephone Network, including (without limitation to the generality of the foregoing) activities such as data management amendments and the setting up of arrangements for the electronic transfer of customer orders;
-

- (q) **“Carrier Pre-selection System Set-up Costs”** means the costs incurred by the Dominant Provider in developing and implementing Carrier Pre-selection System Set-up Facilities, and, for the purposes of cost recovery only, the costs to the Dominant Provider for the provision of Carrier Pre-selection by means of Autodiallers in the period April 2000 to December 2001 (regardless of when the costs were incurred) until such time as those costs have been fully recovered by the Dominant Provider;
 - (r) **“Carrier Pre-selection System Set-up Facilities”** means those Carrier Pre-selection Facilities required by the Dominant Provider in order for the Dominant Provider to be able to provide Carrier Pre-selection Facilities, such as the software and any alterations needed on the Dominant Provider’s switches and the modifications required for the Dominant Provider’s support systems;
 - (s) **“Carrier Selection Interconnection Facilities”** means those facilities for Interconnection which enable a provider of a Public Telephone Network to provide Indirect Access to the Subscribers of the Dominant Provider;
 - (t) **“Charge”** means the charge (being in all cases the amounts offered or charged by the Dominant Provider) to a Communications Provider for each Charge Controlled Service;
 - (u) **“Charge Controlled Service”** means a product or service which falls within any of the categories of service specified in paragraph AA4.1 of Condition AA4;
 - (v) **“CSI”** means customer sited Interconnection links;
 - (w) **“Controlling Percentage”** has, for the purposes of the categories of service specified in paragraph AA4.1, the respective meaning given to it in paragraphs (a) to (g) of Condition AA4.6;
 - (x) **“Director”** means the Director General of Telecommunications as appointed under section 1 of the Telecommunications Act 1984;
 - (y) **“Directory”** means a printed document containing Directory Information on Relevant Subscribers of Publicly Available Telephone Services in the United Kingdom which is made available to members of the public;
 - (z) **“Directory Information”** means, in the case of a Directory, the name and address of the Relevant Subscriber and the Telephone Number assigned to the Relevant Subscriber for his use of Publicly Available Telephone Services and, in the case of a
-

Directory Enquiry Facility, shall be either such a Telephone Number of the Relevant Subscriber or information that such a Telephone Number of the Relevant Subscriber may not be supplied;

- (aa) **“Directory Enquiry Facility”** means Directory Information provided by means of a Public Telephone Network;
 - (bb) **“DLE”** means a digital Local Exchange;
 - (cc) **“DLE FRIACO”** means the provision of FRIACO at the digital Local Exchange;
 - (dd) **“Dominant Provider”** means British Telecommunications plc, whose registered company number is 1800000, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 736 of the Companies Act 1985, as amended by the Companies Act 1989;
 - (ee) **“Emergency Organisation”** means in respect of any locality:
 - (i) the relevant public police, fire, ambulance and coastguard services for that locality; and
 - (ii) any other organisation, as directed from time to time by the Director as providing a vital service relating to the safety of life in emergencies;
 - (ff) **“Exchange Line”** means Apparatus comprised in the Dominant Provider’s Electronic Communications Network and installed for the purpose of connecting a telephone exchange run by the Dominant Provider to a Network Termination Point comprised in Network Termination and Testing Apparatus installed by the Dominant Provider for the purpose of providing Electronic Communications Services at the premises at which the Network Termination and Testing Apparatus is located;
 - (gg) **“Existing Line Transfer”** means the combination of transactions consisting of a customer (including but not limited to a customer who is a provider of a Public Electronic Communications Service) of the Dominant Provider for an Exchange Line terminating his contract (‘the customer contract’) with the Dominant Provider for the Exchange Line, and the Dominant Provider entering into a contract for that Exchange Line with a provider of a Public Electronic Communications Service (‘the Third Party contract’), except where the Third Party contract is entered into after the Dominant Provider has ceased the Exchange Line (in which case
-

the Third Party contract shall be deemed to be a New Line Installation);

- (hh) **“FRIACO”** means flat rate internet access call origination;
 - (ii) **“IDD”** means international direct dial;
 - (jj) **“IEC”** means Interconnection extension circuits;
 - (kk) **“Indirect Access”** means a facility which allows a Subscriber to whom a Publicly Available Telephone Service is provided by means of a Public Telephone Network to select which such Service provided wholly or partly by means of that Network is the service he wishes to use by the use of a Telephone Number on each separate occasion on which a selection is made;
 - (ll) **“Inter-tandem Conveyance and Transit Services”** mean any and all of the following specific services provided by the Dominant Provider and covered by Condition AA1(a):
 - (i) inter-tandem conveyance services (short);
 - (ii) inter-tandem conveyance services (medium);
 - (iii) inter-tandem conveyance services (long);
 - (iv) inter-tandem conveyance services for IDD;
 - (v) inter-tandem transmission services for IDD;
 - (vi) ISDN inter-tandem conveyance services for IDD;
 - (vii) ISDN inter-tandem transmission services for IDD;
 - (viii) inter-tandem transit services (short);
 - (ix) inter-tandem transit services (medium); and
 - (x) inter-tandem transit services (long);
 - (mm) **“Interconnection Circuits”** mean any and all of the following specific services provided by the Dominant Provider and covered by Condition AA1(a):
 - (i) standard CSI connection;
 - (ii) standard CSI rental – fixed;
 - (iii) standard CSI rental – per km;
-

- (iv) high performance CSI connection
 - (v) high performance CSI rental – fixed;
 - (vi) high performance CSI rental – per km;
 - (vii) ISI connection;
 - (viii) ISI rental per 100m;
 - (ix) IEC connection;
 - (x) IEC rental – fixed;
 - (xi) IEC rental per km;
 - (xii) intra-building circuits connection;
 - (xiii) intra-building circuits rental;
 - (xiv) rearrangements;
 - (xv) path protection connection per 34Mbit/s;
 - (xvi) path protection connection per 140Mbit/s;
 - (xvii) path protection rental per 34Mbit/s; and
 - (xviii) path protection rental per 140Mbit/s;
 - (nn) **“ISDN”** means the integrated services digital network which is an Electronic Communications Network evolved from the telephony integrated digital network that provides for digital end-to-end connectivity to support a wide range of Public Electronic Communications Services, including voice and non-voice services, to which End-users have access by a limited set of standard multi-purpose customer interfaces;
 - (oo) **“ISI”** means in-span Interconnection links;
 - (pp) **“LECO”** means Local Exchange call origination;
 - (qq) **“Local Exchange”** means a telephone exchange to which Customers are connected, usually via a remote or locally sited concentrator unit, which telephone exchange supports the provision of either analogue or digital Exchange Lines;
 - (rr) **“Local-tandem Conveyance Services”** means local-tandem conveyance services provided by the Dominant Provider;
-

- (ss) **“Net Retail Call Revenue”** means the retail revenue for calls, excluding VAT and after any applicable discounts;
- (tt) **“Network Component”** means, to the extent they are used in the Services Market, the network components specified in any direction given by the Director from time to time for the purpose of these SMP conditions;
- (uu) **“Network Termination and Testing Apparatus”** means an item of Apparatus comprised in an Electronic Communications Network installed in a fixed position on Served Premises which enables:
 - (i) Approved Apparatus to be readily connected to, and disconnected from, the Network;
 - (ii) the conveyance of Signals between such Approved Apparatus and the Network;
 - (iii) the due functioning of the Network to be tested,

but the only other functions of which, if any, are:

- (A) to supply energy between such Approved Apparatus and the Network;
 - (B) to protect the safety or security of the operation of the Network; or
 - (C) to enable other operations exclusively related to the running of the Network to be performed or the due functioning of any system to which the Network is or is to be connected to be tested (separately or together with the Network);
 - (vv) **“Network Termination Point”** means the physical point at which a Relevant Subscriber is provided with access to a Public Electronic Communications Network and, where it concerns Electronic Communications Networks involving switching or routing, that physical point is identified by means of a specific network address, which may be linked to the Telephone Number or name of a Relevant Subscriber. Where a Network Termination Point is provided at a fixed position on Served Premises, it shall be within an item of Network Termination and Testing Apparatus;
 - (ww) **“New Line Installation”** means a service for the installation of an Exchange Line, where some or all external (or internal) wiring has to be provided, or brought into use, by the Dominant Provider. For purposes of this definition, “external wiring” means wiring from the distribution point to the protection box (or where one would be
-

fitted) at the premises at which the Network Termination and Testing Apparatus is located and “internal wiring” means wiring from the protection box up to and including the first main socket, block terminal or other Network Termination Point;

- (xx) **“NTS”** means number translation services;
 - (yy) **“NTS Calls”** means a call to a number identified in the Numbering Plan for the United Kingdom as a Special Service number or a Premium Rate Service number
 - plus calls to 0500 Freephone numbers;
 - excluding calls to 0844 04 numbers for Surftime Internet access services and calls to 0808 99 numbers for FRIACO;
 - (zz) **“NTS Call Origination”** means originating NTS Calls and retailing those NTS Calls to the End-User on behalf of the Third Party who has requested NTS call origination;
 - (aaa) **“NTS Retail Uplift”** means the charge for retailing NTS Calls to the End-User;
 - (bbb) **“Numbering Plan”** means the National Telephone Numbering Plan published from time to time by the Director pursuant to sections 56 and 60 of the Act 2003;
 - (ccc) **“Ordinary Maintenance”** means maintenance which is part of the service provided by the Dominant Provider in consideration of the charge for an Exchange Line and includes normal fault repair, as defined in the Dominant Provider's standard terms and conditions;
 - (ddd) **“PPP”** means product management, policy and planning provided by the Dominant Provider;
 - (eee) **“Percentage Change”**:
 - (i) for the three separate categories of service specified in each of sub-paragraphs (a) to (c) of Condition AA4.1, has the meaning given to it in Condition AA4.2; and
 - (ii) for the seven separate categories of service specified in each of sub-paragraphs (d) to (g) of Condition AA4.1, has the meaning given to it in Condition AA4.3;
 - (fff) **“Point of Connection”** means a point at which the Dominant Provider's Electronic Communications Network and another person's Electronic Communications Network are connected;
-

- (ggg) **“Premium Rate Service”** means a service as defined in the Numbering Plan for the United Kingdom as a Premium Rate Service;
 - (hhh) **“Pre-selected Provider”** means a provider of a Public Telephone Network who has notified the Dominant Provider that it is able and willing to provide Carrier Pre-selection to Subscribers to whom the Dominant Provider provides Publicly Available Telephone Services;
 - (iii) **“Public Pay Telephone”** means a telephone available to the general public, for the use of which the means of payment may include coins and/or credit/debit cards and/or pre-payment cards, including cards for use with dialling codes;
 - (jjj) **“Public Telephone Network”** means an Electronic Communications Network which is used to provide Publicly Available Telephone Services; it supports the transfer between Network Termination Points of speech communications, and also other forms of communication, such as facsimile and data;
 - (kkk) **“Publicly Available Telephone Services”** means a service available to the public for originating and receiving national and international calls and access to Emergency Organisations through a number or numbers in a national or international telephone numbering plan, and in addition may, where relevant, include one or more of the following services: the provision of operator assistance services, Directory Enquiry Facilities, Directories, provision of Public Pay Telephones, provision of service under special terms, provision of specific facilities for End-users with disabilities or with special social needs and/or the provision of non-geographic services;
 - (III) **“Reference Offer”** means the terms and conditions on which the Dominant Provider is willing to enter into an Access Contract;
 - (mmm) **“Relevant Calls”** means all calls which originate on the Dominant Provider’s Public Electronic Communications Network and which are of a type which are available for selection in accordance with the Carrier Pre-selection Functional Specification by a Subscriber to whom a Publicly Available Telephone Service is provided by means of a Public Telephone Network;
 - (nnn) **“Relevant Subscriber”** means any person who is party to a contract with a provider of Public Electronic Communications Services for the supply of such Services;
 - (ooo) **“Relevant Year”** means:
-

- (i) for the purposes of the category of service specified in paragraphs AA4.1(a) and (e) of Condition AA4, any of the three periods of 12 months beginning on 1st September starting with 1st September 2003 and ending on 31st August 2006;
 - (ii) for the purposes of all categories of service specified in paragraph AA4.1 other than those specified in paragraphs AA4.1(a) and (e) of Condition AA4, any of the two periods of 12 months beginning on 1st October starting with 1st October 2003 and ending on 30th September 2005;
 - (ppp) **“Retail Prices Index”** means the index of retail prices compiled by an agency or a public body on behalf of Her Majesty’s Government or a governmental department from time to time in respect of all items (which is the Office for National Statistics at the time of publication of this Notification);
 - (qqq) **“Served Premises”** means a single set of premises in single occupation where Apparatus has been installed for the purpose of the provision of Electronic Communications Services by means of an Electronic Communications Network at those premises;
 - (rrr) **“Services Market”** means each of the markets sets out in paragraph 1(a) of this Notification;
 - (sss) **“Signal”** includes:
 - (i) anything comprising speech, music, sounds, visual images or communications or data of any description, and
 - (ii) signals serving for the impartation of anything between persons, between a person and a thing, or between things, or for the actuation or control of any Apparatus;
 - (ttt) **“Single Transit Services”** means single transit services provided by the Dominant Provider;
 - (uuu) **“Special Service”** means a service as defined in the Numbering Plan for the United Kingdom as a Special Service;
 - (vvv) **“ST FRIACO”** means the provision of FRIACO at the Tandem Exchange;
 - (www) **“Subscriber”** means any person who is party to a contract with the provider of Publicly Available Telephone Services for the supply of such Services in the United Kingdom;
-

- (xxx) **“Tandem Exchange”** means a telephone exchange whose primary function is not to support the provision of Exchange Lines but to switch traffic between other telephone exchanges in a Public Electronic Communications Network;
- (yyy) **“Third Party”** means either:
- (i) a person providing a Public Electronic Communications Network; or
 - (ii) a person providing a Public Electronic Communications Service;
- (zzz) **“Transfer Charge”** means the charge or price that is applied, or deemed to be applied, by the Dominant Provider to itself for the use or provision of an activity or group of activities. For the avoidance of doubt, such activities or group of activities include, amongst other things, products and services provided from, to or within the Services Market and the use of Network Components in that Services Market;
- (aaaa) **“Usage Factor”** means the average usage by any Communications Provider (including the Dominant Provider itself) of each Network Component in using or providing a particular product or service or carrying out a particular activity;
- (bbbb) **“Wholesale Analogue Line Rental”** means an Electronic Communications Service provided by the Dominant Provider to a Third Party for the use and Ordinary Maintenance of an analogue Exchange Line;
- (cccc) **“Wholesale Business ISDN2 Line Rental”** means an Electronic Communications Service provided by the Dominant Provider to a Third Party for the use and Ordinary Maintenance of an ISDN2 Exchange Line (business quality of service);
- (dddd) **“Wholesale ISDN Line Rental Functional Specification”** means a document, which specifies technical and other principles which are intended to effect the efficient implementation and utilisation of Wholesale Business ISDN2 Line Rental and of Wholesale ISDN30 Line Rental, as may be directed by the Director from time to time for the purposes of the Dominant Provider complying with its requirement to provide such Wholesale Line Rental under Condition AA10;
- (eeee) **“Wholesale ISDN30 Line Rental”** means an Electronic Communications Service provided by the Dominant Provider to a
-

Third Party for the use and Ordinary Maintenance of an ISDN30 Exchange Line;

- (ffff) **“Wholesale Line Rental”** means any and all of the following provided by the Dominant Provider:
 - (i) Wholesale Analogue Line Rental;
 - (ii) Wholesale Business ISDN2 Line Rental; and
 - (iii) Wholesale ISDN30 Line Rental;
 - (gggg) **“Wholesale Line Rental Per Customer Line Set-up Costs”** means the costs incurred by the Dominant Provider in providing Wholesale Line Rental Per Customer Line Set-up Facilities;
 - (hhhh) **“Wholesale Line Rental Per Customer Line Set-up Facilities”** means the Wholesale Line Rental facilities required from the Dominant Provider by a Third Party in order for the Third Party to be able to set up Wholesale Line Rental on the Exchange Line of a Subscriber to whom the Dominant Provider provides a Publicly Available Telephone Service by means of a Public Telephone Network;
 - (iiii) **“Wholesale Line Rental Per Provider On-going Costs”** means the costs incurred by the Dominant Provider in providing Wholesale Line Rental Per Provider On-going Facilities;
 - (jjjj) **“Wholesale Line Rental Per Provider On-going Facilities”** means those Wholesale Line Rental facilities required from the Dominant Provider by any individual Third Party which enable the Third Party to continue on an on-going basis to offer Wholesale Line Rental to Subscribers to whom the Dominant Provider provides Publicly Available Telephone Services by means of a Public Telephone Network, including (without limitation to the generality of the foregoing) activities such as product management;
 - (kkkk) **“Wholesale Line Rental Per Provider Set-up Costs”** means the costs incurred by the Dominant Provider in providing Wholesale Line Rental Per Provider Set-up Facilities;
 - (llll) **“Wholesale Line Rental Per Provider Set-up Facilities”** means those Wholesale Line Rental facilities required from the Dominant Provider by any individual Third Party in order for the Third Party to be able to offer Wholesale Line Rental to Subscribers to whom the Dominant Provider provides Publicly Available Telephone Services by means of a Public Telephone Network, including (without limitation to the generality of the foregoing) activities such
-

as the setting up of arrangements for the electronic transfer of customer orders;

(mmmm) **“Wholesale Line Rental Services”** means any and all of the following specific services provided by the Dominant Provider:

- (i) Wholesale Analogue Line Rental (residential quality of service);
- (ii) Wholesale Analogue Line Rental (business quality of service);
- (iii) Existing Line Transfer of a single analogue Exchange Line or multiplexes thereof (residential quality of service);
- (iv) Existing Line Transfer of a single analogue Exchange Line or multiplexes thereof (business quality of service);
- (v) New Line Installation (analogue) (residential quality of service); and
- (vi) New Line Installation (analogue) (business quality of service);

(nnnn) **“Wholesale Line Rental System Set-up Costs”** means the costs incurred by the Dominant Provider in developing and implementing Wholesale Line Rental System Set-up Facilities; and

(oooo) **“Wholesale Line Rental System Set-up Facilities”** means those Wholesale Line Rental Facilities required by the Dominant Provider in order for the Dominant Provider to be able to provide Wholesale Line Rental facilities, such as the software and any alterations needed on the Dominant Provider’s switches and the modifications required for the Dominant Provider’s support systems.

3 For the purpose of interpreting the SMP conditions in Part 2:

- (a) except in so far as the context otherwise requires, words or expressions shall have the meaning assigned to them in paragraph 2 of this Part above and otherwise any word or expression shall have the same meaning as it has in the Act;
 - (b) the Interpretation Act 1978 (c. 30) shall apply as if each of the SMP conditions in Part 2 were an Act of Parliament; and
 - (c) headings and titles shall be disregarded.
-

Part 2: The SMP conditions

Condition AA1(a)

Requirement to provide Network Access on reasonable request

AA1(a).1 Where a Third Party reasonably requests in writing Network Access, the Dominant Provider shall provide that Network Access. The Dominant Provider shall also provide such Network Access as the Director may from time to time direct.

AA1(a).2 The provision of Network Access in accordance with paragraph AA1(a).1 above shall occur as soon as it is reasonably practicable and shall be provided on fair and reasonable terms, conditions and charges and on such terms, conditions and charges as the Director may from time to time direct.

AA1(a).3 The Dominant Provider shall comply with any direction the Director may make from time to time under this Condition AA1(a).

Condition AA1(b)

Requests for new Network Access

AA1(b).1 The Dominant Provider shall, for the purposes of transparency, publish reasonable guidelines, in relation to requests for new Network Access made to it. Such guidelines shall detail:

- (a) the form in which such a request should be made;
- (b) the information that the Dominant Provider requires in order to consider a request for new Network Access; and
- (c) the time-scales in which such requests will be handled by the Dominant Provider in accordance with this Condition AA1(b).

AA1(b).2 Such guidelines shall be published within two months of the date that this Condition AA1(b) enters into force following a consultation with the Director and Third Parties. The Dominant Provider shall keep the guidelines under review and consult with relevant Third Parties and the Director before making any amendments to the guidelines.

AA1(b).3 The Dominant Provider shall, upon a reasonable request from a Third Party considering making a request for new Network Access, provide that Third Party with information so as to enable that Third Party to make a request for new Network Access. Such information shall be provided within a reasonable period.

AA1(b).4 On receipt of a written request for new Network Access, the Dominant Provider shall ensure that the requirements of this Condition AA1(b) are met. A modification of a request for new Network Access which has previously been submitted to the Dominant Provider, and rejected by the Dominant Provider, shall be considered as a new request.

AA1(b).5 Within five working days of receipt of a request under paragraph AA1(b).4, the Dominant Provider shall acknowledge that request in writing.

AA1(b).6 Within fifteen working days of receipt of a request under paragraph AA1(b).4, the Dominant Provider shall respond in writing to the requesting Third Party in one of the following ways:

- (a) the Dominant Provider shall confirm that the request will be met and shall confirm that the following will be prepared:
 - (i) the timetable for the provision of the new Network Access;
 - (ii) an initial offer of terms and conditions for the provision of the new Network Access; and
 - (iii) the timetable for the agreement of technical issues; or
- (b) the Dominant Provider shall confirm that a feasibility study is reasonably required in order to determine whether the request made is reasonable and the Dominant Provider shall set out its objective reasons for the need for such a study;
- (c) the Dominant Provider shall confirm that the request is not sufficiently well formulated and, where it does so, the Dominant Provider shall detail all of the defects in the request which has been made; or
- (d) the Dominant Provider shall confirm that the request is refused on the basis that it is not reasonable and, where it does so, the Dominant Provider shall detail its reasons for refusal.

AA1(b).7 Where the Dominant Provider responds to a request under paragraph AA1(b).4 in accordance with paragraph AA1(b).6(a), it shall, within thirty five working days of receipt of a request under paragraph AA1(b).4, respond further to the requesting Third Party in writing and:

- (a) confirm the timetable for the provision of the new Network Access;
 - (b) provide an initial offer of terms and conditions for the provision of the new Network Access; and
-

- (c) confirm the timetable for the agreement of technical issues.

AA1(b).8 Where the Dominant Provider responds to a request under paragraph AA1(b).4 in accordance with paragraph AA1(b).6(a) and determines, due to a genuine error of fact, that it reasonably needs to complete a feasibility study, it may, as soon as practicable and in any event, within thirty five working days of receipt of a request under paragraph AA1(b).4, inform the requesting Third Party that a feasibility study is reasonably required and set out its objective reasons for such a study.

AA1(b).9 Where AA1(b).8 applies the Dominant Provider shall, within forty five working days from the date that the Dominant Provider informs the requesting Third Party that a feasibility study is reasonably required, respond further to the requesting Third party, in writing, in one of the following ways:

- (a) the Dominant Provider shall confirm that the request will be met and shall:
 - (i) confirm the timetable for the provision of the new Network Access;
 - (ii) provide an initial offer of terms and conditions for the provision of the new Network Access; and
 - (iii) confirm the timetable for the agreement of technical issues; or
- (b) the Dominant Provider shall confirm that the request is refused on the basis that it is not reasonable and, where it does so, the Dominant Provider shall detail its reasons for refusal. The Dominant Provider shall provide to the Director a copy of the feasibility study and shall provide to the requesting Third Party a non-confidential copy of the feasibility study.

AA1(b).10 The time limit set out in paragraph AA1(b).9 above shall be extended up to seventy working days from the date that the Dominant Provider informs the requesting Third Party that a feasibility study is reasonably required pursuant to paragraph AA1(b).8, if:

- (a) circumstances have arisen which, despite the Dominant Provider using its best endeavours, prevent it from completing the feasibility study within forty five working days of the date that the requesting Third Party was informed of the need for a feasibility study pursuant to paragraph AA1(b).8; or
 - (b) the Third Party and the Dominant Provider agree to extend the time limit up to seventy working days.
-

AA1(b).11 The time limit set out in paragraph AA1(b).9 above shall be extended beyond seventy working days from the date that the Dominant Provider informs the requesting Third Party that a feasibility study is reasonably required pursuant to paragraph AA1(b).4, if:

- (a) the Director agrees; or
- (b) the Third Party and the Dominant Provider agree to extend the time limit beyond seventy working days.

AA1(b).12 Where the Dominant Provider responds to a request under paragraph AA1(b).4 in accordance with paragraph AA1(b).6(b) the Dominant Provider shall, within sixty working days of receipt of a request under paragraph AA1(b).4, respond further to the requesting Third Party, in writing, in one of the following ways:

- (a) the Dominant Provider shall confirm that the request will be met and shall:
 - (i) confirm the timetable for the provision of the new Network Access;
 - (ii) provide an initial offer of terms and conditions for the provision of the new Network Access; and
 - (iii) confirm the timetable for the agreement of technical issues; or
- (b) the Dominant Provider shall confirm that the request is refused on the basis that it is not reasonable and, where it does so, the Dominant Provider shall detail its reasons for refusal. The Dominant Provider shall provide to the Director a copy of the feasibility study and shall provide to the requesting Third Party a non-confidential copy of the feasibility study.

AA1(b).13 The time limit set out in paragraph AA1(b).12 above shall be extended up to eighty five working days of receipt of a request under paragraph AA1(b).4, if:

- (a) circumstances have arisen which, despite the Dominant Provider using its best endeavours, prevent it from completing the feasibility study within sixty working days of receipt of a request under paragraph AA1(b).4; or
- (b) the Third Party and the Dominant Provider agree to extend the time limit up to eighty five working days.

AA1(b).14 The time limit set out in paragraph AA1(b).12 above shall be extended beyond eighty five working days of receipt of a request under paragraph AA1(b).4, if:

- (a) the Director agrees; or
- (b) the Third Party and the Dominant Provider agree to extend the time limit beyond eighty five working days.

AA1(b).15 Within two months of the date that this Condition AA1(b) enters into force the Dominant Provider shall provide the Director with a description of the processes it has put in place to ensure compliance with this Condition AA1(b). It shall keep those processes under review to ensure that they remain adequate for that purpose.

AA1(b).16 The Dominant Provider shall comply with any direction the Director may make from time to time under this Condition AA1(b).

Condition AA2

Requirement not to unduly discriminate

AA2.1 The Dominant Provider shall not unduly discriminate against particular persons or against a particular description of persons in relation to matters connected with Network Access.

AA2.2 In this Condition AA2, the Dominant Provider may be deemed to have shown undue discrimination if it unfairly favours to a material extent an activity carried on by it so as to place at a competitive disadvantage persons competing with the Dominant Provider.

Condition AA3

Basis of charges

AA3.1 Unless the Director directs otherwise from time to time, the Dominant Provider shall secure, and shall be able to demonstrate to the satisfaction of the Director, that each and every charge offered, payable or proposed for Network Access covered by Condition AA1(a) is reasonably derived from the costs of provision based on a forward looking long-run incremental cost approach and allowing an appropriate mark up for the recovery of common costs including an appropriate return on capital employed.

AA3.2 For the avoidance of any doubt, where the charge offered, payable or proposed for Network Access covered by Condition AA1(a) is for a service which is subject to a charge control under Condition AA4, the Dominant Provider shall secure, and shall be able to demonstrate to the satisfaction of the Director, that such a charge satisfies the requirements of paragraph AA3.1 above.

AA3.3 The Dominant Provider shall comply with any direction the Director may from time to time direct under this Condition AA3.

AA3.4 This Condition AA3 shall not apply to the markets set out in paragraphs 1(a)(ii) and 1(a)(v) of this Notification.

Condition AA4

Charge control

AA4.1 Without prejudice to the generality of Condition AA3, and subject to paragraphs AA4.4 and AA4.5, the Dominant Provider shall take all reasonable steps to secure that, during any Relevant Year, the Percentage Change (determined by the formula set out in either paragraph AA4.2 or paragraph AA4.3, depending upon the relevant category of service in question) in:

- (a) the aggregate of charges for Wholesale Line Rental Services;
- (b) the aggregate of charges for Call Origination Services;
- (c) the aggregate of charges for Single Transit Services and Local-tandem Conveyance Services;
- (d) each discrete charge, including charges disaggregated by time of day, distance or route, for Inter-tandem Conveyance and Transit Services;
- (e) the charge for Existing Line Transfer;
- (f) each of:
 - (i) the charge for the LECO circuit (excluding the FRIACO port at the Local Exchange);
 - (ii) the charge for the FRIACO port at the Local Exchange; and
 - (iii) the charge for PPP per FRIACO port;
- (g) each of:
 - (i) the charge for a flat rate internet access local-tandem circuit (including DLE facing port but excluding FRIACO port at the Tandem Exchange); and
 - (ii) the charge for a FRIACO port at the Tandem Exchange,

in each case is not more than the Controlling Percentage.

AA4.2 The Percentage Change in respect of the three separate categories of service specified in each of paragraphs AA4.1(a) to (c) shall be calculated by employing the following formula for each such category:

$$C = \left[\frac{\sum_{i=1}^n \frac{R_{ti} V_{(t-1)i}}{V_{ti}} - \sum_{i=1}^n R_{(t-1)i}}{\sum_{i=1}^n R_{(t-1)i}} \right]$$

where:

C is the Percentage Change in the aggregate of charges for services in any of the three categories of service specified in paragraphs AA4.1(a) to (c);

n is the number of specific such services;

$R_{(t-1)i}$ is the revenue from such services i in the twelve months immediately preceding the Relevant Year where i is one of the specific such services;

R_{ti} is the revenue from such services i in the Relevant Year where i is one of the specific such services;

$V_{(t-1)i}$ is the actual volume of such services i in the twelve months immediately preceding the Relevant Year where i is one of the specific such services; and

V_{ti} is the volume of transactions of such services i in the Relevant Year where i is one of the specific such services.

AA4.3 The Percentage Change in respect of the seven separate categories of service specified in each of paragraphs AA4.1(d) to (g) shall be calculated by employing the following formula for each such category:

$$C = \left[\frac{\frac{R_t V_{(t-1)}}{V_t} - R_{(t-1)}}{R_{(t-1)}} \right] \times 100$$

where:

C is the Percentage Change in the charge for services in any of the seven categories of service specified in paragraphs AA4.1(d) to (g);

$R_{(t-1)}$ is the actual revenue from such services in the twelve months immediately preceding the Relevant Year;

$V(t-1)$ is the actual volume of such services in the twelve months immediately preceding the Relevant Year;

$R(t)$ is the actual revenue from such services in the Relevant Year; and

$V(t)$ is the actual volume of such services in the Relevant Year.

AA4.4 If:

- (a) the Percentage Change in the charge or, as the case may be, aggregate of charges for services in any of the ten categories of service specified in each of paragraphs AA4.1(a) to (g), as calculated under paragraphs AA4.2 or AA4.3 for each such category, in any Relevant Year (as defined in Part 1 of this Schedule 1) is less than the Controlling Percentage in respect of the particular category of service in question;
- (b) the Percentage Change in the Relevant Year beginning on 1 October 2002 and ending on 30 September 2003 (as defined for the purpose of Condition 69 ending on such a day with respect to which a notice has been given under paragraph 9(9) of Schedule 18 to the Act) is less than the Controlling Percentage (as defined in that Condition 69 for the purpose of that Condition); or
- (c) the Percentage Change in the Relevant Year beginning on 1 September 2002 and ending on 31 August 2003 (as defined for the purpose of Condition 69B ending on such a day with respect to which a notice has been given under paragraph 9(9) of Schedule 18 to the Act) is less than the Controlling Percentage (as defined in that Condition 69B for the purpose of that Condition),

then, for the purposes of paragraph AA4.1, the Controlling Percentage in respect of such particular category of service (or, in the case of sub-paragraphs (b) and (c) above, the corresponding categories of service in Condition AA4) for the following Relevant Year (or the Relevant Year beginning on 1 October 2003 and ending on 30 September 2004, in the case of sub-paragraph (b) only, and the Relevant Year beginning on 1 September 2003 and ending on 31 August 2004, in the case of sub-paragraph (c) only) shall be determined in accordance with paragraph AA4.6, but be increased by the amount of such deficiency. References in this paragraph AA4.4 to Conditions 69 and 69B are to those Conditions continued by way of continued provisions as set out in the Continuation Notice given by the Director to the Dominant Provider on 23 July 2003.

AA4.5 If:

- (a) the Percentage Change in the charge or, as the case may be, aggregate of charges for services in any of the ten categories of service specified in each of paragraphs AA4.1(a) to (g), as calculated under paragraphs AA4.2 or AA4.3 for each such
-

category, in any Relevant Year (as defined in Part 1 of this Schedule 1) is more than the Controlling Percentage in respect of the particular category of service in question;

- (b) the Percentage Change in the Relevant Year beginning on 1 October 2002 and ending on 30 September 2003 (as defined for the purpose of Condition 69 ending on such a day with respect to which a notice has been given under paragraph 9(9) of Schedule 18 to the Act) is more than the Controlling Percentage (as defined in that Condition 69 for the purpose of that Condition); or
- (c) the Percentage Change in the Relevant Year beginning on 1 September 2002 and ending on 31 August 2003 (as defined for the purpose of Condition 69B ending on such a day with respect to which a notice has been given under paragraph 9(9) of Schedule 18 to the Act) is more than the Controlling Percentage (as defined in that Condition 69B for the purpose of that Condition),

then, for the purposes of paragraph AA4.1, the Controlling Percentage in respect of such particular category of service (or, in the case of sub-paragraphs (b) and (c) above, the corresponding categories of service in Condition AA4) for the following Relevant Year (or the Relevant Year beginning on 1 October 2003 and ending on 30 September 2004, in the case of sub-paragraph (b) only, and the Relevant Year beginning on 1 September 2003 and ending on 31 August 2004, in the case of sub-paragraph (c) only) shall be determined in accordance with paragraph AA4.6, but be decreased by the amount of such excess. References in this paragraph AA4.5 to Conditions 69 and 69B are to those Conditions continued by way of continued provisions as set out in the Continuation Notice given by the Director to the Dominant Provider on 23 July 2003.

AA4.6 Subject to paragraphs AA4.4 and AA4.5, the Controlling Percentage in relation to any Relevant Year is the amount of the change in the Retail Prices Index in the period of 12 months ending on 30th June immediately before the beginning of that Year expressed as a percentage (rounded to two decimal places) of that Index as at the beginning of that period, reduced:

- (a) for Wholesale Line Rental Services, by 2;
 - (b) for Call Origination Services, by 10;
 - (c) for Single Transit Services and Local-tandem Conveyance Services, by 13;
 - (d) for Inter-tandem Conveyance and Transit Services, by 0;
 - (e) for Existing Line Transfer, by 2;
-

- (f) for each category of service specified in paragraph AA4.1(f), by 7.5; and
- (g) for each category of service specified in paragraph AA4.1(g), by 8.75.

