Changes to legislation: *There are outstanding changes not yet made by the legislation.gov.uk editorial team to The Telecommunications (Licence Modification) (British Telecommunications plc) Regulations 1999. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes*

STATUTORY INSTRUMENTS

1999 No. 2453

TELECOMMUNICATIONS

The Telecommunications (Licence Modification) (British Telecommunications plc) Regulations 1999

Made - - - -	*3rd September 1999*
Laid before Parliament	*6th September 1999*
Coming into force - -	*27th September 1999*

The Secretary of State, being a Minister designated[M1] for the purposes of section 2(2) of the European Communities Act 1972[M2] in respect of measures relating to telecommunications, in the exercise of the powers conferred on him by that section, hereby makes the following Regulations:

Marginal Citations

M1 S.I. 1996/266.

M2 1972 c.68.

Citation and commencement

1. These Regulations may be cited as the Telecommunications (Licence Modification) (British Telecommunications plc) Regulations 1999 and shall come into force on 27th September 1999.

Interpretation

2. In these Regulations—

"the 1984 Act" means the Telecommunications Act 1984 [M3];

"BT" means British Telecommunications plc;

"the BT licence" means the licence granted by the Secretary of State under section 7 of the 1984 Act to British Telecommunications on 22nd June 1984 to run the telecommunication systems referred to in Annex A thereof, in relation to which BT became the licensee as the nominated successor company on the transfer date [M4];

"the former licence" means the BT licence in the form it was in immediately before the coming into force of these Regulations;

"the modified licence" means the BT licence as amended by these Regulations; and

"the standard Schedules" means the Schedules to the Telecommunications (Licence Modification) (Standard Schedules) Regulations 1999 [M5].

Marginal Citations

M3 1984 c.12 as amended by the Telecommunications (Licensing) Regulations 1997 (S.I.1997/2930). There are other amendments to 1984 c.12 which are not relevant to these Regulations.

M4 The transfer date appointed under section 60 of 1984 c.12 was 6th August 1984 (S.I. 1984/876, **article 5**).

M5 S.I. 1999/2450.

Modification of the BT licence

3. The BT licence shall be amended as follows:

(a) for the Table of Contents there shall be substituted the Table of Contents set out in Schedule 1 hereto;

(b) after paragraph 3 there shall be inserted the following paragraphs—

"**Interpretation**

4. The Interpretation Act 1978 shall apply for the purpose of interpreting this Licence as if it were an Act of Parliament. In this Licence, except as hereinafter 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 purpose of interpreting this Licence, headings and titles shall be disregarded.

5. In this Licence, "Licence" means a licence granted or having effect as if granted under section 7 of the Act.

6. For the purposes of this Licence the "Applicable Systems" means any or all of the telecommunication systems run by the Licensee under this Licence unless the context otherwise requires.

7. Where this Licence provides for any power of the Secretary of State or the Director to give any direction, notice or consent or for the Director to make any specification, designation or determination, it implies, unless a contrary intention appears, a power exercisable in the same manner and subject to the same conditions or limitations, to revoke, amend or give or make again any such direction, notice, consent, specification, designation or determination; and any reference however expressed to the Director making any determination or giving any direction or consent about any matter shall be construed as making such determination or giving such direction or consent after consultation with the Licensee and where appropriate with any other person who may have a relevant interest in the matter to which the determination, direction or consent relates.

8. Any notification which is required to be given under this Licence by the Secretary of State or the Director shall be satisfied by serving the document by post on the Licensee at the Licensee's registered office.";

(c) for Schedule 1 there shall be substituted Schedule 1 of the standard Schedules, subject to the amendments set out in Schedule 2 hereto;

(d) for Schedule 2 there shall be substituted Schedule 2 of the standard Schedules;

(e) for Schedule 3 there shall be substituted Schedule 3 of the standard Schedules, subject to the following amendment—

in paragraph 3, in paragraph (ii) of sub-paragraph (b) the words—

"if it provides any Conditional Access Services to another person by means of telecommunication systems run under another licence but which could also come within the description of the Applicable Systems authorised to be run by this Licence"

shall be deleted;

(f) for Schedule 4 there shall be substituted Schedule 4 of the standard Schedules; and

(g) for Annex A there shall be substituted Annex A as set out in Schedule 3 hereto.

