

FACTSHEET ON CROSS-CARRIAGE MEASURE

What is it?

The cross-carriage measure (“Measure”), introduced by the Media Development Authority (“MDA”) on 12 March 2010, requires pay-TV retailers which have acquired exclusive rights to content on or after 12 March 2010, to make this content available for carriage via platforms of qualified pay TV retailers.

It was introduced to make competition work better for the consumers and the industry.

Under the Measure, the retailer which acquires content on an exclusive basis will be “purchasing bandwidth” on another qualified carrier platform to make this exclusive content available through the other platform’s subscriber base. In doing so, consumers can now access exclusive content from different retailers via the same platform. Industry players will gain from the wider distribution of content through multiple platforms.

What’s the issue?

Today, over 90% of the top 100 subscribed channels are available only on one pay-TV platform. In comparable markets, most content is generally available across multiple pay-TV retailers. This high degree of content fragmentation in the pay-TV market has had a detrimental effect on all stakeholders. For consumers, it means increased costs and inconvenience as they would have to contend with switching costs or multiple subscriptions with associated costs such as cabling, installation and set top box rentals. For the industry, retailers have to pay high content acquisition prices and there are significant barriers to entry for new industry entrants. Furthermore, attention and resources are taken away from other aspects of competition such as service and content innovation.

How does the Measure help?

For pay-TV retailers and content providers, the Measure will provide immediate access to an increased customer pool given that one pay-TV retailer is able to leverage on another retailer’s platform to widen the distribution of the former’s channels, and provide for substantial subscriber growth. For consumers, the Measure “frees up content” such that it can be accessed via their existing retailer’s platform, thereby enhancing consumer convenience and savings on ancillary costs (cabling, installation and set top box rental costs). To illustrate, if channel XYZ is

acquired under an exclusive arrangement, the retailer can now offer this channel beyond its own subscriber base, and reach out to subscribers on another pay-TV platform.

What’s happening now?

Having studied feedback given by industry from the earlier industry consultation and industry engagement, the MDA has developed its preliminary policy positions on the Measure. MDA is continuing its consultation with the industry on the preliminary positions on the following issues:

Issue	What It Is
<p>Scope of Measure</p> <ul style="list-style-type: none"> • Definition of Qualified Content • Application to video-on-demand (VOD) and Interactive Content • Qualifying Criteria for Supplying Qualified Licensee (SQL) and Receiving Qualified Licensee (RQL) 	<p>MDA has refined the definitions of the key terms used in the Measure including “Qualified Content”, “Supplying Qualified Licensee” and “Receiving Qualified Licensee”.</p> <p>MDA also sets out the roles of the SQL and RQL and the qualifying criteria in designating them.</p>
<p>Customer Relationship</p> <ul style="list-style-type: none"> • Single billing • Marketing & Promotion • Channel Numbering 	<p>MDA views that the customer relationship should continue to be maintained by the SQL, and correspondingly, there will be no mandatory single billing.</p> <p>For instance, if StarHub’s exclusive content is cross-carried, and SingNet customers sign up for it, the customer will be billed directly by StarHub.</p> <p>MDA will require SQL and RQL to address issues such as consumer education and channel numbering to minimise confusion and facilitate</p>

	consumer access.
Platform rights acquisitions	<p>Retailers are to acquire the rights to broadcast on all relevant delivery platforms should they acquire Qualified Content.</p> <p>For example, if StarHub signs an exclusive agreement for the Singapore market, it has to acquire the rights for both cable and IPTV platforms.</p>
Gazetting of Schedule	The list of SQLs and RQLs would be gazetted and published in a Schedule to the Media Market Conduct Code.
Cross Carriage Fee	Retailers are to reach commercial agreement on the fees, failing which MDA would determine the fee based on a 2-tier framework of Directly Attributable Incremental Costs (DAIC) and Long Run Incremental Costs (LRIC).
Retail Pricing	Consumers would be able to access Qualified Content with the same retail price and in the same form, on the cross-carried platform.
Cross-Carriage of Packages & Bundles	<p>All bundles, packages or channels containing Qualified Content would be subject to the Measure.</p> <p>SQLs will decide how best to bundle and package exclusive content, based on their own commercial considerations.</p>
Service level standards	Retailers are to reach a service level agreement based on the minimum service level standards proposed by MDA.
Exemptions	MDA is only minded to grant exemptions under

	exceptional circumstances.
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What's Next?

The 4-week consultation on the preliminary policy positions will take place from 1 to 28 September 2010. Following the close of the consultation, MDA will study the feedback received and issue its Final Decision on the Measure at the end of the year. Active cross-carriage of content/channels is set to take place in the first half of 2011. It should be noted that all contracts signed or renewed after 12 March 2010 will have to be made available upon the implementation date. The extension to the implementation date is in response to requests from industry players for further discussion and time to put in place the required details to ensure a smooth implementation.

The MDA welcomes views on its preliminary policy position as set out in the consultation document available at:

<http://www.mda.gov.sg/Policies/PoliciesandContentGuidelines/ConsultationPapers/Pages/default.aspx>