AA4.7 Where the Dominant Provider makes a material change (other than to a Charge) to any Charge Controlled Service for which a Charge is charged or to the date on which its financial year ends or there is a material change in the basis of the Retail Prices Index, paragraphs AA4.1 to AA4.6 shall have effect subject to such reasonable adjustment to take account of the change as the Director may direct to be appropriate in the circumstances. For the purposes of this paragraph, a material change to any Charge Controlled Service includes the introduction of a new product and/or service wholly or substantially in substitution for an existing Charge Controlled Service.

AA4.8 The Dominant Provider shall, no later than three months after the end of each Relevant Year, supply to the Director, in writing, the data necessary to perform the calculation of the Percentage Change.

AA4.9 Paragraphs AA4.1 to AA4.8 shall not apply to such extent as the Director may direct.

Condition AA5

Requirement to publish a Reference Offer

AA5.1 Except in so far as the Director may otherwise consent in writing, the Dominant Provider shall publish a Reference Offer and act in the manner set out below.

AA5.2 Subject to paragraph AA5.8 below, the Dominant Provider shall ensure that a Reference Offer in relation to the provision of Network Access includes at least the following:

- (a) a description of the Network Access to be provided, including technical characteristics (which shall include information on network configuration where necessary to make effective use of the Network Access);
 - (b) the locations of the points of Network Access;
 - (c) the technical standards for Network Access (including any usage restrictions and other security issues);
 - (d) the conditions for access to ancillary, supplementary and advanced services (including operational support systems, information systems or databases for pre-ordering, provisioning, ordering, maintenance and repair requests and billing);
-

- (e) any ordering and provisioning procedures;
 - (f) relevant charges, terms of payment and billing procedures;
 - (g) details of interoperability tests;
 - (h) details of traffic and network management;
 - (i) details of maintenance and quality as follows:
 - (i) specific time scales for the acceptance or refusal of a request for supply and for completion, testing and hand-over or delivery of services and facilities, for provision of support services (such as fault handling and repair);
 - (ii) service level commitments, namely the quality standards that each party must meet when performing its contractual obligations;
 - (iii) the amount of compensation payable by one party to another for failure to perform contractual commitments;
 - (iv) a definition and limitation of liability and indemnity; and
 - (v) procedures in the event of alterations being proposed to the service offerings, for example, launch of new services, changes to existing services or change to prices;
 - (j) details of measures to ensure compliance with requirements for network integrity;
 - (k) details of any relevant intellectual property rights;
 - (l) a dispute resolution procedure to be used between the parties;
 - (m) details of duration and renegotiation of agreements;
 - (n) provisions regarding confidentiality of non-public parts of the agreements;
 - (o) rules of allocation between the parties when supply is limited (for example, for the purpose of co-location or location of masts);
 - (p) the standard terms and conditions for the provision of Network Access;
 - (q) in relation to those products and services subject to Conditions AA3 and AA4, the amount applied to:
-

- (i) each Network Component used in providing Network Access with the relevant Usage Factors; and
- (ii) the Transfer Charge for each Network Component or combination of Network Components described above,

reconciled in each case to the charge payable by a Communications Provider other than the Dominant Provider.

AA5.3 In relation to those products and services subject to Conditions AA3 and AA4, to the extent that the Dominant Provider provides to itself Network Access that:

- (a) is the same, similar or equivalent to that provided to any other Third Party; or
- (b) may be used for a purpose that is the same, similar or equivalent to that provided to any other Third Party,

in a manner that differs from that detailed in a Reference Offer in relation to Network Access provided to any other Third Party, the Dominant Provider shall ensure that it publishes a Reference Offer in relation to the Network Access that it provides to itself which includes, where relevant, at least those matters detailed in paragraphs AA5.2(a) to (q) above.

AA5.4 The Dominant Provider shall, within one month of the date that this Condition AA5 enters into force, publish a Reference Offer in relation to any Network Access that it is providing as at the date this Condition AA5 enters into force.

AA5.5 The Dominant Provider shall update and publish the Reference Offer in relation to any amendments or in relation to any further Network Access provided after the date this Condition AA5 enters into force.

AA5.6 Publication referred to above shall be effected by:

- (a) placing a copy of the Reference Offer on any relevant website operated or controlled by the Dominant Provider; and
- (b) sending a copy of the Reference Offer to the Director.

AA5.7 The Dominant Provider shall send a copy of the current version of the Reference Offer to any person at that person's written request (or such parts which have been requested).

AA5.8 The Dominant Provider shall make such modifications to the Reference Offer as the Director may direct from time to time.

AA5.9 The Dominant Provider shall provide Network Access at the charges, terms and conditions in the relevant Reference Offer and shall not depart therefrom either directly or indirectly.

AA5.10 The Dominant Provider shall comply with any direction the Director may make from time to time under this Condition AA5.

Condition AA6(a)

Requirement to notify charges

AA6(a).1 Except in so far as the Director may otherwise consent in writing, the Dominant Provider shall publish charges and act in the manner set out below.

AA6(a).2 The Dominant Provider shall send to the Director and to every Third Party with which it has entered into an Access Contract covered by Condition AA1(a) a written notice of any amendment to the charges on which it provides Network Access or in relation to any charges for new Network Access (an “Access Charge Change Notice”):

- (a) in the case of each of the markets set out in paragraph 1(a) of this Notification (except for the markets set out in sub-paragraphs 1(a)(ii), 1(a)(v) and 1(a)(viii)), not less than 90 days before any such amendment comes into effect; and
- (b) in the case of each of the markets set out in sub-paragraphs 1(a)(ii), 1(a)(v) and 1(a)(viii) of paragraph 1(a) of this Notification, not less than 28 days before any such amendment comes into effect.

AA6(a).3 The Dominant Provider shall ensure that an Access Charge Change Notice includes:

- (a) a description of the Network Access in question;
 - (b) a reference to the location in the Dominant Provider’s current Reference Offer of the terms and conditions associated with the provision of that Network Access;
 - (c) the date on which or the period for which any amendments to charges will take effect (the “effective date”);
 - (d) in relation to those products and services subject to Conditions AA3 and AA4, the current and proposed new charge and the relevant Usage Factors applied to each Network Component comprised in that Network Access, reconciled in each case with the current or proposed new charge;
-

- (e) the information specified in sub-paragraph (d) above with respect to that Network Access to which that paragraph applies; and
- (f) in relation to those products and services subject to Conditions AA3 and AA4, the relevant network tariff gradient.

AA6(a).4 The Dominant Provider shall not apply any new charge identified in an Access Charge Change Notice before the effective date.

AA6(a).5 In relation to those products and services subject to Conditions AA3 and AA4, to the extent that the Dominant Provider provides to itself Network Access that:

- (a) is the same, similar or equivalent to that provided to any other Third Party; or
- (b) may be used for a purpose that is the same, similar or equivalent to that provided to any other Third Party,

in a manner that differs from that detailed in an Access Charge Change Notice in relation to Network Access provided to any other Third Party, the Dominant Provider shall ensure that it sends to the Director an Access Charge Change Notice in relation to the Network Access that it provides to itself which includes, where relevant, at least those matters detailed in paragraphs AA6(a).3(a) to (f).

Condition AA6(b)

Requirement to notify technical information

AA6(b).1 Save where the Director consents otherwise, where the Dominant Provider:

- (a) proposes to provide Network Access covered by Condition AA1(a), the terms and conditions for which comprise new:
 - (i) technical characteristics (including information on network configuration where necessary to make effective use of the Network Access);
 - (ii) locations of the points of Network Access; or
 - (iii) technical standards (including any usage restrictions and other security issues),or
 - (b) proposes to amend an existing Access Contract covered by Condition AA1(a) by modifying the terms and conditions listed in
-

paragraph AA6(b).1(a)(i) to (iii) above on which the Network Access is provided,

the Dominant Provider shall publish a written notice (the “Notice”) of the new or amended terms and conditions not less than 90 days before either the Dominant Provider enters into an Access Contract to provide the new Network Access or the amended terms and conditions of the existing Access Contract come into effect.

AA6(b).2 The Dominant Provider shall ensure that the Notice includes:

- (a) a description of the Network Access in question;
- (b) a reference to the location in the Dominant Provider’s Reference Offer of the relevant terms and conditions;
- (c) the date on which or the period for which the Dominant Provider may enter into an Access Contract to provide the new Network Access or any amendments to the relevant terms and conditions will take effect (the “effective date”).

AA6(b).3 The Dominant Provider shall not enter into an Access Contract containing the terms and conditions identified in the Notice or apply any new relevant terms and conditions identified in the Notice before the effective date.

AA6(b).4 Publication referred to in paragraph AA6(b).1 shall be effected by:

- (a) placing a copy of the Notice on any relevant website operated or controlled by the Dominant Provider;
- (b) sending a copy of the Notice to the Director; and
- (c) sending a copy of the Notice to any person at that person’s written request, and where the Notice identifies a modification to existing relevant terms and conditions, to every Third Party with which the Dominant Provider has entered into an Access Contract covered by Condition AA1(a). The provision of such a copy of Notice may be subject to a reasonable charge.

Condition AA7

Transparency as to quality of service

AA7.1 The Dominant provider shall publish all such information for the purposes of securing transparency as to the quality of service in relation to Network Access provided by the Dominant Provider, in such manner and form as the Director may from time to time direct.

AA7.2 The Dominant Provider shall comply with any direction the Director may make from time to time under this Condition AA7.

Condition AA8

Requirement to provide Carrier Pre-selection etc.

AA8.1 The Dominant Provider shall provide Carrier Pre-selection as soon as it is reasonably practicable on reasonable terms in accordance with the Carrier Pre-selection Functional Specification to any of its Subscribers upon request.

AA8.2 Pursuant to a request under paragraph AA8.1 above, the Dominant Provider shall provide Carrier Pre-selection Interconnection Facilities as soon as it is reasonably practicable on reasonable terms in accordance with the Carrier Pre-selection Functional Specification to the Pre-selected Provider. The Dominant Provider shall also provide such Carrier Pre-selection Facilities as the Director may from time to time direct.

AA8.3 The Dominant Provider shall ensure that prices and other charges imposed upon Subscribers do not constitute a disincentive to the use of Carrier Pre-selection.

AA8.4 The Dominant Provider shall ensure that charges for the provision of the respective facilities mentioned below shall be made by the Dominant Provider as follows:

- (a) subject always to the requirement of reasonableness, charges shall be based on the forward looking long-run incremental costs of providing Carrier Pre-selection Facilities unless:
 - (i) the Dominant Provider and the Pre-selected Provider have agreed another basis for the charges; or
 - (ii) any other basis for such charges be used as directed by the Director from time to time;
- (b) the Dominant Provider shall categorise its costs as falling within one of the following categories:
 - (i) Carrier Pre-selection Per Provider Set-up Costs;
 - (ii) Carrier Pre-selection Per Provider On-going Costs;
 - (iii) Carrier Pre-selection Per Customer Line Set-up Costs; or
 - (iv) Carrier Pre-selection System Set-up Costs,

and, where the Dominant Provider either fails to categorise its costs in such a manner or the Director considers that any

individual item of cost cannot reasonably be categorised in the manner in which the Dominant Provider has made the categorisation, the cost in question shall fall within one of the categories in sub-paragraphs (i) to (iv) above or, as the case may be, in any new category of cost, as the Director may direct;

- (c) the Dominant Provider shall recover the costs for any new category of cost that the Director has directed under sub-paragraph (b) above in the manner in which the Director may direct;
- (d) the Dominant Provider shall recover the costs incurred in providing Carrier Pre-selection Per Provider Set-up Facilities, Carrier Pre-selection Per Provider On-going Facilities and Carrier Pre-selection Per Customer Line Set-up Facilities by means of direct charges to Pre-selected Providers;
- (e) the Dominant Provider shall recover the costs incurred in providing Carrier Pre-selection System Set-up Facilities by means of a separate surcharge on all Relevant Calls; and
- (f) the Dominant Provider shall modify any of its charges for the provision of Carrier Pre-selection Facilities in the manner in which the Director may direct.

AA8.5 The Dominant Provider shall comply with any direction that the Director may make from time to time under this Condition AA8.

AA8.6 This Condition is without prejudice to the generality of the provisions in Conditions AA1(a) to AA7 above.

Condition AA9

Requirement to provide Indirect Access ('Carrier Selection') etc.

AA9.1 The Dominant Provider shall provide Indirect Access as soon as it is reasonably practicable on reasonable terms to any of its Subscribers upon request.

AA9.2 Pursuant to a request under paragraph AA9.1 above, the Dominant Provider shall provide Carrier Selection Interconnection Facilities as soon as it is reasonably practicable on reasonable terms to a provider of a Public Telephone Network. The Dominant Provider shall also provide such Carrier Selection Interconnection Facilities as the Director may from time to time direct.

AA9.3 Unless the Director directs otherwise from time to time, the Dominant Provider shall ensure that charges are based on the forward looking long-run incremental cost of providing Carrier Selection Interconnection Facilities and that

prices and other charges imposed upon Subscribers do not constitute a disincentive to the use of Indirect Access.

AA9.4 The Dominant Provider shall comply with any direction that the Director may make from time to time under this Condition AA9.

AA9.5 This Condition AA9 is without prejudice to the generality of the provisions in Conditions AA1(a) to AA7 above.

Condition AA10

Requirement to provide Wholesale Line Rental etc.

AA10.1 The Dominant Provider shall provide Wholesale Analogue Line Rental as soon as it is reasonably practicable on reasonable terms to every Third Party who reasonably requests such Wholesale Analogue Line Rental. The Dominant Provider shall also provide such Wholesale Analogue Line Rental as the Director may from time to time direct.

AA10.2 Except in so far as the Director may otherwise consent in writing, the Dominant Provider shall provide:

- (a) Wholesale Business ISDN2 Line Rental; and
- (b) Wholesale ISDN30 Line Rental,

in accordance with the Wholesale ISDN Line Rental Functional Specification as soon as it is reasonably practicable on reasonable terms to every Third Party who reasonably requests Wholesale Business ISDN2 Line Rental and/or Wholesale ISDN30 Line Rental. The Dominant Provider shall also provide such Wholesale Business ISDN2 Line Rental and/or Wholesale ISDN30 Line Rental as the Director may from time to time direct.

AA10.3 The Dominant Provider shall ensure that charges for the provision of the respective services mentioned below shall be made by the Dominant Provider as follows:

- (a) subject always to the requirement of reasonableness, charges shall be based on the forward looking long-run incremental costs of providing Wholesale Analogue Line Rental and Wholesale Business ISDN2 Line Rental unless:
 - (i) the Dominant Provider and the Third Party have agreed another basis for the charges; or
 - (ii) any other basis for such charges be used as directed by the Director from time to time;
-

- (b) the Dominant Provider shall categorise its costs as falling within one of the following categories:
 - (i) Wholesale Line Rental Per Provider Set-up Costs;
 - (ii) Wholesale Line Rental Per Provider On-going Costs;
 - (iii) Wholesale Line Rental Per Customer Line Set-up Costs;
or
 - (iv) Wholesale Line Rental System Set-up Costs,and, where the Dominant Provider either fails to categorise its costs in such a manner or the Director considers that any individual item of cost cannot reasonably be categorised in the manner in which the Dominant Provider has made the categorisation, the cost in question shall fall within one of the categories in sub-paragraphs (i) to (iv) above or, as the case may be, in any new category of cost, as the Director may direct;
- (c) the Dominant Provider shall recover the costs for any new category of cost that the Director has directed under sub-paragraph (b) above in the manner in which the Director may direct;
- (d) the Dominant Provider shall recover Wholesale Line Rental Per Provider Set-up Costs, and Wholesale Line Rental Per Provider On-going Costs and Wholesale Line Rental Per Customer Line Set-up Costs by means of direct charges to the Third Party, or as the Director may otherwise direct;
- (e) the Dominant Provider shall recover Wholesale Line Rental System Set-up Costs by means of a separate surcharge on all Exchange Lines provided by the Dominant Provider, or as the Director may otherwise direct; and
- (f) the Dominant Provider shall modify any of its charges for the provision of Wholesale Line Rental in the manner in which the Director may direct.

AA10.4 The Dominant Provider shall comply with any direction that the Director may make from time to time under this Condition AA10.

AA10.5 This Condition AA10 is without prejudice to the generality of the provisions in Conditions AA1(a) to AA7 above.

Condition AA11

Requirement to provide NTS Call Origination

AA11.1 The Dominant Provider shall provide NTS Call Origination as soon as it is reasonably practicable to every Third Party who reasonably requests it in writing.

AA11.2 Without prejudice to paragraphs AA11.3 and AA11.4 below and where a request is covered by paragraph AA11.1 above, the Dominant Provider shall provide NTS Call Origination on fair and reasonable terms, conditions and charges and on such terms, conditions and charges as the Director may from time to time direct.

AA11.3 The Dominant Provider shall pass the Net Retail Call Revenue to the Third Party that is purchasing the NTS Call Origination, less the charges referred to in Condition AA11.4 below.

AA11.4 The Dominant Provider shall make no charges for providing NTS Call Origination covered by paragraph AA11.1 except for:

- (a) a charge for the Call Origination Service used to originate the NTS Call;
- (b) a charge for the NTS Retail Uplift; and
- (c) a charge for bad debt relating to the retailing by the Dominant Provider of Premium Rate Services calls.

AA11.5 The Dominant Provider shall comply with any direction the Director may make from time to time under this Condition AA11.

AA11.6 This Condition AA11 is without prejudice to the generality of the provisions in Conditions AA1(a) to AA7 above.

Condition AA12

Requirement to provide FRIACO

AA12.1 The Dominant Provider shall provide either DLE FRIACO or ST FRIACO or both as soon as it is reasonably practicable to every Third Party who reasonably requests it in writing.

AA12.2 Without prejudice to paragraph AA12.3 below and where a request is covered by paragraph AA12.1 above, the Dominant Provider shall provide DLE FRIACO or ST FRIACO or both on fair and reasonable terms, conditions and charges and on such terms, conditions and charges as the Director may from time to time direct.

AA12.3 The Dominant Provider shall ensure that the provision of DLE FRIACO, or where indicated below of ST FRIACO or both covered by paragraph AA12.1 above, includes the following terms:

-
- (a) the Third Party shall not be required to account for the volume of internet traffic passing through the Point of Connection, whether by reference to call minutes or otherwise (this requirement applies to both DLE FRIACO and ST FRIACO);
 - (b) the Dominant Provider shall provide a Point of Connection upon the Third Party's reasonable request at any DLE ;
 - (c) for providing DLE FRIACO, the Third Party shall only pay the Dominant Provider a charge (the "DLE Charge") determined according to the following formula:

$$[D(i) \times AR (DLE) (LECO)] + D (ii) + D (iii)$$

where:

"AR (DLE) (LECO)" means the adjustment ratio (Local Exchange call origination (LECO)) which measures the number of LECO circuits that are needed for each FRIACO port at the DLE. The AR (DLE) (LECO) adjustment ratio is 1.78.

"D (i)" means the charge for the LECO circuit as referred to in Condition AA4.1(f)(i).

"D (ii)" means the charge for the FRIACO port at the Local Exchange as referred to in Condition AA4.1(f)(ii).

"D (iii)" means the charge for PPP per FRIACO port as referred to in Condition AA4.1(f)(iii).

- (d) for providing ST FRIACO, the Third Party shall only pay the Dominant Provider a charge (the "ST Charge") determined according to the following formula:

$$[D (i) \times AR (ST) (LECO)] + [(D (ii) + F (i)) \times AR (LT)] + D (iii) + F (ii)$$

where:

"AR (ST) (LECO)" means the adjustment ratio (Local Exchange call origination (LECO)) which measures the number of LECO circuits that are needed for each FRIACO port at the Tandem Exchange. The adjustment ratio for AR (ST) (LECO) is 2; and,

"AR (LT)" means the adjustment ratio (local tandem (LT)) which measures the number LT circuits that are needed for each FRIACO port at the Tandem Exchange. The adjustment ratio for AR (LT) is 1.19.

“D (i)” means the charge for the LECO circuit (excluding the FRIACO port at the Local Exchange) as referred to in Condition AA4.1(f)(i).

“D (ii)” means the charge for the FRIACO port at the Local Exchange as referred to in Condition AA4.1(f)(ii).

“D (iii)” means the charge for PPP per FRIACO port as referred to in Condition AA4.1(f)(iii).

“F (i)” means the charge for a flat rate internet access local - tandem circuit (excluding FRIACO port at the Tandem Exchange) as referred to in Condition AA4.1(g)(i); and

“F (ii)” means the charge for a FRIACO port at the Tandem Exchange as referred to in Condition AA4.1(g)(ii).

- (e) payment by the Third Party of the DLE Charge or ST Charge or both shall be equivalent to the Dominant Provider's payment terms for corresponding metered interconnection services and shall be payable in arrears. In addition, the Dominant Provider may also offer the Third Party alternative payment terms which are not payable in arrears where such terms are equivalent to the Dominant Provider's payment terms for corresponding metered interconnection services; and
- (f) where any Point of Connection is made available for the purposes of providing DLE FRIACO or, as the case may be, ST FRIACO for less than a whole year, the DLE Charge or, as the case may be, the ST Charge shall be reduced proportionately.

AA12.4 The Dominant Provider shall comply with any direction the Director may make from time to time under this Condition AA12.

AA12.5 This Condition AA12 is without prejudice to the generality of the provisions in Conditions AA1(a) to AA7 above.

SCHEDULE 2

The SMP services conditions imposed on Kingston under sections 45, 87, 88 and 90 of the Communications Act 2003 as a result of the analysis of the markets set out in paragraph 1(b) of this Notification in each of which Kingston has been found to have significant market power (“SMP conditions”)

Part 1: Application, definitions and interpretation relating to the SMP conditions in Part 2

1 The SMP conditions in Part 2 of this Schedule 2 shall, except insofar as it is otherwise stated therein, apply to each and all of the markets set out in paragraph 1(b) of this Notification and to in-span Interconnection links.

2 In this Schedule 2:

- (a) **“Act”** means the Communications Act 2003 (c. 21);
 - (b) **“Access Charge Change Notice”** has the meaning given to it in Condition AB5(a).2;
 - (c) **“Access Contract”** means:
 - (i) a contract for the provision by the Dominant Provider to another person of Network Access to the Dominant Provider’s Electronic Communications Network;
 - (ii) a contract under which Associated Facilities in relation to the Dominant Provider’s Public Electronic Communications Network are made available by the Dominant Provider to another person;
 - (d) **“Approved Apparatus”** means, in relation to any Electronic Communications Network, Apparatus which meets the appropriate essential requirements of regulation 4 of the Radio Equipment and Telecommunications Terminal Equipment Regulations 2000, SI 2000 No. 730 as amended by the Radio Equipment and Telecommunications Terminal Equipment (Amendment) Regulations 2003, SI 2003 No. 1903;
 - (e) **“Autodiallers”** means Apparatus located at the premises of the Subscriber which routes calls from that Subscriber to a provider of Publicly Available Telephone Services other than the Dominant Provider by means of the automatic addition of a prefix to the dialled Telephone Number;
-

- (f) **“Carrier Pre-selection”** means a facility which allows a Subscriber to whom a Publicly Available Telephone Service is provided by means of a Public Telephone Network to select which Pre-selected Provider of such Services provided wholly or partly by means of that Network is the Pre-selected Provider he wishes to use to carry his calls by designating in advance the selection that is to apply on every occasion when there has been no selection of Provider by use of a Telephone Number;
 - (g) **“Carrier Pre-selection Facilities”** means those facilities which enable the Pre-selected Provider to provide Carrier Pre-selection to Subscribers to whom a Publicly Available Telephone Service is provided by means of a Public Telephone Network, including (without limitation to the generality of the foregoing):
 - (i) Carrier Pre-selection Per Customer Line Set-up Facilities;
 - (ii) Carrier Pre-selection Per Provider Set-up Facilities;
 - (iii) Carrier Pre-selection Per Provider On-going Facilities;
and
 - (iv) Carrier Pre-selection System Set-up Facilities;
 - (h) **“Carrier Pre-selection Functional Specification”** means a document, which specifies technical and other principles which are intended to effect the efficient implementation and utilisation of Carrier Pre-selection and Carrier Pre-selection Interconnection Facilities, as may be directed by the Director from time to time for the purposes of the Dominant Provider complying with its obligations under Condition AB6;
 - (i) **“Carrier Pre-selection Interconnection Facilities”** means those facilities for Interconnection which enable the Pre-selected Provider to provide Carrier Pre-selection to the Subscribers of the Dominant Provider; including (without limitation to the generality of the foregoing):
 - (i) Carrier Pre-selection Per Customer Line Set-up Facilities;
 - (ii) Carrier Pre-selection Per Provider Set-up Facilities,
 - (iii) Carrier Pre-selection Per Provider On-going Facilitiesbut excluding Carrier Pre-selection System Set-up Facilities;
 - (j) **“Carrier Pre-selection Per Customer Line Set-up Costs”** means the costs incurred by the Dominant Provider in providing Carrier Pre-selection Per Customer Line Set-up Facilities;
-

- (k) **“Carrier Pre-selection Per Customer Line Set-up Facilities”** means those Carrier Pre-selection Facilities required from the Dominant Provider by a Pre-selected Provider in order for the Pre-selected Provider to be able to set up Carrier Pre-selection on the Exchange Line of a Subscriber to whom the Dominant Provider provides a Publicly Available Telephone Service by means of a Public Telephone Network;
 - (l) **“Carrier Pre-selection Per Provider On-going Costs”** means the costs incurred by the Dominant Provider in providing Carrier Pre-selection Per Provider On-going Facilities;
 - (m) **“Carrier Pre-selection Per Provider On-going Facilities”** means those Carrier Pre-selection Facilities required from the Dominant Provider by any individual Pre-selected Provider **which enable** the Pre-selected Provider to continue on an on-going basis to offer Carrier Pre-selection to Subscribers to whom the Dominant Provider provides Publicly Available Telephone Services by means of a Public Telephone Network, including (without limitation to the generality of the foregoing) activities such as product management;
 - (n) **“Carrier Pre-selection Per Provider Set-up Costs”** means the costs incurred by the Dominant Provider in providing Carrier Pre-selection Per Provider Set-up Facilities;
 - (o) **“Carrier Pre-selection Per Provider Set-up Facilities”** means those Carrier Pre-selection Facilities required from the Dominant Provider by any individual Pre-selected Provider in order for the Pre-selected Provider to be able to offer Carrier Pre-selection to Subscribers to whom the Dominant Provider provides Publicly Available Telephone Services by means of a Public Telephone Network, including (without limitation to the generality of the foregoing) activities such as data management amendments and the setting up of arrangements for the electronic transfer of customer orders;
 - (p) **“Carrier Pre-selection System Set-up Costs”** means the costs incurred by the Dominant Provider in developing and implementing Carrier Pre-selection System Set-up Facilities, and, for the purposes of cost recovery only, the costs to the Dominant Provider for the provision of Carrier Pre-selection by means of Autodiallers in the period April 2000 to December 2001 (regardless of when the costs were incurred) until such time as those costs have been fully recovered by the Dominant Provider;
 - (q) **“Carrier Pre-selection System Set-up Facilities”** means those Carrier Pre-selection Facilities required by the Dominant Provider
-

in order for the Dominant Provider to be able to provide Carrier Pre-selection Facilities, such as the software and any alterations needed on the Dominant Provider's switches and the modifications required for the Dominant Provider's support systems;

- (r) **“Carrier Selection Interconnection Facilities”** means those facilities for Interconnection which enable a provider of a Public Telephone Network to provide Indirect Access to the Subscribers of the Dominant Provider;
 - (s) **“Director”** means the Director General of Telecommunications as appointed under section 1 of the Telecommunications Act 1984;
 - (t) **“Directory”** means a printed document containing Directory Information on Relevant Subscribers of Publicly Available Telephone Services in the United Kingdom which is made available to members of the public;
 - (u) **“Directory Information”** means, in the case of a Directory, the name and address of the Relevant Subscriber and the Telephone Number assigned to the Relevant Subscriber for his use of Publicly Available Telephone Services and, in the case of a Directory Enquiry Facility, shall be either such a Telephone Number of the Relevant Subscriber or information that such a Telephone Number of the Relevant Subscriber may not be supplied;
 - (v) **“Directory Enquiry Facility”** means Directory Information provided by means of a Public Telephone Network;
 - (w) **“Dominant Provider”** means Kingston Communications (Hull) plc, whose registered company number is 2150618, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 736 of the Companies Act 1985, as amended by the Companies Act 1989;
 - (x) **“Emergency Organisation”** means in respect of any locality:
 - (i) the relevant public police, fire, ambulance and coastguard services for that locality; and
 - (ii) any other organisation, as directed from time to time by the Director as providing a vital service relating to the safety of life in emergencies;
 - (y) **“Exchange Line”** means Apparatus comprised in the Dominant Provider's Electronic Communications Network and installed for the purpose of connecting a telephone exchange run by the
-

Dominant Provider to a Network Termination Point comprised in Network Termination and Testing Apparatus installed by the Dominant Provider for the purpose of providing Electronic Communications Services at the premises at which the Network Termination and Testing Apparatus is located;

- (z) **“Indirect Access”** means a facility which allows a Subscriber to whom a Publicly Available Telephone Service is provided by means of a Public Telephone Network to select which such Service provided wholly or partly by means of that Network is the service he wishes to use by the use of a Telephone Number on each separate occasion on which a selection is made;
- (aa) **“Local Exchange”** means a telephone exchange to which Customers are connected, usually via a remote or locally sited concentrator unit, which telephone exchange supports the provision of either analogue or digital Exchange Lines;
- (bb) **“Network Component”** means, to the extent they are used in the Services Market, the network components specified in any direction given by the Director from time to time for the purpose of these SMP conditions;
- (cc) **“Network Termination and Testing Apparatus”** means an item of Apparatus comprised in an Electronic Communications Network installed in a fixed position on Served Premises which enables:
 - (i) Approved Apparatus to be readily connected to, and disconnected from, the Network;
 - (ii) the conveyance of Signals between such Approved Apparatus and the Network;
 - (iii) the due functioning of the Network to be tested,

but the only other functions of which, if any, are:

- (A) to supply energy between such Approved Apparatus and the Network;
 - (B) to protect the safety or security of the operation of the Network; or
 - (C) to enable other operations exclusively related to the running of the Network to be performed or the due functioning of any system to which the Network is or is to be connected to be tested (separately or together with the Network);
-

- (dd) **“Network Termination Point”** means the physical point at which a Relevant Subscriber is provided with access to a Public Electronic Communications Network and, where it concerns Electronic Communications Networks involving switching or routing, that physical point is identified by means of a specific network address, which may be linked to the Telephone Number or name of a Relevant Subscriber. Where a Network Termination Point is provided at a fixed position on Served Premises, it shall be within an item of Network Termination and Testing Apparatus;
 - (ee) **“Pre-selected Provider”** means a provider of a Public Telephone Network who has notified the Dominant Provider that it is able and willing to provide Carrier Pre-selection to Subscribers to whom the Dominant Provider provides Publicly Available Telephone Services;
 - (ff) **“Public Pay Telephone”** means a telephone available to the general public, for the use of which the means of payment may include coins and/or credit/debit cards and/or pre-payment cards, including cards for use with dialling codes;
 - (gg) **“Public Telephone Network”** means an Electronic Communications Network which is used to provide Publicly Available Telephone Services; it supports the transfer between Network Termination Points of speech communications, and also other forms of communication, such as facsimile and data;
 - (hh) **“Publicly Available Telephone Services”** means a service available to the public for originating and receiving national and international calls and access to Emergency Organisations through a number or numbers in a national or international telephone numbering plan, and in addition may, where relevant, include one or more of the following services: the provision of operator assistance services, Directory Enquiry Facilities, Directories, provision of Public Pay Telephones, provision of service under special terms, provision of specific facilities for End-users with disabilities or with special social needs and/or the provision of non-geographic services;
 - (ii) **“Reference Offer”** means the terms and conditions on which the Dominant Provider is willing to enter into an Access Contract;
 - (jj) **“Relevant Calls”** means all calls which originate on the Dominant Provider’s Public Electronic Communications Network and which are of a type which are available for selection in accordance with the Carrier Pre-selection Functional Specification by a Subscriber to whom a Publicly Available Telephone Service is provided by means of a Public Telephone Network;
-

- (kk) **“Relevant Subscriber”** means any person who is party to a contract with a provider of Public Electronic Communications Services for the supply of such Services;
 - (ll) **“Served Premises”** means a single set of premises in single occupation where Apparatus has been installed for the purpose of the provision of Electronic Communications Services by means of an Electronic Communications Network at those premises;
 - (mm) **“Services Market”** means each of the markets sets out in paragraph 1(b) of this Notification;
 - (nn) **“Signal”** includes:
 - (i) anything comprising speech, music, sounds, visual images or communications or data of any description, and
 - (ii) signals serving for the impartation of anything between persons, between a person and a thing, or between things, or for the actuation or control of any Apparatus;
 - (oo) **“Subscriber”** means any person who is party to a contract with the provider of Publicly Available Telephone Services for the supply of such Services in the United Kingdom;
 - (pp) **“Tandem Exchange”** means a telephone exchange whose primary function is not to support the provision of Exchange Lines but to switch traffic between other telephone exchanges in a Public Electronic Communications Network;
 - (qq) **“Third Party”** means either:
 - (i) a person providing a Public Electronic Communications Network; or
 - (ii) a person providing a Public Electronic Communications Service;
 - (rr) **“Transfer Charge”** means the charge or price that is applied, or deemed to be applied, by the Dominant Provider to itself for the use or provision of an activity or group of activities. For the avoidance of doubt, such activities or group of activities include, amongst other things, products and services provided from, to or within the Services Market and the use of Network Components in that Services Market; and
 - (ss) **“Usage Factor”** means the average usage by any Communications Provider (including the Dominant Provider itself)
-

of each Network Component in using or providing a particular product or service or carrying out a particular activity.

3 For the purpose of interpreting the SMP conditions in Part 2:

- (a) except in so far as the context otherwise requires, words or expressions shall have the meaning assigned to them in paragraph 2 of this Part above and otherwise any word or expression shall have the same meaning as it has in the Act;
- (b) the Interpretation Act 1978 (c. 30) shall apply as if each of the SMP conditions in Part 2 were an Act of Parliament; and
- (c) headings and titles shall be disregarded.

Part 2: The SMP conditions

Condition AB1

Requirement to provide Network Access on reasonable request

AB1.1 Where a Third Party reasonably requests in writing Network Access, the Dominant Provider shall provide that Network Access. The Dominant Provider shall also provide such Network Access as the Director may from time to time direct.

AB1.2 The provision of Network Access in accordance with paragraph AB1.1 shall occur as soon as it is reasonably practicable and shall be provided on fair and reasonable terms, conditions and charges and on such terms, conditions and charges as the Director may from time to time direct.