Transitional provisions

4.—(1) So far as anything done or treated as done under or for the purposes of any provision of the former licence could have been done under or for the purposes of the corresponding provision of the modified licence, it shall have effect as if done under or for the purposes of the corresponding provision; and any direction, notice, consent, specification, designation or determination or other decision made or having effect under any provision of the former licence shall be treated for all purposes as made and having effect under the corresponding provision.

(2) Where any period of time specified in a provision of the former licence is current immediately before the coming into force of these Regulations, the corresponding provision of the modified licence shall have effect as if that period of time—

(a) ran from the date or event from which it was running immediately before the coming into force of these Regulations, and

(b) expired whenever it would have expired if the former licence had not been modified;

and any rights, liabilities, obligations or requirements dependent on the beginning, duration or end of such a period as mentioned above shall be under the modified licence as they were or would have been under the former licence.

Patricia Hewitt
Minister of State for Small Business and E. Commerce,
Department of Trade and Industry

3rd September 1999

SCHEDULE 1 Regulation 3(a)

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SCHEDULE 2 Regulation 3(c)

Amendments to Schedule 1 of the standard Schedules.

1. In paragraph 1 of Part 1

(i) for the definition of "Applicable Systems" there shall be substituted the following definition—

""Applicable Systems" has the meaning given to it in paragraph 6 of this Licence, and, for the purpose of Condition 76 only, includes any systems which the Director agrees should be treated as Applicable Systems;";

(ii) for the definition of "Code of Practice" there shall be substituted the following—

""Code of Practice" means:

(i) for the purposes of Condition 29 and 81, a code of practice prepared and disseminated by the Data Protection Commissioner (or, before the commencement of section 6(1) of the Data Protection Act 1998 by the Data Protection Registrar) or by a trade association where, in the case of the latter, the said Commissioner, or Registrar, has notified the trade association that in his opinion the code promotes the following of good practice;

(ii) for the purposes of Condition 79:

(a) any model Code of Practice issued by the Director; or

(b) where the Director so agrees, any Code of Practice submitted by the Licensee to the Director;";

(iii) for the definition of "Directory Information Service" there shall be substituted the following definition—

""Directory Information service" for the purposes of Conditions 2, 29 and 81 means directory information provided by means of a telephone system;";

(iv) for the definition of "Network Charge Change Notice" there shall be substituted the following definition—

""Network Charge Change Notice" has the meaning given to it in Condition 69.4 or Condition 47.5, whichever is applicable to the Licensee;";

(v) for the first definition of "Operator" there shall be substituted the following definition—

""Operator" means for the purposes of Schedule 1 except Conditions 28 and 65 any person running a telecommunication system for the purposes of providing telecommunication services;";

(vi) for the definition of "Prospectively Competitive Standard Services" there shall be substituted the following definition—

""Prospectively Competitive Standard Services" means, unless a contrary determination by the Director applies pursuant to Condition 47.10, any of the following:

(i) Inter-tandem Conveyance Standard Services;

(ii) Inter-tandem Transit Conveyance Standard Services;

(iii) International direct dialled Conveyance Standard Services;

(iv) Directory Information Standard Services, namely the non-conveyance element of the Directory Information Service and the international information service, entries on to NIS/OSIS, use of the directory assistance database (DAS), supply of phonebooks and supply of customised phonebooks;

(v) a service:

(A) which a Schedule 2 Public Operator has requested the Licensee to offer to enter into an agreement to provide under Condition 45.1;

(B) which the Director has determined pursuant to Condition 47.10(a) is likely to become competitive within a market specified by him, and within a period specified by him;";

(vii) after the definition of "Value Added Service" there shall be inserted the following

" **ADDITIONAL DEFINITIONS RELATING TO SCHEDULE 1 OF THIS LICENCE**

"Accounting Documents" means together the Accounting Policies, the Attribution Methods, the Regulatory Accounting Principles, the Transfer Charging System and the Long Run Incremental Cost methodology;

