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MEDIA DEVELOPMENT AUTHORITY OF SINGAPORE ACT
(CHAPTER 172)

VARIATION OF CODE OF PRACTICE FOR
MARKET CONDUCT IN THE PROVISION OF
MEDIA SERVICES

In exercise of the powers conferred by section 17(3) of the Media Development Authority of Singapore Act, the Media Development Authority of Singapore hereby varies the Code of Practice for Market Conduct in the Provision of Media Services (G.N. No. S 148/2010) as follows, with effect from 2nd July 2011:

Deletion and substitution of paragraph 2.1.5

1. Paragraph 2.1.5 of the Code is deleted and the following paragraph substituted therefor:

“2.1.5 Obligation to Cross-Carry Content

Regulated Persons who are Supplying Qualified Licensees must make all their Qualified Content available for transmission and reception on all Relevant Platforms of the nationwide Subscription Television Service of every Receiving Qualified Licensee. Correspondingly, Regulated Persons who are Receiving Qualified Licensees must carry all Qualified Content made available by Supplying Qualified Licensees on all Relevant Platforms of their respective nationwide Subscription Television Services.”.

Amendment of paragraph 2.3

2. Paragraph 2.3 of the Code is amended —

(a) by inserting immediately after paragraph (b), sub-paragraph (ba);

“(ba) “Group” means a group of 2 or more persons where one person has Control over the other person or persons, as the case may be, in the group.”; and

(b) by deleting paragraphs (d) to (f) and substituting the following sub-paragraphs:

“(d) “Qualified Content” means:

(i) any channel or programming content (whether in a linear or non-linear format), including any basic function in support of such channel or programming content that is specified in Part I of Appendix 1, where such channel or programming content is:

(A) subject to sub-paragraph (ii), produced or commissioned by a Regulated Person and where, on or after 1st August 2011, the Regulated Person transmits the same on its Subscription Television Service in Singapore and refuses to allow the channel or programming content to be acquired or otherwise obtained from it for transmission on any Relevant Platform in Singapore by:

- (I) any other Regulated Person; or
- (II) where the Regulated Person that produced or commissioned the channel or programming content belongs to a Group, any other Regulated Person outside the Group; or

(B) acquired or otherwise obtained on or after the Effective Date by a Regulated Person for transmission on its Subscription Television Service in Singapore under an arrangement, whether explicit or implicit, which prevents or restricts or is likely to prevent or restrict the channel or programming content from being acquired or otherwise obtained from it for transmission on any Relevant Platform in Singapore by:

- (I) any other Regulated Person; or

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- (II) where the Regulated Person that acquired or otherwise obtained the channel or programming content belongs to a Group, any other Regulated Person outside the Group; and
- (ii) any bundled channels or bundled programming content comprising, in whole or in part, any channel or programming content that is referred to in sub-paragraph (i) of this definition.

For the avoidance of doubt, any channel or programming content is not Qualified Content by virtue only of the incorporation of any value-added service that is specified in Part II of Appendix 1 in the channel or programming content.

For the purposes of sub-paragraph (i)(B) of this definition, for the avoidance of doubt, whilst any channel or programming content that is acquired or otherwise obtained is not Qualified Content if it was acquired or otherwise obtained under or pursuant to an arrangement referred to in that sub-paragraph before the Effective Date, it is Qualified Content if and from the time such arrangement is extended, renewed, or otherwise re-contracted for on or after the Effective Date.

Illustration A: A Regulated Person bundles five channels as part of its Subscription Service offering to its Subscribers. One of the five channels is Qualified Content. In this case, the entire bundle comprising all five channels shall be deemed to be Qualified Content.

Illustration B: In providing video-on-demand services, a Regulated Person includes one or more movies (which it has acquired as Qualified Content) into its standard video-on-demand "Movie Bundle". In this case, the entire video-on-demand movie bundle offering shall be deemed to be Qualified Content.

Illustration C: A Regulated Person re-contracts with a content provider after the Effective Date, but the new contract does not prevent or restrict (nor

is likely to prevent or restrict) another Regulated Person from acquiring or otherwise obtaining channels or programming content. The channels or programming content concerned will not be Qualified Content.

The illustrations set out above are non-exhaustive examples.