AB1.3 The Dominant Provider shall comply with any direction the Director may make from time to time under this Condition AB1.

Condition AB2

Requirement not to unduly discriminate

AB2.1 The Dominant Provider shall not unduly discriminate against particular persons or against a particular description of persons in relation to matters connected with Network Access.

AB2.2 In this Condition AB2, the Dominant Provider may be deemed to have shown undue discrimination if it unfairly favours to a material extent an activity carried on by it so as to place at a competitive disadvantage persons competing with the Dominant Provider.

Condition AB3***Basis of charges***

AB3.1 Unless the Director directs otherwise from time to time, the Dominant Provider shall secure, and shall be able to demonstrate to the satisfaction of the Director, that each and every charge offered, payable or proposed for Network Access covered by Condition AB1 is reasonably derived from the costs of provision based on a forward looking long-run incremental cost approach and allowing an appropriate mark up for the recovery of common costs including an appropriate return on capital employed.

AB3.2 The Dominant Provider shall comply with any direction the Director may from time to time direct under this Condition AB3.

AB3.3 This Condition AB3 shall not apply to the markets set out in paragraphs 1(b)(ii) and 1(b)(v) of this Notification.

Condition AB4***Requirement to publish a Reference Offer***

AB4.1 Except in so far as the Director may otherwise consent in writing, the Dominant Provider shall publish a Reference Offer and act in the manner set out below.

AB4.2 Subject to paragraph AB4.8 below, the Dominant Provider shall ensure that a Reference Offer in relation to the provision of Network Access includes at least the following:

- (a) a description of the Network Access to be provided, including technical characteristics (which shall include information on network configuration where necessary to make effective use of the Network Access);
 - (b) the locations of the points of Network Access;
 - (c) the technical standards for Network Access (including any usage restrictions and other security issues);
 - (d) the conditions for access to ancillary, supplementary and advanced services (including operational support systems, information systems or databases for pre-ordering, provisioning, ordering, maintenance and repair requests and billing);
 - (e) any ordering and provisioning procedures;
 - (f) relevant charges, terms of payment and billing procedures;
-

- (g) details of interoperability tests;
 - (h) details of traffic and network management;
 - (i) details of maintenance and quality as follows:
 - (i) specific time scales for the acceptance or refusal of a request for supply and for completion, testing and hand-over or delivery of services and facilities, for provision of support services (such as fault handling and repair);
 - (ii) service level commitments, namely the quality standards that each party must meet when performing its contractual obligations;
 - (iii) the amount of compensation payable by one party to another for failure to perform contractual commitments;
 - (iv) a definition and limitation of liability and indemnity; and
 - (v) procedures in the event of alterations being proposed to the service offerings, for example, launch of new services, changes to existing services or change to prices;
 - (j) details of measures to ensure compliance with requirements for network integrity;
 - (k) details of any relevant intellectual property rights;
 - (l) a dispute resolution procedure to be used between the parties;
 - (m) details of duration and renegotiation of agreements;
 - (n) provisions regarding confidentiality of non-public parts of the agreements;
 - (o) rules of allocation between the parties when supply is limited (for example, for the purpose of co-location or location of masts); and
 - (p) the standard terms and conditions for the provision of Network Access; and
 - (q) in relation to those products and services subject to Condition AB3, the amount applied to:
 - (i) each Network Component used in providing Network Access with the relevant Usage Factors; and
-

- (ii) the Transfer Charge for each Network Component or combination of Network Components described above,

reconciled in each case to the charge payable by a Communications Provider other than the Dominant Provider.

AB4.3 In relation to those products and services subject to Condition AB3, to the extent that the Dominant Provider provides to itself Network Access that:

- (a) is the same, similar or equivalent to that provided to any other Third Party; or
- (b) may be used for a purpose that is the same, similar or equivalent to that provided to any other Third Party,

in a manner that differs from that detailed in a Reference Offer in relation to Network Access provided to any other Third Party, the Dominant Provider shall ensure that it publishes a Reference Offer in relation to the Network Access that it provides to itself which includes, where relevant, at least those matters detailed in paragraphs AB4.2(a) to (q) above.

AB4.4 The Dominant Provider shall, within one month of the date that this Condition AB4 enters into force, publish a Reference Offer in relation to any Network Access that it is providing as at the date this Condition AB4 enters into force.

AB4.5 The Dominant Provider shall update and publish the Reference Offer in relation to any amendments or in relation to any further Network Access provided after the date this Condition AB4 enters into force.

AB4.6 Publication referred to above shall be effected by:

- (a) placing a copy of the Reference Offer on any relevant website operated or controlled by the Dominant Provider; and
- (b) sending a copy of the Reference Offer to the Director.

AB4.7 The Dominant Provider shall send a copy of the current version of the Reference Offer to any person at that person's written request (or such parts which have been requested).

AB4.8 The Dominant Provider shall make such modifications to the Reference Offer as the Director may direct from time to time.

AB4.9 The Dominant Provider shall provide Network Access at the charges, terms and conditions in the relevant Reference Offer and shall not depart therefrom either directly or indirectly.

AB4.10 The Dominant Provider shall comply with any direction the Director may make from time to time under this Condition AB4.

Condition AB5(a)

Requirement to notify charges

AB5(a).1 Except in so far as the Director may otherwise consent in writing, the Dominant Provider shall publish charges and act in the manner set out below.

AB5(a).2 The Dominant Provider shall send to the Director and to every Third Party with which it has entered into an Access Contract covered by Condition AB1 a written notice of any amendment to the charges on which it provides Network Access or in relation to any charges for new Network Access (an "Access Charge Change Notice"):

- (a) in the case of each of the markets set out in paragraph 1(b) of this Notification (except for the markets set out in sub-paragraphs 1(b)(ii) and 1(b)(v)), not less than 90 days before any such amendment comes into effect; and
- (b) in the case of each of the markets set out in sub-paragraphs 1(b)(ii) and 1(b)(v) of paragraph 1(b) of this Notification, not less than 28 days before any such amendment comes into effect.

AB5(a).3 The Dominant Provider shall ensure that an Access Charge Change Notice includes:

- (a) a description of the Network Access in question;
 - (b) a reference to the location in the Dominant Provider's current Reference Offer of the terms and conditions associated with the provision of that Network Access; and
 - (c) the date on which or the period for which any amendments to charges will take effect (the "effective date").
 - (d) in relation to those products and services subject to Condition AB3, the current and proposed new charge and the relevant Usage Factors applied to each Network Component comprised in that Network Access, reconciled in each case with the current or proposed new charge;
 - (e) the information specified in sub-paragraph (d) above with respect to that Network Access to which that paragraph applies; and
 - (f) in relation to those products and services subject to Condition AB3, the relevant network tariff gradient.
-

AB5(a).4 The Dominant Provider shall not apply any new charge identified in an Access Charge Change Notice before the effective date.

AB5(a).5 In relation to those products and services subject to Condition AB3, to the extent that the Dominant Provider provides to itself Network Access that:

- (a) is the same, similar or equivalent to that provided to any other Third Party; or
- (b) may be used for a purpose that is the same, similar or equivalent to that provided to any other Third Party,

in a manner that differs from that detailed in an Access Charge Change Notice in relation to Network Access provided to any other Third Party, the Dominant Provider shall ensure that it sends to the Director an Access Charge Change Notice in relation to the Network Access that it provides to itself which includes, where relevant, at least those matters detailed in paragraphs AB5(a).3(a) to (f).

Condition AB5(b)

Requirement to notify technical information

AB5(b).1 Save where the Director consents otherwise, where the Dominant Provider:

- (a) proposes to provide Network Access covered by Condition AB1, the terms and conditions for which comprise new:
 - (i) technical characteristics (including information on network configuration where necessary to make effective use of the Network Access);
 - (ii) locations of the points of Network Access; or
 - (iii) technical standards (including any usage restrictions and other security issues),or
- (b) proposes to amend an existing Access Contract covered by Condition AB1 by modifying the terms and conditions listed in paragraph AB5(b).1(a)(i) to (iii) above on which the Network Access is provided,

the Dominant Provider shall publish a written notice (the “Notice”) of the new or amended terms and conditions not less than 90 days before either the Dominant Provider enters into an Access Contract to provide the new Network Access or the amended terms and conditions of the existing Access Contract come into effect.

AB5(b).2 The Dominant Provider shall ensure that the Notice includes:

- (a) a description of the Network Access in question;
- (b) a reference to the location in the Dominant Provider's Reference Offer of the relevant terms and conditions;
- (c) the date on which or the period for which the Dominant Provider may enter into an Access Contract to provide the new Network Access or any amendments to the relevant terms and conditions will take effect (the "effective date").

AB5(b).3 The Dominant Provider shall not enter into an Access Contract containing the terms and conditions identified in the Notice or apply any new relevant terms and conditions identified in the Notice before the effective date.

AB5(b).4 Publication referred to in paragraph AB5(b).1 shall be effected by:

- (a) placing a copy of the Notice on any relevant website operated or controlled by the Dominant Provider;
- (b) sending a copy of the Notice to the Director; and
- (c) sending a copy of the Notice to any person at that person's written request, and where the Notice identifies a modification to existing relevant terms and conditions, to every Third Party with which the Dominant Provider has entered into an Access Contract covered by Condition AB1. The provision of such a copy of Notice may be subject to a reasonable charge.

Condition AB6

Requirement to provide Carrier Pre-selection etc.

AB6.1 The Dominant Provider shall provide Carrier Pre-selection as soon as it is reasonably practicable on reasonable terms in accordance with the Carrier Pre-selection Functional Specification to any of its Subscribers upon request.

AB6.2 Pursuant to a request under paragraph AB6.1 above, the Dominant Provider shall provide Carrier Pre-selection Interconnection Facilities as soon as it is reasonably practicable on reasonable terms in accordance with the Carrier Pre-selection Functional Specification to the Pre-selected Provider. The Dominant Provider shall also provide such Carrier Pre-selection Facilities as the Director may from time to time direct.

AB6.3 The Dominant Provider shall ensure that prices and other charges imposed upon Subscribers do not constitute a disincentive to the use of Carrier Pre-selection.

AB6.4 The Dominant Provider shall ensure that charges for the provision of the respective facilities mentioned below shall be made by the Dominant Provider as follows:

- (a) subject always to the requirement of reasonableness, charges shall be based on the forward looking long-run incremental costs of providing Carrier Pre-selection Facilities unless:
 - (i) the Dominant Provider and the Pre-selected Provider have agreed another basis for the charges; or
 - (ii) any other basis for such charges be used as directed by the Director from time to time;
 - (b) the Dominant Provider shall categorise its costs as falling within one of the following categories:
 - (i) Carrier Pre-selection Per Provider Set-up Costs;
 - (ii) Carrier Pre-selection Per Provider On-going Costs;
 - (iii) Carrier Pre-selection Per Customer Line Set-up Costs; or
 - (iv) Carrier Pre-selection System Set-up Costs,and, where the Dominant Provider either fails to categorise its costs in such a manner or the Director considers that any individual item of cost cannot reasonably be categorised in the manner in which the Dominant Provider has made the categorisation, the cost in question shall fall within one of the categories in sub-paragraphs (i) to (iv) above or, as the case may be, in any new category of cost, as the Director may direct;
 - (c) the Dominant Provider shall recover the costs for any new category of cost that the Director has directed under sub-paragraph (b) above in the manner in which the Director may direct;
 - (d) the Dominant Provider shall recover the costs incurred in providing Carrier Pre-selection Per Provider Set-up Facilities, Carrier Pre-selection Per Provider On-going Facilities and Carrier Pre-selection Per Customer Line Set-up Facilities by means of direct charges to Pre-selected Providers;
 - (e) the Dominant Provider shall recover the costs incurred in providing Carrier Pre-selection System Set-up Facilities by means of a separate surcharge on all Relevant Calls; and
-

- (f) the Dominant Provider shall modify any of its charges for the provision of Carrier Pre-selection Facilities in the manner in which the Director may direct.

AB6.5 The Dominant Provider shall comply with any direction that the Director may make from time to time under this Condition AB6.

AB6.6 This Condition AB6 is without prejudice to the generality of the provisions in Conditions AB1 to AB5 above.

Condition AB7

Requirement to provide Indirect Access ('Carrier Selection') etc.

AB7.1 The Dominant Provider shall provide Indirect Access as soon as it is reasonably practicable on reasonable terms to any of its Subscribers upon request.

AB7.2 Pursuant to a request under paragraph AB7.1 above, the Dominant Provider shall provide Carrier Selection Interconnection Facilities as soon as it is reasonably practicable on reasonable terms to a provider of a Public Telephone Network. The Dominant Provider shall also provide such Carrier Selection Interconnection Facilities as the Director may from time to time direct.

AB7.3 Unless the Director directs otherwise from time to time, the Dominant Provider shall ensure that charges are based on the forward looking long-run incremental cost of providing Carrier Selection Interconnection Facilities and that prices and other charges imposed upon Subscribers do not constitute a disincentive to the use of Indirect Access.

AB7.4 The Dominant Provider shall comply with any direction that the Director may make from time to time under this Condition AB7.

AB7.5 This Condition AB7 is without prejudice to the generality of the provisions in Conditions AB1 to AB5 above.

Annex B

Direction: Carrier Pre-selection Functional Specification

Direction under section 49 of the Communications Act 2003 and Conditions AA8 and AB6 imposed on British Telecommunications plc (“BT”) and Kingston Communications (Hull) plc (“Kingston”), respectively, as a result of the market power determinations made by the Director General of Telecommunications that BT and Kingston have significant market power in the market for call origination on fixed public narrowband networks for the UK (excluding the Hull Area) and the Hull Area, respectively

WHEREAS:

- (A) as a result of a market review carried out by the Director General of Telecommunications (the “**Director**”), he proposed on 17 March 2003 and on 26 August 2003 (the “**Second Notification**”) in accordance with section 80 of the Communications Act 2003 (the “**Act**”) that British Telecommunications plc (“**BT**”) and Kingston Communications (Hull) plc (“**Kingston**”) have significant market power in the market of call origination on fixed public narrowband networks for the UK (excluding the Hull Area) and the Hull Area, respectively;
 - (B) the Director is able to exercise powers under the Act pursuant to section 408 of the Act and Article 3(1) of the Communications Act 2003 (Commencement No. 1) Order 2003, until Ofcom assumes those powers at a later date;
 - (C) the Director having considered every representation duly made, and thereafter on 28 November 2003 pursuant to sections 48(1) and 79 of the Act by way of publication of a Notification identified the relevant services markets, made market power determinations to the effect referred to in recital (A) above and set certain SMP conditions on BT and Kingston to take effect on 28 November 2003, unless otherwise is stated in Schedule 1 thereto, such as, in the case of BT, Condition AA8 and, in the case of Kingston, Condition AB6, both imposing obligations concerning Carrier Pre-selection etc.;
 - (D) this Direction concerns matters to which Conditions AA8 and AB6 relate and, in particular, the manner in which Carrier Pre-selection and Carrier Pre-selection Interconnection Facilities are to be made available in accordance with those Conditions;
 - (E) the Carrier Pre-selection Functional Specification is a document, which specifies technical and other principles which are intended to effect the efficient implementation and utilisation of Carrier Pre-selection and Carrier
-

Pre-selection Interconnection Facilities, as may be directed by the Director from time to time for the purposes of BT and Kingston complying with their respective obligations under those Conditions;

- (F) for the reasons set out in Chapter 6 of the explanatory statement accompanying this Direction and Chapter 10 of the accompanying explanatory statement to the Second Notification, the Director is satisfied that, in accordance with section 49(2) of the Act, this Direction is:
- (i) objectively justifiable in relation to the networks, services, facilities, apparatus or directories to which it relates;
 - (ii) not such as to discriminate unduly against particular persons or against a particular description of persons;
 - (iii) proportionate to what it is intended to achieve; and
 - (iv) in relation to what it is intended to achieve, transparent;
- (G) for the reasons set out Chapter 6 of the explanatory statement accompanying this Direction and Chapter 10 of the accompanying explanatory statement to the Second Notification, the Director is satisfied that he has acted in accordance with the relevant duties set out in section 4 of the Act;
- (H) on 26 August 2003, the Director published a notification of the proposed Direction in accordance with section 49 of the Act;
- (I) the Director has considered every representation about the proposed Direction duly made to him; and

NOW, therefore, pursuant to section 49 of the Act and Conditions AA8 and AB6 in Schedules 1 and 2 to the Notification, respectively, the Director gives the following Direction:

1. For the purposes of complying with its obligations under paragraphs AA8.1 and AA8.2 of Condition AA8, BT shall provide Carrier Pre-selection and Carrier Pre-selection Interconnection Facilities in accordance with the Carrier Pre-selection Functional Specification set out in the Schedule hereto.

2. For the purposes of complying with its obligations under paragraphs AB6.1 and AB6.2 of Condition AB6, Kingston shall provide Carrier Pre-selection and Carrier Pre-selection Interconnection Facilities in accordance with the Carrier Pre-selection Functional Specification set out in the Schedule hereto.

3. For the purpose of interpreting this Direction, the following definitions shall apply:

- (a) **"Act"** means the Communications Act 2003 (c. 21);
-

(b) **"BT"** means British Telecommunications plc, whose registered company number is 1800000, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 736 of the Companies Act 1985, as amended by the Companies Act 1989;

(c) **"Director"** means the Director General of Telecommunications as appointed under section 1 of the Telecommunications Act 1984;

(d) **"Kingston"** means Kingston Communications (Hull) plc, whose registered company number is 2150618, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 736 of the Companies Act 1985, as amended by the Companies Act 1989; and

(e) **"Notification"** means the Notification referred to in recital (C) of this Direction above, as published on the same day as this Direction is published and as annexed to the explanatory statement accompanying this Direction.

4. Except insofar as the context otherwise requires, words or expressions shall have the meaning assigned to them in paragraph 3 above and otherwise any word or expression shall have the same meaning as it has in the Notification or, if the context so permits, in Schedules 1 and 2 thereto, as appropriate.

5. For the purpose of interpreting this Direction:

(a) headings and titles shall be disregarded; and

(b) the Interpretation Act 1978 (c. 30) shall apply as if this Direction were an Act of Parliament.

6. This Direction shall take effect on the day it is published.

7. The Schedule to this Direction shall form part of this Direction.

DAVID ALBERT EDMONDS
DIRECTOR GENERAL OF TELECOMMUNICATIONS

27 November 2003

Schedule

Carrier Pre-selection Functional Specification Issue No.1

28 November 2003

Contents

- Purpose of this document
- Scope
- Definitions
- Interpretation
- Subscriber Options
- Routing
- Override
- Billing

Purpose of this document

1. Carrier Pre-selection is a facility offered to Subscribers which allows them to opt for certain defined classes of calls (see under 'Subscriber Options' below) to be carried by a provider of a Public Telephone Network selected in advance (and having a contract with its Subscriber), without having to dial a routing prefix or follow any other different procedure to invoke such routing. Carrier Pre-selection can be overridden by dialling an Indirect Access Code of another provider of a Public Telephone network (again where there is a contract between the Subscriber and the provider).

2. Carrier Pre-selection must be provided by the relevant Dominant Provider to any of its Subscribers upon request in accordance with this Carrier Pre-selection Functional Specification under obligations imposed on such a Provider under UK legislation implementing the provisions of Article 19 of the Universal Services Directive (2002/22/EC) (see further about those provisions under 'Scope' below). The Dominant Provider must also provide Carrier Pre-selection Facilities in accordance with this Functional Specification under above-mentioned obligations.

3. The Carrier Pre-selection Functional Specification sets out technical and other principles which are intended to effect the efficient implementation and utilisation of Carrier Pre-selection and Carrier Pre-selection Facilities.

Scope

4. Article 19(1) of the Universal Service Directive provides that "National regulatory authorities shall require undertakings notified as having significant market power

for the provision of connection to and use of the public telephone network at a fixed location in accordance with Article 16(3) to enable their subscribers to access the services of any interconnected provider of publicly available telephone services: (a) on a call-by-call basis by dialling a carrier selection code; and (b) by means of pre-selection, with a facility to override any pre-selected choice on a call-by-call basis by dialling a carrier selection code.” In the United Kingdom, that provision is implemented into UK legislation through the imposition of significant market power (SMP) conditions, which impose obligations relating *inter alia* to Carrier Pre-selection etc on the Dominant Providers.

5. Carrier Pre-selection and Carrier Pre-selection Facilities must be provided by the following Dominant Providers:

- BT; and
- Kingston.

6. Dominant Providers shall be required to provide Carrier Pre-selection Interconnection Facilities to CPS Providers only.

7. Dominant Providers shall provide, on request, Carrier Pre-selection to all Subscribers on Exchange Lines, including the integrated services digital network (ISDN) and Centrex lines. However, Dominant Providers are not required to provide either Carrier Pre-selection or Carrier Pre-selection Facilities in relation to lines on special schemes to assist Consumers who have difficulty affording telephone services.

Definitions

8. The following words or expression in this Carrier Pre-selection Functional Specification shall have the meaning ascribed hereunder:

Access Code

This term shall have the meaning given to the term Access Code in the National Telephone Numbering Plan.

BT

British Telecommunications plc, whose registered company number is 1800000, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 736 of the Companies Act 1985, as amended by the Companies Act 1989.

CPS Code

This term shall have meaning given to the term Carrier Pre-Selection Code in the National Telephone Numbering Plan.

CPS Provider

A Pre-selected Provider that has established Points of Connection with the Dominant Provider and has been allocated a CPS Code by the Director.

Indirect Access

A facility which allows a Subscriber to whom a Publicly Available Telephone Service is provided by means of a Public Telephone Network to select which such Service provided wholly or partly by means of that Network is the service he wishes to use by the use of a telephone number on each separate occasion on which a selection is made.

Indirect Access Code

A type of Access Code used to provide Indirect Access.

Indirect Access Provider

A provider of Indirect Access services.

Kingston

Kingston Communications (Hull) plc, whose registered company number is 2150618, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 736 of the Companies Act 1985, as amended by the Companies Act 1989.

National Telephone Numbering Plan

The National Telephone Numbering Plan published from time to time by the Director pursuant to sections 56 and 60 of the Act 2003.

Point(s) of Connection

A point at which one Public Telephone Network is connected to another.

Type B Indirect Access Code

A type of Access Code allocated to individual Public Communications Providers to be used for the provision of Indirect Access.

Interpretation

9. Except in so far as the context otherwise requires, words or expressions in this Carrier Pre-selection Functional Specification shall have the meaning ascribed to them under paragraph 8 above, and otherwise any word or expression shall have

the meaning as it has for the purposes of the SMP conditions concerning Carrier Pre-selection etc imposed on Dominant Providers pursuant to section 45 of the Communications Act 2003 (c. 21) (which are Condition AA8, in the case of BT, and Condition AB6, in the case of Kingston, at the time of the publication of this Issue No.1 of the Specification) or, if it has no meaning ascribed thereunder and if the context so permits, in the Communications Act 2003 (c. 21).

10. The Interpretation Act 1978 (c. 30) shall apply for the purpose of interpreting this Carrier Pre-selection Functional Specification as if it were an Act of Parliament.

11. For the purposes of interpreting this Carrier Pre-selection Functional Specification, headings and titles shall be disregarded.

Subscriber Options

12. Subscribers opting to use Carrier Pre-selection may select from the following options:

(i) *Option 1*: international calls;

(ii) *Option 2*: national calls;

(iii) *Option 3*: all calls (including international, national, local, mobile, non-geographic (eg freephone, local rate, national rate), premium rate, personal, paging and 118XXX codes for Directory Enquiry Facilities).

13. If a Subscriber selects Options 1 and 2 (see paragraphs 12(i) and (ii) above), he can have calls from both options carried either by the same COPS Provider or by different CPS Providers. Neither Options 1 and 3, nor Options 2 and 3, may be combines.

14. Carrier Pre-selection shall not apply to calls using Type A Access Codes (eg 100, 112, 192), Type C (operator specific) Access Codes or the 0844 04yyxxx and 0808 99yyxxx number ranges used for unmetered Internet access (with unmetered interconnect) or any other number range used for unmetered Internet access with unmetered interconnect. Nor shall Carrier Pre-selection apply to the '999' code.

15. Where no option is selected by the Subscriber, relevant calls shall be routed according to the decision of the Dominant Provider.

16. Local calls shall be deemed to be calls to those geographic destinations which are charged at local rate by the Dominant Provider.

Routing

17. Where a Subscriber has elected to have calls routed by Carrier Pre-selection, the following shall apply:

(i) calls to numbering ranges subject to Carrier Pre-selection (see under 'Subscriber Options' above) shall be routed according to the Subscriber's selected CPS Provider to an agreed Point of Connection; and

(ii) calls to numbering ranges excluded from the particular Subscriber option(s) selected shall not be affected.

18. Where a call is routed by Carrier Pre-selection, the Dominant Provider shall prefix the Subscriber's dialled digits with the CPS Code before passing the call across the Point of Connection. The CPS Code ensures routing through the Dominant Provider's Public Telephone Network to the Point of Connection.

19. Where a pre-selected call is dialled using the local dialling format, the Dominant Provider must insert the leading zero and area code between the CPS Code and the dialled Telephone Number.

20. Carrier Pre-selection shall not apply to operator controlled calls, including (but not limited to) transfer charge calls. Operator and other special services of CPS Providers shall be accessed using the appropriate Indirect Access Code.

Override

21. Calls using Type B Indirect Access Codes shall override options for Carrier Pre-selection and route to the Indirect Access Provider identified by that code, without alteration to the digit string dialled by the Subscriber (for the avoidance of any doubt, it should be noted that this does not include 118XXX DQ codes).

Billing

22. Responsibility for billing the calling Subscriber for Carrier Pre-selection calls rests with the CPS Provider. Where no pre-selection or other form of selection has been made by the calling Subscriber, the Dominant Provider will bill for those calls.

Annex C

Direction: Carrier pre-selection ‘Save’ and ‘Cancel Other’ activities

Direction under section 49 of the Communications Act 2003 and Condition AA1(a) imposed on British Telecommunications plc (“BT”) as a result of the market power determination made by the Director General of Telecommunications that BT has significant market power in the market for call origination on fixed public narrowband networks in the United Kingdom excluding the Hull Area

WHEREAS:

- (A) as a result of a market review carried out by the Director General of Telecommunications (the “**Director**”), he proposed on 17 March 2003 and on 26 August 2003 (the “**Second Notification**”) in accordance with section 80 of the Communications Act 2003 (the “**Act**”) that British Telecommunications plc (“**BT**”) has significant market power in the market for call origination on fixed public narrowband networks in the United Kingdom excluding the Hull Area;
 - (B) the Director is able to exercise powers under the Act pursuant to section 408 of the Act and Article 3(1) of the Communications Act 2003 (Commencement No. 1) Order 2003, until Ofcom assumes those powers at a later date;
 - (C) the Director having considered every representation duly made, and thereafter on 28 November 2003 pursuant to sections 48(1) and 79 of the Act by way of publication of a Notification identified the relevant services markets, made market power determinations to the effect referred to in recital (A) above and set certain SMP conditions on British Telecommunications plc to take effect on 28 November 2003, unless otherwise is stated in Schedule 1 thereto, such as Condition AA1(a);
 - (D) this Direction concerns matters to which Condition AA1(a) relates;
 - (E) for the reasons set out in Chapter 10 of the explanatory statement accompanying this Direction and Chapter 11 of the accompanying explanatory statement to the Second Notification, the Director is satisfied that, in accordance with section 49(2) of the Act, this Direction is:
 - (v) objectively justifiable in relation to the networks, services, facilities, apparatus or directories to which it relates;
 - (vi) not such as to discriminate unduly against particular persons or against a particular description of persons;
-

- (vii) proportionate to what it is intended to achieve; and
 - (viii) in relation to what it is intended to achieve, transparent;
- (F) for the reasons set out in Chapter 10 of the explanatory statement accompanying this Direction and Chapter 11 of the accompanying explanatory statement to the Second Notification, the Director is satisfied that he has acted in accordance with the relevant duties set out in section 4 of the Act;
- (G) on 26 August 2003, the Director published a notification of the proposed Direction in accordance with section 49 of the Act;
- (H) the Director has considered every representation about the proposed Direction duly made to him; and

NOW, therefore, pursuant to section 49 of the Act and Condition AA1(a) in Schedule 1 to the Notification, the Director gives the following Direction:

1. The Dominant Provider shall be permitted to use Cancel Other in the following circumstances only:
 - (a) Slamming;
 - (b) Internal Customer Miscommunications;
 - (c) Line Cease; and
 - (d) any other situations agreed by the CPS Process Group, subject to the Director having given his written consent to any such changes.
 2. Before using Cancel Other, the Dominant Provider shall ensure that the following conditions are fulfilled:
 - (a) in the case of Slamming or Internal Customer Miscommunication, the Dominant Provider shall take reasonable steps to ensure that Slamming or Internal Customer Miscommunication has actually taken place; and
 - (b) the Dominant Provider shall take reasonable steps to ensure that it is talking to the authorised decision-maker in the organisation or household.
 3. After using Cancel Other, the Dominant Provider shall ensure that the following conditions are fulfilled:
 - (a) the Dominant Provider shall confirm the cancellation of the CPS order in writing to the customer (except where, in the case of Line Cease, this is not possible or appropriate, including where the customer is deceased);
 - (b) the Dominant Provider shall categorise the use of Cancel Other in one of the following categories: Slamming; Internal Customer
-

- Miscommunication; or Line Cease, and pass this information to the erstwhile gaining Pre-Selected Provider; and
- (c) the Dominant Provider shall keep a record of all contact made with the customer during the Switchover Period for a period of at least 6 months after the use of Cancel Other and, on a reasonable request from a Pre-Selected Provider, shall provide an audit trail of events leading up to the use of Cancel Other.
4. The Dominant Provider shall not use Cancel Other where the customer has decided not to proceed with the CPS order following successful Save Activity by the Dominant Provider, except where, during the course of the Dominant Provider's Save Activity, the Dominant Provider discovers that Slamming, Internal Customer Miscommunication or Line Cease has occurred and the other conditions in paragraphs 1 and 2 above are fulfilled.
5. If necessary, the Dominant Provider shall amend the Reference Offer to give effect to this Direction.
6. For the purpose of interpreting this Direction, the following definitions shall apply:
- (a) "**Act**" means the Communications Act 2003 (c. 21);
- (b) "**Cancel Other**" means a functionality that allows the Dominant Provider to cancel a Subscriber's order for CPS during the Switchover Period;
- (c) "**CPS**" means Carrier Pre-Selection;
- (d) "**CPS Process Group**" means the industry group dealing with the process by which CPS is provided and which comprises the Dominant Provider and Pre-Selected Providers;
- (e) "**Director**" means the Director General of Telecommunications as appointed under section 1 of the Telecommunications 1984;
- (f) "**Dominant Provider**" means British Telecommunications plc, whose registered company number is 1800000 and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 736 of the Companies Act 1985, as amended by the Company Act 1989;
- (g) "**Internal Customer Miscommunication**" means the situation where a request for CPS has been made by a person other than the authorised decision-maker, which would be the person named on the Dominant Provider's account or, in the case of an organisation, the person within the organisation responsible for managing the account;
-

- (h) “**Line Cease**” means the situation where the Exchange Line is ceased during the Switchover Period;
 - (i) “**Notification**” means the Notification referred to in recital (C) of this Direction above, as published on the same day as this Direction is published and as annexed to the explanatory statement accompanying this Direction;
 - (j) “**Save Activity**” means the situation where the Dominant Provider or Pre-Selected Provider attempts to persuade a Subscriber not to migrate during the Switchover Period;
 - (k) “**Slamming**” means, unless and until the CPS Process Group agrees otherwise and subject to the Director having given his written consent to any such change, the situation where a request for CPS has been made without the Subscriber’s full knowledge or consent; and
 - (l) “**Switchover Period**” means the minimum 10 day period between the confirmation of an order for CPS and the switch on/over date of this service.
7. Except insofar as the context otherwise requires, words or expressions shall have the meaning assigned to them in paragraph 6 above and otherwise any word or expression shall have the same meaning as it has in the Notification or, if the context so permits, in Schedule 1 thereto, as appropriate.
8. For the purpose of interpreting this Direction:
- (a) headings and titles shall be disregarded; and
 - (b) the Interpretation Act 1978 (c. 30) shall apply as if this Direction were an Act of Parliament.
9. This Direction shall take effect on the day it is published.