"Accounting Policies" means the manner in which the requirements of the Companies Act 1985, the Accounting Standards and the accounting policies applied by the Licensee in the preparation of its annual statutory financial statements, where relevant and appropriate, are applied in each of the Financial Statements, the Restated Financial Statements and the Interim Financial Statements as agreed in writing between the Director and the Licensee on or before the date on which Condition 78 came into force [M6], as amended from time to time in accordance with that Condition;

"Apparatus Supply Business" means the following activities of the Licensee or of any wholly owned Subsidiary taken together:

(i) the supply of any telecommunication apparatus neither comprised nor to be comprised in any of the Applicable Systems; and

(ii) the installation, maintenance, adjustment, repair, alteration, moving, removal or replacement of any telecommunication apparatus where those activities are not part of the Systems Business nor part of the Supplemental Services Business;

"Attribution Methods" means the practices used to attribute revenue (including appropriate transfer charges), costs (including appropriate transfer charges), assets and liabilities to a Business or, insofar as that Business has been disaggregated in terms of activities of that Business, to each activity of that Business as agreed in writing between the Director and the Licensee on or before the date on which Condition 78 came into force [M7], as amended from time to time in accordance with that Condition;

"Businesses" means the businesses (including the Network Business and the Retail Systems Business) comprising the revenues, costs and assets as agreed

in writing between the Director and the Licensee on or before the date on which Condition 78 came into force, as amended in accordance with that Condition and “Business" means any one of them;

“Call Origination Conveyance Standard Service" means a Conveyance Standard Service provided by the Licensee from (but not including the conveyance of Messages over) an Exchange Line to (and over) the local exchange;

“Call Origination Remote-local Conveyance" means the conveyance of switched Messages from (but not including the conveyance of Messages over) an Exchange Line up to (but not over) the local exchange;

“Call Termination Conveyance Standard Service" means a Conveyance Standard Service provided by the Licensee from (and over) the local exchange to (but not including the conveyance of Messages over) an Exchange Line;

“Call Termination Remote-local Conveyance" means the conveyance of switched Messages from (but not over) the local exchange to (but not including the conveyance of Messages over) an Exchange Line;

“Charges" for the purpose of Condition 69 means charges (being in all cases the amounts offered or charged by the Licensee) to Operators for the Standard Services described in paragraph 69.6(a), 69.6(b) or 69.6(c), as the case may be, other than charges for Competitive Standard Services, and each discrete charge of any such description shall be treated as a separate Standard Services Charge;

“Controlling Percentage" has the meaning given to it in Condition 69.13;

“Conveyance Outpayment Cost" means any payment made to any person by the Licensee in respect of the conveyance of a call which is not a Delivery Outpayment Cost;

“Conveyance Standard Service" means a Standard Service comprising the conveyance of switched Messages;

“Delivery Outpayment Cost" means either:

(i) the payment made by the Licensee to an International Operator for the delivery of an outgoing international call passed on to it by the Licensee assessed on the basis of the net settlement after taking account of receipts under the system of settlement provided for by the ITTCC and the cost incurred by the Licensee of the delivery of an incoming international call passed on to it by an International Operator; or

(ii) the average payment made by the licensee to Operators in the United Kingdom or to Operators in the Isle of Man or the Channel Islands for the delivery of calls to or within any of those respective places; or

(iii) the payment made by the Licensee to an Operator for the conveyance of an international call to a destination outside the United Kingdom, Isle of Man and Channel Islands;

“Detailed Attribution Methods" means the document with that title (along with the Detailed Valuation Methodology and Long Run Incremental Cost Model: Relationship and Parameters) containing details of the systems and processes for deriving or calculating the costs, revenues, assets and liabilities which are used by the Licensee, in addition to the descriptions in the

Accounting Documents, to prepare the Financial Statements, the Restated Financial Statements and the Interim Financial Statements;

“Detailed Valuation Methodology" means the document with that title which is used (along with the Detailed Attribution Methods and Long Run Incremental Cost Model: Relationship and Parameters) containing details of the systems and processes for deriving or calculating the costs, revenues, assets and liabilities which are used by the Licensee, in addition to the descriptions in the Accounting Documents, to prepare the Financial Statements, the Restated Financial Statements and the Interim Financial Statements;

“Discounted General Prices" means prices which are charged as part of a Package (not including Reference Prices) and which, if they were not so charged, would be General Prices;