- (e) “Receiving Qualified Licensee” means any Regulated Person who is designated by MDA as a Receiving Qualified Licensee under paragraph 2.7.2 of this Code.
- (ea) “Relevant Platform” means a managed network over or using any one or any combination of the following:
 - (i) hybrid fibre-coaxial;
 - (ii) optical fibre;
 - (iii) Asymmetric Digital Subscriber Line.
- (f) “Supplying Qualified Licensee” means any Regulated Person who:
 - (i) is licensed to provide any Subscription Television Service; and
 - (ii) produces or commissions, or acquires or otherwise obtains, Qualified Content.”.

Amendment of paragraph 2.4.3.1.3

3. Paragraph 2.4.3.1.3 of the Code is amended by deleting the words “Appendix 3” and substituting the words “Appendix 4”.

Amendment of paragraph 2.5.5.2

4. Paragraph 2.5.5.2 of the Code is amended by deleting the words “Appendix 3” and substituting the words “Appendix 4”.

Deletion and substitution of paragraph 2.7

5. Paragraph 2.7 of the Code is deleted and the following paragraph substituted therefor:

“2.7 Obligation to Cross-Carry Qualified Content

Every Supplying Qualified Licensee and every Receiving Qualified Licensee must comply with MDA’s requirement to cross-carry Qualified Content.

2.7.1 Duties of Supplying Qualified Licensee

- (a) A Supplying Qualified Licensee must, from and including 1st August 2011, make available all its Qualified Content for transmission and reception on all Relevant Platforms of the nationwide Subscription Television Service of every Receiving Qualified Licensee.
- (b) A Supplying Qualified Licensee must ensure:
 - (i) that it has the right to broadcast all its Qualified Content on every Relevant Platform of every Receiving Qualified Licensee for the purpose of enabling the cross-carriage of the Qualified Content on such Relevant Platforms; and
 - (ii) that it can so broadcast all its Qualified Content without violating or infringing any intellectual property rights owned by any of the persons from whom it acquired or otherwise obtained the Qualified Content.
- (c) The Supplying Qualified Licensee:
 - (i) must make its Qualified Content available to Receiving Qualified Licensees:
 - (A) in its entirety and in an unmodified and unedited form;
 - (B) at the same time as the Supplying Qualified Licensee makes the Qualified Content available to its Subscribers; and
 - (C) at a level of quality that is not inferior to the level of quality at which the Qualified Content is made available by the Supplying Qualified Licensee to its Subscribers; and
 - (ii) at all times, must not perform any act, or omit to perform any act, where the performance of or omission to perform the act may diminish, impair or otherwise

degrade the viewing or customer service experience of any Subscriber accessing the Supplying Qualified Licensee's Qualified Content through any of the Receiving Qualified Licensee's Relevant Platforms.

- (d) A Supplying Qualified Licensee must not bundle any channel or programming content together with any channel or programming content referred to in sub-paragraph (i) of the definition of "Qualified Content" without first having acquired all relevant rights from the channel or content provider of the first-mentioned channel or programming content for the cross-carriage of the same.
- (e) A Supplying Qualified Licensee must:
- (i) notify MDA of its Qualified Content in such form and manner as specified by MDA within 5 working days after a channel or programming content, or bundled channel or bundled programming content, becomes Qualified Content (whether in linear or non-linear format);
 - (ii) notify every Receiving Qualified Licensee of its Qualified Content that is in linear format within the following periods (except that the Supplying Qualified Licensee may, in any particular case, agree with a Receiving Qualified Licensee to a shorter period):
 - (A) where the Receiving Qualified Licensee has yet to receive any Qualified Content from the Supplying Qualified Licensee, no later than 80 working days, or, where the Receiving Qualified Licensee needs to acquire equipment to effect the cross-carriage, 120 working days, prior