DAVID ALBERT EDMONDS
DIRECTOR GENERAL OF TELECOMMUNICATIONS

27 November 2003

Annex D

Direction: Local-tandem transit and inter-tandem transit for Indirect Access traffic

Direction under section 49 of the Communications Act 2003 and Condition AA1(a) imposed on British Telecommunications plc (“BT”) as a result of the market power determinations made by the Director General of Telecommunications that BT has significant market power in each of the markets for local-tandem conveyance and transit on fixed public narrowband networks and inter-tandem conveyance and transit on fixed public narrowband networks in the United Kingdom excluding the Hull Area

WHEREAS:

- (A) as a result of a market review carried out by the Director General of Telecommunications (the “**Director**”), he proposed on 17 March 2003 and on 26 August 2003 (the “**Second Notification**”) in accordance with section 80 of the Communications Act 2003 (the “**Act**”) that British Telecommunications plc (“**BT**”) has significant market power in each of the markets for local-tandem conveyance and transit on fixed public narrowband networks and inter-tandem conveyance and transit on fixed public narrowband networks in the UK excluding the Hull Area;
 - (B) the Director is able to exercise powers under the Act pursuant to section 408 of the Act and Article 3(1) of the Communications Act 2003 (Commencement No. 1) Order 2003, until Ofcom assumes those powers at a later date;
 - (C) the Director having considered every representation duly made, and thereafter on 28 November 2003 pursuant to sections 48(1) and 79 of the Act by way of publication of a Notification identified the relevant services markets, made market power determinations to the effect referred to in recital (A) above and set certain SMP conditions on BT to take effect on 28 November 2003, unless otherwise is stated in Schedule 1 thereto, such as Condition AA1(a);
 - (D) this Direction concerns matters to which Condition AA1(a) relates;
 - (E) for the reasons set out in Chapter 10 of the explanatory statement accompanying this Direction and Chapter 13 of the accompanying explanatory statement to the Second Notification, the Director is satisfied that, in accordance with section 49(2) of the Act, this Direction is:
-

- (i) objectively justifiable in relation to the networks, services, facilities, apparatus or directories to which it relates;
 - (ii) not such as to discriminate unduly against particular persons or against a particular description of persons;
 - (iii) proportionate to what it is intended to achieve; and
 - (iv) in relation to what it is intended to achieve, transparent;
- (F) for the reasons set out in Chapter 10 of the explanatory statement accompanying this Direction and Chapter 13 of the accompanying explanatory statement to the Second Notification, the Director is satisfied that he has acted in accordance with the relevant duties set out in section 4 of the Act;
- (G) on 26 August 2003, the Director published a notification of the proposed Direction in accordance with section 49 of the Act;
- (H) the Director has considered every representation about the proposed Direction duly made to him; and

NOW, therefore, pursuant to section 49 of the Act and Condition AA1(a) in Schedule 1 to the Notification, the Director gives the following Direction:

1. The Dominant Provider shall provide an IA Transit Service to C&W. Unless the Director otherwise consents in writing, this IA Transit Service shall be based on the following parameters:
 - the Dominant Provider shall route Indirect Access traffic originating on the Dominant Provider's Public Electronic Communications Network to C&W switches at selected Local Exchanges and Tandem Exchanges of the Dominant Provider, as required by C&W; and
 - the access code of the Communications Provider providing Indirect Access services shall remain allocated to that Communications Provider.
 2. Unless the Director otherwise consents in writing, the Dominant Provider shall provide the IA Transit Service to C&W by 1 January 2004 at the latest.
 3. The Dominant Provider shall amend the Reference Offer to give effect to this Direction.
 4. For the purpose of interpreting this Direction, the following definitions shall apply:
 - (a) "**Act**" means the Communications Act 2003 (c. 21);
-

- (b) “**C&W**” means Cable and Wireless U.K., whose registered company number is 01541957;
 - (c) “**Director**” means the Director General of Telecommunications as appointed under section 1 of the Telecommunications 1984;
 - (d) “**Dominant Provider**” means British Telecommunications plc, whose registered company number is 1800000 and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 736 of the Companies Act 1985, as amended by the Company Act 1989;
 - (e) “**IA Transit Service**” means a facility that will allow C&W to offer a local to tandem and inter-tandem transit service to Communications Providers providing Indirect Access services for Indirect Access traffic originating on the Dominant Provider’s Public Electronic Communications Network; and
 - (f) “**Notification**” means the Notification referred to in recital (C) of this Direction above, as published on the same day as this Direction is published and as annexed to the explanatory statement accompanying this Direction.
5. Except insofar as the context otherwise requires, words or expressions shall have the meaning assigned to them in paragraph 5 above and otherwise any word or expression shall have the same meaning as it has in the Notification or, if the context so permits, in Schedule 1 thereto, as appropriate.
6. For the purpose of interpreting this Direction:
- (a) headings and titles shall be disregarded; and
 - (b) the Interpretation Act 1978 (c. 30) shall apply as if this Direction were an Act of Parliament.
7. This Direction shall take effect on the day it is published.

DAVID ALBERT EDMONDS
DIRECTOR GENERAL OF TELECOMMUNICATIONS

27 November 2003

Annex E

Direction: Wholesale ISDN Line Rental Functional Specification

Direction under section 49 of the Communications Act 2003 and Condition AA10 imposed on British Telecommunications plc (“BT”) as a result of the market power determinations made by the Director General of Telecommunications that BT has significant market power in each of the markets for wholesale business ISDN2 exchange line services and wholesale ISDN30 exchange line services for the UK (excluding the Hull Area)

WHEREAS:

- (A) as a result of a market review carried out by the Director General of Telecommunications (the “**Director**”), he proposed on 17 March 2003 and on 26 August 2003 (the “**Second Notification**”) in accordance with section 80 of the Communications Act 2003 (the “**Act**”) that British Telecommunications plc (“BT”) has significant market power in each of the markets for wholesale business ISDN2 exchange line services and wholesale ISDN30 exchange line services for the UK excluding the Hull Area;
- (B) the Director is able to exercise powers under the Act pursuant to section 408 of the Act and Article 3(1) of the Communications Act 2003 (Commencement No. 1) Order 2003, until Ofcom assumes those powers at a later date;
- (C) the Director having considered every representation duly made, and thereafter on 28 November 2003 pursuant to sections 48(1) and 79 of the Act by way of publication of a Notification identified the relevant services markets, made market power determinations to the effect referred to in recital (A) above and set certain SMP conditions on BT to take effect on 28 November 2003, unless otherwise is stated in Schedule 1 thereto, such as Condition AA10 that imposes obligations on BT to provide Wholesale Line Rental;
- (D) this Direction concerns matters to which Condition AA10 relates and, in particular, the manner in which Wholesale Business ISDN2 Line Rental and Wholesale ISDN30 Line Rental are to be made available in accordance with that Condition;
- (E) the Wholesale ISDN Line Rental Functional Specification is a document, which specifies technical and other principles which are intended to effect the efficient implementation and utilisation of Wholesale Business ISDN2 Line Rental and Wholesale ISDN30 Line Rental, as may be directed by the Director from time to time for the purposes of BT complying with its obligations under that Condition;
- (F) for the reasons set out in Chapter 7 of the explanatory statement accompanying this Direction and Chapter 14 of the accompanying

explanatory statement to the Second Notification, the Director is satisfied that, in accordance with section 49(2) of the Act, this Direction is:

- (ix) objectively justifiable in relation to the networks, services, facilities, apparatus or directories to which it relates;
 - (x) not such as to discriminate unduly against particular persons or against a particular description of persons;
 - (xi) proportionate to what it is intended to achieve; and
 - (xii) in relation to what it is intended to achieve, transparent;
- (G) for the reasons set out in Chapter 7 of the explanatory statement accompanying this Direction and Chapter 14 of the accompanying explanatory statement to the Second Notification, the Director is satisfied that he has acted in accordance with the relevant duties set out in section 4 of the Act;
- (H) on 26 August 2003, the Director published a notification of the proposed Direction in accordance with section 49 of the Act;
- (I) the Director has considered every representation about the proposed Direction duly made to him; and

NOW, therefore, pursuant to section 49 of the Act and Condition AA10 in Schedule 1 to the Notification, the Director gives the following Direction:

1. For the purposes of complying with its obligations under paragraphs AA10.2 of Condition AA10, BT shall provide Wholesale Business ISDN2 Line Rental and Wholesale ISDN30 Line Rental in accordance with the Wholesale ISDN Line Rental Functional Specification set out in the Schedule hereto.

2. For the purpose of interpreting this Direction, the following definitions shall apply:

(a) **"Act"** means the Communications Act 2003 (c. 21);

(b) **"BT"** means British Telecommunications plc, whose registered company number is 1800000, and any of subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 736 of the Companies Act 1985, as amended by the Companies Act 1989;

(c) **"Director"** means the Director General of Telecommunications as appointed under section 1 of the Telecommunications Act 1984; and

(d) **"Notification"** means the Notification referred to in recital (C) of this Direction above, as published on the same day as this Direction is published and as annexed to the explanatory statement accompanying this Direction.

3. Except insofar as the context otherwise requires, words or expressions shall have the meaning assigned to them in paragraph 2 above and otherwise any word or

expression shall have the same meaning as it has in the Notification or, if the context so permits, in Schedule 1 thereto, as appropriate.

4. For the purpose of interpreting this Direction:

(a) headings and titles shall be disregarded; and

(b) the Interpretation Act 1978 (c. 30) shall apply as if this direction were an Act of Parliament.

5. This Direction shall take effect on the day it is published.

6. The Schedule to this Direction shall form part of this Direction.

DAVID ALBERT EDMONDS
DIRECTOR GENERAL OF TELECOMMUNICATIONS

27 November 2003

Schedule

Wholesale ISDN Line Rental Functional Specification

Issue No.1

28 November 2003

Contents

- Purpose of this document
- Scope
- Definitions
- Interpretation
- Line types and Supplementary Services
- Ordering Wholesale ISDN Line Rental
- Design and operational management of the ordering system
- Third Party forecasts and rationing
- Consumer protection
- Maintenance and fault management
- End-user visits by engineers employed by the Dominant Provider
- Billing, debt management, fraud and security

Purpose of this document

1. Wholesale Line Rental is a facility offered to Third Parties that allows them to rent an Exchange Line from the Dominant Provider on wholesale terms, and resell it to an End-user. That facility also allows a Third Party to rent those Supplementary Services normally made available by the retail activities of the Dominant Provider over an Exchange Line. Accordingly, this Functional Specification sets out inter alia the specific Exchange Line types and Supplementary Services that the Dominant Provider must make available to the Third Party.

2. The Dominant Provider must enable the Third Party to take over all aspects of the retail relationship with the End-user. At the same time, the Dominant Provider must enable the Third Party to offer a same, similar or equivalent level of customer service to that offered by its own retail activities in relation to business processes, such as provisioning and fault management. In order for this to be possible, the Dominant Provider must make certain support services available. The specific Supplementary Services required for that purpose are set out in this Functional Specification.

3. In order for Wholesale Line Rental to be effective in promoting competition, the operational and financial overheads associated with the use of this wholesale service must be minimised. The Dominant Provider must therefore implement key operational processes (eg ordering, provisioning, fault management, and billing) in an efficient manner, and must also manage the interactions with other wholesale

services (eg Carrier Pre-Selection) in an efficient manner. For the same reason, the Dominant Provider must provide a high degree of process automation in order to reduce the transaction costs associated with the provision and in-life management of Wholesale Line Rental. Some specific requirements are set out in this Functional Specification.

Scope

4. By definition, this Wholesale ISDN Line Rental Functional Specification is a document, which specifies technical and other principles which are intended to effect the efficient implementation and utilisation of Wholesale Business ISDN2 Line Rental, and Wholesale Business ISDN30 Line Rental, as may be directed by the Director from time to time for the purposes of the Dominant Provider complying with its requirement to provide such Wholesale Line Rental under Condition AA10.

5. Wholesale Business ISDN2 Line Rental and Wholesale Business ISDN30 Line Rental are, by definition, two types of Wholesale Line Rental. There is one other type, namely Wholesale Analogue Line Rental, which is not covered by this Functional Specification.

6. Pursuant to paragraph AA10.2 of Condition AA10, the Dominant Provider shall, except in so far as the Director may consent otherwise in writing, provide Wholesale ISDN Line Rental as soon as it is reasonably practicable on reasonable terms in accordance with this Functional Specification to every Third Party who reasonably requests such Wholesale Line Rental.

7. Wholesale ISDN Line Rental must be provided by the following Dominant Provider:

- BT.

Definitions

8. The following words or expressions in this Wholesale ISDN Line Rental Functional Specification shall have the meaning ascribed hereunder:

BT

British Telecommunications plc, whose registered company number is 1800000, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 736 of the Companies Act 1985, as amended by the Companies Act 1989.

Call Data Records

A set of data that provides for each call all the information that is necessary to produce a bill to the End-user for that call.

Carrier Pre-Selection

A facility which allows a Subscriber to whom a Publicly Available Telephone Service is provided by means of a Public Telephone Network to select which Pre-selected Provider of such Services provided wholly or partly by means of that Network is the Pre-selected Provider he wishes to use to carry his calls by designating in advance the selection that is to apply on every occasion when there has been no selection of Provider by use of a Telephone Number, and the terms "Pre-selected Provider", "Publicly Available Telephone Services", "Public Telephone Network", and "Subscriber" used in this definition shall have the meaning ascribed to them for the purposes of the SMP conditions imposed on BT.

Dominant Provider

This term has the same meaning as the term BT, see above.

End-user

In relation to a Public Electronic Communications Service, means:

- (a) a person who, otherwise than as a Communications Provider, is a customer of the provider of that Service;
- (b) a person who makes use of the Service otherwise than as a Communications Provider; or
- (c) a person who may be authorised, by a person falling within paragraph (a), so as to make use of the Service.

Exchange Line

Apparatus comprised in the Dominant Provider's Electronic Communications Network and installed for the purpose of connecting a telephone exchange run by the Dominant Provider to a Network Termination Point comprised in Network Termination and Testing Apparatus installed by the Dominant Provider for the purpose of providing Electronic Communications Services at the premises at which the Network Termination and Testing Apparatus is located.

Gaining Provider

The Third Party to whom an ISDN Exchange Line is to be transferred following the successful completion of an order for Wholesale ISDN Line Rental.

Indirect Access

A facility which allows a Subscriber to whom a Publicly Available Telephone Service is provided by means of a Public Telephone Network to select which such Service provided wholly or partly by means of that Network is the service he wishes to use by the use of a Telephone Number on each separate occasion on which a selection is made, and the terms "Publicly Available Telephone Services", "Public Telephone Network", and "Subscriber" used in

this definition shall have the meaning ascribed to them for the purposes of the SMP conditions imposed on BT.

Losing Provider

The Third Party from whom an ISDN Exchange Line is to be transferred following the successful completion of an order for Wholesale ISDN Line Rental.

National Telephone Numbering Plan

The National Telephone Numbering Plan published from time to time by the Director pursuant to sections 56 and 60 of the Act 2003.

Number Portability

A facility whereby Subscribers who so request can retain their Telephone Number on a Public Telephone Network, independently of the person providing the service at the Network Termination Point of a Subscriber at a specific location, in the case of Geographic Numbers, or at any location, in the case of Non-geographic Numbers, provided that such retention of a Telephone Number is in accordance with the National Telephone Numbering Plan; and the terms "Geographic Numbers", "Network Termination Point", "Non-geographic Numbers", "Public Telephone Network", and "Subscriber" used in this definition shall have the meaning ascribed to them for the purposes of general conditions concerning Number Portability imposed on persons pursuant to section 45 of the Communications Act 2003 (c. 21).

Select Services

A specific group of Supplementary Services that enable an End-user to manage their calls. In particular, they enable an End-user to identify who is making a call, prevent unwanted calls, and ensure that calls that are wanted get through.

Supplementary Services

Those services that are supplied over an Exchange Line in addition to access and call conveyance, either to provide an enhanced retail service to the End-user or to assist the Third Party to manage his End-users.

Transfer Letter

A letter sent by the Gaining Provider or the Losing Provider to an End-user, following submission of an order for Wholesale ISDN Line Rental, to inform the End-user that their ISDN Exchange Line is being transferred to the Gaining Provider.

Wholesale ISDN Line Rental

An Electronic Communications Service provided by the Dominant Provider to a Third Party for the use and Ordinary Maintenance of an ISDN Exchange Line.

Interpretation

9. Except in so far as the context otherwise requires, words or expressions in this Wholesale ISDN Line Rental Functional Specification shall have the meaning ascribed to them under paragraph 8 above, and otherwise any word or expression shall have the meaning as it has for the purposes of the SMP condition imposing requirements on the Dominant Provider to provide Wholesale Line Rental etc pursuant to section 45 of the Communications Act 2003 (c. 21) (which is Condition AA10 at the time of the publication of this Issue No.1 of the Specification) or, otherwise any word or expression shall have the same meaning as in the Communications Act 2003 (c.21).

10. The interpretation Act 1978 (c. 30) shall apply for the purpose of interpreting this Wholesale ISDN Line Rental Functional Specification.

11. For the purposes of interpreting this Wholesale ISDN Line Rental Functional Specification, headings and titles shall be disregarded.

Line types and supplementary services

12. The Dominant Provider shall provide to the Third Party all or any of the following types of ISDN Exchange Line that the letter reasonably requests:

- Highway, also known as the Lowband Digital Access Service;
- ISDN2 and ISDN2e; and
- ISDN30 (DASS 2), ISDN30 (I421) and ISDN 30e (I421).

13. Where legacy variants of ISDN Exchange Lines are not available for new provision by the retail activities of the Dominant Provider, the Dominant Provider need not make them available for new provision to the Third Party. The Dominant Provider shall either make these legacy types of ISDN Exchange Line available for transfer, or develop a process for migrating these legacy types of ISDN Exchange Line to types of ISDN Exchange Line that are available for transfer. The Dominant Provider shall ensure that this migration process does not result in additional costs being incurred by a Third Party, and does not result in a material increase in timescales.

14. The Dominant Provider shall provide a standard directory listing for each ISDN Exchange Line, and this shall be either a residential or business listing, as appropriate.

15. The Dominant Provider shall provide Number Portability in relation to each ISDN Exchange Line, both import and export, with sufficient functionality to enable a Third Party to discharge its legal obligations in relation to Number Portability.

16. The Dominant Provider shall provide the same capability to allocate 'golden numbers' (ie particularly memorable or otherwise desirable telephone numbers) for an ISDN Exchange Line being rented by a Third Party as it would for its own retail activities.

17. The Dominant Provider shall provide the complete set of Select Services that are available to its own retail activities. The Select Services that the Dominant Provider shall provide on an ISDN Exchange Line include:

- calling line identity presentation;
- calling line identity restriction;
- connected line identity presentation;
- connected line identity restriction;
- presentation number;
- selective outgoing calls barred;
- permanent outgoing calls barred;
- permanent incoming calls barred;
- administration set up call diversion
- administration set up call forwarding
- customer controlled call forwarding
- call deflection
- call waiting with call hold;
- multiple Subscriber Numbering;
- sub-addressing; and
- three-way calling.

18. The Dominant Provider shall make Direct Dialling In (DDI), a service which allows individual extensions on a PBX (Private Branch Exchange) to be directly contacted via their own Telephone Number, available on ISDN Exchange Lines.

19. The Dominant Provider shall provide the following network services within WLR to Third Party to enable them to manage their own End-users:

- Indirect Access call barring, that is to say a service that will enable Third Parties prevent End-users making Indirect Access calls;
- Route 15x to Third Parties, that is to say a service that diverts customer service calls to the relevant department of the Third Party;
- Route to credit control, that is to say a service that enables Third Parties to manage End-users who have not paid their bills;
- Outgoing call barring, that is to say a service that prevents outgoing calls from a specified ISDN Exchange Line; and
- Call Mapping, that is to say a service that allows Third Parties to offer a voice messaging service to their customers.

20. There are a number of services which will not be included within Wholesale ISDN Line Rental, but which are provided over the same ISDN Exchange Line or using the same telephone number. The Dominant Provider shall not reject an order due to the presence of such services on a line unless there is no reasonably practicable alternative. The Dominant Provider shall continue to offer such services and, if necessary, transfer them to a new account. Examples of the said services include:

- customer premises equipment rented from the Dominant Provider;
- services provided over the same copper loop used by ISDN telephony, but in a different frequency band; and
- services that allow End-users to make calls from other telephones, and charge them to the End-user's own directory number.

Ordering Wholesale ISDN Line Rental

21. The Dominant Provider shall ensure that the processes established for ordering, provisioning and transfer of Wholesale ISDN Line Rental provide a Third Party with the opportunity to offer an equal level of customer service to that offered by the retail activities of the Dominant Provider.

22. The Dominant Provider shall ensure that there is no material difference between the timescales for ordering, provisioning and transferring ISDN Exchange Lines for the Third Parties and the corresponding timescales for the retail activities of the Dominant Provider.

23. The Dominant Provider shall provide an electronic gateway via which Third Parties will be able to submit orders for Wholesale ISDN Line Rental. The Dominant Provider shall provide two types of interface to this gateway as follows: (i) a manual web-based interface for low order volumes; and (ii) an automated XML-based machine-machine interface for high order volumes. The Dominant Provider shall ensure that both interfaces support the full range of order types, line types and Supplementary Services. The Dominant Provider shall ensure that it is possible to create a complex transaction in an efficient manner using a sequence of basic transactions.

24. The Dominant Provider shall design its ordering process so as to ensure that all correctly-formatted valid orders that are submitted to the electronic gateway referred to in paragraph 23 above flow through the ordering process with no need for manual intervention by the Dominant Provider or the Third Party, except where there is no reasonably practicable alternative.

25. The Dominant Provider shall support order types that allow a Third Party to:

- provide a new ISDN Exchange Line;
- transfer an existing ISDN Exchange Line;
- cancel an order;
- change the status of an existing ISDN Exchange Line; or
- cease an ISDN Exchange Line.

26. When the Dominant Provider rejects an order for Wholesale ISDN Line Rental, the Dominant Provider shall provide sufficient information to enable the Third Party to establish the precise cause of the rejection. When the Dominant Provider rejects an order for Wholesale ISDN Line Rental due to the presence of an incompatible service on the ISDN Exchange Line, the Dominant Provider shall ensure that the Third Party is able to determine the specific service that is the cause of the rejection.

27. When the Dominant Provider ceases an existing service due to an order for Wholesale ISDN Line Rental, the Dominant Provider shall inform the End-user of this using the mandatory Transfer Letter. The Dominant Provider shall also inform the Third Party, and shall do so before notifying the End-user.

28. The Dominant Provider shall ensure that a Third Party is able to submit orders for Wholesale ISDN Line Rental and for Carrier Pre-selection on the same ISDN Exchange Line. The Dominant Provider shall manage these orders in such a manner as to ensure that any process differences between Wholesale ISDN Line Rental and Carrier Pre-selection have no impact on the quality of service received by the End-user. The Dominant Provider shall ensure that there is a gap of no more than one day between Wholesale ISDN Line Rental and Carrier Pre-selection service activation: this requirement is commonly referred to as 'WLR+1'.

29. Where a Wholesale ISDN Line Rental transfer involves retaining the same Carrier Pre-selection configuration on the ISDN Exchange Line(s) after the transfer as existed before, the Dominant Provider shall ensure there is no interruption to or change of the existing Carrier Pre-selection service: this requirement is commonly referred to as 'seamless Carrier Pre-selection transfer'.

30. The Dominant Provider shall develop a process that provides Third Parties with the same opportunity to retain customers who are moving premises as is available to the retail activities of the Dominant Provider.

Design and Operational management of the ordering system

31. The Dominant Provider shall use forecasts of Wholesale ISDN Line Rental order volumes provided by the Director to determine whether its ordering gateways and associated back-office systems provide sufficient system capacity to handle these orders.

32. The Dominant Provider shall initially provide sufficient system capacity to support a transaction volume of 500,000 transactions per month with no degradation of performance. If subsequent forecasts suggest that the order volume will exceed system capacity for three consecutive months, the Dominant Provider shall increase system capacity by a sufficient amount to ensure that order volume does not exceed system capacity for three consecutive months.

33. Insofar as the Dominant Provider has a requirement for an externally provided forecast in order to plan its operational staffing, the Dominant Provider shall also use the forecasts provided by the Director for this purpose.

Third Party forecasts and rationing

34. The Dominant Provider shall require Third Parties to submit each month a rolling forecast of order volumes. Each forecast shall cover a period of three months, and provide a breakdown of total projected order volumes by order type and Exchange Line type.

35. The Dominant Provider shall each month review the forecasts provided by the Third Parties in order to establish whether the total volume of orders is expected to exceed the Dominant Provider's system capacity during the forecast period. If the total volume of orders is expected to exceed system capacity, then the Dominant Provider shall ration the available capacity by requiring Third Parties to scale back their forecasts using the following formula:

$$C_i = A_i \times F_i \times C / \sum_i A_i \times F_i$$

Where:

F = The total volume of orders forecast by all Third Parties in a given month.

F_i = The volume of orders forecast by Third Parties i in a given month.

C = The total ordering-handling capacity of the Dominant Provider.

C_i = The capacity assigned to each Third Party after the rationing process.

A_i = A figure of merit for Third Party i .

36. The Dominant Provider shall calculate the figure of merit (A) for each Third Party from the forecasting error (E) of that Third Party for the previous 3-month period. E is equal to the number of orders forecast divided by the number of orders actually submitted. E is therefore less than 1 for a Third Party that under-forecasts, and E is greater than 1 for a Third Party that over-forecasts. The Dominant Provider shall use the following equations to calculate the value of A :

For $E < 1.1$, $A = 1$

For $E \geq 1.1$, $A = e^{-(E-1)}$

37. On a daily basis, the Dominant Provider shall allocate orders to one of three queues, depending on the priority of the order:

- Priority 1: Order types that require urgent action (e.g. Cease, Outgoing Calls Barred). The Dominant Provider shall process these ahead of any other orders;
- Priority 2: Orders submitted by a Third Party that are within the capacity allocated to that Third Party by the rationing process described above.

The Dominant Provider shall process these on the day that they are submitted; or

- Priority 3: Orders submitted by a Third Party that are additional to the capacity allocated to that Third Party by the rationing process. The Dominant Provider shall process these on best-efforts basis, with any outstanding orders carried forward to the next day.

Consumer protection

38. When an ISDN Exchange Line is being transferred from a Losing Provider to a Gaining Provider, both providers shall send the end-user a Transfer Letter. The Dominant Provider shall ensure that its Transfer Letters are restricted to factual information only, and that they contain no marketing or save content (ie marketing information designed to persuade the End-user not to complete the transfer).

39. The Dominant Provider shall ensure that there is a standard switchover period for Wholesale ISDN Line Rental, irrespective of the method of sale. The switchover period shall be set at 10 working days (ie excluding Saturdays and Sundays) in order to ensure that the End-user receives the Transfer Letter, and has sufficient time to consider and act upon them.

40. The Dominant Provider shall provide the same support to a Third Party for the handling of malicious calls as it provides to the retail activities of the Dominant Provider. The Dominant Provider shall take responsibility for tracing the origination of calls, monitoring incoming calls, and using specialist equipment to identify the responsible party. The Dominant Provider shall also be responsible for any contact with the police that is necessary. The Dominant Provider shall enable Third Parties to change an affected End-user's Telephone Number by submitting the relevant change order to the electronic ordering gateway, and the Dominant Provider shall execute this change order as quickly as is practicable.

Maintenance and fault management

41. The Dominant Provider shall provide the same quality of service for an Exchange Line leased to a Third Party as for an ISDN Exchange Line with the same service level agreement operated by the retail activities of the Dominant Provider. The Dominant Provider shall enable Third Parties to contract for the same range of service level agreements that are available to the retail activities of the Dominant Provider (including 'Standard Care', 'Total Care', 'Prompt Care', 'Priority Service').

42. The Dominant Provider shall provide Third Parties with the same capability to submit a fault report for an ISDN Exchange Line, and track the status of that report, as is available to the retail activities of the Dominant Provider. The Dominant Provider shall provide an appropriate electronic interface for both the initial submission and the subsequent tracking of fault reports.

43. The Dominant Provider shall provide to Third Parties the same line diagnostic tests that are available to the retail activities of the Dominant Provider. The Dominant Provider shall provide these via an appropriate electronic interface,

and with a response time similar to that available to the retail activities of the Dominant Provider. The Dominant Provider shall ensure that a Third Party is able to carry out an ISDN Exchange Line test as part of the initial fault report, and provide immediate feedback to the End-user.

End-user visits by engineers employed by the Dominant Provider

44. Where an engineer employed by the Dominant Provider visits an End-user of a Third Party, either to install a new Exchange Line or investigate a fault, the Dominant Provider shall ensure that:

- the engineer acts to fulfil the purpose of the visit and ensure that the End-user is satisfied with the work done, but does not undertake work beyond the original purpose without the Third Party 's authorisation; and
- the engineer does not engage in any marketing or promotional activity on behalf of the Dominant Provider or any other Third Party, or make any comments in relation to the services offered by the End-user's Third Party.

45. The Dominant Provider shall provide Third Parties with the same ability to book appointments for visits by engineers as that available to the retail activities of the Dominant Provider. The Dominant Provider shall ensure that Third Parties are able to submit a request for a specific appointment time via an electronic gateway, and immediately receive a response listing the available appointments closest in time to that requested, from which the Third Party can select the preferred appointment.

Billing, debt management, fraud and security

46. The Dominant Provider shall provide Third Parties with billable quality Call Data Records (CDRs) on a daily basis, but separated by a small time gap from the date of the actual calls. CDRs shall be provided in an electronic format. The Dominant Provider shall bill on a monthly basis for line rental, additional services and transaction charges.

47. The Dominant Provider shall ensure that Third Parties have the ability to manage End-user bad debt by applying a series of escalating service restrictions to an ISDN Exchange Line, using a series of 'change' orders on the electronic ordering gateway.

48. For calls that are carried over the Electronic Communications Network of the Dominant Provider, but excluding calls carried using Carrier Pre-Selection or Indirect Access, the Dominant Provider shall provide Third Parties with raw CDRs every four hours in order to allow the identification of fraud. Such CDRs need not be of the billable quality, but shall be completely up to date (including calls in progress).

49. The Dominant Provider shall take the same responsibility for the physical security of its Electronic Communications Network in relation to an ISDN Exchange Line being rented by a Third Party as it would for the retail activities of the Dominant Provider.

Annex F

Direction: BT's Credit Vetting Supplemental Agreement

Direction under section 49 of the Communications Act 2003 and Condition AA1(a) imposed on British Telecommunications plc ("BT") as a result of the market power determinations made by the Director General of Telecommunications that BT has significant market power in each of the markets for call origination on fixed public narrowband networks, local-tandem conveyance and transit on fixed public narrowband networks, inter-tandem conveyance and transit on fixed public narrowband networks and single transit on fixed public narrowband networks in the United Kingdom excluding the Hull Area

WHEREAS:

- (A) as a result of a market analysis carried out by the Director General of Telecommunications (the "**Director**"), he proposed on 17 March 2003 and on 26 August 2003 (the "**Second Notification**") in accordance with section 80 of the Communications Act (the "**Act**") that British Telecommunications plc has significant market power in each of the markets for call origination on fixed public narrowband networks, local-tandem conveyance and transit on fixed public narrowband networks, inter-tandem conveyance and transit on fixed public narrowband networks and single transit on fixed public narrowband networks in the UK excluding the Hull Area;
- (B) the Director is able to exercise powers under the Act pursuant to section 408 of the Act and Article 3(1) of the Communications Act 2003 (Commencement No.1) Order 2003, until Ofcom assumes those powers at a later date;
- (C) the Director having considered every representation duly made, and thereafter on 28 November 2003 pursuant to sections 48(1) and 79 of the Act by way of publication of a Notification identified the relevant services markets, made market power determinations to the effect referred to in recital (A) above and set certain SMP conditions on British Telecommunications plc to take effect on 28 November 2003, unless otherwise is stated in Schedule 1 thereto, such as Condition AA1(a);
- (D) this Direction concerns matters to which Condition AA1(a) relates;
- (E) for the reasons set out in Chapter 10 of the explanatory statement accompanying this Direction and Chapter 18 of the accompanying explanatory statement to the Second Notification, the Director is satisfied that, in accordance with section 49(2) of the Act, this Direction is:
 - (i) objectively justifiable in relation to the networks, services, facilities, apparatus or directories to which it relates;

(ii) not such as to discriminate unduly against particular persons or against a particular description of persons;

(iii) proportionate to what it is intended to achieve; and

(iv) in relation to what it is intended to achieve, transparent.

(F) for the reasons set out in Chapter 10 of the explanatory statement accompanying this Direction and Chapter 18 of the accompanying explanatory statement to the Second Notification, the Director is satisfied that he has acted in accordance with the relevant duties set out in section 4 of the Act;

(G) on 26 August 2003, the Director published a notification of the proposed Direction in accordance with section 49 of the Act;

(H) the Director has considered every representation about the proposed Direction duly made to him; and

NOW, therefore, pursuant to section 49 of the Act and Condition AA1(a) in Schedule 1 to the Notification, the Director gives the following Direction:

1. BT can implement its credit vetting proposals as set out in its Supplemental Agreement of 13 May 2002 (the "Supplemental Agreement") and its Credit Vetting Policy Interconnect Document of 13 May 2002 (the "Policy Document"), copies of which can be obtained from BT, provided it incorporates the changes as specified in the Annex to this Direction.

2. For the purpose of interpreting this Direction, the following definitions shall apply:

(a) "**Act**" means the Communications Act 2003 (c. 21);

(b) "**BT**" means British Telecommunications plc, whose registered company number is 1800000, and any British Telecommunications plc subsidiary or holding company, or any subsidiary of that holding company, all as defined by Section 736 of the Companies Act 1985 as amended by the Companies Act 1989;

(c) "**Director**" means the Director General of Telecommunications as appointed under section 1 of the Telecommunications Act 1984; and

(d) "**Notification**" means the Notification referred to in recital (C) of this Direction above, as published on the same day as this Direction is published and as annexed to the explanatory statement accompanying this Direction.

3. Except insofar as the context otherwise requires, words or expressions shall have the meaning assigned to them in paragraphs 1 and 2 above and otherwise any word or expression shall have the same meaning as it has in the Notification or, if the context so permits, in Schedule 1 thereto, as appropriate.

4. For the purpose of interpreting this Direction:

(a) headings and titles shall be disregarded; and

(b) the Interpretation Act 1978 (c. 30) shall apply as if this Direction were an Act of Parliament.

5. This Direction shall take effect on the day it is published.

6. The Annex to this Direction shall form part of this Direction.

DAVID ALBERT EDMONDS
DIRECTOR GENERAL OF TELECOMMUNICATIONS

27 November 2003

Annex

CHANGES TO BE INCORPORATED INTO THE SUPPLEMENTAL AGREEMENT AND/OR POLICY DOCUMENT

1. BT shall remove the paragraphs of the Supplemental Agreement which refer to BT's ability to automatically reduce payment periods for invoices. These paragraphs should include, but not necessarily be limited to:
 - paragraph 14B.4.1(a);
 - paragraph 14B.4.2;
 - paragraph 14B.4.3; and
 - paragraph 14B.4.4.
2. BT shall include the following measures within the Supplemental Agreement and/or the Policy Document as necessary:
 - BT shall ensure that an operator can understand how any credit limit has been set. If BT has relied on internal information for the purposes of setting an operator's credit limit, the Director considers that such information shall be made available to that operator;
 - BT shall ensure that appropriate dispute resolution procedures apply to disputes arising from disputed credit vetting reports;
 - BT shall ensure that an operator is given written notice when a late payment, sufficient to infringe a provision of BT's Supplemental Agreement, has been made. Such notice will be issued after BT has received both the first and the second late payment in question;
 - BT shall ensure that paragraph 14B.6.3 of its Supplemental Agreement shall apply only when the Credit Vetting Report indicates that there is something adverse; and
 - BT shall not credit vet an operator solely as a result of novation if, prior to that contractual change, and in the absence of a structural change that may lead to that operator being considered a financial risk, the operator's payment record was not sufficient to infringe BT's credit vetting provisions.
3. BT shall ensure reciprocal application of these measures, as appropriate.