“Exchange Line Price" means a General Price imposed by the Licensee for:

(i) the use and Ordinary Maintenance; and

(ii) the connection or taking over;

of an Exchange Line;

“Fault Repair Service" means a service consisting in such repair, maintenance, adjustment or replacement of any of the Applicable Systems or such repair or adjustment of any Relevant System as is necessary to restore and maintain a sufficient service;

“Financial Statement" has the meaning given to it in Condition 78.5;

“Fixed Link Operator" means a public telecommunications operator which runs a public telecommunication system and whose Licence does not authorise the provision of a Land Mobile Radio Service;

“General Prices" means (being the Licensee’s Standard Prices or Reference Prices nominated under Condition 70.6):

(i)

(A) charges for the use and Ordinary Maintenance of a residential Exchange Line;

(B) charges for the connection or taking over of a residential Exchange Line;

(C) charges for the conveyance by means of such Exchange Lines of voice telephony Messages from a place within the Licensed Area to any other place (whether or not within the Licensed Area); and

(D) charges for the facility of transferring, with assistance from a human operator, charges for the conveyance of the voice telephony Messages referred to in sub-paragraph (i)(C) above, other than:

(AA) charges payable by Operators;

(BB) charges for Private Leased Circuits or International Simple Bearer Circuits;

(CC) charges for special, emergency or priority Fault Repair Services;

(DD) charges for the conveyance of voice telephony Messages in relation to any services provided by means of the Licensee’s Applicable Systems which formed part of its Supplemental Services Business;

(EE) charges for the conveyance of voice telephony Messages which are to be conveyed to customers of an Operator which is not a Fixed Link Operator;

(FF) charges for Specially Tariffed Voice Services;

(GG) charges for Directory Information Services;

(HH) charges, whether paid in cash or by credit card or debit card or token or otherwise, in respect of calls from Public Call Boxes, and calls from Private Call Boxes where the charge to the renter is based on charges for calls from Public Call Boxes published by the Licensee in accordance with Condition 7, and transferred charges in respect of calls from Call Boxes;

(II) charges for any Maritime Services;

and each discrete charge of any such description shall be treated as a separate General Price;

(ii) for the purposes of Condition 71, has the meaning given to it in sub-paragraph (i) above, except that it shall not include those General Prices agreed between the Director and the Licensee on or before the date on which that Condition came into force and, subject to that exception, shall include:

(AA) charges (or groups of charges) including the fee (if any) for services offered in combination with charges (or groups of charges) for other services (or groups of services) or with a periodic or non-periodic fee and which, if the relevant service (or group of services) was charged for separately or a fee was not payable, would be General Prices; and

(BB) charges for services which, if offered to residential customers, would be General Prices;

"Industrial or Intellectual Property" includes, without prejudice to its generality, patents, designs, know-how, and copyright;

"Interim Financial Statement" means a Financial Statement prepared on a historic cost basis for each six month period ending 30th September, beginning with the six months ending 30th September 1995 and ending with the six months ending 31st March 1998, in respect of each Business and, insofar as it has been disaggregated in terms of activities of the Business, each activity of that Business (each an "Interim Financial Statement" and together the "Interim Financial Statements"). Each Interim Financial Statement comprises a profit and loss account, a statement of mean capital employed, statements of costs (if applicable) and additional information to be provided by way of notes for the relevant period;

"International Operator" means an operator recognised as such by the ITTCC;

"International Private Circuit" means a Private Leased Circuit which is provided by means both of a telecommunication system comprised in the Applicable Systems and a telecommunication system in a country or a territory other than the United Kingdom;

"International Private Circuit Prices" means all periodic and other charges imposed by the Licensee by way of any Standard Price for the connection, use and Ordinary Maintenance of that part of an International Private Circuit provided by the Licensee by means of the Applicable Systems, other than:

(i) an International Private Circuit used to provide broadcast quality sound and vision services;

(ii) an Offshore Private Circuit;

(iii) a VSAT Service; or

(iv) a circuit used in the provision of International Videoconferencing services by the Licensee;

"International Simple Resale Bearer Circuit Prices" means all charges imposed by way of a Standard Price for the connection, use and ordinary Maintenance of the parts of International Simple Resale Bearer Circuits provided by means of the Applicable Systems, other than:

