



CICRA media release

25 February 2013

CICRA provisionally approves Batelco deal with Cable & Wireless with conditions

CICRA (the Channel Islands Competition and Regulatory Authorities) has provisionally approved the proposed acquisition of Cable & Wireless (C&W) in the Channel Islands by Bahrain Telecommunications Company (Batelco).

In December, Batelco announced it intended to acquire the Monaco & Islands division of Cable & Wireless Communications plc, which includes Cable & Wireless Guernsey Limited (CWG) and Cable & Wireless Jersey Limited (CWJ). The proposed acquisition involves a change of control under the telecoms licences held by CWG and CWJ and needed to be approved by CICRA in both Guernsey and Jersey.

CICRA conducted a detailed investigation into the change of control of the local telecommunications businesses and has approved the sale subject to a number of provisions designed to protect the local businesses in the future.

CICRA chief executive Andrew Riseley said it was vital that Batelco demonstrated it had the necessary financial and management resources and facilities, and the systems needed for planning and control, in place to ensure C&W would remain a viable business in the Channel Islands.

“The focus of our investigation has been on the effect of the change of control on C&W Guernsey, given its position as a dominant, incumbent telecoms operator. We judged that it

was particularly important that we were satisfied that Guernsey's fixed telecoms network would remain fit for purpose now and in the future.

"We have proposed new conditions for C&W Guernsey's fixed telecoms licence to address some of the concerns raised by respondents to the consultation about the potential remote management of the business, by ensuring that C&W Guernsey retains appropriate resources within the local business and securing the availability of information to meet regulatory and statutory requirements. In addition, we have signalled that we will use existing licence powers to monitor closely the development of fixed-line services in the initial years of Batelco's ownership."

Mr Riseley stressed that the investigation of the acquisition was driven by the need to look at what has changed as a consequence of the proposed change of control of C&W.

"This was entirely focussed on the acquisition on the table and our investigation was not about trying to address the complaints that have been raised over the years about the initial sale of Guernsey Telecoms to C&W," he said.

As well as highlighting potential risks, and developing licence conditions to mitigate those risks, CICRA looked at Batelco's business including its capital investment, regulatory compliance record and its international connectivity.

"C&W has many agreements with service providers and we needed to be sure that Batelco, which doesn't currently have any operations in Europe, would be able to offer consumers in the Channel Islands the right services and connectivity," Mr Riseley said.

The provisional decision is now open for public comment. The deadline for submissions is 12 noon on Friday, 8 March.

Batelco hopes to complete the deal by 31 March this year.

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NOTES TO EDITORS:

All enquiries should be directed in writing to CICRA Chief Executive, Andrew Riseley, in Guernsey at the Guernsey Competition and Regulatory Authority, Suites B1 & B2, Hirzel Court, St Peter Port, Guernsey GY1 2NH or in Jersey at the Jersey Competition Regulatory Authority, 2nd Floor, Salisbury House, 1 - 9 Union Street, St Helier, Jersey JE2 3RF. Alternatively email info@cicra.gg.

About CICRA:

The Channel Islands Competition and Regulatory Authorities or 'CICRA' is the name given to the Jersey Competition Regulatory Authority (JCRA) and the Guernsey Competition and Regulatory Authority (GCRA) (formerly the Office of Utility Regulation). The JCRA was established under the Competition Regulatory Authority (Jersey) Law, 2001, and the GCRA was established under The Guernsey Competition and Regulatory Authority Ordinance, 2012. In Jersey, the telecoms and postal sectors are regulated by the JCRA, which is also responsible for administering and enforcing the Competition (Jersey) Law 2005. In Guernsey the telecoms, postal and electricity sectors are regulated by the GCRA, which is also responsible for the administration and enforcement of the Guernsey competition law since it came into force on 1 August 2012.

By working together and sharing resources and expertise between the islands, CICRA strives to ensure that consumers in all the Channel Islands receive best value, choice and access to high quality services.