Annex G

Discontinuation notices – licence conditions

NOTICE TO BRITISH TELECOMMUNICATIONS PLC UNDER PARAGRAPH 9 OF SCHEDULE 18 TO THE COMMUNICATIONS ACT 2003

Notice that certain continued provisions set out in the Continuation Notice given to British Telecommunications plc on 23 July 2003 will cease to have effect from the date this notice is deemed to be effected in accordance with section 7 of the Interpretation Act 1978 and section 394(7) of the Communications Act 2003

1. The Director General of Telecommunications (the “**Director**”), in accordance with paragraph 9(9) of Schedule 18 to the Communications Act 2003 (the “**Act**”) hereby gives notice to British Telecommunications plc (“**BT**”) that certain continued provisions contained in Schedule 1 to the continuation notice given to BT on 23 July 2003, which had effect from 25 July 2003 (the “**Continuation Notice**”), will cease to have effect from the date this notice is deemed to be effected in accordance with section 7 of the Interpretation Act 1978 and section 394(7) of the Act, to the extent set out in Schedule 1 to this notice (the “**Discontinued Provisions**”).
2. In giving this notice, the Director has, in accordance with paragraph 9(11) of Schedule 18 to the Act, taken all steps necessary for enabling him to decide whether or not to set a condition under Chapter 1 of Part 2 of the Act for the purpose of replacing the continued provisions and whether or not to exercise his power to set a condition under that Chapter for that purpose.
3. All directions, determinations, consents and other provisions which were continued under the Continuation Notice by virtue of paragraph 9(8) of Schedule 18 to the Act will also cease to have effect from the date this notice is deemed to be effected in accordance with section 7 of the Interpretation Act 1978 and section 394(7) of the Act, to the extent that they were given or made for the purposes of the Discontinued Provisions.
4. To the extent that the Continuation Notice does not cease to have effect under paragraph 1 of this notice, the Continuation Notice shall continue to have effect until the Director has given a further notice to BT in accordance with paragraph 9(9) of Schedule 18 to the Act that it shall cease to have effect.
5. The Director issued a consultation as to his proposals to discontinue the Discontinued Provisions on 2 October 2003 and requested comments by 9.00 a.m. on 16 October 2003. The Director has taken into account the comments he received during that consultation.
6. In this notice, except as otherwise provided or unless the context otherwise requires, words or expressions shall have the meaning assigned to them and otherwise any word or expression shall have the same meaning as it has in the Act. For the purposes of interpreting this notice, headings and titles shall be disregarded.

NEIL BUCKLEY
POLICY PROJECT DIRECTOR

A person duly authorised by the Director General of Telecommunications pursuant to paragraph 8 of Schedule 1 to the Telecommunications Act 1984

26 November 2003

Schedule 1

The following continued provisions which were contained in Schedule 1 to the Continuation Notice will cease to have effect from the date this notice is deemed to be effected in accordance with section 7 of the Interpretation Act 1978 and section 394(7) of the Act, to the extent set out below.

- (i) Condition 69B will be replaced by SMP services conditions imposed on BT by way of the Notification set out in Annex A of the Review of the fixed narrowband wholesale exchange line, call origination, conveyance and transit markets (the “**Market Review**”) published by the Director on 28 November 2003.
- (ii) Conditions listed in Column 2 in the table below will (but only in so far as those conditions relate to the markets listed in Column 1 in the table below, which have been reviewed in the Market Review) be replaced by SMP services conditions imposed on BT by way of the Notification set out in Annex A of the Market Review published by the Director on 28 November 2003.

Column 1 (markets)	Column 2 (conditions)
<ul style="list-style-type: none">• call origination on fixed public narrowband networks• local-tandem conveyance and transit on fixed public narrowband networks• inter-tandem conveyance and transit on fixed public narrowband networks• single transit on fixed public narrowband networks, in the UK excluding the Hull Area	Conditions 43, 45 to 49, 50A, 53, 65, and 69 (except in so far as it is otherwise specified in the Note below)

“**Hull Area**” means the area defined as the 'Licensed Area' in the licence granted on 30 November 1987 by the Secretary of State under section 7 of the Telecommunications Act 1984 to Kingston upon Hull City Council and Kingston Communications (Hull) plc.

Note: The provisions in paragraphs 69.5 to 69.21 of Condition 69 shall not cease to have effect by the giving of this notice in so far as they relate to Standard Services described in paragraph 69.6(c), that is to say Category C services.

NOTICE TO KINGSTON COMMUNICATIONS (HULL) PLC UNDER PARAGRAPH 9 OF SCHEDULE 18 TO THE COMMUNICATIONS ACT 2003

Notice that certain continued provisions set out in the Continuation Notices given to Kingston Communications (Hull) Plc on 23 July 2003 will cease to have effect from the date this notice is deemed to be effected in accordance with section 7 of the Interpretation Act 1978 and section 394(7) of the Communications Act 2003

1. The Director General of Telecommunications (the “**Director**”), in accordance with paragraph 9(9) of Schedule 18 to the Communications Act 2003 (the “**Act**”) hereby gives notice to Kingston Communications (Hull) Plc (“**Kingston**”) that certain continued provisions contained in Schedule 1 to the continuation notice given to Kingston on 23 July 2003, which had effect from 25 July 2003 (the “**Continuation Notice**”), will cease to have effect from the date this notice is deemed to be effected in accordance with section 7 of the Interpretation Act 1978 and section 394(7) of the Act, to the extent set out in Schedule 1 to this notice (the “**Discontinued Provisions**”).
2. In giving this notice, the Director has, in accordance with paragraph 9(11) of Schedule 18 to the Act, taken all steps necessary for enabling him to decide whether or not to set a condition under Chapter 1 of Part 2 of the Act for the purpose of replacing the continued provisions and whether or not to exercise his power to set a condition under that Chapter for that purpose.
3. All directions, determinations, consents and other provisions which were continued under the Continuation Notice by virtue of paragraph 9(8) of Schedule 18 to the Act will also cease to have effect from the date this notice is deemed to be effected in accordance with section 7 of the Interpretation Act 1978 and section 394(7) of the Act, to the extent that they were given or made for the purposes of the Discontinued Provisions.
4. To the extent that the Continuation Notice does not cease to have effect under paragraph 1 of this notice, the Continuation Notice shall continue to have effect until the Director has given a further notice to Kingston in accordance with paragraph 9(9) of Schedule 18 to the Act that it shall cease to have effect.
5. The Director issued a consultation as to his proposals to discontinue the Discontinued Provisions on 2 October 2003 and requested comments by 9.00 a.m. on 16 October 2003. The Director has taken into account the comments he received during that consultation.
6. In this notice, except as otherwise provided or unless the context otherwise requires, words or expressions shall have the meaning assigned to them and otherwise any word or expression shall have the same meaning as it has in the Act. For the purposes of interpreting this notice, headings and titles shall be disregarded.

NEIL BUCKLEY
POLICY PROJECT DIRECTOR

A person duly authorised by the Director General of Telecommunications pursuant to paragraph 8 of Schedule 1 to the Telecommunications Act 1984

26 November 2003

Schedule 1

The following continued provisions which were contained in Schedule 1 to the Continuation Notice will cease to have effect from the date this notice is deemed to be effected in accordance with section 7 of the Interpretation Act 1978 and section 394(7) of the Act, to the extent set out below.

Conditions listed in Column 2 in the table below will (but only in so far as those conditions relate to the market listed in Column 1 in the table below, which have been reviewed in the Review of the fixed narrowband wholesale exchange line, call origination, conveyance and transit markets (the “**Market Review**”)) be replaced by SMP services conditions imposed on Kingston by way of the Notification set out in Annex A of the Market Review published by the Director on 28 November 2003.

Column 1 (markets)	Column 2 (conditions)
<ul style="list-style-type: none">• call origination on fixed public narrowband networks in the Hull Area	Conditions 43, 45 to 49, 50A, and 53

“**Hull Area**” means the area defined as the 'Licensed Area' in the licence granted on 30 November 1987 by the Secretary of State under section 7 of the Telecommunications Act 1984 to Kingston upon Hull City Council and Kingston Communications (Hull) plc.

Annex H

Discontinuation notices – directions

NOTICE TO BRITISH TELCOMMUNICATIONS PLC AND MCI WORLDCOM UNDER PARAGRAPH 22 OF SCHEDULE 18 TO THE COMMUNICATIONS ACT 2003

Notice that the “Direction under Condition 45.2 of the Public Telecommunications Licence granted to British Telecommunications plc and under Regulation 6(6) of the Telecommunications (Interconnection) Regulations 1997” regarding a dispute between British Telecommunications plc and MCI Worldcom concerning the provision of a Flat Rate Internet Access Call Origination product (“FRIACO”) made on 26 May 2000 and continued by the continuation notice given to British Telecommunications plc and MCI Worldcom on 21 July 2003 will be revoked with effect from the date this notice is deemed to be effected in accordance with section 7 of the Interpretation Act 1978 and section 394(7) of the Communications Act 2003

1. The Director General of Telecommunications (“the Director”), in accordance with Paragraph 22(8) of Schedule 18 to the Communications Act 2003 (“the Act”) hereby gives notice to British Telecommunications plc (“BT”) and MCI Worldcom that the “Direction under Condition 45.2 of the Public Telecommunications Licence granted to British Telecommunications plc and under Regulation 6(6) of the Telecommunications (Interconnection) Regulations 1997” regarding a dispute between BT and MCI Worldcom concerning the provision of a Flat Rate Internet Access Call Origination product (“FRIACO”) made on 26 May 2000 and which was continued by the continuation notice given to BT and MCI Worldcom on 21 July 2003, which had effect from 25 July 2003 (“the Continued Interconnection Direction”), will be revoked with effect from the date this notice is deemed to be effected in accordance with section 7 of the Interpretation Act 1978 and section 394(7) of the Act.

2. In giving this notice, the Director has, in accordance with Paragraph 22(10) of Schedule 18 to the Act, taken all steps necessary for enabling him to decide whether or not to set a condition under Chapter 1 of Part 2 of the Act for the purpose of replacing the Continued Interconnection Direction and whether or not to exercise his power to set a condition under that Chapter for that purpose.

3. The Director issued a consultation as to his proposals to revoke the Continued Interconnection Direction on 2 October 2003 and requested comments by 9.00 a.m. on 16 October 2003. The Director has taken into account the comments he received during that consultation.

4. In this notice, except as otherwise provided or unless the context otherwise requires, words or expressions shall have the meaning assigned to them and otherwise any word or expression shall have the same meaning as it has in the Act. For the purposes of interpreting this notice, headings and titles shall be disregarded.

NEIL BUCKLEY
POLICY PROJECT DIRECTOR

A person duly authorised by the Director General of Telecommunications pursuant to paragraph 8 of Schedule 1 to the Telecommunications Act 1984

26 November 2003

NOTICE TO BRITISH TELCOMMUNICATIONS PLC AND WORLDCOM UNDER PARAGRAPH 22 OF SCHEDULE 18 TO THE COMMUNICATIONS ACT 2003

Notice that the “Direction under Condition 45.2 of the Public Telecommunications Licence granted to British Telecommunications plc and under Regulations 6(3) and 6(6) of the Telecommunications (Interconnection) Regulations 1997 amending a Direction made by the Director General of Telecommunications on 26 May 2000 under Regulation 6(6) of the Telecommunications (Interconnection) Regulations 1997” regarding a dispute between British Telecommunications plc and WorldCom concerning the provision of a Flat Rate Internet Access Call Origination product (“FRIACO”) made on 13 February 2001 and continued by the continuation notice given to British Telecommunications plc and WorldCom on 21 July 2003 will be revoked with effect from the date this notice is deemed to be effected in accordance with section 7 of the Interpretation Act 1978 and section 394(7) of the Communications Act 2003

1. The Director General of Telecommunications (“the Director”), in accordance with Paragraph 22(8) of Schedule 18 to the Communications Act 2003 (“the Act”) hereby gives notice to British Telecommunications plc (“BT”) and WorldCom that the “Direction under Condition 45.2 of the Public Telecommunications Licence granted to British Telecommunications plc and under Regulations 6(3) and 6(6) of the Telecommunications (Interconnection) Regulations 1997 amending a Direction made by the Director General of Telecommunications on 26 May 2000 under Regulation 6(6) of the Telecommunications (Interconnection) Regulations 1997” regarding a dispute between BT and MCI WorldCom concerning the provision of a Flat Rate Internet Access Call Origination product (“FRIACO”) made on 13 February 2001 and which was continued by the continuation notice given to BT and Worldcom on 21 July 2003, which had effect from 25 July 2003 (“the Continued Interconnection Direction”), will be revoked with effect from the date this notice is deemed to be effected in accordance with section 7 of the Interpretation Act 1978 and section 394(7) of the Act.

2. In giving this notice, the Director has, in accordance with Paragraph 22(10) of Schedule 18 to the Act, taken all steps necessary for enabling him to decide whether or not to set a condition under Chapter 1 of Part 2 of the Act for the purpose of replacing the Continued Interconnection Direction and whether or not to exercise his power to set a condition under that Chapter for that purpose.

3. The Director issued a consultation as to his proposals to revoke the Continued Interconnection Direction on 2 October 2003 and requested comments by 9.00 a.m. on 16 October 2003. The Director has taken into account the comments he received during that consultation.

4. In this notice, except as otherwise provided or unless the context otherwise requires, words or expressions shall have the meaning assigned to them and

otherwise any word or expression shall have the same meaning as it has in the Act. For the purposes of interpreting this notice, headings and titles shall be disregarded.

NEIL BUCKLEY
POLICY PROJECT DIRECTOR

A person duly authorised by the Director General of Telecommunications pursuant to paragraph 8 of Schedule 1 to the Telecommunications Act 1984

26 November 2003

NOTICE TO BRITISH TELCOMMUNICATIONS PLC AND WORLDCOM UNDER PARAGRAPH 22 OF SCHEDULE 18 TO THE COMMUNICATIONS ACT 2003

Notice that the “Direction under Condition 45.2 of the Public Telecommunications Licence granted to British Telecommunications plc and under Regulation 6(6) of the Telecommunications (Interconnection) Regulations 1997 amending Directions made by the Director General of Telecommunications on 26 May 2000 and 13 February 2001 under Regulation 6(6) of the Telecommunications (Interconnection) Regulations 1997” regarding the provision of a Flat Rate Internet Access Call Origination product ("FRIACO") made on 14 May 2002 and continued by the continuation notice given to British Telecommunications plc and WorldCom on 21 July 2003 will be revoked with effect from the date this notice is deemed to be effected in accordance with section 7 of the Interpretation Act 1978 and section 394(7) of the Communications Act 2003

1. The Director General of Telecommunications (“the Director”), in accordance with Paragraph 22(8) of Schedule 18 to the Communications Act 2003 (“the Act”) hereby gives notice to British Telecommunications plc (“BT”) and WorldCom that the “Direction under Condition 45.2 of the Public Telecommunications Licence granted to British Telecommunications plc and under Regulation 6(6) of the Telecommunications (Interconnection) Regulations 1997 amending Directions made by the Director General of Telecommunications on 26 May 2000 and 13 February 2001 under Regulation 6(6) of the Telecommunications (Interconnection) Regulations 1997” regarding the provision of a Flat Rate Internet Access Call Origination product ("FRIACO") made on 14 May 2002 and which was continued by the continuation notice given to BT and WorldCom on 21 July 2003, which had effect from 25 July 2003 (“the Continued Interconnection Direction”), will be revoked with effect from the date this notice is deemed to be effected in accordance with section 7 of the Interpretation Act 1978 and section 394(7) of the Act.

2. In giving this notice, the Director has, in accordance with Paragraph 22(10) of Schedule 18 to the Act, taken all steps necessary for enabling him to decide whether or not to set a condition under Chapter 1 of Part 2 of the Act for the purpose of replacing the Continued Interconnection Direction and whether or not to exercise his power to set a condition under that Chapter for that purpose.

3. The Director issued a consultation as to his proposals to revoke the Continued Interconnection Direction on 2 October 2003 and requested comments by 9.00 a.m. on 16 October 2003. The Director has taken into account the comments he received during that consultation.

4. In this notice, except as otherwise provided or unless the context otherwise requires, words or expressions shall have the meaning assigned to them and otherwise any word or expression shall have the same meaning as it has in the

Act. For the purposes of interpreting this notice, headings and titles shall be disregarded.

NEIL BUCKLEY
POLICY PROJECT DIRECTOR

A person duly authorised by the Director General of Telecommunications pursuant to paragraph 8 of Schedule 1 to the Telecommunications Act 1984

26 November 2003

NOTICE TO BRITISH TELCOMMUNICATIONS PLC AND THE OPERATORS LISTED IN THE SCHEDULE TO THIS NOTICE UNDER PARAGRAPH 22 OF SCHEDULE 18 TO THE COMMUNICATIONS ACT 2003

Notice that the “Direction under the provisions of Regulation 6(6) of the Telecommunications (Interconnection) Regulations 1997 of a dispute between British Telecommunications plc (“BT”) and the Operators listed in the Schedule over BT’S proposal to increase its NTS discounts with effect from 1 September 2000” made on 3 September 2001 and continued by the continuation notice given to British Telecommunications plc and the Operators listed in the Schedule to this Notice on 21 July 2003 will be revoked with effect from the date this notice is deemed to be effected in accordance with section 7 of the Interpretation Act 1978 and section 394(7) of the Communications Act 2003

1. The Director General of Telecommunications (“the Director”), in accordance with Paragraph 22(8) of Schedule 18 to the Communications Act 2003 (“the Act”) hereby gives notice to British Telecommunications plc (“BT”) and the Operators listed in the Schedule to this Notice (“the Operators”) that the “Direction under the provisions of Regulation 6(6) of the Telecommunications (Interconnection) Regulations 1997 of a dispute between British Telecommunications plc (“BT”) and the Operators listed in the Schedule over BT’S proposal to increase its NTS discounts with effect from 1 September 2000” made on 3 September 2001 and which was continued by the continuation notice given to BT and the Operators on 21 July 2003, which had effect from 25 July 2003 (“the Continued Interconnection Direction”), will be revoked with effect from the date this notice is deemed to be effected in accordance with section 7 of the Interpretation Act 1978 and section 394(7) of the Act.

2. In giving this notice, the Director has, in accordance with Paragraph 22(10) of Schedule 18 to the Act, taken all steps necessary for enabling him to decide whether or not to set a condition under Chapter 1 of Part 2 of the Act for the purpose of replacing the Continued Interconnection Direction and whether or not to exercise his power to set a condition under that Chapter for that purpose.

3. The Director issued a consultation as to his proposals to revoke the Continued Interconnection Direction on 2 October 2003 and requested comments by 9.00 a.m. on 16 October 2003. The Director has taken into account the comments he received during that consultation.

4. In this notice, except as otherwise provided or unless the context otherwise requires, words or expressions shall have the meaning assigned to them and otherwise any word or expression shall have the same meaning as it has in the Act. For the purposes of interpreting this notice, headings and titles shall be disregarded.

NEIL BUCKLEY
POLICY PROJECT DIRECTOR

A person duly authorised by the Director General of Telecommunications pursuant to paragraph 8 of Schedule 1 to the Telecommunications Act 1984

26 November 2003

Schedule

OPERATOR	AGREEMENT DATE
1. 4D telecom Limited	July 20, 1998
2. ABS Telecom PLC (Inclarity plc)	November 27, 1997
3. AUCS Communications Services (UK) Ltd	November 25, 1999
4. Barnsley Cable Communications Ltd	October 24, 1997
5. Birmingham Cable Ltd	October 22, 1997
6. Cable & Wireless Comms Ltd (Cable & Wireless UK)	May 1, 1998
7. Cable Camden Ltd	October 20, 1997
8. Cable Enfield Ltd	October 20, 1997
9. Cable Hackney & Islington Ltd	October 20, 1997
10. Cable Haringay Ltd	October 20, 1997
11. CableTel Cardiff Ltd	December 22, 1997
12. CableTel Central Herts Ltd	December 22, 1997
13. CableTel Hertfordshire Ltd	December 22, 1997
14. CableTel Herts & Beds Ltd	December 22, 1997
15. CableTel Newport	December 22, 1997
16. CableTel North Bedfordshire Ltd	December 22, 1997
17. CableTel Surrey & Hampshire Ltd	December 22, 1997
18. CableTel West Glamorgan Ltd	December 22, 1997
19. Call Sciences Ltd	October 22, 1997
20. Carrier I Holdings Ltd (Carrier 1 UK Ltd)	August 17, 1998
21. COLT Telecommunications Ltd	October 24, 1997
22. Concert Communications Company	January 5, 2000
23. Core Telecomms Ltd	February 11, 1998
24. Destia Network Services Limited	December 12, 1997
25. Doncaster Cable Comms Ltd	October 24, 1997
26. Easynet Group PLC	December 18, 1997
27. EESCAPE Ltd	August 16, 1999
28. Eircom NI Limited	July 12, 1999
29. Eircom UK Limited	March 21, 2000
30. Energis Comms Ltd	December 10, 2000
31. First Telecom PLC	April 22, 1998
32. Freephone Telecommunications Ltd	October 5, 1998
33. Frontel Communications Ltd	October 29, 1997
34. Global One Communications Holding Ltd	October 22, 1997
35. Halifax Cable Comms Ltd	October 24, 1997

36.	Imminus Ltd	January 8, 1998
37.	Interoute Telecommunications (UK) Ltd	October 6, 1997
38.	LDI Comms Ltd	November 6, 1997
39.	Mannesmann Ipulsys UK Ltd	February 19, 1999
40.	MCI WorldCom Ltd	November 14, 1997
41.	Middlesex Cable Limited	October 24, 1997
42.	National Transcomms Ltd	December 22, 1997
43.	NetKonect Communications Ltd (NetKonect Communications plc)	March 8, 1999
44.	Nevada TeleCom Ltd (Energis Communications (Ireland) Ltd)	January 24, 2000
45.	North American Gateway Ltd	March 29, 1996
46.	Norweb PLC	October 24, 1997
47.	ntl Glasgow Ltd	December 22, 1997
48.	ntl Glasgow Ltd	December 22, 1997
49.	ntl Glasgow Ltd	December 22, 1997
50.	ntl Glasgow Ltd	December 22, 1997
51.	ntl Glasgow Ltd	December 22, 1997
52.	ntl Kirklees	December 11, 1997
53.	ntl Midlands	December 22, 1997
54.	ntl Telecom Services	November 13, 1997
55.	One 2 One Personal Communications Limited (T-Mobile (UK) Ltd)	January 28, 1998
56.	Opal Telecommunications PLC	October 22, 1997
57.	Orange Personal Communications Services Ltd	May 7, 1998
58.	Pacific Gateway Exchange (UK) Ltd	June 30, 1998
59.	Powernet Telecom Limited	June 2, 1999
60.	Primus Telecomms Ltd	November 12 1997
61.	Racal Telecomms Ltd	June 20, 1997
62.	Rateflame Limited	June 25, 1999
63.	Redstone Network Services Ltd (Redstone Communications Ltd)	October 30, 1997
64.	RSL Com Europe Ltd	February 29, 1996
65.	Sheffield Cable Comms Ltd	October 24, 1997
66.	Stentor Communications Ltd	February 24, 1998
67.	Syntec UK Ltd	February 5, 1999
68.	T3 Telecommunications Limited	June 25, 1999
69.	Tele 2 Communications Services Limited	March 30, 1999
70.	Telecom One Ltd	May 12, 1998

71.	Teleglobe International (UK) Ltd	February 24, 1998
72.	Telewest Comms (Central Lancs) Ltd	October 20, 1997
73.	Telewest Comms PLC	January 15, 1998
74.	Telewest Comms (Cotswold) Ltd	October 20, 1997
75.	Telewest Comms (Cumbernauld) Ltd	October 20, 1997
76.	Telewest Comms (Dumbarton) Ltd	October 20, 1997
77.	Telewest Comms (Dundee & Perth) Ltd	October 20, 1997
78.	Telewest Comms (Dundee & Perth) Ltd	October 20, 1997
79.	Telewest Comms (Scotland) Ltd	October 20, 1997
80.	Telewest Comms (Falkirk) Ltd	October 20, 1997
81.	Telewest Comms (Glenrothes) Ltd	October 20, 1997
82.	Telewest Comms (Liverpool) Ltd	October 20, 1997
83.	Telewest Comms (Liverpool) Ltd	October 20, 1997
84.	Telewest Comms (London South) Ltd	October 20, 1997
85.	Telewest Comms (London South) Ltd	October 20, 1997
86.	Telewest Comms (London South) Ltd	October 20, 1997
87.	Telewest Comms (Midlands) Ltd	October 20, 1997
88.	Telewest Comms (Motherwell) Ltd	October 20, 1997
89.	Telewest Comms (North East) Ltd	October 20, 1997
90.	Telewest Comms (South East) Ltd	October 20, 1997
91.	Telewest Comms (South Thames Estuary) Ltd	October 20, 1997
92.	Telewest Comms (South West) Ltd	October 20, 1997
93.	Telewest Comms (St Helens & Knowsley) Ltd	October 20, 1997
94.	Telewest Comms (Telford) Ltd	October 20, 1997
95.	Telewest Comms (Wigan) Ltd	October 20, 1997
96.	Telinco UK Ltd (Telinco Ltd)	October 17, 1997
97.	Telstra (UK) Ltd (Reach Europe Ltd)	October 28, 1997
98.	Thus plc	November 27, 1997
99.	Torc Europe Ltd	October 8, 1997
100.	Value Telecom	December 4, 1997
101.	VBCnet (GB) Ltd	August 15, 1999
102.	Via-Fon Ltd	April 23, 1999
103.	Viatel Global Comms Ltd	April 21, 1998
104.	Vodafone Ltd	February 24, 1998
105.	Wakefield Cable Comms Ltd	October 24, 1997
106.	Windsor Television Ltd	October 24, 1997
107.	World Access Telecommunications Ltd	October 7, 1997

- | | |
|--|------------------|
| 108. Worldxchange Communications Ltd Group | November 7, 1997 |
| 109. Yorkshire | October 24, 1997 |

NOTICE TO BRITISH TELCOMMUNICATIONS PLC AND TELEWEST COMMUNICATIONS PLC UNDER PARAGRAPH 22 OF SCHEDULE 18 TO THE COMMUNICATIONS ACT 2003

Notice that the “Direction under the provisions of Regulation 6(6) of the Telecommunications (Interconnection) Regulations 1997 of a dispute between British Telecommunications plc (“BT”) and Telewest Communications plc (“Telewest”)” to increase its NTS Discounts with effect from 1 September 2000 made on 24 September 2001 and continued by the continuation notice given to British Telecommunications plc and Telewest Communications plc on 21 July 2003 will be revoked with effect from the date this notice is deemed to be effected in accordance with section 7 of the Interpretation Act 1978 and section 394(7) of the Communications Act 2003

1. The Director General of Telecommunications (“the Director”), in accordance with Paragraph 22(8) of Schedule 18 to the Communications Act 2003 (“the Act”) hereby gives notice to British Telecommunications plc (“BT”) and Telewest Communications plc (“Telewest”) that the “Direction under the provisions of Regulation 6(6) of the Telecommunications (Interconnection) Regulations 1997 of a dispute between British Telecommunications plc (“BT”) and Telewest Communications plc (“Telewest”)” to increase its NTS Discounts with effect from 1 September 2000 made on 24 September 2001 and which was continued by the continuation notice given to BT and Telewest on 21 July 2003, which had effect from 25 July 2003 (“the Continued Interconnection Direction”), will be revoked with effect from the date this notice is deemed to be effected in accordance with section 7 of the Interpretation Act 1978 and section 394(7) of the Act.

2. In giving this notice, the Director has, in accordance with Paragraph 22(10) of Schedule 18 to the Act, taken all steps necessary for enabling him to decide whether or not to set a condition under Chapter 1 of Part 2 of the Act for the purpose of replacing the Continued Interconnection Direction and whether or not to exercise his power to set a condition under that Chapter for that purpose.

3. The Director issued a consultation as to his proposals to revoke the Continued Interconnection Direction on 2 October 2003 and requested comments by 9.00 a.m. on 16 October 2003. The Director has taken into account the comments he received during that consultation.

4. In this notice, except as otherwise provided or unless the context otherwise requires, words or expressions shall have the meaning assigned to them and otherwise any word or expression shall have the same meaning as it has in the Act. For the purposes of interpreting this notice, headings and titles shall be disregarded.

NEIL BUCKLEY
POLICY PROJECT DIRECTOR

A person duly authorised by the Director General of Telecommunications pursuant to paragraph 8 of Schedule 1 to the Telecommunications Act 1984

26 November 2003

**NOTICE TO BRITISH TELCOMMUNICATIONS PLC AND CARRIER1 UK LTD
UNDER PARAGRAPH 22 OF SCHEDULE 18 TO THE COMMUNICATIONS ACT
2003**

Notice that the “Direction pursuant to Condition 45.2 of the Public Telecommunications Licence granted to British Telecommunications plc and Regulation 6(6) of the Telecommunications (Interconnection) Regulations 1997” made on 11 July 2002 regarding a dispute between Carrier1 UK Ltd and British Telecommunications plc regarding DLE FRIACO and continued by the continuation notice given to British Telecommunications plc and Carrier1 UK Ltd on 21 July 2003 will be revoked with effect from the date this notice is deemed to be effected in accordance with section 7 of the Interpretation Act 1978 and section 394(7) of the Communications Act 2003

1. The Director General of Telecommunications (“the Director”), in accordance with Paragraph 22(8) of Schedule 18 to the Communications Act 2003 (“the Act”) hereby gives notice to British Telecommunications plc (“BT”) and Carrier1 UK Ltd (“Carrier1”) that the “Direction pursuant to Condition 45.2 of the Public Telecommunications Licence granted to British Telecommunications plc and Regulation 6(6) of the Telecommunications (Interconnection) Regulations 1997” made on 11 July 2002 regarding a dispute between Carrier1 and BT regarding DLE FRIACO and which was continued by the continuation notice given to BT and Carrier1 on 21 July 2003, which had effect from 25 July 2003 (“the Continued Interconnection Direction”), will be revoked with effect from the date this notice is deemed to be effected in accordance with section 7 of the Interpretation Act 1978 and section 394(7) of the Act.

2. In giving this notice, the Director has, in accordance with Paragraph 22(10) of Schedule 18 to the Act, taken all steps necessary for enabling him to decide whether or not to set a condition under Chapter 1 of Part 2 of the Act for the purpose of replacing the Continued Interconnection Direction and whether or not to exercise his power to set a condition under that Chapter for that purpose.

3. The Director issued a consultation as to his proposals to revoke the Continued Interconnection Direction on 2 October 2003 and requested comments by 9.00 a.m. on 16 October 2003. The Director has taken into account the comments he received during that consultation.

4. In this notice, except as otherwise provided or unless the context otherwise requires, words or expressions shall have the meaning assigned to them and otherwise any word or expression shall have the same meaning as it has in the Act. For the purposes of interpreting this notice, headings and titles shall be disregarded.

NEIL BUCKLEY
POLICY PROJECT DIRECTOR

A person duly authorised by the Director General of Telecommunications pursuant to paragraph 8 of Schedule 1 to the Telecommunications Act 1984

26 November 2003

NOTICE TO BRITISH TELCOMMUNICATIONS PLC AND THE OPERATORS LISTED IN THE SCHEDULE TO THIS NOTICE UNDER PARAGRAPH 22 OF SCHEDULE 18 TO THE COMMUNICATIONS ACT 2003

Notice that the “Direction under the provisions of regulation 6(6) of the Telecommunications (Interconnection) Regulations 1997 of a dispute between Telewest Communications PLC and other operators in the Telewest group of companies as set out in annex A to this Direction (“Telewest”) and British Telecommunications PLC (“BT”) over interconnect charges for origination of calls to freephone numbers” made on 13 August 2002 and continued by the continuation notice given to British Telecommunications plc and the Operators listed in the Schedule to this Notice on 21 July 2003 will be revoked with effect from the date this notice is deemed to be effected in accordance with section 7 of the Interpretation Act 1978 and section 394(7) of the Communications Act 2003

1. The Director General of Telecommunications (“the Director”), in accordance with Paragraph 22(8) of Schedule 18 to the Communications Act 2003 (“the Act”) hereby gives notice to British Telecommunications plc (“BT”) and the Operators listed in the Schedule to this Notice (“the Operators”) that the “Direction under the provisions of regulation 6(6) of the Telecommunications (Interconnection) Regulations 1997 of a dispute between Telewest Communications PLC and other operators in the Telewest group of companies as set out in annex A to this Direction (“Telewest”) and British Telecommunications PLC (“BT”) over interconnect charges for origination of calls to freephone numbers” made on 13 August 2002 and which was continued by the continuation notice given to BT and the Operators on 21 July 2003, which had effect from 25 July 2003 (“the Continued Interconnection Direction”), will be revoked with effect from the date this notice is deemed to be effected in accordance with section 7 of the Interpretation Act 1978 and section 394(7) of the Act.

2. In giving this notice, the Director has, in accordance with Paragraph 22(10) of Schedule 18 to the Act, taken all steps necessary for enabling him to decide whether or not to set a condition under Chapter 1 of Part 2 of the Act for the purpose of replacing the Continued Interconnection Direction and whether or not to exercise his power to set a condition under that Chapter for that purpose.

3. The Director issued a consultation as to his proposals to revoke the Continued Interconnection Direction on 2 October 2003 and requested comments by 9.00 a.m. on 16 October 2003. The Director has taken into account the comments he received during that consultation.

4. In this notice, except as otherwise provided or unless the context otherwise requires, words or expressions shall have the meaning assigned to them and otherwise any word or expression shall have the same meaning as it has in the

Act. For the purposes of interpreting this notice, headings and titles shall be disregarded.