(i) charges for a Circuit used in the provision of broadcast quality sound and vision services, VSAT Services or International Videoconferencing Services;

(ii) charges for an Offshore Private Leased Circuit; and

(iii) charges payable by Operators under Condition 69,

and each discrete charge of any such description shall be treated as a separate International Simple Resale Bearer Circuit Price;

"International Videoconferencing" means a communication facility consisting in the simultaneous point to point conveyance by means including the Applicable Systems between a place or places in the Licensed Area and a place or places outside the United Kingdom of voice telephony Messages and associated visual images (an "International Videoconferencing Service") whether or not on any particular occasion the International Videoconferencing Service includes a service between two places in the Licensed Area or between a place in the Licensed Area and a place in the United Kingdom;

"Inter-tandem Conveyance Standard Service" means that part of a double plus tandem Conveyance Standard Service which is not a single tandem Conveyance Standard Service and a Conveyance Standard Service provided by the Licensee from a tandem exchange to (but not over) an international switching centre;

"Inter-tandem Transit Conveyance Standard Service" means a double plus transit Conveyance Standard Service;

"ITTCC" means the International Telegraph and Telephone Consultation Committee;

"Land Mobile Radio Service" means any telecommunication service provided by wireless telegraphy for reception by means of apparatus which is or is to be used while in motion, but, except for the purposes of Condition 69, does not include services of a kind provided under Condition 66;

"Licensed Area" means the United Kingdom other than the area in which Kingston Communications (Hull) PLC is licensed to run telecommunication systems under a licence coming into force on the date on which this Licence comes into force;

"Local-tandem Conveyance Standard Service" means that part of a single tandem Conveyance Standard Service which is not a Call Origination Conveyance Standard Service or a Call Termination Standard Service, as the case may be;

"Local-tandem transmission" means the conveyance of switched Messages between (but not over) a local exchange and a tandem exchange;

"Long Run Incremental Cost Methodology" means the long run incremental cost principles and modelling processes which form the framework under which LRIC statements are prepared as agreed in writing between the Director and the Licensee on or before the date on which this definition comes into force [M8], as amended from time to time in accordance with Condition 78;

"Long Run Incremental Cost Model: Relationship and Parameters" means the document with that title (along with the Detailed Attribution Methods and Detailed Valuation Methodology) containing details of the systems and processes for deriving or calculating the costs, revenues, assets and liabilities which are used by the Licensee, in addition to the descriptions in the Accounting Documents, to prepare the Financial Statements, the Restated Financial Statements and the Interim Financial Statements;

"Main Prices" means:

(i) all periodic charges for the ordinary use and Ordinary Maintenance of an Exchange Line;

(ii) all charges based on duration for the conveyance by means of such Exchange Lines of voice telephony Messages; and

(iii) all charges for the provision of a Directory Information Service;

"Maritime Services" means two-way telecommunication services (including voice telephony and data transmission services) consisting in the transmission and reception of Messages conveyed or to be conveyed between seagoing vessels (including any floating structure for the exploration for, or exploitation of, oil or gas, or similar structure, while it is not maintained on a station) or hovercraft and any other point within the Applicable Systems;

"Network Components" means the network components specified on the list of network components agreed between the Director and the Licensee on 17th December 1996 and as amended from time to time by the Licensee with the consent of the Director;

"Network Cost" means:

(i) in the case of a General Price which is not an Exchange Line Price, the aggregate of the Transfer Charges for each Network Component and each Network Part, as the case may be, applied to the provision of a Retail Service; and

(ii) in the case of an Exchange Line Price, the costs which are in the opinion of the Director appropriately attributed by the Licensee to the provision of the service for which the Exchange Line Price is charged;

"Non-conveyance Standard Service" means a Standard Service which is not a Conveyance Standard Service;

"Off-shore Private Leased Circuit" means a communication system which is:

(i) provided by means of both a telecommunication system comprised in the Applicable Systems and a telecommunication system which is on any installation which is maintained in waters to which the Mineral Workings (Offshore Installations) Act 1971 applies;