- to the date that the Qualified Content will be first transmitted by the Supplying Qualified Licensee to Subscribers on its own platform; and
- (B) where the Receiving Qualified Licensee has previously received Qualified Content from the Supplying Qualified Licensee, no later than 30 working days, or, where the Receiving Qualified Licensee needs to acquire equipment to effect the cross-carriage, 60 working days, prior to the date that the Qualified Content will be first transmitted by the Supplying Qualified Licensee to Subscribers on its own platform; and
- (iii) notify every Receiving Qualified Licensee of its Qualified Content that is in non-linear format within the following periods (except that the Supplying Qualified Licensee may, in any particular case, agree with a Receiving Qualified Licensee to a shorter period):
- (A) where the Receiving Qualified Licensee has yet to receive any Qualified Content from the Supplying Qualified Licensee, no later than 120 working days prior to the date that the Qualified Content will be first transmitted by the Supplying Qualified Licensee to Subscribers on its own platform; and
- (B) where the Receiving Qualified Licensee has previously received Qualified Content from the Supplying Qualified Licensee, no

later than 30 working days, or, where the Receiving Qualified Licensee needs to acquire equipment to effect the cross-carriage, 60 working days, prior to the date that the Qualified Content will be first transmitted by the Supplying Qualified Licensee to Subscribers on its own platform.

- (f) A Supplying Qualified Licensee must publish and maintain a list of its Qualified Content on its website, and on its viewing guide.
- (g) A Supplying Qualified Licensee must:
- (i) to the extent the Qualified Content comprises any channel or programming content that is produced or commissioned by the Supplying Qualified Licensee, allow every Receiving Qualified Licensee to publish, on the Receiving Qualified Licensee's website and viewing guide, a list of such Qualified Content of the Supplying Qualified Licensee carried on the Receiving Qualified Licensee's Relevant Platforms; and
 - (ii) to the extent the Qualified Content comprises any channel or programming content that is acquired or otherwise obtained by the Supplying Qualified Licensee, negotiate with the person from whom the Qualified Content was acquired or otherwise obtained to allow every Receiving Qualified Licensee to publish, on the Receiving Qualified Licensee's website and viewing guide, a list of such Qualified Content of the Supplying Qualified Licensee carried on the Receiving Qualified Licensee's Relevant Platforms,

for the limited purpose of informing consumers of the Qualified Content available on the Receiving Qualified Licensees' platforms.

- (h) A Supplying Qualified Licensee must:
- (i) enter into a customer service arrangement with and provide Qualified Content to Subscribers accessing such content through any Relevant Platform of a Receiving Qualified Licensee, at prices (including all applicable discounts and promotions), terms and conditions that are the same as the prices, terms and conditions at which the Supplying Qualified Licensee provides such content to Subscribers on its own platform, and not discriminate in any manner in favour of Subscribers viewing Qualified Content on its own platform;
 - (ii) ensure that a Subscriber is able to access the Qualified Content through a Receiving Qualified Licensee's Relevant Platform within 5 working days of receipt of such Subscriber's request; and
 - (iii) in respect of any feedback or complaint received from a Subscriber in respect of any Qualified Content of the Supplying Qualified Licensee, deal with the feedback or complaint on a non-discriminatory basis and as if it were feedback or complaint received by the Supplying Qualified Licensee in respect of any channel or programming content transmitted directly by it to the Subscriber.
- (i) Unless it is able to agree with any Receiving Qualified Licensee otherwise, a Supplying Qualified Licensee shall bear:
- (i) its own cost in complying with its obligation to make its Qualified Content

available to the Receiving Qualified Licensee; and

- (ii) all incremental costs directly incurred by the Receiving Qualified Licensee in providing its Subscribers with access to the Supplying Qualified Licensee's Qualified Content.
- (j) Where any Qualified Content, being cross-carried in accordance with the obligations of this Code, ceases to be Qualified Content, the Supplying Qualified Licensee must provide MDA, every Receiving Qualified Licensee and every affected Subscriber, with notice that the channel or programming content will no longer be Qualified Content no later than 21 working days prior to it ceasing to be Qualified Content.

2.7.2 Designation of Receiving Qualified Licensee

- (a) MDA may designate any Regulated Person to be a Receiving Qualified Licensee if the Regulated Person:
 - (i) is licensed to provide a nationwide Subscription Television Service on any Relevant Platform; and
 - (ii) has or had, at any point in time, 10,000 or more Subscribers on any of its Relevant Platforms.
- (b) MDA will publish a list of Receiving Qualified Licensees on its website.