NEIL BUCKLEY
POLICY PROJECT DIRECTOR

A person duly authorised by the Director General of Telecommunications pursuant to paragraph 8 of Schedule 1 to the Telecommunications Act 1984

26 November 2003

Schedule

OPERATOR/FRANCHISE	AGREEMENT DATE
110. Telewest Communications plc	15 Jan 1998
111. Telewest Communications (Central Lancashire) Ltd	26 Sep 1996
112. Telewest Communications (Cotswolds) Ltd	26 July 1996
113. Telewest Communications (Cumbernauld) Ltd	22 Aug 1996
114. Telewest Communications (Dumbarton) Ltd	22 Aug 1996
115. Telewest Communications (Dundee & Perth) Ltd (Dundee Franchise)	22 Aug 1996
116. Telewest Communications (Dundee & Perth) Ltd (Perth Franchise)	22 Aug 1996
117. Telewest Communications (Falkirk) Ltd	22 Aug 1996
118. Telewest Communications (Glenrothes) Ltd	22 Aug 1996
119. Telewest Communications (Liverpool) Ltd (North Liverpool & Sefton Franchise)	26 Sep 1996
120. Telewest Communications (Liverpool) Ltd (Merseyside Franchise)	26 Sep 1996
121. Telewest Communications (London South) Ltd (Kingston & Richmond Franchise)	26 Sep 1996
122. Telewest Communications (London South) Ltd (Merton & Sutton Franchise)	26 Sep 1996
123. Telewest Communications (London South) Ltd (Croydon Franchise)	26 Sep 1996
124. Telewest Communications (Midlands) Ltd	26 Sep 1996
125. Telewest Communications (Motherwell) Ltd	22 Aug 1996
126. Telewest Communications (North East) Ltd (Newcastle & Gateshead Franchise)	1 Sep 1996
127. Telewest Communications (St Helens & Knowsley) Ltd	26 Sep 1996
128. Telewest Communications (Scotland) Ltd (Edinburgh Franchise)	22 Aug 1996
129. Telewest Communications (South East) Ltd	26 Sep 1996
130. Telewest Communications (South Thames Estuary) Ltd	26 Sep 1996
131. Telewest Communications (South West) Ltd	26 July 1996
132. Telewest Communications (Telford) Ltd	26 Sep 1996
133. Telewest Communications (Wigan) Ltd	26 Sep 1996
134. Windsor Television Limited (Windsor)	11 Sep 1996
135. Windsor Television Limited (Iver)	11 Sep 1996
136. Middlesex Cable Limited	1 Sep 1996
137. Barnsley Cable Communications Ltd	11 Sep 1996

138.	Doncaster Cable Communications Ltd	11 Sep 1996
139.	Halifax Cable Communications Ltd	11 Sep 1996
140.	Sheffield Cable Communications Ltd	11 Sep 1996
141.	Yorkshire Cable Communications Ltd	11 Sep 1996
142.	Wakefield Cable Communications Ltd	11 Sep 1996
143.	Birmingham Cable Limited	24 Oct 1996
144.	Cable Camden Limited	30 Sep 1996
145.	Cable Enfield Limited	30 Sep 1996
146.	Cable Hackney & Islington Limited	30 Sep 1996
147.	Cable Haringey Limited	30 Sep 1996

NOTICE TO BRITISH TELCOMMUNICATIONS PLC AND THE OPERATORS LISTED IN THE SCHEDULE TO THIS NOTICE UNDER PARAGRAPH 22 OF SCHEDULE 18 TO THE COMMUNICATIONS ACT 2003

Notice that the “Direction under Regulation 6(6) of the Telecommunications (Interconnection) Regulations 1997 relating to disputes between British Telecommunications plc (“BT”) and 90 licensed operators (“the Operators”) over termination charges for internationally originated calls to UK 0845 and 0870 numbers” made on 4 November 2002 and continued by the continuation notice given to British Telecommunications plc and the Operators listed in the Schedule to this Notice on 21 July 2003 will be revoked with effect from the date this notice is deemed to be effected in accordance with section 7 of the Interpretation Act 1978 and section 394(7) of the Communications Act 2003

1. The Director General of Telecommunications (“the Director”), in accordance with Paragraph 22(8) of Schedule 18 to the Communications Act 2003 (“the Act”) hereby gives notice to British Telecommunications plc (“BT”) and the Operators listed in the Schedule to this Notice (“the Operators”) that the “Direction under Regulation 6(6) of the Telecommunications (Interconnection) Regulations 1997 relating to disputes between British Telecommunications plc (“BT”) and 90 licensed operators (“the Operators”) over termination charges for internationally originated calls to UK 0845 and 0870 numbers” made on 4 November 2002 and which was continued by the continuation notice given to BT and the Operators on 21 July 2003, which had effect from 25 July 2003 (“the Continued Interconnection Direction”), will be revoked with effect from the date this notice is deemed to be effected in accordance with section 7 of the Interpretation Act 1978 and section 394(7) of the Act.

2. In giving this notice, the Director has, in accordance with Paragraph 22(10) of Schedule 18 to the Act, taken all steps necessary for enabling him to decide whether or not to set a condition under Chapter 1 of Part 2 of the Act for the purpose of replacing the Continued Interconnection Direction and whether or not to exercise his power to set a condition under that Chapter for that purpose.

3. The Director issued a consultation as to his proposals to revoke the Continued Interconnection Direction on 2 October 2003 and requested comments by 9.00 a.m. on 16 October 2003. The Director has taken into account the comments he received during that consultation.

4. In this notice, except as otherwise provided or unless the context otherwise requires, words or expressions shall have the meaning assigned to them and otherwise any word or expression shall have the same meaning as it has in the Act. For the purposes of interpreting this notice, headings and titles shall be disregarded.

NEIL BUCKLEY
POLICY PROJECT DIRECTOR

A person duly authorised by the Director General of Telecommunications pursuant to paragraph 8 of Schedule 1 to the Telecommunications Act 1984

26 November 2003

Schedule

OPERATOR	AGREEMENT DATE
148. 186K Ltd	27 June 2001
149. 4D Telecom Limited	20 July 1998
150. Cable & Wireless Communications (Mercury) (Cable & Wireless UK)	23 September 1997
151. COLT Telecommunications	24 July 1996
152. Core Telecommunications Ltd	24 January 2001
153. Easynet Group PLC	18 December 1997
154. Energis Communications Ltd	20 June 1997
155. Eurocall Ltd	27 September 1996
156. GKC Communications Ltd	23 April 2001
157. Global Crossing (UK) Telecommunications Ltd	25 January 2001
158. Inclarity plc	27 November 1997
159. Interoute Telecommunications (UK) Ltd	10 July 1997
160. Level 3 Communications Limited	24 March 2002
161. MCI WorldCom Ltd	20 February 1997
162. Nevada Tele.Com Limited (Energis Communications (Ireland) Ltd)	9 June 2000
163. Primus Telecommunications Ltd	12 November 1997
164. Rateflame Limited	25 June 1999
165. Redstone Communications Ltd	22 May 1996
166. Skymaker Limited	9 December 1998
167. Starcomm Limited	2 November 1999
168. Swiftnet Ltd	8 August 2000
169. Syntec UK Limited	30 September 2000
170. Telco Network Services Ltd	24 January 2001
171. Telecom One Ltd	12 May 1998
172. Thus plc	16 August 1006
173. Tiscali UK Ltd	8 February 2001
174. Torch Communications Ltd	29 November 2000
175. Totem Communications Ltd	5 October 1998
176. Viatel Global Communications Ltd	21 April 1998
177. Vodafone Ltd	10 May 1996
178. Your Communications Ltd	26 November 1998
179. CableTel Cardiff Ltd	13 December 1996
180. CableTel Central Hertfordshire Ltd	13 December 1996

181. CableTel Hertfordshire Ltd	13 December 1996
182. CableTel Herts and Beds Ltd	13 December 1996
183. CableTel Newport	13 December 1996
184. CableTel North Bedfordshire Ltd	13 December 1996
185. CableTel Surrey and Hampshire Ltd	13 December 1996
186. CableTel West Glamorgan Ltd	13 December 1996
187. Diamond Cable (GrimClee) Ltd	12 July 1996
188. Diamond Cable (Leicester) Ltd	12 July 1996
189. Diamond Cable (Lincoln) Ltd	12 July 1996
190. Diamond Cable (Mansfield) Ltd	12 July 1996
191. National Transcommunications Ltd	22 December 1997
192. NTL Glasgow (Bearsden)	13 December 1996
193. NTL Glasgow (Greater Glasgow)	13 December 1996
194. NTL Glasgow (Inverclyde)	13 December 1996
195. NTL Glasgow (NW Glasgow)	13 December 1996
196. NTL Glasgow (Paisley)	13 December 1996
197. NTL Kirklees	13 December 1996
198. NTL Midlands Ltd	12 July 1996
199. NTL Telecom Services Ltd	13 November 1997
200. Barnsley Cable Communications Ltd	11 September 1996
201. Birmingham Cable Ltd	24 October 1996
202. Cable Camden Ltd	30 September 1996
203. Cable Enfield Ltd	30 September 1996
204. Cable Hackney & Islington Ltd	30 September 1996
205. Cable Haringey Ltd	30 September 1996
206. Doncaster Cable Communications Ltd	11 September 1996
207. Halifax Cable Communications Ltd	11 September 1996
208. Imminus Ltd	2 October 1996
209. Middlesex Cable Ltd	11 September 1996
210. Sheffield Cable Communications Ltd	11 September 1996
211. Telewest Communications (Central Lancashire) Ltd	26 September 1996
212. Telewest Communications PLC	15 January 1998
213. Telewest Communications (Cotswolds) Ltd	26 September 1996
214. Telewest Communications (Cumbernauld) Ltd	26 September 1996
215. Telewest Communications (Dumbarton) Ltd	26 September 1996
216. Telewest Communications (Dundee and Perth) Ltd	26 September 1996
217. Telewest Communications (Scotland) Ltd	26 September 1996

218.	Telewest Communications (Falkirk) Ltd	26 September 1996
219.	Telewest Communications (Glenrothes) Ltd	26 September 1996
220.	Telewest Communications (Liverpool) Ltd	26 September 1996
221.	Telewest Communications (Liverpool) Ltd	26 September 1996
222.	Telewest Communications (London South) Ltd	26 September 1996
223.	Telewest Communications (London South) Ltd	26 September 1996
224.	Telewest Communications (London South) Ltd	26 September 1996
225.	Telewest Communications (Midlands) Ltd	26 September 1996
226.	Telewest Communications (Motherwell) Ltd	26 September 1996
227.	Telewest Communications (North East) Ltd	26 September 1996
228.	Telewest Communications (South East) Ltd	26 September 1996
229.	Telewest Communications (Dundee and Perth) Ltd	26 September 1996
230.	Telewest Communications (South Thames Estuary) Ltd	26 September 1996
231.	Telewest Communications (South West) Ltd	26 September 1996
232.	Telewest Communications (St Helens and Knowsley) Ltd	26 September 1996
233.	Telewest Communications (Telford) Ltd	26 September 1996
234.	Telewest Communications (Wigan) Ltd	26 September 1996
235.	Wakefield Cable Communications Ltd	11 September 1996
236.	Windsor Television Ltd	11 September 1996
237.	Yorkshire Cable Communications Ltd	11 September 1996

NOTICE TO BRITISH TELCOMMUNICATIONS PLC AND CABLE AND WIRELESS COMMUNICATIONS PLC UNDER PARAGRAPH 22 OF SCHEDULE 18 TO THE COMMUNICATIONS ACT 2003

Notice that the “Direction under the provisions of Regulation 6(6) of the Telecommunications (Interconnection) regulations 1997 of a dispute between Cable and Wireless Communications plc (“C&W”) and British Telecommunications plc (“BT”) over the transit of calls by C&W to certain NTS number ranges on the BT network” made on 7 November 2002 and continued by the continuation notice given to British Telecommunications plc and Cable and Wireless Communications plc on 21 July 2003 will be revoked with effect from the date this notice is deemed to be effected in accordance with section 7 of the Interpretation Act 1978 and section 394(7) of the Communications Act 2003

1. The Director General of Telecommunications (“the Director”), in accordance with Paragraph 22(8) of Schedule 18 to the Communications Act 2003 (“the Act”) hereby gives notice to British Telecommunications plc (“BT”) and Cable and Wireless Communications plc (“C&W”) that the “Direction under the provisions of Regulation 6(6) of the Telecommunications (Interconnection) regulations 1997 of a dispute between Cable and Wireless Communications plc (“C&W”) and British Telecommunications plc (“BT”) over the transit of calls by C&W to certain NTS number ranges on the BT network” made on 7 November 2002 and which was continued by the continuation notice given to BT and C&W on 21 July 2003, which had effect from 25 July 2003 (“the Continued Interconnection Direction”), will be revoked with effect from the date this notice is deemed to be effected in accordance with section 7 of the Interpretation Act 1978 and section 394(7) of the Act.

2. In giving this notice, the Director has, in accordance with Paragraph 22(10) of Schedule 18 to the Act, taken all steps necessary for enabling him to decide whether or not to set a condition under Chapter 1 of Part 2 of the Act for the purpose of replacing the Continued Interconnection Direction and whether or not to exercise his power to set a condition under that Chapter for that purpose.

3. The Director issued a consultation as to his proposals to revoke the Continued Interconnection Direction on 2 October 2003 and requested comments by 9.00 a.m. on 16 October 2003. The Director has taken into account the comments he received during that consultation.

4. In this notice, except as otherwise provided or unless the context otherwise requires, words or expressions shall have the meaning assigned to them and otherwise any word or expression shall have the same meaning as it has in the Act. For the purposes of interpreting this notice, headings and titles shall be disregarded.

NEIL BUCKLEY
POLICY PROJECT DIRECTOR

A person duly authorised by the Director General of Telecommunications pursuant to paragraph 8 of Schedule 1 to the Telecommunications Act 1984

26 November 2003

NOTICE TO BRITISH TELCOMMUNICATIONS PLC AND THE OPERATORS LISTED IN THE SCHEDULE TO THIS NOTICE UNDER PARAGRAPH 22 OF SCHEDULE 18 TO THE COMMUNICATIONS ACT 2003

Notice that the “Direction under Regulation 6(6) of the Telecommunications Interconnection Regulations 1997 relating to a dispute between British Telecommunications plc (“BT”) and the operators listed in the Schedule over BT’s Transit Risk Review Supplemental Agreement” made on 16 January 2003 and continued by the continuation notice given to British Telecommunications plc and the Operators listed in the Schedule to this Notice on 21 July 2003 will be revoked with effect from the date this notice is deemed to be effected in accordance with section 7 of the Interpretation Act 1978 and section 394(7) of the Communications Act 2003

1. The Director General of Telecommunications (“the Director”), in accordance with Paragraph 22(8) of Schedule 18 to the Communications Act 2003 (“the Act”) hereby gives notice to British Telecommunications plc (“BT”) and the Operators listed in the Schedule to this Notice (“the Operators”) that the “Direction under Regulation 6(6) of the Telecommunications Interconnection Regulations 1997 relating to a dispute between British Telecommunications plc (“BT”) and the operators listed in the Schedule over BT’s Transit Risk Review Supplemental Agreement” made on 16 January 2003 and which was continued by the continuation notice given to BT and the Operators on 21 July 2003, which had effect from 25 July 2003 (“the Continued Interconnection Direction”), will be revoked with effect from the date this notice is deemed to be effected in accordance with section 7 of the Interpretation Act 1978 and section 394(7) of the Act.

2. In giving this notice, the Director has, in accordance with Paragraph 22(10) of Schedule 18 to the Act, taken all steps necessary for enabling him to decide whether or not to set a condition under Chapter 1 of Part 2 of the Act for the purpose of replacing the Continued Interconnection Direction and whether or not to exercise his power to set a condition under that Chapter for that purpose.

3. The Director issued a consultation as to his proposals to revoke the Continued Interconnection Direction on 2 October 2003 and requested comments by 9.00 a.m. on 16 October 2003. The Director has taken into account the comments he received during that consultation.

4. In this notice, except as otherwise provided or unless the context otherwise requires, words or expressions shall have the meaning assigned to them and otherwise any word or expression shall have the same meaning as it has in the Act. For the purposes of interpreting this notice, headings and titles shall be disregarded.

NEIL BUCKLEY
POLICY PROJECT DIRECTOR

A person duly authorised by the Director General of Telecommunications pursuant to paragraph 8 of Schedule 1 to the Telecommunications Act 1984

26 November 2003

Schedule

OPERATOR	AGREEMENT DATE
238. 186K Ltd	June 27, 2001
239. 4D Telecom Limited	July 20, 1998
240. Allied Communications (UK) Ltd	August 18, 2000
241. Alpha Telecom (UK) Ltd	August 11, 1999
242. America First Ltd	October 19, 1998
243. AUCS Communications Services (UK) Ltd	November 25, 1999
244. Band-X Managed Services plc	September 12, 2001
245. Bis Ltd	October 6, 2001
246. Broadsystem Ventures Ltd	May 24, 1999
247. BT Cellnet Ltd (O ₂ (UK) Ltd)	May 24, 1996
248. Cable & Wireless Communications (Mercury) (Cable & Wireless UK)	September 23, 1997
249. Call Sciences Ltd	June 13, 1997
250. Cellcom Ltd	December 4, 1997
251. Cheers International Telecom Ltd	October 3, 2001
252. Colloquium Ltd	February 7, 2002
253. COLT Telecommunications	July 24, 1996
254. Communications 2000 Group plc	August 14, 2000
255. Communications Networking Services (UK)	January 5, 2000
256. Core Telecommunications Ltd	February 11, 1998
257. Darose Ltd	December 21, 1999
258. Dolphin Telecommunications Ltd	May 11, 1998
259. Easynet Group PLC	December 18, 1997
260. Ecosse Telecommunications Ltd	November 11, 1998
261. Edinburgh Network Technologies Ltd	December 20, 1999
262. Eircom NI Limited	July 12, 1999
263. Energis Carrier Services UK Ltd	December 4, 1997
264. Energis Communications Ltd	June 20, 1997
265. E-Tel Ventures plc	January 21, 2002
266. First Telecom PLC	April 22, 1998
267. GKC Communications Ltd	April 23, 2001
268. Global Crossing (UK) Telecommunications Ltd	August 31, 1995
269. Global Crossing Communications International Ltd	June 27, 1997
270. Global Electroteks Ltd	April 30, 2001
271. Hutchison 3G UK Ltd	August 13, 2001

272. IDT Global Limited	April 21, 1999
273. INMS UK LTD	December 23, 1999
274. Intelnet Communications Limited	February 16, 1999
275. International Telecom plc	July 31, 2000
276. Interoute Telecommunications (UK) Ltd	July 10, 1997
277. Interweb Design Limited	April 6, 2000
278. Iomart Limited	March 29, 1999
279. Ipsaris Ltd	May 8, 2001
280. iXnet UK Ltd	December 20, 1996
281. Keycom plc	September 9, 2000
282. Kingston Communications (Hull) PLC	December 17, 1998
283. Level 3 Communications Limited	March 24, 2000
284. Manet Telecom Ltd	April 26, 2001
285. MCI WorldCom Ltd	February 20, 1997
286. MediaWays.UK Ltd	January 9, 2001
287. NetKonect Communications Ltd (NetKonect Communications plc)	March 8, 1999
288. Nevada Tele.Com Limited (Energis Communications (Ireland) Ltd)	January 24, 2000
289. OMNE Communications Ltd	June 26, 2001
290. One 2 One Personal Communications Limited (T-Mobile (UK) Ltd)	June 17, 1996
291. Opal Telecommunications PLC	December 17, 1996
292. Opera Telecom Ltd	February 16, 2000
293. Orange Personal Communications Services Ltd	December 13, 1996
294. PageOne Communications Ltd	January 26, 2000
295. Patientline UK Limited	April 18, 2000
296. PNC TELECOM plc	August 3, 2000
297. Premier Communications International Ltd	April 26, 2001
298. Primus Telecommunications Ltd	January 7, 1997
299. Prodigy Internet Ltd	September 12, 2001
300. Rateflame Limited	June 25, 1999
301. Reach Europe Ltd	March 27, 1997
302. Redstone Communications Ltd	May 22, 1996
303. Skymaker Limited	December 9, 1998
304. Starcomm Limited	November 2, 1999
305. Startec Global Communications UK Limited	September 15, 1999
306. Stratos Global Ltd	January 5, 2001

307. Swiftnet Ltd	August 8, 2000
308. Syntec UK Limited	February 5, 1999
309. T3 Telecommunications Limited	June 25, 1999
310. Telco Network Services Ltd	March 13, 1997
311. Tele 2 Communications Services Limited	March 30, 1999
312. Telecentric Solutions Ltd	February 29, 1996
313. Telecom Art Limited	April 20, 1999
314. Telecom GB Ltd	September 19, 2000
315. Telecom One Ltd	May 12, 1998
316. Telegroup UK Ltd	December 4, 1997
317. TGC UK Ltd	July 18, 2000
318. The Phone Company Ltd	June 30, 1997
319. Thus plc	August 16, 1996
320. Tiscali UK Ltd	January 13, 1997
321. Torc Europe Ltd	May 17, 2000
322. Torch Communications Ltd	February 26, 1997
323. Totem Communications Ltd	October 5, 1998
324. UKBELL plc	December 10, 2001
325. Unica Communications Ltd	February 1, 2001
326. Unitel Communications Limited	February 1, 1999
327. Vartec Telecom (U.K.) Limited	October 21, 1998
328. VBCnet (GB) Ltd	August 15, 1999
329. Ventelo UK Ltd	April 28, 1995
330. Via-Fon Limited	April 23, 1999
331. Vodafone Ltd	May 10, 1996
332. World-Link, Inc	May 4, 2000
333. Your Communications Ltd	February 28, 1997
334. Zipcom Telecommunications Limited	October 10, 2000
335. Barnsley Cable Communications Ltd	September 11, 1996
336. Birmingham Cable Ltd	October 24, 1996
337. Cable Camden Ltd	September 30, 1996
338. Cable Enfield Ltd	September 30, 1996
339. Cable Hackney & Islington Ltd	September 30, 1996
340. Cable Haringey Ltd	September 30, 1996
341. Doncaster Cable Communications Ltd	September 11, 1996
342. Eurobell (South West) Ltd	June 28, 1996
343. Eurobell (Sussex) Ltd	June 28, 1996

344. Eurobell West Kent	July 21, 1997
345. Halifax Cable Communications Ltd	September 11, 1996
346. Imminus Ltd	October 2, 1996
347. Middlesex Cable Ltd	September 11, 1996
348. Sheffield Cable Communications Ltd	September 11, 1996
349. Telewest Communications (Central Lancashire) Ltd	September 26, 1996
350. Telewest Communications (Cotswolds) Ltd	September 26, 1996
351. Telewest Communications (Cumbernauld) Ltd	September 26, 1996
352. Telewest Communications (Dumbarton) Ltd	September 26, 1996
353. Telewest Communications (Dundee and Perth) Ltd	September 26, 1996
354. Telewest Communications (Dundee and Perth) Ltd	September 26, 1996
355. Telewest Communications (Falkirk) Ltd	September 26, 1996
356. Telewest Communications (Glenrothes) Ltd	September 26, 1996
357. Telewest Communications (Liverpool) Ltd	September 26, 1996
358. Telewest Communications (Liverpool) Ltd	September 26, 1996
359. Telewest Communications (London South) Ltd	September 26, 1996
360. Telewest Communications (London South) Ltd	September 26, 1996
361. Telewest Communications (London South) Ltd	September 26, 1996
362. Telewest Communications (Midlands) Ltd	September 26, 1996
363. Telewest Communications (Motherwell) Ltd	September 26, 1996
364. Telewest Communications (North East) Ltd	September 26, 1996
365. Telewest Communications (Scotland) Ltd	September 26, 1996
366. Telewest Communications (South East) Ltd	September 26, 1996
367. Telewest Communications (South Thames Estuary) Ltd	September 26, 1996
368. Telewest Communications (South West) Ltd	September 26, 1996
369. Telewest Communications (St Helens and Knowsley) Ltd	September 26, 1996
370. Telewest Communications (Telford) Ltd	September 26, 1996
371. Telewest Communications (Wigan) Ltd	September 26, 1996
372. Telewest Communications PLC	January 15, 1998
373. Wakefield Cable Communications Ltd	September 11, 1996
374. Windsor Television Ltd	September 11, 1996
375. Windsor Television Ltd	September 11, 1996
376. Yorkshire Cable Communications Ltd	September 11, 1996
377. Andover Cablevision Ltd	May 30, 1996
378. Anglia Cable Ltd	March 26, 1997
379. Cable Television Ltd	August 19, 1996
380. Cable Thames Valley Ltd	August 19, 1996

381. CableTel Cardiff Ltd	December 13, 1996
382. CableTel Central Hertfordshire Ltd	December 13, 1996
383. CableTel Hertfordshire Ltd	December 13, 1996
384. CableTel Herts and Beds Ltd	December 13, 1996
385. CableTel Newport	December 13, 1996
386. CableTel North Bedfordshire Ltd	December 13, 1996
387. CableTel Northern Ireland Ltd	April 15, 1996
388. CableTel Surrey and Hampshire Ltd	December 13, 1996
389. CableTel West Glamorgan Ltd	December 13, 1996
390. Comtel Coventry Ltd	September 29, 1997
391. Diamond Cable (GrimClee) Ltd	July 12, 1996
392. Diamond Cable (Leicester) Ltd	July 12, 1996
393. Diamond Cable (Lincoln) Ltd	July 12, 1996
394. Diamond Cable (Mansfield) Ltd	July 12, 1996
395. East Coast Cable Ltd	March 26, 1997
396. Heartland Cablevision UK Ltd	August 19, 1996
397. Herts Cable Ltd	August 19, 1996
398. Lichfield Cable Communications Ltd	March 25, 1997
399. National Transcommunications Ltd	December 22, 1997
400. NTL Cambridge Ltd	March 26, 1997
401. NTL Darlington Ltd	October 30, 1996
402. NTL Glasgow	December 13, 1996
403. NTL Glasgow	December 13, 1996
404. NTL Glasgow	December 13, 1996
405. NTL Glasgow	December 13, 1996
406. NTL Glasgow	December 13, 1996
407. NTL Group Ltd	November 21, 2000
408. NTL Kirklees	December 13, 1996
409. NTL Midlands Ltd	July 12, 1996
410. NTL Teesside Ltd	October 30, 1996
411. NTL Telecom Services Ltd	September 10, 1997
412. Oxford Cable Ltd	May 8, 1996
413. Stafford Communications Ltd	May 8, 1996
414. Swindon Cable Ltd	May 26, 1998
415. Wessex Cable Ltd	May 30, 1996

NOTICE TO BRITISH TELCOMMUNICATIONS PLC AND THE OPERATORS LISTED IN THE SCHEDULE UNDER PARAGRAPH 22 OF SCHEDULE 18 TO THE COMMUNICATIONS ACT 2003

Notice that the “Direction under the provisions of Regulation 6(6) of the Telecommunications (Interconnection) Regulations 1997 of a dispute between British Telecommunications plc (“BT”) and the operators listed in Schedule 2 regarding the Credit Vetting Supplemental Agreement” made on 19 February 2003 and continued by the continuation notice given to BT and the operators listed in the Schedule on 21 July 2003 will be revoked with effect from the date this notice is deemed to be effected in accordance with section 7 of the Interpretation Act 1978 and section 394(7) of the Communications Act 2003

1. The Director General of Telecommunications (“the Director”), in accordance with Paragraph 22(8) of Schedule 18 to the Communications Act 2003 (“the Act”) hereby gives notice to BT and the operators listed in the Schedule (“the Operators”) that the “Direction under the provisions of Regulation 6(6) of the Telecommunications (Interconnection) Regulations 1997 of a dispute between British Telecommunications plc (“BT”) and the operators listed in Schedule 2 regarding the Credit Vetting Supplemental Agreement” made on 19 February 2003 and which was continued by the continuation notice given to BT and the Operators on 21 July 2003, which had effect from 25 July 2003 (“the Continued Interconnection Direction”), will be revoked with effect from the date this notice is deemed to be effected in accordance with section 7 of the Interpretation Act 1978 and section 394(7) of the Act.

2. In giving this notice, the Director has, in accordance with Paragraph 22(10) of Schedule 18 to the Act, taken all steps necessary for enabling him to decide whether or not to set a condition under Chapter 1 of Part 2 of the Act for the purpose of replacing the Continued Interconnection Direction and whether or not to exercise his power to set a condition under that Chapter for that purpose.

3. The Director issued a consultation as to his proposals to revoke the Continued Interconnection Direction on 2 October 2003 and requested comments by 9.00 a.m. on 16 October 2003. The Director has taken into account the comments he received during that consultation.

4. In this notice, except as otherwise provided or unless the context otherwise requires, words or expressions shall have the meaning assigned to them and otherwise any word or expression shall have the same meaning as it has in the Act. For the purposes of interpreting this notice, headings and titles shall be disregarded.

NEIL BUCKLEY
POLICY PROJECT DIRECTOR

A person duly authorised by the Director General of Telecommunications pursuant to paragraph 8 of Schedule 1 to the Telecommunications Act 1984

26 November 2003

Schedule

OPERATOR	AGREEMENT DATE
416. 186K Ltd	June 27, 2001
417. 4D Telecom Limited	July 20, 1998
418. Aggregated Telecom Ltd	October 10, 2000
419. Allied Communications (UK) Ltd	August 18, 2000
420. Alpha Telecom (UK) Ltd	August 11, 1999
421. America First Ltd	October 19, 1998
422. Band-X Managed Services plc	September 12, 2001
423. Bis Ltd	October 6, 2001
424. Broadsystem Ventures Ltd	May 24, 1999
425. O2 (UK) Ltd	May 24, 1996
426. Cable & Wireless Communications Ltd (Mercury) (Cable & Wireless UK)	September 23, 1997
427. Call Sciences Ltd	June 13, 1997
428. Call-Link Communications Ltd	May 10, 2000
429. Cellcom Ltd	December 4, 1997
430. Cheers International Telecom Ltd	October 3, 2001
431. Colloquium Ltd	February 7, 2002
432. COLT Telecommunications	July 24, 1996
433. Communications 2000 Group plc	August 14, 2000
434. Communications Networking Services (UK)	January 5, 2000
435. Core Telecommunications Ltd	February 11, 1998
436. Darose Ltd	December 21, 1999
437. Earthadvice Ltd (Inquam Telecom (Holdings) Ltd)	May 11, 1998
438. Easynet Group PLC	December 18, 1997
439. Ecosse Telecommunications Ltd	November 11, 1998
440. Eircom NI Limited	July 12, 1999
441. Energis Carrier Services UK Ltd	December 4, 1997
442. Energis Communications Ltd	June 20, 1997
443. E-Tel Ventures plc	January 21, 2002
444. Global Crossing (UK) Telecommunications Ltd	August 31, 1995
445. Global Crossing Communications International Ltd	June 27, 1997
446. Global Electroteks Ltd	April 30, 2001
447. Hutchison 3G UK Ltd	August 13, 2001
448. IDT Global Limited	April 21, 1999
449. Inclarity plc	November 27, 1997

450. Intelnet Communications Limited	February 16, 1999
451. International Telecom plc	July 31, 2000
452. Iomart Limited	March 29, 1999
453. Ipsaris Ltd	May 8, 2001
454. IV Response Ltd	April 2, 2002
455. iXnet UK Ltd	December 20, 1996
456. Keycom plc	September 9, 2000
457. Kingston Communications (Hull) PLC	December 17, 1998
458. Level 3 Communications Limited	March 24, 2000
459. London Digital Ltd	November 11, 1998
460. Manet Telecom Ltd	April 26, 2001
461. MCI WorldCom Ltd	February 20, 1997
462. Nevada Tele.Com Limited (Energis Communications (Ireland) Ltd	January 24, 2000
463. OMNE Communications Ltd	June 26, 2001
464. T-Mobile (UK) Ltd	June 17, 1996
465. Opal Telecommunications PLC	December 17, 1996
466. Opera Telecom Ltd	February 16, 2000
467. Orange Personal Communications Services Ltd	December 13, 1996
468. PageOne Communications Ltd	January 26, 2000
469. Patientline UK Limited	April 18, 2000
470. PNC TELECOM plc	August 3, 2000
471. Primus Telecommunications Ltd	January 7, 1997
472. Prodigy Internet Ltd	September 12, 2001
473. Rateflame Limited	June 25, 1999
474. Reach Europe Ltd	March 27, 1997
475. Redstone Communications Ltd	May 22, 1996
476. Routo Ltd	April 2, 2002
477. Singtel (Europe) Limited	December 11, 1998
478. Skymaker Limited	December 9, 1998
479. Starcomm Limited	November 2, 1999
480. Startec Global Communications UK Limited	September 15, 1999
481. Stratos Global Ltd	January 5, 2001
482. Swiftnet Ltd	August 8, 2000
483. Syntec UK Limited	February 5, 1999
484. T3 Telecommunications Limited	June 25, 1999
485. Talk Telecom Limited	October 14, 1999

486. Telco Network Services Ltd	March 13, 1997
487. Telecentric Solutions Ltd	February 29, 1996
488. Telecom Art Limited	April 20, 1999
489. Telecom GB Ltd	September 19, 2000
490. Telegroup UK Ltd	December 4, 1997
491. TGC UK Ltd	July 18, 2000
492. The Airtime Group	May 17, 2000
493. The Phone Company Ltd	June 30, 1997
494. Thus plc	August 16, 1996
495. Tiscali UK Ltd	January 13, 1997
496. Tweedwind	October 30, 2000
497. Torch Communications Ltd	February 26, 1997
498. Totem Communications Ltd	October 5, 1998
499. UKBELL plc	December 10, 2001
500. UK-SPN	September 27, 1996
501. Unitel Communications Limited	February 1, 1999
502. Vartec Telecom (U.K.) Limited	October 21, 1998
503. Ventelo UK Ltd	April 28, 1995
504. Via-Fon Limited	April 23, 1999
505. Vodafone Ltd	May 10, 1996
506. Wavecrest (UK) Ltd	July 10, 1997
507. World-Link, Inc	May 4, 2000
508. Your Communications Ltd	February 28, 1997
509. Zipcom Telecommunications Limited	October 10, 2000
510. Barnsley Cable Communications Ltd	September 11, 1996
511. Birmingham Cable Ltd	October 24, 1996
512. Cable Camden Ltd	September 30, 1996
513. Cable Enfield Ltd	September 30, 1996
514. Cable Hackney & Islington Ltd	September 30, 1996
515. Cable Haringey Ltd	September 30, 1996
516. Doncaster Cable Communications Ltd	September 11, 1996
517. Eurobell (South West) Ltd	June 28, 1996
518. Eurobell (Sussex) Ltd	June 28, 1996
519. Eurobell West Kent	July 21, 1997
520. Halifax Cable Communications Ltd	September 11, 1996
521. Imminus Ltd	October 2, 1996
522. Middlesex Cable Ltd	September 11, 1996

523. Sheffield Cable Communications Ltd	September 11, 1996
524. Telewest Communications (Central Lancashire) Ltd	September 26, 1996
525. Telewest Communications (Cotswolds) Ltd	September 26, 1996
526. Telewest Communications (Cumbernauld) Ltd	September 26, 1996
527. Telewest Communications (Dumbarton) Ltd	September 26, 1996
528. Telewest Communications (Dundee and Perth) Ltd	September 26, 1996
529. Telewest Communications (Dundee and Perth) Ltd	September 26, 1996
530. Telewest Communications (Falkirk) Ltd	September 26, 1996
531. Telewest Communications (Glenrothes) Ltd	September 26, 1996
532. Telewest Communications (Liverpool) Ltd	September 26, 1996
533. Telewest Communications (Liverpool) Ltd	September 26, 1996
534. Telewest Communications (London South) Ltd	September 26, 1996
535. Telewest Communications (London South) Ltd	September 26, 1996
536. Telewest Communications (London South) Ltd	September 26, 1996
537. Telewest Communications (Midlands) Ltd	September 26, 1996
538. Telewest Communications (Motherwell) Ltd	September 26, 1996
539. Telewest Communications (North East) Ltd	September 26, 1996
540. Telewest Communications (Scotland) Ltd	September 26, 1996
541. Telewest Communications (South East) Ltd	September 26, 1996
542. Telewest Communications (South Thames Estuary) Ltd	September 26, 1996
543. Telewest Communications (South West) Ltd	September 26, 1996
544. Telewest Communications (St Helens and Knowsley) Ltd	September 26, 1996
545. Telewest Communications (Telford) Ltd	September 26, 1996
546. Telewest Communications (Wigan) Ltd	September 26, 1996
547. Telewest Communications PLC	January 15, 1998
548. Wakefield Cable Communications Ltd	September 11, 1996
549. Windsor Television Ltd	September 11, 1996
550. Windsor Television Ltd	September 11, 1996
551. Yorkshire Cable Communications Ltd	September 11, 1996
552. Andover Cablevision Ltd	May 30, 1996
553. Anglia Cable Ltd	March 26, 1997
554. Cable Television Ltd	August 19, 1996
555. Cable Thames Valley Ltd	August 19, 1996
556. CableTel Cardiff Ltd	December 13, 1996
557. CableTel Central Hertfordshire Ltd	December 13, 1996
558. CableTel Hertfordshire Ltd	December 13, 1996
559. CableTel Herts and Beds Ltd	December 13, 1996

560. CableTel Newport	December 13, 1996
561. CableTel North Bedfordshire Ltd	December 13, 1996
562. CableTel Northern Ireland Ltd	April 15, 1996
563. CableTel Surrey and Hampshire Ltd	December 13, 1996
564. CableTel West Glamorgan Ltd	December 13, 1996
565. Comtel Coventry Ltd	September 29, 1997
566. Diamond Cable (GrimClee) Ltd	July 12, 1996
567. Diamond Cable (Leicester) Ltd	July 12, 1996
568. Diamond Cable (Lincoln) Ltd	July 12, 1996
569. Diamond Cable (Mansfield) Ltd	July 12, 1996
570. East Coast Cable Ltd	March 26, 1997
571. Heartland Cablevision UK Ltd	August 19, 1996
572. Herts Cable Ltd	August 19, 1996
573. Lichfield Cable Communications Ltd	March 25, 1997
574. National Transcommunications Ltd	December 22, 1997
575. NTL Cambridge Ltd	March 26, 1997
576. NTL Darlington Ltd	October 30, 1996
577. NTL Glasgow	December 13, 1996
578. NTL Glasgow	December 13, 1996
579. NTL Glasgow	December 13, 1996
580. NTL Glasgow	December 13, 1996
581. NTL Glasgow	December 13, 1996
582. NTL Group Ltd	November 21, 2000
583. NTL Kirklees	December 13, 1996
584. NTL Midlands Ltd	July 12, 1996
585. NTL Teesside Ltd	October 30, 1996
586. NTL Telecom Services Ltd	September 10, 1997
587. Oxford Cable Ltd	May 8, 1996
588. Stafford Communications Ltd	May 8, 1996
589. Swindon Cable Ltd	May 26, 1998
590. Wessex Cable Ltd	May 30, 1996

NOTICE TO BRITISH TELCOMMUNICATIONS PLC AND CABLE AND WIRELESS U.K. UNDER PARAGRAPH 22 OF SCHEDULE 18 TO THE COMMUNICATIONS ACT 2003

Notice that the “Direction under Regulation 6(6) of the Telecommunications (Interconnection) Regulations 1997 relating to a dispute between Cable and Wireless U.K. (“C&W”) and British Telecommunications plc (“BT”) over the provision of overflow capacity for DQ118 traffic” made on 19 March 2003 and continued by the continuation notice given to British Telecommunications plc and Cable and Wireless U.K. on 21 July 2003 will be revoked with effect from the date this notice is deemed to be effected in accordance with section 7 of the Interpretation Act 1978 and section 394(7) of the Communications Act 2003

1. The Director General of Telecommunications (“the Director”), in accordance with Paragraph 22(8) of Schedule 18 to the Communications Act 2003 (“the Act”) hereby gives notice to British Telecommunications plc (“BT”) and Cable and Wireless U.K. (“C&W”) that the “Direction under Regulation 6(6) of the Telecommunications (Interconnection) Regulations 1997 relating to a dispute between Cable and Wireless U.K. (“C&W”) and British Telecommunications plc (“BT”) over the provision of overflow capacity for DQ118 traffic” made on 19 March 2003 and which was continued by the continuation notice given to BT and C&W on 21 July 2003, which had effect from 25 July 2003 (“the Continued Interconnection Direction”), will be revoked with effect from the date this notice is deemed to be effected in accordance with section 7 of the Interpretation Act 1978 and section 394(7) of the Act.