(ii) made available to a person for the conveyance of Messages between points, all of which are points of connection between a public telecommunication system and a telecommunication system which is not a public telecommunication system;

(iii) which is such that all Messages transmitted at any of the points mentioned in sub-paragraph (ii) above are received at every other such point; and

(iv) which is such that the points mentioned in sub-paragraph (ii) above are fixed by the way in which the facility is installed and cannot otherwise be selected by persons or apparatus sending Messages by means of that facility;

"Operator" for the purposes of Condition 65 means:

(A) in relation to a Standard Service, any person who has required, and with whom the Licensee is obliged to enter into an agreement to provide, that Standard Service under this Licence; or

(B) in relation to a Private Leased Circuit, any person who has required, and with whom the Licensee is obliged to enter into an agreement to provide, that Private Leased Circuit;

"Ordinary Maintenance" means:

(i) maintenance which is part of the service provided by the Licensee in consideration of the charge for an Exchange Line and includes normal fault repair, as defined in the Licensee's standard terms and conditions;

(ii) for the purposes of Condition 73 only, maintenance which is part of the service provided by the Licensee in consideration of the periodic Private Leased Circuit charge for any particular category of Private Leased Circuit and includes normal fault repair, as defined in the Licensee's standard terms and conditions;

"Package" means charges or combinations of charges for any of the things included within sub-paragraph (i)(A) of the definition of General Prices which vary or may vary:

(i) according to whether the Licensee does any other thing so mentioned for the customer in question; or

(ii) according to the extent to which it does any of those things for that customer,

and combinations of the type described in Condition 70 (with the addition of combinations which include a non-periodic fee), but does not include any scheme made available by the Licensee for the purpose of complying with the obligations on it by Condition 41;

"Percentage Change":

(i) for the purposes of Condition 69, has the meaning given to it in paragraph 69.15;

(ii) for the purposes of Condition 70, has the meaning given to it in paragraph 70.11;

"Percentage Discount Yield" means the discount yield for Relevant Year expressed as a percentage of the Control Revenue in the Relevant Financial Year;

"Period" means a calendar month or such longer period as the Director may determine;

"Private Leased Circuit Prices" means all charges imposed by way of a Standard Price for the connection, use and Ordinary Maintenance of terrestrial Private Leased Circuits which are wholly situated within the Licensed Area other than:

(i) charges for a Private Leased Circuit used to provide analogue presented broadcast sounds and vision services;

(ii) charges for a Private Leased Circuit used to provide closed circuit television services;

(iii) charges for a fixed link provided to any person authorised by a Licence to provide Land Mobile Radio Services where such link is provided solely for the purpose of facilitating the provision by that person of such Services; and

(iv) charges payable by Operators under Condition 69;

and each discrete charge of any such description shall be treated as a separate Private Leased Circuit Price;

"Quality" means the effect of the performance of the Value Added Service in a manner which, given the purpose for which it was provided, determines the degree of satisfaction of a user of that service, and, for the avoidance of doubt, does not include the charge for that service;

"Quality Schedule" means the schedule specifying:

(i) quality measures and Target Performance;

(ii) certain Standard Services;

(iii) certain Private Leased Circuits;

(iv) certain Operators or groups of Operators;

in each case as agreed between the Director and the Licensee on or before the date on which Condition 65 comes into force [M9] as amended from time to time in accordance with that Condition;

"Reference Price" has the meaning given to it in Condition 70.6;

"RPI" means:

(i) for the purposes of Condition 69, the amount of change in the Retail Prices Index in relation to any Relevant Year as specified in Condition 69.13;

(ii) for the purposes of Conditions 70 and 71, the amount of the change in the Retail Prices Index in relation to any Relevant Year as specified in paragraph 70.9;

"Regulatory Accounting Principles" means the principles agreed in writing between the Director and the Licensee on or before the date on which Condition 78 comes into force(a), as amended from time to time in accordance with that Condition;

"Relevant Financial Year" means in relation to a Relevant Year the financial year of the Licensee ending last before the beginning of the Relevant Year, being a financial year in respect of which annual accounts have been prepared and audited in accordance with the requirements of the Companies Act 1985;

"Relevant Year" means:

(i) except for the purposes of Condition 69, any of the four periods of 12 months beginning on 1st August starting with 1st August 1997 and ending on 31st July 2001;