2.7.2A Duties of Receiving Qualified Licensees

- (a) A Receiving Qualified Licensee must, from and including 1st August 2011, carry all Qualified Content made available by Supplying Qualified Licensees on all Relevant Platforms of its nationwide Subscription Television Service.
- (b) A Receiving Qualified Licensee must ensure that it does not, in receiving and transmitting Qualified Content of a Supplying Qualified

Licensee, violate or infringe any intellectual property rights that are owned:

- (i) to the extent the Qualified Content comprises any channel or programming content produced or commissioned by the Supplying Qualified Licensee, by the Supplying Qualified Licensee; and
 - (ii) to the extent the Qualified Content comprises any channel or programming content acquired or otherwise obtained by the Supplying Qualified Licensee, by the person from whom the Supplying Qualified Licensee acquired or otherwise obtained the Qualified Content.
- (c) A Receiving Qualified Licensee:
- (i) must carry Qualified Content on all its Relevant Platforms:
 - (A) in its entirety and in an unmodified and unedited form;
 - (B) at the same time as the Supplying Qualified Licensee makes the Qualified Content available to its Subscribers, to the extent technically feasible for the Receiving Qualified Licensee; and
 - (C) at a level of quality that is not inferior to the level of quality at which the Qualified Content is made available to it by the Supplying Qualified Licensee, to the extent technically feasible for the Receiving Qualified Licensee; and
 - (ii) at all times, must not perform any act, or omit to perform any act, where the performance of or omission to perform the act may diminish, impair or otherwise degrade the viewing experience of any Subscriber accessing the Supplying

Qualified Licensee's Qualified Content through any of the Receiving Qualified Licensee's Relevant Platforms.

- (d) A Receiving Qualified Licensee must ensure that it has a content protection system for each of its Relevant Platforms that covers the matters specified in Part III of Appendix 1 which will reasonably prevent the security of all Qualified Content made available to it by any Supplying Qualified Licensee from being compromised.
- (e) A Receiving Qualified Licensee must:
- (i) in the case of Qualified Content referred to in paragraph 2.7.1(g)(i) of this Code, publish on its website and viewing guide, a list of all such Qualified Content that is carried on all the Receiving Qualified Licensee's Relevant Platforms; and
 - (ii) in the case of Qualified Content referred to in paragraph 2.7.1(g)(ii) of this Code, where the consent of the person from whom the Supplying Qualified Licensee acquired or otherwise obtained the Qualified Content has been obtained pursuant to that paragraph, publish on its website and viewing guide, a list of such Qualified Content carried on each of the Receiving Qualified Licensee's Relevant Platforms,

for the limited purpose of informing consumers of the Qualified Content available on the Receiving Qualified Licensee's Relevant Platforms.

- (f) A Receiving Qualified Licensee must ensure that a Subscriber wishing to access the Qualified Content of a Supplying Qualified Licensee through the Receiving Qualified Licensee's Relevant Platform is able to do so within 5 working days of receipt of such Subscriber's request.

- (g) A Receiving Qualified Licensee must, upon being notified by a Supplying Qualified Licensee of any feedback or complaint received from a Subscriber in respect of any Qualified Content that the Supplying Qualified Licensee has made available to the Receiving Qualified Licensee, deal with the feedback or complaint on a non-discriminatory basis and as if it were feedback or complaint received by the Receiving Qualified Licensee in respect of any of its own channels or programming content transmitted by it to its Subscriber.
- (h) A Receiving Qualified Licensee must not impose any form of charge on any Subscriber who subscribes to any Qualified Content made available to the Receiving Qualified Licensee by a Supplying Qualified Licensee.
- (i) Where a Subscriber who subscribes to any Qualified Content made available to the Receiving Qualified Licensee by a Supplying Qualified Licensee informs the Receiving Qualified Licensee that it wishes to terminate its subscription to the Qualified Content, the Receiving Qualified Licensee must inform the Subscriber that the Subscriber is to terminate such subscription directly with the Supplying Qualified Licensee.