2. In giving this notice, the Director has, in accordance with Paragraph 22(10) of Schedule 18 to the Act, taken all steps necessary for enabling him to decide whether or not to set a condition under Chapter 1 of Part 2 of the Act for the purpose of replacing the Continued Interconnection Direction and whether or not to exercise his power to set a condition under that Chapter for that purpose.

3. The Director issued a consultation as to his proposals to revoke the Continued Interconnection Direction on 2 October 2003 and requested comments by 9.00 a.m. on 16 October 2003. The Director has taken into account the comments he received during that consultation.

4. In this notice, except as otherwise provided or unless the context otherwise requires, words or expressions shall have the meaning assigned to them and otherwise any word or expression shall have the same meaning as it has in the Act. For the purposes of interpreting this notice, headings and titles shall be disregarded.

NEIL BUCKLEY
POLICY PROJECT DIRECTOR

A person duly authorised by the Director General of Telecommunications pursuant to paragraph 8 of Schedule 1 to the Telecommunications Act 1984

26 November 2003

NOTICE TO BRITISH TELECOMMUNICATIONS PLC UNDER PARAGRAPH 22 OF SCHEDULE 18 TO THE COMMUNICATIONS ACT 2003

Notice that the “Direction under the provisions of Regulation 6(3) of the Telecommunications (Interconnection) Regulations 1997 regarding BT’s NTS Discounts for calls to 0844 and 0871 numbers with effect from 1 October 2002” made on 25 March 2003 and continued by the continuation notice given to British Telecommunications plc on 21 July 2003 will be revoked with effect from the date this notice is deemed to be effected in accordance with section 7 of the Interpretation Act 1978 and section 394(7) of the Communications Act 2003

1. The Director General of Telecommunications (“the Director”), in accordance with Paragraph 22(8) of Schedule 18 to the Communications Act 2003 (“the Act”) hereby gives notice to British Telecommunications plc (“BT”) that the “Direction under the provisions of Regulation 6(3) of the Telecommunications (Interconnection) Regulations 1997 regarding BT’s NTS Discounts for calls to 0844 and 0871 numbers with effect from 1 October 2002” made on 25 March 2003 and which was continued by the continuation notice given to BT on 21 July 2003, which had effect from 25 July 2003 (“the Continued Interconnection Direction”), will be revoked with effect from the date this notice is deemed to be effected in accordance with section 7 of the Interpretation Act 1978 and section 394(7) of the Act.

2. In giving this notice, the Director has, in accordance with Paragraph 22(10) of Schedule 18 to the Act, taken all steps necessary for enabling him to decide whether or not to set a condition under Chapter 1 of Part 2 of the Act for the purpose of replacing the Continued Interconnection Direction and whether or not to exercise his power to set a condition under that Chapter for that purpose.

3. The Director issued a consultation as to his proposals to revoke the Continued Interconnection Direction on 2 October 2003 and requested comments by 9.00 a.m. on 16 October 2003. The Director has taken into account the comments he received during that consultation.

4. In this notice, except as otherwise provided or unless the context otherwise requires, words or expressions shall have the meaning assigned to them and otherwise any word or expression shall have the same meaning as it has in the Act. For the purposes of interpreting this notice, headings and titles shall be disregarded.

NEIL BUCKLEY
POLICY PROJECT DIRECTOR

A person duly authorised by the Director General of Telecommunications pursuant to paragraph 8 of Schedule 1 to the Telecommunications Act 1984

26 November 2003

NOTICE TO BRITISH TELECOMMUNICATIONS PLC UNDER PARAGRAPH 22 OF SCHEDULE 18 TO THE COMMUNICATIONS ACT 2003

Notice that the “Direction under the provisions of Regulation 6(3) of the Telecommunications (Interconnection) Regulations 1997 of BT's Retail Uplift charge for calls to operators' Number Translation Services from 1 April 2001” made on 25 March 2003 and continued by the continuation notice given to British Telecommunications plc on 21 July 2003 will be revoked with effect from the date this notice is deemed to be effected in accordance with section 7 of the Interpretation Act 1978 and section 394(7) of the Communications Act 2003

1. The Director General of Telecommunications (“the Director”), in accordance with Paragraph 22(8) of Schedule 18 to the Communications Act 2003 (“the Act”) hereby gives notice to British Telecommunications plc (“BT”) that the “Direction under the provisions of Regulation 6(3) of the Telecommunications (Interconnection) Regulations 1997 of BT's Retail Uplift charge for calls to operators' Number Translation Services from 1 April 2001” made on 25 March 2003 and which was continued by the continuation notice given to BT on 21 July 2003, which had effect from 25 July 2003 (“the Continued Interconnection Direction”), will be revoked with effect from the date this notice is deemed to be effected in accordance with section 7 of the Interpretation Act 1978 and section 394(7) of the Act.

2. In giving this notice, the Director has, in accordance with Paragraph 22(10) of Schedule 18 to the Act, taken all steps necessary for enabling him to decide whether or not to set a condition under Chapter 1 of Part 2 of the Act for the purpose of replacing the Continued Interconnection Direction and whether or not to exercise his power to set a condition under that Chapter for that purpose.

3. The Director issued a consultation as to his proposals to revoke the Continued Interconnection Direction on 2 October 2003 and requested comments by 9.00 a.m. on 16 October 2003. The Director has taken into account the comments he received during that consultation.

4. In this notice, except as otherwise provided or unless the context otherwise requires, words or expressions shall have the meaning assigned to them and otherwise any word or expression shall have the same meaning as it has in the Act. For the purposes of interpreting this notice, headings and titles shall be disregarded.

NEIL BUCKLEY
POLICY PROJECT DIRECTOR

A person duly authorised by the Director General of Telecommunications pursuant to paragraph 8 of Schedule 1 to the Telecommunications Act 1984

26 November 2003

NOTICE TO BRITISH TELECOMMUNICATIONS PLC AND ENERGIS COMMUNICATIONS LIMITED UNDER PARAGRAPH 22 OF SCHEDULE 18 TO THE COMMUNICATIONS ACT 2003

Notice that the “Amended Direction under the provisions of Regulation 6(6) of the Telecommunications (Interconnection) Regulations 1997 resolving a dispute between Energis and BT concerning BT’s method of calculating its NTS Retail Uplift charge since April 1997” made on 25 March 2003 and continued by the continuation notice given to British Telecommunications plc and Energis Communications Limited on 21 July 2003 will be revoked with effect from the date this notice is deemed to be effected in accordance with section 7 of the Interpretation Act 1978 and section 394(7) of the Communications Act 2003

1. The Director General of Telecommunications (“the Director”), in accordance with Paragraph 22(8) of Schedule 18 to the Communications Act 2003 (“the Act”) hereby gives notice to British Telecommunications plc (“BT”) and Energis Communications Limited (“Energis”) that the “Amended Direction under the provisions of Regulation 6(6) of the Telecommunications (Interconnection) Regulations 1997 resolving a dispute between Energis and BT concerning BT’s method of calculating its NTS Retail Uplift charge since April 1997” made on 25 March 2003 and which was continued by the continuation notice given to BT and Energis on 21 July 2003, which had effect from 25 July 2003 (“the Continued Interconnection Direction”), will be revoked with effect from the date this notice is deemed to be effected in accordance with section 7 of the Interpretation Act 1978 and section 394(7) of the Act.

2. In giving this notice, the Director has, in accordance with Paragraph 22(10) of Schedule 18 to the Act, taken all steps necessary for enabling him to decide whether or not to set a condition under Chapter 1 of Part 2 of the Act for the purpose of replacing the Continued Interconnection Direction and whether or not to exercise his power to set a condition under that Chapter for that purpose.

3. The Director issued a consultation as to his proposals to revoke the Continued Interconnection Direction on 2 October 2003 and requested comments by 9.00 a.m. on 16 October 2003. The Director has taken into account the comments he received during that consultation.

4. In this notice, except as otherwise provided or unless the context otherwise requires, words or expressions shall have the meaning assigned to them and otherwise any word or expression shall have the same meaning as it has in the Act. For the purposes of interpreting this notice, headings and titles shall be disregarded.

NEIL BUCKLEY
POLICY PROJECT DIRECTOR

A person duly authorised by the Director General of Telecommunications pursuant to paragraph 8 of Schedule 1 to the Telecommunications Act 1984

26 November 2003

NOTICE TO BRITISH TELECOMMUNICATIONS PLC UNDER PARAGRAPH 22 OF SCHEDULE 18 TO THE COMMUNICATIONS ACT 2003

Notice that the “Final re-amended Direction under the provisions of Regulation 6(3) of the Telecommunications (Interconnection) Regulations 1997 of BT's Retail Uplift charge for calls to operators' number translation services from 1 April 2000” made on 25 March 2003 and continued by the continuation notice given to British Telecommunications plc on 21 July 2003 will be revoked with effect from the date this notice is deemed to be effected in accordance with section 7 of the Interpretation Act 1978 and section 394(7) of the Communications Act 2003

1. The Director General of Telecommunications (“the Director”), in accordance with Paragraph 22(8) of Schedule 18 to the Communications Act 2003 (“the Act”) hereby gives notice to British Telecommunications plc (“BT”) that the “Final re-amended Direction under the provisions of Regulation 6(3) of the Telecommunications (Interconnection) Regulations 1997 of BT's Retail Uplift charge for calls to operators' number translation services from 1 April 2000” made on 25 March 2003 and which was continued by the continuation notice given to BT on 21 July 2003, which had effect from 25 July 2003 (“the Continued Interconnection Direction”), will be revoked with effect from the date this notice is deemed to be effected in accordance with section 7 of the Interpretation Act 1978 and section 394(7) of the Act.

2. In giving this notice, the Director has, in accordance with Paragraph 22(10) of Schedule 18 to the Act, taken all steps necessary for enabling him to decide whether or not to set a condition under Chapter 1 of Part 2 of the Act for the purpose of replacing the Continued Interconnection Direction and whether or not to exercise his power to set a condition under that Chapter for that purpose.

3. The Director issued a consultation as to his proposals to revoke the Continued Interconnection Direction on 2 October 2003 and requested comments by 9.00 a.m. on 16 October 2003. The Director has taken into account the comments he received during that consultation.

4. In this notice, except as otherwise provided or unless the context otherwise requires, words or expressions shall have the meaning assigned to them and otherwise any word or expression shall have the same meaning as it has in the Act. For the purposes of interpreting this notice, headings and titles shall be disregarded.

NEIL BUCKLEY
POLICY PROJECT DIRECTOR

A person duly authorised by the Director General of Telecommunications pursuant to paragraph 8 of Schedule 1 to the Telecommunications Act 1984

26 November 2003

NOTICE TO BRITISH TELECOMMUNICATIONS PLC AND CABLE & WIRELESS UK UNDER PARAGRAPH 22 OF SCHEDULE 18 TO THE COMMUNICATIONS ACT 2003

Notice that the “Direction under the provisions of Regulation 6(6) of the Telecommunications (Interconnection) Regulations 1997 resolving a dispute between Cable & Wireless UK (“C&W”) and British Telecommunications plc (“BT”) over a bad debt surcharge relating to calls to Premium Rate Services” made on 25 March 2003 and continued by the continuation notice given to British Telecommunications plc and Cable & Wireless UK on 21 July 2003 will be revoked with effect from the date this notice is deemed to be effected in accordance with section 7 of the Interpretation Act 1978 and section 394(7) of the Communications Act 2003

1. The Director General of Telecommunications (“the Director”), in accordance with Paragraph 22(8) of Schedule 18 to the Communications Act 2003 (“the Act”) hereby gives notice to British Telecommunications plc (“BT”) and Cable & Wireless UK (“C&W”) that the “Direction under the provisions of Regulation 6(6) of the Telecommunications (Interconnection) Regulations 1997 resolving a dispute between Cable & Wireless UK (“C&W”) and British Telecommunications plc (“BT”) over a bad debt surcharge relating to calls to Premium Rate Services” made on 25 March 2003 and which was continued by the continuation notice given to BT and C&W on 21 July 2003, which had effect from 25 July 2003 (“the Continued Interconnection Direction”), will be revoked with effect from the date this notice is deemed to be effected in accordance with section 7 of the Interpretation Act 1978 and section 394(7) of the Act.

2. In giving this notice, the Director has, in accordance with Paragraph 22(10) of Schedule 18 to the Act, taken all steps necessary for enabling him to decide whether or not to set a condition under Chapter 1 of Part 2 of the Act for the purpose of replacing the Continued Interconnection Direction and whether or not to exercise his power to set a condition under that Chapter for that purpose.

3. The Director issued a consultation as to his proposals to revoke the Continued Interconnection Direction on 2 October 2003 and requested comments by 9.00 a.m. on 16 October 2003. The Director has taken into account the comments he received during that consultation.

4. In this notice, except as otherwise provided or unless the context otherwise requires, words or expressions shall have the meaning assigned to them and otherwise any word or expression shall have the same meaning as it has in the Act. For the purposes of interpreting this notice, headings and titles shall be disregarded.

NEIL BUCKLEY
POLICY PROJECT DIRECTOR

A person duly authorised by the Director General of Telecommunications pursuant to paragraph 8 of Schedule 1 to the Telecommunications Act 1984

26 November 2003

NOTICE TO BRITISH TELECOMMUNICATIONS PLC AND THE OPERATORS LISTED IN THE SCHEDULE TO THIS NOTICE UNDER PARAGRAPH 22 OF SCHEDULE 18 TO THE COMMUNICATIONS ACT 2003

Notice that the “Direction under Regulation 6(6) of the Telecommunications (Interconnection) Regulations 1997 relating to a dispute between British Telecommunications plc (“BT”) and the Operators listed in the Schedule (“the Operators”) over the withdrawal of overflow facilities from NTS traffic” made on 17 April 2003 and continued by the continuation notice given to British Telecommunications plc and the Operators listed in the Schedule to this Notice on 21 July 2003 will be revoked with effect from the date this notice is deemed to be effected in accordance with section 7 of the Interpretation Act 1978 and section 394(7) of the Communications Act 2003

1. The Director General of Telecommunications (“the Director”), in accordance with Paragraph 22(8) of Schedule 18 to the Communications Act 2003 (“the Act”) hereby gives notice to British Telecommunications plc (“BT”) and the Operators listed in the Schedule to this Notice (“the Operators”) that the “Direction under Regulation 6(6) of the Telecommunications (Interconnection) Regulations 1997 relating to a dispute between British Telecommunications plc (“BT”) and the Operators listed in the Schedule (“the Operators”) over the withdrawal of overflow facilities from NTS traffic” made on 17 April 2003 and which was continued by the continuation notice given to BT and the Operators on 21 July 2003, which had effect from 25 July 2003 (“the Continued Interconnection Direction”), will be revoked with effect from the date this notice is deemed to be effected in accordance with section 7 of the Interpretation Act 1978 and section 394(7) of the Act.

2. In giving this notice, the Director has, in accordance with Paragraph 22(10) of Schedule 18 to the Act, taken all steps necessary for enabling him to decide whether or not to set a condition under Chapter 1 of Part 2 of the Act for the purpose of replacing the Continued Interconnection Direction and whether or not to exercise his power to set a condition under that Chapter for that purpose.

3. The Director issued a consultation as to his proposals to revoke the Continued Interconnection Direction on 2 October 2003 and requested comments by 9.00 a.m. on 16 October 2003. The Director has taken into account the comments he received during that consultation.

4. In this notice, except as otherwise provided or unless the context otherwise requires, words or expressions shall have the meaning assigned to them and otherwise any word or expression shall have the same meaning as it has in the Act. For the purposes of interpreting this notice, headings and titles shall be disregarded.

NEIL BUCKLEY
POLICY PROJECT DIRECTOR

A person duly authorised by the Director General of Telecommunications pursuant to paragraph 8 of Schedule 1 to the Telecommunications Act 1984

26 November 2003

Schedule

List of Operators and the date each of them entered into the Standard Interconnect Agreement with BT

1. Cable and Wireless plc – 1 May 1998
 2. Easynet Group plc – 18 December 1997
 3. Energis Communications Limited – 20 June 1997
 4. Ntl Group Limited – 22 December 1997
 5. Wavecrest (UK) Limited – 10 July 1997
-

NOTICE TO BRITISH TELECOMMUNICATIONS PLC AND CABLE & WIRELESS COMMUNICATIONS (MERCURY) LIMITED ('CABLE & WIRELESS UK') UNDER PARAGRAPH 22 OF SCHEDULE 18 TO THE COMMUNICATIONS ACT 2003

Notice that the "Direction under the provisions of Regulation 6(6) of the Telecommunications (Interconnection) Regulations 1997 of a dispute between Cable & Wireless Communications (Mercury) Limited ['Cable & Wireless UK'] ("C&W") and British Telecommunications plc ("BT") over BT's average Premium Rate Service discounts" made on 27 March 2002 and continued by the continuation notice given to British Telecommunications plc and Cable & Wireless Communications (Mercury) Limited ['Cable & Wireless UK'] on 21 July 2003 will be revoked with effect from the date this notice is deemed to be effected in accordance with section 7 of the Interpretation Act 1978 and section 394(7) of the Communications Act 2003

1. The Director General of Telecommunications ("the Director"), in accordance with Paragraph 22(8) of Schedule 18 to the Communications Act 2003 ("the Act") hereby gives notice to British Telecommunications plc ("BT") and Cable & Wireless Communications (Mercury) Limited ['Cable & Wireless UK'] ("C&W") that the "Direction under the provisions of Regulation 6(6) of the Telecommunications (Interconnection) Regulations 1997 of a dispute between Cable & Wireless Communications (Mercury) Limited ['Cable & Wireless UK'] ("C&W") and British Telecommunications plc ("BT") over BT's average Premium Rate Service discounts" made on 27 March 2002 and which was continued by the continuation notice given to BT and C&W on 21 July 2003, which had effect from 25 July 2003 ("the Continued Interconnection Direction"), will be revoked with effect from the date this notice is deemed to be effected in accordance with section 7 of the Interpretation Act 1978 and section 394(7) of the Act.

2. In giving this notice, the Director has, in accordance with Paragraph 22(10) of Schedule 18 to the Act, taken all steps necessary for enabling him to decide whether or not to set a condition under Chapter 1 of Part 2 of the Act for the purpose of replacing the Continued Interconnection Direction and whether or not to exercise his power to set a condition under that Chapter for that purpose.

3. The Director issued a consultation as to his proposals to revoke the Continued Interconnection Direction on 2 October 2003 and requested comments by 9.00 a.m. on 16 October 2003. The Director has taken into account the comments he received during that consultation.

4. In this notice, except as otherwise provided or unless the context otherwise requires, words or expressions shall have the meaning assigned to them and otherwise any word or expression shall have the same meaning as it has in the Act. For the purposes of interpreting this notice, headings and titles shall be disregarded.

NEIL BUCKLEY
POLICY PROJECT DIRECTOR

A person duly authorised by the Director General of Telecommunications pursuant to paragraph 8 of Schedule 1 to the Telecommunications Act 1984

26 November 2003

NOTICE TO BRITISH TELECOMMUNICATIONS PLC AND CABLE AND WIRELESS COMMUNICATIONS (MERCURY) LIMITED ('CABLE & WIRELESS UK') UNDER PARAGRAPH 22 OF SCHEDULE 18 TO THE COMMUNICATIONS ACT 2003

Notice that the "Direction under the provisions of Regulation 6(6) of the Telecommunications (Interconnection) Regulations 1997 of a dispute between Cable and Wireless Communications (Mercury) Limited ['Cable & Wireless UK'] ("C&W") and British Telecommunications plc ("BT") over BT's refusal to allow calls to NTS services to be excluded from its Retail Discounts" made on 31 May 2002 and continued by the continuation notice given to British Telecommunications plc and Cable and Wireless Communications (Mercury) Limited ['Cable & Wireless UK'] on 21 July 2003 will be revoked with effect from the date this notice is deemed to be effected in accordance with section 7 of the Interpretation Act 1978 and section 394(7) of the Communications Act 2003

1. The Director General of Telecommunications ("the Director"), in accordance with Paragraph 22(8) of Schedule 18 to the Communications Act 2003 ("the Act") hereby gives notice to British Telecommunications plc ("BT") and Cable and Wireless Communications (Mercury) Limited ['Cable & Wireless UK'] ("C&W") that the "Direction under the provisions of Regulation 6(6) of the Telecommunications (Interconnection) Regulations 1997 of a dispute between Cable and Wireless Communications (Mercury) Limited ['Cable & Wireless UK'] ("C&W") and British Telecommunications plc ("BT") over BT's refusal to allow calls to NTS services to be excluded from its Retail Discounts" made on 31 May 2002 and which was continued by the continuation notice given to BT and C&W on 21 July 2003, which had effect from 25 July 2003 ("the Continued Interconnection Direction"), will be revoked with effect from the date this notice is deemed to be effected in accordance with section 7 of the Interpretation Act 1978 and section 394(7) of the Act.

2. In giving this notice, the Director has, in accordance with Paragraph 22(10) of Schedule 18 to the Act, taken all steps necessary for enabling him to decide whether or not to set a condition under Chapter 1 of Part 2 of the Act for the purpose of replacing the Continued Interconnection Direction and whether or not to exercise his power to set a condition under that Chapter for that purpose.

3. The Director issued a consultation as to his proposals to revoke the Continued Interconnection Direction on 2 October 2003 and requested comments by 9.00 a.m. on 16 October 2003. The Director has taken into account the comments he received during that consultation.

4. In this notice, except as otherwise provided or unless the context otherwise requires, words or expressions shall have the meaning assigned to them and otherwise any word or expression shall have the same meaning as it has in the

Act. For the purposes of interpreting this notice, headings and titles shall be disregarded.

NEIL BUCKLEY
POLICY PROJECT DIRECTOR

A person duly authorised by the Director General of Telecommunications pursuant to paragraph 8 of Schedule 1 to the Telecommunications Act 1984

26 November 2003

NOTICE TO BRITISH TELECOMMUNICATIONS PLC AND THE OPERATORS LISTED IN THE SCHEDULE TO THIS NOTICE UNDER PARAGRAPH 22 OF SCHEDULE 18 TO THE COMMUNICATIONS ACT 2003

Notice that the “Direction under the provisions of Regulation 6(6) of the Telecommunications (Interconnection) Regulations 1997 of a dispute between British Telecommunications plc (“BT”) and the Operators listed in the Schedule to this Direction over BT’s proposal to charge for NTS call origination using INCA and CLI” made on 20 December 2001 and continued by the continuation notice given to British Telecommunications plc and the Operators listed in the Schedule to this Notice on 21 July 2003 will be revoked with effect from the date this notice is deemed to be effected in accordance with section 7 of the Interpretation Act 1978 and section 394(7) of the Communications Act 2003

1. The Director General of Telecommunications (“the Director”), in accordance with Paragraph 22(8) of Schedule 18 to the Communications Act 2003 (“the Act”) hereby gives notice to British Telecommunications plc (“BT”) and the Operators listed in the Schedule to this Notice (“the Operators”) that the “Direction under the provisions of Regulation 6(6) of the Telecommunications (Interconnection) Regulations 1997 of a dispute between British Telecommunications plc (“BT”) and the Operators listed in the Schedule to this Direction over BT’s proposal to charge for NTS call origination using INCA and CLI” made on 20 December 2001 and which was continued by the continuation notice given to BT and the Operators on 21 July 2003, which had effect from 25 July 2003 (“the Continued Interconnection Direction”), will be revoked with effect from the date this notice is deemed to be effected in accordance with section 7 of the Interpretation Act 1978 and section 394(7) of the Act.

2. In giving this notice, the Director has, in accordance with Paragraph 22(10) of Schedule 18 to the Act, taken all steps necessary for enabling him to decide whether or not to set a condition under Chapter 1 of Part 2 of the Act for the purpose of replacing the Continued Interconnection Direction and whether or not to exercise his power to set a condition under that Chapter for that purpose.

3. The Director issued a consultation as to his proposals to revoke the Continued Interconnection Direction on 2 October 2003 and requested comments by 9.00 a.m. on 16 October 2003. The Director has taken into account the comments he received during that consultation.

4. In this notice, except as otherwise provided or unless the context otherwise requires, words or expressions shall have the meaning assigned to them and otherwise any word or expression shall have the same meaning as it has in the Act. For the purposes of interpreting this notice, headings and titles shall be disregarded.

NEIL BUCKLEY
POLICY PROJECT DIRECTOR

A person duly authorised by the Director General of Telecommunications pursuant to paragraph 8 of Schedule 1 to the Telecommunications Act 1984

26 November 2003

Schedule

List of Operators and the date each of them entered into a Standard Interconnect Agreement with BT.

OPERATOR	AGREEMENT DATE
4D telecom Limited	July 20, 1998
ABS Telecom PLC	November 27, 1997
Atlantic Telecommunications Ltd	December 23, 1997
AUCS Communications Services (UK) Ltd	November 25, 1999
AXS Telecom (UK) Ltd	July 6, 1998
Birmingham Cable Ltd	October 22, 1997
Cable & Wireless Comms Ltd	May 1, 1998
Cable Thames Valley Ltd	October 22, 1997
CableTel Cardiff Ltd	December 22, 1997
CableTel Central Herts Ltd	December 22 1997
CableTel Hertfordshire Ltd	December 22 1997
CableTel Herts & Beds Ltd	December 22, 1997
CableTel Newport	December 22, 1997
CableTel North Bedfordshire Ltd	December 22, 1997
CableTel Surrey & Hampshire Ltd	December 22, 1997
CableTel West Glamorgan Ltd	December 22, 1997
Call Sciences Ltd	October 22, 1997
Carrier I Holdings Ltd	August 17, 1998
Cellcom Ltd	December 4, 1997
COLT Telecommunications Ltd	October 24, 1997
Concert Communications Company (‘Communications Networking Services (UK)’)	January 5, 2000
Core Telecomms Ltd (‘Core Telecommunications Limited’)	February 11, 1998
Destia Network Services Limited	December 12, 1997
Diamond Cable (Grimclee) Ltd	December 11, 1997
Diamond Cable (Leicester) Ltd	December 11, 1997
Diamond Cable (Lincoln) Ltd	December 11, 1997
Diamond Cable (Mansfield) Ltd	December 11, 1997
Dolphin Telecommunications Ltd	October 24, 1997
Easynet Group PLC	December 18, 1997
Easytalk Communications Ltd	February 16, 2000
EESCAPE Ltd	August 16, 1999
Eircom UK Limited	March 21, 2000
Energis Comms Ltd (‘Energis Communications Limited’)	December 10, 2000
Eurobell West Kent (‘Eurobell (West Kent) Limited’)	October 24, 1997
Facilicom International (UK) Ltd	February 20, 1998
First Telecom PLC	April 22, 1998

Freephone Telecommunications Ltd	October 5, 1998
Frontel Communications Ltd	October 29, 1997
Global Crossing (UK) Telecommunications Ltd	March 19, 1998
Global One Communications Holding Ltd	October 22, 1997
Global TeleSystems (UK) Limited	April 21, 1998
Intelnet Communications Limited	February 16, 1999
Interoute Telecommunications (Uk)Ltd	October 6, 1997
LDI Comms Ltd	November 6, 1997
Level 3 Communications Limited	March 24, 2000
London Digital Ltd	November 11, 1998
Mannesmann Ipulsys UK Ltd	February 19, 1999
MCI WorldCom Ltd	November 14, 1997
NetKonec Communications Ltd ('NetKonec Communications PLC')	March 8, 1999
Nevada TeleCom Ltd ('Energis Communications (Ireland) Limited')	January 24, 2000
North American Gateway Ltd	March 29, 1996
Your Telecommunications Ltd (previously Norweb)	October 24, 1997
National Telecommunications Ltd (ntl) ('ntl Group Limited')	December 22, 1997
ntl Glasgow (Bearsden) Ltd	December 22, 1997
ntl Glasgow (Greater Glasgow) Ltd	December 22, 1997
ntl Glasgow (Inverclyde) Ltd	December 22, 1997
ntl Glasgow (NW Glasgow) Ltd	December 22, 1997
ntl Glasgow (Paisley) Ltd	December 22, 1997
ntl Kirkcaldy	December 22, 1997
ntl Midlands	December 11, 1997
ntl Telecom Services Ltd	November 13, 1997
One 2 One Personal Communications Limited ('T-Mobile (UK) Limited')	January 28, 1998
One.Tel	February 19, 1999
Opal Telecommunications PLC	October 22, 1997
Opera Telecom Ltd	February 16, 2000
Orange Personal Communications Services Ltd	May 7, 1998
Pacific Gateway Exchange (UK) Ltd	June 30, 1998
Powernet Telecom Limited	June 2, 1999
Primus Telecomms Ltd ('Primus Telecommunications Limited')	November 12 1997
Rateflame Limited	June 25, 1999
RSL Com Europe Ltd	February 29, 1996
Stentor Communications Ltd	February 24, 1998
Syntec UK Ltd	February 5, 1999
T3 Telecommunications Limited	June 25, 1999
Tele 2 Communications Services Limited	March 30, 1999
Telecom one Ltd	May 12, 1998

Teleglobe International (UK) Ltd ('Teleglobe International Limited')	February 24, 1998
Telia UK Ltd ('Teliasonera International Carrier UK Limited')	October 22, 1997
Tiscali (formerly Telinco UK Ltd) ('Tiscali International Network Limited')	October 17, 1997
Telstra (UK) Ltd ('Reach Europe Limited')	October 28, 1997
Thus plc	November 27, 1997
Torc Europe Ltd	October 8, 1997
Kingston (Torch) ('Torch Communications Limited')	January 24, 1997
VBCnet (GB) Ltd	August 15, 1999
Via-Fon Ltd	April 23, 1999
Viatel UK Ltd	January 28, 1998
Viatel Global Comms Ltd (now ntl)	April 21, 1998
Vodafone Ltd	February 24, 1998
Worldxchange Communications Ltd Group	November 7, 1997

NOTICE TO BRITISH TELECOMMUNICATIONS PLC UNDER PARAGRAPH 22 OF SCHEDULE 18 TO THE COMMUNICATIONS ACT 2003

Notice that the “Final Determination of costs and charges for the provision by BT of permanent Carrier Pre-Selection facilities under the provisions of Condition 50A of BT’s Telecommunications Act Licence” and Regulation 6(3) of the Telecommunications (Interconnection) Regulations 1997 made on 30 August 2002 and continued by the continuation notice given to British Telecommunications plc on 21 July 2003 will be revoked with effect from the date this notice is deemed to be effected in accordance with section 7 of the Interpretation Act 1978 and section 394(7) of the Communications Act 2003

1. The Director General of Telecommunications (“the Director”), in accordance with Paragraph 22(8) of Schedule 18 to the Communications Act 2003 (“the Act”) hereby gives notice to British Telecommunications plc (“BT”) that the “Final Determination of costs and charges for the provision by BT of permanent Carrier Pre-Selection facilities under the provisions of Condition 50A of BT’s Telecommunications Act Licence” and Regulation 6(3) of the Telecommunications (Interconnection) Regulations 1997 made on 30 August 2002 and which was continued by the continuation notice given to BT on 21 July 2003, which had effect from 25 July 2003 (“the Continued Interconnection Direction”), will be revoked with effect from the date this notice is deemed to be effected in accordance with section 7 of the Interpretation Act 1978 and section 394(7) of the Act.