2.7.3 Agreements for Cross-Carriage of Content and Conciliation/Dispute Resolution

- (a) Nothing in paragraph 2.7.1 or paragraph 2.7.2A of this Code prevents a Supplying Qualified Licensee and a Receiving Qualified Licensee from entering into a mutually acceptable cross-carriage agreement in connection with their respective obligations under those paragraphs, provided that the terms of the agreement are not inconsistent with any such obligation. For this purpose, the terms of the agreement and any such obligation are inconsistent if:

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- (i) it is not possible to comply with both the terms and the obligation; or
 - (ii) the terms and the obligation require the same, or substantially the same, action to be taken at different times or in a different way.
- (b) Where a Supplying Qualified Licensee and a Receiving Qualified Licensee are unable to reach a mutually acceptable cross-carriage agreement referred to in paragraph 2.7.3(a) of this Code, both parties may jointly request MDA to provide conciliation services pursuant to paragraph 10.4 of this Code. The Supplying Qualified Licensee or the Receiving Qualified Licensee may also request MDA to initiate a Dispute Resolution pursuant to paragraph 10.5 of this Code.
- (c) In any Dispute Resolution involving the computation of all incremental costs to be borne by the Supplying Qualified Licensee under paragraph 2.7.1 (i)(ii) of this Code, MDA may adopt the pricing principles specified in Appendix 4 of this Code for the purpose of resolving the dispute.
- (d) Notwithstanding the Supplying Qualified Licensee and the Receiving Qualified Licensee are unable to reach a mutually acceptable cross-carriage agreement, and whether or not conciliation services are being provided or a Dispute Resolution has been initiated, the Supplying Qualified Licensee and the Receiving Qualified Licensee must continue to comply with their respective obligations under paragraphs 2.7.1 and 2.7.2A of this Code.

2.7.4 Applications for Exemption from Obligation under Paragraph 2.7

- (a) A Regulated Person may apply to MDA to seek exemption from its obligation to make available all its Qualified Content for transmission and reception on every Receiving

Qualified Licensee's Relevant Platform, or to carry on its Relevant Platform all Qualified Content made available by Supplying Qualified Licensees, as the case may be. In seeking any such exemption, the Regulated Person must clearly establish to MDA's satisfaction one or more of the following circumstances:

- (i) an exemption from the obligations under paragraph 2.7 of the Code will benefit the public and the media industry (for example, how the exemption will enhance consumer welfare or promote innovation);
 - (ii) technical constraint prevents or restricts a party from fulfilling its obligations under paragraph 2.7 of this Code and it is not possible to remove such constraint without it incurring serious and irreparable harm;
 - (iii) in relation to any request for exemption from paragraph 2.7.1(a) of this Code by a Supplying Qualified Licensee, demonstrate that the channel or content provider does not have the relevant broadcast rights for Singapore and other neighbouring countries; and
 - (iv) in relation to any request for exemption from paragraph 2.7.2A(a) of this Code by a Receiving Qualified Licensee, demonstrate that the Supplying Qualified Licensee has failed to comply with paragraph 2.7.1(b).
- (b) After receiving a request for exemption, MDA will notify the Regulated Person making the request for exemption whether it must provide additional information before the request can be accepted. MDA reserves the right to provide an opportunity for public comment before issuing its decision to grant or deny the request. MDA may grant the request in full

or in part, and subject to any appropriate condition that MDA may impose.

- (c) Where a Regulated Person provides proprietary or commercially sensitive information in the context of a request for exemption under paragraph 2.7.4(a), the Regulated Person making the request for exemption should put such information in a separate appendix and request for confidential treatment in respect of the information, pursuant to paragraph 10.8 of this Code.
- (d) MDA reserves the right to publish any decision made in respect of an exemption request.
- (e) This paragraph is without prejudice to the generality of paragraph 1.8.1 of this Code with regard to the granting of any exemption by MDA from any particular obligation imposed on a Regulated Person under paragraph 2.7 of this Code, including the granting of an exemption for a period of time from the obligation to make available Qualified Content for transmission and reception, or to carry Qualified Content made available, as the case may be.”.

Amendment of paragraph 6.3.3

6. Paragraph 6.3.3(c) of the Code is amended by deleting the words “Appendix 1” and substituting the words “Appendix 2”.

Amendment of paragraph 8.4.4

7. Paragraph 8.4.4 of the Code is amended by deleting the words “Appendix 2” and substituting the words “Appendix 3”.

Amendment of paragraph 9.3.2.2

8. Paragraph 9.3.2.2(b) of the Code is amended by deleting the words “Appendix 3” and substituting the words “Appendix 4”.

Amendment of paragraph 10.4

9. Paragraph 10.4(d) of the Code is amended by deleting the words “paragraph 2.7.4” and substituting the words “paragraph 2.7.3”.

Amendment of paragraph 10.5

10. Paragraph 10.5 of the Code is amended by deleting the words “paragraph 10.4” and substituting the words “paragraphs 2.7.3 and 10.4”.

Amendment of paragraph 10.5.1.2

11. Paragraph 10.5.1.2(g) of the Code is amended by deleting the words “Appendix 3” and substituting the words “Appendix 4”.

Amendment of paragraph 10.5.1.3

12. Paragraph 10.5.1.3(d) of the Code is amended by deleting the words “Appendix 3” and substituting the words “Appendix 4”.

Deletion and substitution of paragraph 10.7

13. Paragraph 10.7 of the Code is deleted and the following paragraph substituted therefor:

“10.7 Information Gathering Procedures

- (a) For the purposes of this Code, MDA may require the production of specified documents or the provision of specified information within a specified timeframe. All information submitted by any person pursuant to such requests by MDA must, to the best of that person’s ability and knowledge, be accurate and complete. At the time it submits the information, a person must simultaneously submit a statement, in a form acceptable to MDA, certifying that it has satisfied this obligation.
- (b) Where MDA considers it necessary to ascertain the veracity of any information or documents submitted, MDA may require such person or a specified officer of the person (as the case may be) to provide a statutory declaration in the manner as required by MDA to affirm the accuracy and completeness of the information or documents submitted.”.

Amendment of Appendix headings and new Appendix 1

14. The Code is amended by deleting the Appendix headings “Appendix 1”, “Appendix 2” and “Appendix 3” and substituting the Appendix headings “Appendix 2”, “Appendix 3” and “Appendix 4”, respectively, and inserting, immediately before Appendix 2, the following Appendix:

“APPENDIX 1

MATTERS RELATING TO CROSS-CARRIAGE

PART I

BASIC FUNCTIONS

1. The following are the basic functions for the purposes of the definition of “Qualified Content” in paragraph 2.3(d) of this Code:

- (a) Electronic programme guide and synopsis;
- (b) Multiple languages (for example, dual-sound option);
- (c) Subtitles;
- (d) Stereo/surround sound formats;
- (e) Navigational access, including Left, Right, Up, Down, OK, Enter, Exit; and
- (f) Time elapsed and time remaining.

PART II

VALUE-ADDED SERVICES

1. The following services are the value-added services for the purposes of the definition of “Qualified Content” in paragraph 2.3(d) of this Code, the incorporation of which in any channel or programming content will not of its own render the channel or programming content Qualified Content:

- (a) Subtitles;
- (b) Dubbing;
- (c) Commentaries, and pre and post-documentaries which are not standalone programmes;
- (d) Enhanced interactive features, including contest and voting services, and enhanced television features such as a button feature which allows consumers to view programmed associated data relating to the content (for example, programme synopsis);
- (e) Promotional trailers, programme advertisements, press conferences, on-screen advertisements and crawler messages produced for and associated with the content;

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- (f) Footages and talkshows, including snippets, interviews (for example, with artistes) and previews and reviews produced for and associated with the content;
 - (g) Programme highlights, including fillers and programme-related previews and reviews of the content;
 - (h) Format upgrades (including upgrades to high definition (HD) format or three-dimensional (3D) format);
 - (i) User generated content, including short message services, multi-media message services, emails, video clips, audio clips and discussion forums relating to the content.

PART III

CONTENT PROTECTION SECURITY REQUIREMENTS

1. General Principles

- (a) In accordance with paragraph 2.7.2A(d) of this Code, MDA sets out the following content protection security principles.
- (b) The Receiving Qualified Licensee must provide end-to-end protection of Qualified Content from the point of handover from the Supplying Qualified Licensee to the Subscriber's premises. In order to do so, the Receiving Qualified Licensee must provide adequate:
 - (i) Headend security, to ensure that Qualified Content is adequately protected from physical or digital theft while in its headend;
 - (ii) Content Protection Delivery System ("CPDS") security, to protect Qualified Content while it is transmitted from its own headend to its Subscribers' premises; and
 - (iii) Set-top box security, to protect Qualified Content against unauthorised access once Qualified Content has been decrypted by an authorised set-top box.