2. In giving this notice, the Director has, in accordance with Paragraph 22(10) of Schedule 18 to the Act, taken all steps necessary for enabling him to decide whether or not to set a condition under Chapter 1 of Part 2 of the Act for the purpose of replacing the Continued Interconnection Direction and whether or not to exercise his power to set a condition under that Chapter for that purpose.

3. The Director issued a consultation as to his proposals to revoke the Continued Interconnection Direction on 2 October 2003 and requested comments by 9.00 a.m. on 16 October 2003. The Director has taken into account the comments he received during that consultation.

4. In this notice, except as otherwise provided or unless the context otherwise requires, words or expressions shall have the meaning assigned to them and otherwise any word or expression shall have the same meaning as it has in the Act. For the purposes of interpreting this notice, headings and titles shall be disregarded.

NEIL BUCKLEY
POLICY PROJECT DIRECTOR

A person duly authorised by the Director General of Telecommunications pursuant to paragraph 8 of Schedule 1 to the Telecommunications Act 1984

26 November 2003

NOTICE TO BRITISH TELECOMMUNICATIONS PLC UNDER PARAGRAPH 22 OF SCHEDULE 18 TO THE COMMUNICATIONS ACT 2003

Notice that the “Final Determination of surcharges for the provision by BT of carrier pre-selection facilities under the provisions of Condition 50A of BT’s Telecommunications Act Licence” and Regulation 6(3) of the Telecommunications (Interconnection) Regulations 1997 made on 22 February 2002 and continued by the continuation notice given to British Telecommunications plc on 21 July 2003 will be revoked with effect from the date this notice is deemed to be effected in accordance with section 7 of the Interpretation Act 1978 and section 394(7) of the Communications Act 2003

1. The Director General of Telecommunications (“the Director”), in accordance with Paragraph 22(8) of Schedule 18 to the Communications Act 2003 (“the Act”) hereby gives notice to British Telecommunications plc (“BT”) that the “Final Determination of surcharges for the provision by BT of carrier pre-selection facilities under the provisions of Condition 50A of BT’s Telecommunications Act Licence” and Regulation 6(3) of the Telecommunications (Interconnection) Regulations 1997 made on 22 February 2002 and which was continued by the continuation notice given to BT on 21 July 2003, which had effect from 25 July 2003 (“the Continued Interconnection Direction”), will be revoked with effect from the date this notice is deemed to be effected in accordance with section 7 of the Interpretation Act 1978 and section 394(7) of the Act.

2. In giving this notice, the Director has, in accordance with Paragraph 22(10) of Schedule 18 to the Act, taken all steps necessary for enabling him to decide whether or not to set a condition under Chapter 1 of Part 2 of the Act for the purpose of replacing the Continued Interconnection Direction and whether or not to exercise his power to set a condition under that Chapter for that purpose.

3. The Director issued a consultation as to his proposals to revoke the Continued Interconnection Direction on 2 October 2003 and requested comments by 9.00 a.m. on 16 October 2003. The Director has taken into account the comments he received during that consultation.

4. In this notice, except as otherwise provided or unless the context otherwise requires, words or expressions shall have the meaning assigned to them and otherwise any word or expression shall have the same meaning as it has in the Act. For the purposes of interpreting this notice, headings and titles shall be disregarded.

NEIL BUCKLEY
POLICY PROJECT DIRECTOR

A person duly authorised by the Director General of Telecommunications pursuant to paragraph 8 of Schedule 1 to the Telecommunications Act 1984

26 November 2003

NOTICE TO BRITISH TELECOMMUNICATIONS PLC UNDER PARAGRAPH 22 OF SCHEDULE 18 TO THE COMMUNICATIONS ACT 2003

Notice that the “Determination pursuant to Condition 50A of the licence of British Telecommunications plc relating to ‘permanent’ carrier pre-selection” regarding costs and charges for provision by BT of permanent carrier pre-selection standard services for FeatureNet, FeatureLine and Embark customers and also made under the provisions of Regulation 6(3) of the Telecommunications (Interconnection) Regulations 1997 made on 26 November 2001 and continued by the continuation notice given to British Telecommunications plc on 21 July 2003 will be revoked with effect from the date this notice is deemed to be effected in accordance with section 7 of the Interpretation Act 1978 and section 394(7) of the Communications Act 2003

1. The Director General of Telecommunications (“the Director”), in accordance with Paragraph 22(8) of Schedule 18 to the Communications Act 2003 (“the Act”) hereby gives notice to British Telecommunications plc (“BT”) that the “Determination pursuant to Condition 50A of the licence of British Telecommunications plc relating to ‘permanent’ carrier pre-selection” regarding costs and charges for provision by BT of permanent carrier pre-selection standard services for FeatureNet, FeatureLine and Embark customers and also made under the provisions of Regulation 6(3) of the Telecommunications (Interconnection) Regulations 1997 made on 26 November 2001 and which was continued by the continuation notice given to BT on 21 July 2003, which had effect from 25 July 2003 (“the Continued Interconnection Direction”), will be revoked with effect from the date this notice is deemed to be effected in accordance with section 7 of the Interpretation Act 1978 and section 394(7) of the Act.

2. In giving this notice, the Director has, in accordance with Paragraph 22(10) of Schedule 18 to the Act, taken all steps necessary for enabling him to decide whether or not to set a condition under Chapter 1 of Part 2 of the Act for the purpose of replacing the Continued Interconnection Direction and whether or not to exercise his power to set a condition under that Chapter for that purpose.

3. The Director issued a consultation as to his proposals to revoke the Continued Interconnection Direction on 2 October 2003 and requested comments by 9.00 a.m. on 16 October 2003. The Director has taken into account the comments he received during that consultation.

4. In this notice, except as otherwise provided or unless the context otherwise requires, words or expressions shall have the meaning assigned to them and otherwise any word or expression shall have the same meaning as it has in the Act. For the purposes of interpreting this notice, headings and titles shall be disregarded.

NEIL BUCKLEY
POLICY PROJECT DIRECTOR

A person duly authorised by the Director General of Telecommunications pursuant to paragraph 8 of Schedule 1 to the Telecommunications Act 1984

26 November 2003

NOTICE TO BRITISH TELECOMMUNICATIONS PLC AND CABLE AND WIRELESS COMMUNICATIONS ('CABLE & WIRELESS UK') UNDER PARAGRAPH 22 OF SCHEDULE 18 TO THE COMMUNICATIONS ACT 2003

Notice that the "Determination under the provisions of Regulation 6(6) of the Telecommunications (Interconnection) Regulations 1997 of a dispute between British Telecommunications plc ("BT") and Cable And Wireless Communications ['Cable & Wireless UK'] ("CWC")" concerning CWC's deemed NTS retail price and CWC's de-averaged NTS conveyance charge made on 29 March 2001 and continued by the continuation notice given to British Telecommunications plc and Cable And Wireless Communications ['Cable & Wireless UK'] on 21 July 2003 will be revoked with effect from the date this notice is deemed to be effected in accordance with section 7 of the Interpretation Act 1978 and section 394(7) of the Communications Act 2003

1. The Director General of Telecommunications ("the Director"), in accordance with Paragraph 22(8) of Schedule 18 to the Communications Act 2003 ("the Act") hereby gives notice to British Telecommunications plc ("BT") and Cable And Wireless Communications ['Cable & Wireless UK'] ("CWC") that the "Determination under the provisions of Regulation 6(6) of the Telecommunications (Interconnection) Regulations 1997 of a dispute between British Telecommunications plc ("BT") and Cable And Wireless Communications ['Cable & Wireless UK'] ("CWC")" concerning CWC's deemed NTS retail price and CWC's de-averaged NTS conveyance charge made on 29 March 2001 and which was continued by the continuation notice given to BT and CWC on 21 July 2003, which had effect from 25 July 2003 ("the Continued Interconnection Direction"), will be revoked with effect from the date this notice is deemed to be effected in accordance with section 7 of the Interpretation Act 1978 and section 394(7) of the Act.

2. In giving this notice, the Director has, in accordance with Paragraph 22(10) of Schedule 18 to the Act, taken all steps necessary for enabling him to decide whether or not to set a condition under Chapter 1 of Part 2 of the Act for the purpose of replacing the Continued Interconnection Direction and whether or not to exercise his power to set a condition under that Chapter for that purpose.

3. The Director issued a consultation as to his proposals to revoke the Continued Interconnection Direction on 2 October 2003 and requested comments by 9.00 a.m. on 16 October 2003. The Director has taken into account the comments he received during that consultation.

4. In this notice, except as otherwise provided or unless the context otherwise requires, words or expressions shall have the meaning assigned to them and otherwise any word or expression shall have the same meaning as it has in the Act. For the purposes of interpreting this notice, headings and titles shall be disregarded.

NEIL BUCKLEY
POLICY PROJECT DIRECTOR

A person duly authorised by the Director General of Telecommunications pursuant to paragraph 8 of Schedule 1 to the Telecommunications Act 1984

26 November 2003

NOTICE TO BRITISH TELECOMMUNICATIONS PLC AND THE OPERATORS LISTED IN THE SCHEDULE TO THIS NOTICE UNDER PARAGRAPH 22 OF SCHEDULE 18 TO THE COMMUNICATIONS ACT 2003

Notice that the “Determination under the provisions of Regulation 6(6) of the Telecommunications (Interconnection) Regulations 1997 of a dispute between British Telecommunications plc (“BT”) and the Operators listed in the Schedule to this Determination over BT’s proposal to charge for NTS links from 1 January 2001” made on 27 June 2001 and continued by the continuation notice given to British Telecommunications plc and the Operators listed in the Schedule to this Notice on 21 July 2003 will be revoked with effect from the date this notice is deemed to be effected in accordance with section 7 of the Interpretation Act 1978 and section 394(7) of the Communications Act 2003

1. The Director General of Telecommunications (“the Director”), in accordance with Paragraph 22(8) of Schedule 18 to the Communications Act 2003 (“the Act”) hereby gives notice to British Telecommunications plc (“BT”) and the Operators listed in the Schedule to this Notice (“the Operators”) that the “Determination under the provisions of Regulation 6(6) of the Telecommunications (Interconnection) Regulations 1997 of a dispute between British Telecommunications plc (“BT”) and the Operators listed in the Schedule to this Determination over BT’s proposal to charge for NTS links from 1 January 2001” made on 27 June 2001 and which was continued by the continuation notice given to BT and the Operators on 21 July 2003, which had effect from 25 July 2003 (“the Continued Interconnection Direction”), will be revoked with effect from the date this notice is deemed to be effected in accordance with section 7 of the Interpretation Act 1978 and section 394(7) of the Act.

2. In giving this notice, the Director has, in accordance with Paragraph 22(10) of Schedule 18 to the Act, taken all steps necessary for enabling him to decide whether or not to set a condition under Chapter 1 of Part 2 of the Act for the purpose of replacing the Continued Interconnection Direction and whether or not to exercise his power to set a condition under that Chapter for that purpose.

3. The Director issued a consultation as to his proposals to revoke the Continued Interconnection Direction on 2 October 2003 and requested comments by 9.00 a.m. on 16 October 2003. The Director has taken into account the comments he received during that consultation.

4. In this notice, except as otherwise provided or unless the context otherwise requires, words or expressions shall have the meaning assigned to them and otherwise any word or expression shall have the same meaning as it has in the Act. For the purposes of interpreting this notice, headings and titles shall be disregarded.

NEIL BUCKLEY
POLICY PROJECT DIRECTOR

A person duly authorised by the Director General of Telecommunications pursuant to paragraph 8 of Schedule 1 to the Telecommunications Act 1984

26 November 2003

Schedule

List of Operators and the date each of them entered into a Standard Interconnect Agreement with BT.

OPERATOR	AGREEMENT DATE
4D telecom Limited	July 20, 1998
ABS Telecom PLC	November 27, 1997
Alpha Telecom (UK) Ltd	August 11, 1999
America First Ltd	October 19, 1998
Atlantic Telecommunications Ltd	September 22, 1997
AUCS Communications Services (UK) Ltd	November 25, 1999
AXS Telecom (UK) Ltd	July 6, 1998
Broadsystem Ventures Ltd	May 24, 1999
Cable & Wireless Communications (Mercury) Limited ** ('Cable & Wireless UK')	September 23, 1997
Call Sciences Ltd	June 13, 1997
Call Uk Limited	July 22, 1999
Call-Link Communications Ltd	May 10, 2000
Callmate Telecom Ltd	November 11, 1998
Cellcom Ltd	December 4, 1997
Concert Communications Company (('Communications Networking Services (UK)')	January 5, 2000
Core Telecommunications Ltd	February 11, 1998
Destia Network Services Limited	March 13, 1997
Dolphin Telecommunications Ltd	May 11, 1998
Easynet Group PLC **	December 18, 1997
Easytalk Communications Ltd	February 16, 2000
Ecosse Telecommunications Ltd	November 11, 1998
Eircom (UK) Limited	March 21, 2000
Energis Communications Ltd **	June 20, 1997
Eurobell Ltd	June 28, 1996
Facilicom International (UK) Ltd	February 20, 1998
First Telecom PLC	April 22, 1998
Freephone Telecommunications Ltd	October 5, 1998
Frontel Communications Ltd	June 27, 1997
Global Crossing (UK) Telecommunications Ltd **	August 31, 1995
Global One Communications Holding Ltd	May 13, 1997
Global TeleSystems(UK)Limited	April 28, 1995
IDT Global Limited	April 21, 1999
Intelligent Network Management Services (UK) Ltd	December 23, 1999
Intelnet Communications Limited	February 16, 1999
Interoute Telecommunications (UK) Ltd	July 10, 1997
Interweb Design Limited	April 6, 2000
Iomart Limited	March 29, 1999
KDD Europe Limited ('KDDI Europe Limited')	August 13, 1997
Kingston Communications (Hull) PLC	December 17, 1998

Level 3 Communications Limited	March 24, 2000
London Digital Ltd	November 11, 1998
Long Distance International Ltd	September 10, 1997
MCI WorldCom Ltd ** ('MCI Worldcom UK Limited')	February 20, 1997
MNS Limited	May 2, 2000
NetKonect Communications Ltd ('NetKonect Communications PLC')	March 8, 1999
Nevada Tele.Com Limited ('Energis Communications (Ireland) Limited')	January 24, 2000
Norweb Telecom Ltd (Your Telecommunications Ltd)	February 28, 1997
ntl Ltd	July 12, 1996
One 2 One Personal Communications Limited ('T-Mobile (UK) Limited')	June 17, 1996
One.Tel Limited	February 19, 1999
Opal Telecommunications PLC	December 17, 1996
Orange Personal Communications Services Ltd **	December 13, 1996
Pacific Gateway Exchange (UK) Ltd	June 30, 1998
Patientline Limited	April 18, 2000
Powernet Telecom Limited	June 2, 1999
Rateflame Limited **	June 25, 1999
Redstone Network Services Ltd ** ('Redstone Communications Limited')	May 22, 1996
RSL Com Europe Ltd	February 29, 1996
Skymaker Limited	December 9, 1998
Starcomm Limited	November 2, 1999
Startec Global Communications UK Limited	September 15, 1999
Stentor Communications Ltd	February 24, 1998
T3 Telecommunications Limited	June 25, 1999
Talk Telecom Limited	October 14, 1999
Tele 2 Communications Services Limited	March 30, 1999
Telecom Art Limited	April 20, 1999
Telecom One Ltd	May 12, 1998
Teleglobe International (UK) Ltd	January 13, 1997
Telewest ('Telewest Limited')	September 26, 1996
Telstra (UK) Ltd ('Reach Europe Limited')	March 27, 1997
The Phone Company Ltd	June 30, 1997
Thus plc **	August 16, 1996
Torc Europe Ltd	August 1, 1996
Torch Communications Ltd **	February 26, 1997
Unisource Carrier Services UK Ltd	December 4, 1997
Unitel Communications Limited	February 1, 1999
Vartec Telecom (U.K.) Limited	October 12, 1998
VBCnet (GB) Ltd	August 15, 1999
Viatel UK Ltd **	April 28, 1995
Vodafone Ltd **	May 10, 1996
World Access Telecommunications Group Ltd	December 4, 1996
World Online UK Ltd (as Telinco) **	January 13, 1997

Worldxchange Communications Ltd
WXC London Limited

September 27, 1996
June 19, 1997

** Operators originally referred by Thus

NOTICE TO BRITISH TELECOMMUNICATIONS PLC AND ORANGE PERSONAL COMMUNICATIONS LIMITED UNDER PARAGRAPH 22 OF SCHEDULE 18 TO THE COMMUNICATIONS ACT 2003

Notice that the “Direction relating to a dispute between BT and Orange concerning the sharing of costs for customer sited interconnect” made under the provisions of Regulation 6(6) of the Telecommunications (Interconnection) Regulations 1997 and made on 15 October 1999 and continued by the continuation notice given to British Telecommunications plc and Orange Personal Communications Limited on 21 July 2003 will be revoked with effect from the date this notice is deemed to be effected in accordance with section 7 of the Interpretation Act 1978 and section 394(7) of the Communications Act 2003

1. The Director General of Telecommunications (“the Director”), in accordance with Paragraph 22(8) of Schedule 18 to the Communications Act 2003 (“the Act”) hereby gives notice to British Telecommunications plc (“BT”) and Orange Personal Communications Limited (“Orange”) that the “Direction relating to a dispute between BT and Orange concerning the sharing of costs for customer sited interconnect” made under the provisions of Regulation 6(6) of the Telecommunications (Interconnection) Regulations 1997 and made on 15 October 1999 and which was continued by the continuation notice given to BT and Orange on 21 July 2003, which had effect from 25 July 2003 (“the Continued Interconnection Direction”), will be revoked with effect from the date this notice is deemed to be effected in accordance with section 7 of the Interpretation Act 1978 and section 394(7) of the Act.

2. In giving this notice, the Director has, in accordance with Paragraph 22(10) of Schedule 18 to the Act, taken all steps necessary for enabling him to decide whether or not to set a condition under Chapter 1 of Part 2 of the Act for the purpose of replacing the Continued Interconnection Direction and whether or not to exercise his power to set a condition under that Chapter for that purpose.

3. The Director issued a consultation as to his proposals to revoke the Continued Interconnection Direction on 2 October 2003 and requested comments by 9.00 a.m. on 16 October 2003. The Director has taken into account the comments he received during that consultation.

4. In this notice, except as otherwise provided or unless the context otherwise requires, words or expressions shall have the meaning assigned to them and otherwise any word or expression shall have the same meaning as it has in the Act. For the purposes of interpreting this notice, headings and titles shall be disregarded.

NEIL BUCKLEY
POLICY PROJECT DIRECTOR

A person duly authorised by the Director General of Telecommunications pursuant to paragraph 8 of Schedule 1 to the Telecommunications Act 1984

26 November 2003

NOTICE TO BRITISH TELECOMMUNICATIONS PLC AND THE OPERATORS LISTED IN THE SCHEDULE TO THIS NOTICE UNDER PARAGRAPH 22 OF SCHEDULE 18 TO THE COMMUNICATIONS ACT 2003

Notice that the “Direction under the provisions of Regulation 6(6) of the Telecommunications (Interconnection) Regulations 1997 of a dispute between British Telecommunications plc and each of the Operators listed in the Schedule to this Direction” concerning BT’s NTS conveyance charge made on 1 November 1999 and continued by the continuation notice given to British Telecommunications plc and the operators listed in the Schedule to this Notice on 21 July 2003 will be revoked with effect from the date this notice is deemed to be effected in accordance with section 7 of the Interpretation Act 1978 and section 394(7) of the Communications Act 2003

1. The Director General of Telecommunications (“the Director”), in accordance with Paragraph 22(8) of Schedule 18 to the Communications Act 2003 (“the Act”) hereby gives notice to British Telecommunications plc (“BT”) and the operators listed in the Schedule to this Notice (“the Operators”) that the “Direction under the provisions of Regulation 6(6) of the Telecommunications (Interconnection) Regulations 1997 of a dispute between British Telecommunications plc and each of the Operators listed in the Schedule to this Direction” concerning BT’s NTS conveyance charge made on 1 November 1999 and which was continued by the continuation notice given to BT and the Operators on 21 July 2003, which had effect from 25 July 2003 (“the Continued Interconnection Direction”), will be revoked with effect from the date this notice is deemed to be effected in accordance with section 7 of the Interpretation Act 1978 and section 394(7) of the Act.

2. In giving this notice, the Director has, in accordance with Paragraph 22(10) of Schedule 18 to the Act, taken all steps necessary for enabling him to decide whether or not to set a condition under Chapter 1 of Part 2 of the Act for the purpose of replacing the Continued Interconnection Direction and whether or not to exercise his power to set a condition under that Chapter for that purpose.

3. The Director issued a consultation as to his proposals to revoke the Continued Interconnection Direction on 2 October 2003 and requested comments by 9.00 a.m. on 16 October 2003. The Director has taken into account the comments he received during that consultation.

4. In this notice, except as otherwise provided or unless the context otherwise requires, words or expressions shall have the meaning assigned to them and otherwise any word or expression shall have the same meaning as it has in the Act. For the purposes of interpreting this notice, headings and titles shall be disregarded.

NEIL BUCKLEY
POLICY PROJECT DIRECTOR

A person duly authorised by the Director General of Telecommunications pursuant to paragraph 8 of Schedule 1 to the Telecommunications Act 1984

26 November 2003

Schedule

The attached list of Operators comprises the original Schedule 1 to the Continued Interconnection Direction (the “List”). The column headed “Agreement” provides the date each Operator entered into the Standard Interconnect Agreement with BT.

Where Operators comprised in the List have changed their name from that used in the List, both the current name of the Operator and the name used in the List are provided below.

OPERATOR NAME USED IN LIST

KDD Europe Limited

Mercury Communications Ltd

Mercury Personal Communications Ltd

One 2 One Personal Communications Limited

Redstone Network Services Ltd

Telia UK Ltd

Telstra (UK) Ltd

CURRENT OPERATOR NAME

KDDI Europe Limited

Cable & Wireless UK

T-Mobile (UK) Limited

T-Mobile (UK) Limited

Redstone Communications
LimitedTeliasonera International Carrier
UK LimitedReach Europe Limited

NOTICE TO BRITISH TELECOMMUNICATIONS PLC AND CABLE & WIRELESS COMMUNICATIONS PLC UNDER PARAGRAPH 22 OF SCHEDULE 18 TO THE COMMUNICATIONS ACT 2003

Notice that the “Direction under the provisions of Regulation 6(6) of the Telecommunications (Interconnection) Regulations 1997 of a dispute between Cable & Wireless Communications plc (“C&W”) and British Telecommunications plc (“BT”) concerning BT’s retention for the origination of calls to DQ118 services” made on 26 June 2003 and continued by the continuation notice given to British Telecommunications plc and Cable & Wireless Communications plc on 21 July 2003 will be revoked with effect from the date this notice is deemed to be effected in accordance with section 7 of the Interpretation Act 1978 and section 394(7) of the Communications Act 2003

1. The Director General of Telecommunications (“the Director”), in accordance with Paragraph 22(8) of Schedule 18 to the Communications Act 2003 (“the Act”) hereby gives notice to British Telecommunications plc (“BT”) and Cable & Wireless Communications plc (“C&W”) that the “Direction under the provisions of Regulation 6(6) of the Telecommunications (Interconnection) Regulations 1997 of a dispute between Cable & Wireless Communications plc (“C&W”) and British Telecommunications plc (“BT”) concerning BT’s retention for the origination of calls to DQ118 services” made on 26 June 2003 and which was continued by the continuation notice given to BT and C&W on 21 July 2003, which had effect from 25 July 2003 (“the Continued Interconnection Direction”), will be revoked with effect from the date this notice is deemed to be effected in accordance with section 7 of the Interpretation Act 1978 and section 394(7) of the Act.

2. In giving this notice, the Director has, in accordance with Paragraph 22(10) of Schedule 18 to the Act, taken all steps necessary for enabling him to decide whether or not to set a condition under Chapter 1 of Part 2 of the Act for the purpose of replacing the Continued Interconnection Direction and whether or not to exercise his power to set a condition under that Chapter for that purpose.

3. The Director issued a consultation as to his proposals to revoke the Continued Interconnection Direction on 2 October 2003 and requested comments by 9.00 a.m. on 16 October 2003. The Director has taken into account the comments he received during that consultation.

4. In this notice, except as otherwise provided or unless the context otherwise requires, words or expressions shall have the meaning assigned to them and otherwise any word or expression shall have the same meaning as it has in the Act. For the purposes of interpreting this notice, headings and titles shall be disregarded.

NEIL BUCKLEY
POLICY PROJECT DIRECTOR

A person duly authorised by the Director General of Telecommunications pursuant to paragraph 8 of Schedule 1 to the Telecommunications Act 1984

26 November 2003

NOTICE TO BRITISH TELECOMMUNICATIONS PLC UNDER PARAGRAPH 22 OF SCHEDULE 18 TO THE COMMUNICATIONS ACT 2003

Notice that the “Direction under Regulations 6(3) of the Telecommunications (Interconnection) Regulations 1997 regarding BT's use of 'cancel other' orders in the carrier pre-selection process” made on 8 July 2003 and continued by the continuation notice given to British Telecommunications plc on 21 July 2003 will be revoked with effect from the date this notice is deemed to be effected in accordance with section 7 of the Interpretation Act 1978 and section 394(7) of the Communications Act 2003

1. The Director General of Telecommunications (“the Director”), in accordance with Paragraph 22(8) of Schedule 18 to the Communications Act 2003 (“the Act”) hereby gives notice to British Telecommunications plc (“BT”) that the “Direction under Regulations 6(3) of the Telecommunications (Interconnection) Regulations 1997 regarding BT's use of 'cancel other' orders in the carrier pre-selection process” made on 8 July 2003 and which was continued by the continuation notice given to BT on 21 July 2003, which had effect from 25 July 2003 (“the Continued Interconnection Direction”), will be revoked with effect from the date this notice is deemed to be effected in accordance with section 7 of the Interpretation Act 1978 and section 394(7) of the Act.

2. In giving this notice, the Director has, in accordance with Paragraph 22(10) of Schedule 18 to the Act, taken all steps necessary for enabling him to decide whether or not to set a condition under Chapter 1 of Part 2 of the Act for the purpose of replacing the Continued Interconnection Direction and whether or not to exercise his power to set a condition under that Chapter for that purpose.

3. The Director issued a consultation as to his proposals to revoke the Continued Interconnection Direction on 2 October 2003 and requested comments by 9.00 a.m. on 16 October 2003. The Director has taken into account the comments he received during that consultation.

4. In this notice, except as otherwise provided or unless the context otherwise requires, words or expressions shall have the meaning assigned to them and otherwise any word or expression shall have the same meaning as it has in the Act. For the purposes of interpreting this notice, headings and titles shall be disregarded.

NEIL BUCKLEY
POLICY PROJECT DIRECTOR

A person duly authorised by the Director General of Telecommunications pursuant to paragraph 8 of Schedule 1 to the Telecommunications Act 1984

26 November 2003

NOTICE TO BRITISH TELCOMMUNICATIONS PLC AND CABLE AND WIRELESS U.K UNDER PARAGRAPH 22 OF SCHEDULE 18 TO THE COMMUNICATIONS ACT 2003

Notice that the “Direction under regulation 6(6) of the Telecommunications (Interconnection) Regulations 1997 relating to a dispute between Cable and Wireless U.K. (“C&W”) and British Telecommunications plc (“BT”) over the provision of a local to tandem and inter-tandem transit service for indirect access traffic” made on 14 July 2003 and continued by the continuation notice given to British Telecommunications plc and Cable and Wireless U.K. on 21 July 2003 will be revoked with effect from the date this notice is deemed to be effected in accordance with section 7 of the Interpretation Act 1978 and section 394(7) of the Communications Act 2003

1. The Director General of Telecommunications (“the Director”), in accordance with Paragraph 22(8) of Schedule 18 to the Communications Act 2003 (“the Act”) hereby gives notice to British Telecommunications plc (“BT”) and Cable and Wireless U.K. (“C&W”) that the “Direction under regulation 6(6) of the Telecommunications (Interconnection) Regulations 1997 relating to a dispute between Cable and Wireless U.K. (“C&W”) and British Telecommunications plc (“BT”) over the provision of a local to tandem and inter-tandem transit service for indirect access traffic” made on 14 July 2003 and which was continued by the continuation notice given to BT and C&W on 21 July 2003, which had effect from 25 July 2003 (“the Continued Interconnection Direction”), will be revoked with effect from the date this notice is deemed to be effected in accordance with section 7 of the Interpretation Act 1978 and section 394(7) of the Act.

2. In giving this notice, the Director has, in accordance with Paragraph 22(10) of Schedule 18 to the Act, taken all steps necessary for enabling him to decide whether or not to set a condition under Chapter 1 of Part 2 of the Act for the purpose of replacing the Continued Interconnection Direction and whether or not to exercise his power to set a condition under that Chapter for that purpose.

3. The Director issued a consultation as to his proposals to revoke the Continued Interconnection Direction on 2 October 2003 and requested comments by 9.00 a.m. on 16 October 2003. The Director has taken into account the comments he received during that consultation.

4. In this notice, except as otherwise provided or unless the context otherwise requires, words or expressions shall have the meaning assigned to them and otherwise any word or expression shall have the same meaning as it has in the Act. For the purposes of interpreting this notice, headings and titles shall be disregarded.

NEIL BUCKLEY
POLICY PROJECT DIRECTOR

A person duly authorised by the Director General of Telecommunications pursuant to paragraph 8 of Schedule 1 to the Telecommunications Act 1984

26 November 2003

NOTICE TO BRITISH TELCOMMUNICATIONS PLC UNDER PARAGRAPH 22 OF SCHEDULE 18 TO THE COMMUNICATIONS ACT 2003

Notice that the “Direction under the provisions of Regulation 6(3) of the Telecommunications (Interconnection) Regulations 1997 regarding the Intelligent Network Charge for Flat Rate Internet Access Call Origination” made on 21 July 2003 and continued by the continuation notice given to British Telecommunications plc on 21 July 2003 will be revoked with effect from the date this notice is deemed to be effected in accordance with section 7 of the Interpretation Act 1978 and section 394(7) of the Communications Act 2003

1. The Director General of Telecommunications (“the Director”), in accordance with Paragraph 22(8) of Schedule 18 to the Communications Act 2003 (“the Act”) hereby gives notice to British Telecommunications plc (“BT”) that the “Direction under the provisions of Regulation 6(3) of the Telecommunications (Interconnection) Regulations 1997 regarding the Intelligent Network Charge for Flat Rate Internet Access Call Origination” made on 21 July 2003 and which was continued by the continuation notice given to BT on 21 July 2003, which had effect from 25 July 2003 (“the Continued Interconnection Direction”), will be revoked with effect from the date this notice is deemed to be effected in accordance with section 7 of the Interpretation Act 1978 and section 394(7) of the Act.

2. In giving this notice, the Director has, in accordance with Paragraph 22(10) of Schedule 18 to the Act, taken all steps necessary for enabling him to decide whether or not to set a condition under Chapter 1 of Part 2 of the Act for the purpose of replacing the Continued Interconnection Direction and whether or not to exercise his power to set a condition under that Chapter for that purpose.

3. The Director issued a consultation as to his proposals to revoke the Continued Interconnection Direction on 2 October 2003 and requested comments by 9.00 a.m. on 16 October 2003. The Director has taken into account the comments he received during that consultation.

4. In this notice, except as otherwise provided or unless the context otherwise requires, words or expressions shall have the meaning assigned to them and otherwise any word or expression shall have the same meaning as it has in the Act. For the purposes of interpreting this notice, headings and titles shall be disregarded.

NEIL BUCKLEY
POLICY PROJECT DIRECTOR

A person duly authorised by the Director General of Telecommunications pursuant to paragraph 8 of Schedule 1 to the Telecommunications Act 1984

26 November 2003

NOTICE TO BRITISH TELCOMMUNICATIONS PLC UNDER PARAGRAPH 22 OF SCHEDULE 18 TO THE COMMUNICATIONS ACT 2003

Notice that the “Amendment to the Direction under the provisions of Regulation 6(3) of the Telecommunications (Interconnection) Regulations 1997 of BT’s NTS Retail Uplift charge for calls to operators’ Number Translation Services from 1 April 2001” made on 18 July 2003 and continued by the continuation notice given to British Telecommunications plc on 21 July 2003 will be revoked with effect from the date this notice is deemed to be effected in accordance with section 7 of the Interpretation Act 1978 and section 394(7) of the Communications Act 2003

1. The Director General of Telecommunications (“the Director”), in accordance with Paragraph 22(8) of Schedule 18 to the Communications Act 2003 (“the Act”) hereby gives notice to British Telecommunications plc (“BT”) that the “Amendment to the Direction under the provisions of Regulation 6(3) of the Telecommunications (Interconnection) Regulations 1997 of BT’s NTS Retail Uplift charge for calls to operators’ Number Translation Services from 1 April 2001” made on 18 July 2003 and which was continued by the continuation notice given to BT on 21 July 2003, which had effect from 25 July 2003 (“the Continued Interconnection Direction”), will be revoked with effect from the date this notice is deemed to be effected in accordance with section 7 of the Interpretation Act 1978 and section 394(7) of the Act.

2. In giving this notice, the Director has, in accordance with Paragraph 22(10) of Schedule 18 to the Act, taken all steps necessary for enabling him to decide whether or not to set a condition under Chapter 1 of Part 2 of the Act for the purpose of replacing the Continued Interconnection Direction and whether or not to exercise his power to set a condition under that Chapter for that purpose.

3. The Director issued a consultation as to his proposals to revoke the Continued Interconnection Direction on 2 October 2003 and requested comments by 9.00 a.m. on 16 October 2003. The Director has taken into account the comments he received during that consultation.

4. In this notice, except as otherwise provided or unless the context otherwise requires, words or expressions shall have the meaning assigned to them and otherwise any word or expression shall have the same meaning as it has in the Act. For the purposes of interpreting this notice, headings and titles shall be disregarded.

NEIL BUCKLEY
POLICY PROJECT DIRECTOR

A person duly authorised by the Director General of Telecommunications pursuant to paragraph 8 of Schedule 1 to the Telecommunications Act 1984

26 November 2003

Annex I

List of respondents to the August consultation

BT
BVL
Energis
European Commission
Kingston
Sweden (National post and telecom agency)
UK Competitive Telecommunications Association (UKCTA)