2. Security Standards

- (a) Network operator headend security requirements should include the following elements:
 - (i) A management control environment that defines security policies, procedures and controls for the secure handling of Qualified Content;
 - (ii) Security to prevent the physical theft of Qualified Content while present at the headend; and
 - (iii) Security to prevent the digital theft of Qualified Content while present at the headend.
- (b) CPDS security should include the following elements:
 - (i) A suitable content encryption algorithm;
 - (ii) The ability to revoke unauthorised devices and to renew the security of the CPDS in case of a breach;

- (iii) A process to monitor when a compromise of the CPDS has taken place and ability to re-secure the system in case of compromise; and
 - (iv) Security devices to deter piracy.
- (c) Set-top box content protection security should securely manage the output, storage, copying and recording of decrypted Qualified Content received from the CPDS, including the following elements:
- (i) Qualified Content should not be transmitted from the set-top box via analogue or digital means unless in a manner which does not breach the requirements specified by the CPDS;
 - (ii) Set-top box receivers should not copy, record, or store decrypted Qualified Content except as permitted under requirements specified by the CPDS; and
 - (iii) The set-top box receivers should be robust to effectively frustrate attempts to gain access to decrypted Qualified Content or the keys to gain access to such Qualified Content.

3. Other considerations

- (a) A Receiving Qualified Licensee should ensure its compliance with the principles set forth in this Part and submit a certification, in a form acceptable to MDA, confirming such compliance.”.

Amendment of paragraph 2 of Appendix 3

15. Paragraph 2 of Appendix 3 of the Code is amended by deleting the words “Appendix 2” and substituting the words “Appendix 3”.

Amendment of Appendix 4

16. Appendix 4 of the Code is amended —

- (a) by inserting, immediately after the word “price” in paragraph 1, the words “or costs”;
- (b) by deleting the word “and” at the end of paragraph 1(b);
- (c) by deleting the full-stop at the end of paragraph 1(c) and substituting the word “; and”, and by inserting immediately thereafter the following sub-paragraph:

“(d) a Receiving Qualified Licensee, by a Supplying Qualified Licensee, for the purpose of carrying Qualified Content of the Supplying Qualified Licensee on the Receiving Qualified Licensee’s Relevant Platform, as provided for in paragraph 2.7 of this Code.”; and

(d) by inserting, immediately after paragraph 4, the following paragraph:

5. PRICING OF COSTS OF CROSS-CARRIAGE

5.1 General Principle

- (a) In accordance with paragraph 2.7.3 of this Code, MDA may adopt the following pricing principles for determining the incremental costs to be borne by the Supplying Qualified Licensee as referred to in paragraph 2.7.1(i)(ii) of this Code.
- (b) In determining the incremental costs to be borne by the Supplying Qualified Licensee, MDA will adopt the following broad principles:
 - (i) the incremental costs must be costs incurred by the Receiving Qualified Licensee as a direct result of its compliance with its cross-carriage obligation in relation to Qualified Content of the Supplying Qualified Licensee; and
 - (ii) the pricing principles are to be applied in a transparent, fair and non-discriminatory manner.
- (c) Following MDA's determination of the incremental costs to be borne by the Supplying Qualified Licensee, MDA reserves the right to publish its determination on its website for the industry's reference.

5.2 Charging Methodology

- 5.2.1 Subject to paragraph 5.2.3 of this Appendix, to ensure efficient transmission of Qualified Content, MDA will determine the incremental costs to be borne by the Supplying Qualified Licensee based on the rate of the most cost efficient Relevant Platform in the Singapore market.
- 5.2.2 To determine the rate of the most cost efficient Relevant Platform in the Singapore market, MDA will compare the efficiencies of all Relevant Platforms of all Receiving Qualified Licensees, using for each either the Directly Attributable Incremental Cost Methodology or the Long Run Incremental Cost Methodology; except that in using either methodology, no account shall be taken of any leasing costs payable by the Receiving Qualified Licensee in respect of that Relevant Platform for leasing:
 - (a) optical dark fibre strands in Singapore Telecommunications Limited's network of optical fibre cables; and

(b) duct space in Singapore Telecommunications Limited's underground ducting network, under an arrangement with Singapore Telecommunications Limited entered into on or after 2nd July 2011 and any amendment or variation, thereto, including any arrangement for the leasing of such optical dark fibre strands and duct space that was entered into before that date and extended, renewed, or otherwise re-contracted for on or after that date.

5.2.3 Where:

- (a) a Relevant Platform of a Receiving Qualified Licensee is not the most cost efficient Relevant Platform; and
- (b) the Receiving Qualified Licensee incurs leasing costs in respect of its Relevant Platform that is not excluded under paragraph 5.2.2 of this Appendix,

the Authority may allow, as the incremental costs to be borne by the Supplying Qualified Licensee in respect of that Relevant Platform, the lower of the following:

- (i) the rate of the most cost efficient Relevant Platform, and the leasing costs payable by the Receiving Qualified Licensee for its Relevant Platform that relates to its cross-carriage obligation in question and that is not excluded under paragraph 5.2.2 of this Appendix; or
- (ii) the rate for its Relevant Platform determined in accordance with paragraph 5.2.2 of this Appendix.

5.3 Directly Attributable Incremental Cost (DAIC) Methodology

- (a) Where the Supplying Qualified Licensee is also designated as a Receiving Qualified Licensee, MDA will determine the incremental costs to be borne by the Supplying Qualified Licensee based on the DAIC methodology.
- (b) In calculating the incremental costs, MDA will include the incremental capital expenses and operating expenses of the Receiving Qualified Licensee directly attributable to the cross-carriage of the Qualified Content of the Supplying Qualified Licensee.

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- (c) Under the DAIC methodology, MDA will determine the incremental costs in a manner which captures *only* the costs directly attributable to the Qualified Content of the Supplying Qualified Licensee. Therefore, the relevant increments in the DAIC methodology will exclude other TV-related services (for example, the transmission by the Receiving Qualified Licensee of content other than Qualified Content of the Supplying Qualified Licensee) and any other non TV-related services.

5.4 Long Run Incremental Cost (LRIC) Methodology

- (a) Where the Supplying Qualified Licensee is not designated as a Receiving Qualified Licensee, MDA will determine the incremental costs to be borne by the Supplying Qualified Licensee based on the LRIC methodology.
- (b) In calculating the incremental costs, MDA will include the incremental capital expenses and the operating expenses of the Receiving Qualified Licensee directly attributable to the cross-carriage of the Qualified Content, as well as such portion of the costs as relates to the use of the transmission network of the Receiving Qualified Licensee for the transmission of the Qualified Content of the Supplying Qualified Licensee.
- (c) For the LRIC methodology, MDA will determine the relevant increments in a manner which includes the carriage of the TV services provided by the Receiving Qualified Licensees. Increments in the LRIC methodology will exclude any other non-TV related services.

5.5 Cost Standards

MDA will endeavour to undertake the following approach to determine the actual value of the incremental capital expenses:

- (a) In determining the actual value of the incremental capital expenses of the Receiving Qualified Licensee, MDA will use replacement costs of the transmission network of the Receiving Qualified Licensee to reflect the forward looking nature of the obligation to cross-carry Qualified Content. This will ensure that replacement costs would be achievable by a new entrant seeking to compete with established Receiving Qualified Licensees.

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- (b) To annualise the replacement costs, MDA will adopt such tilted annuities approach as MDA believes best suits the circumstances of the Receiving Qualified Licensee and the Supplying Qualified Licensee. MDA believes that a tilted annuities approach will allow market conditions such as the expectations of new technologies and changes in asset prices, to better reflect the depreciation and replacement costs of the relevant assets. MDA will adopt as the annualised costs of the transmission network of the Receiving Qualified Licensee, such annualised costs as is represented by the most cost efficient Relevant Platform in the Singapore market.
- (c) For the purpose of the tilted annuities approach, MDA will use the Weighted Average Cost of Capital (“WACC”) specific to the Receiving Qualified Licensee’s subscription nationwide television business.”.

Made this 30th day of June 2011.

NIAM CHIANG MENG
Chairman,
Media Development Authority of Singapore.

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