(ii) for the purposes of Condition 69 only, any of the four periods of 12 months beginning on 1st October starting with 1st October 1997 and ending on 30th September 2001;

“Residual Business" means the business or businesses of which the revenues, costs and assets are not comprised in any Business as agreed between the Director and the Licensee in accordance with Condition 78, as amended from time to time in accordance with that Condition;

“Restated Financial Statement" means a restatement prepared following, and taking account of, a recalculation and redetermination of the charge (or the means of calculating the charge) for or in respect of each Standard Service pursuant to Condition 69, of each Financial Statement for each financial year ending with the year ending 31st March 1997 and of each Interim Financial Statement for the financial year ending 31st March 1998;

“Retail Cost" means the retail cost that is in the opinion of the Director appropriately attributed by the Licensee to the provision of a Retail Service;

“Retail Prices Index" means the index of retail prices compiled by Her Majesty’s Government in respect of all items;

“Retail Service" means a service provided by the Licensee to any person for which a General Price is charged;

“Routing Factor" means the average usage by all Operators and the Licensee of each Network Component or Network Part in a particular Standard Service or Network Service;

“Score" means the Percentage Discount Yield for the Relevant Year ended 31st July 1996 (calculated under Condition 74 having effect on that date and subject to any adjustment under paragraphs 74.3, 74.4 and 74.5, but taking into account only residential customers and revenue from such customers) ;

“Special Offer" means a General Price offered by the Licensee for a limited period of time not exceeding three months specified by the Licensee at the time the General Price is first offered;

“Specially Tariffed Voice Services" means calls to access premium rate services, number translation services (including local call services, freephone services, and national call services) and other services where the charge to a customer is determined at least in part by an agreement between the Licensee and the person called;

“Standard Price" means:

(i) for the purposes of the definition of “General Prices", any price charged or offered by the Licensee otherwise than in relation to a Package;

(ii) for the purposes of the definitions of “International Simple Resale Bearer Circuit Prices" and “Private Leased Circuit Prices", any price charged or offered by the Licensee:

(A) before the application to it of any discount; and

(B) in relation to a contract for a fixed term, before the application to it of any discount or premium;

"Target Performance" means the minimum level of performance which the Licensee intends to provide;

"Threshold" has the meaning given to it in Condition 70;

"Transfer Charging System" means the system which enables a Business to use a service or good from another Business and to account for it as though it had purchased that service or good, as agreed in writing between the Director and the Licensee on or before the date on which Condition 78 comes into force [M10], as amended from time to time in accordance with that Condition; and

"VSAT Service" means a telecommunication service consisting in the conveyance by means including the Applicable Systems, earth orbiting apparatus and a terrestrial telecommunication system outside the United Kingdom between a point in the Licensed Area and more than one point outside the United Kingdom of Messages whether or not on any particular occasion the conveyance includes a transmission between points in the Licensed Area or between points in the Licensed Area and points in the United Kingdom.";

Marginal Citations

M6 31st March 1995.
M7 31st March 1995.
M8 31st March 1995.
M9 31st March 1995.
M10 31st March 1995.

2. After paragraph 6 of Part 1 there shall be inserted the following paragraphs—

"**7.** For the avoidance of doubt it is hereby declared that for the purposes of this Schedule references to the supply of telecommunication apparatus do not include the making available of apparatus comprised or to be comprised in any of the Applicable Systems.

8. Nothing which the Licensee may do, or omit to do, after the date on which any provision of these Conditions enters into force shall be held to constitute a failure to comply with an obligation imposed on the Licensee by or under these Conditions to the extent that the Licensee is obliged to do or to omit to do (as the case may be) that thing by the terms of any contract subsisting immediately before that date; but any contract which takes effect as from the appointed day by virtue of paragraph 12 of Schedule 5 to the Act shall not be treated for the purposes of these Conditions as a contract subsisting immediately before the date on which these Conditions enter into force.

9. Without prejudice to the generality of paragraph 8 above, nothing which the Licensee may do, or omit to do after 1st May 1987 shall be held to constitute a failure to comply with an obligation imposed on the Licensee by virtue of any of the amendments made to these Conditions on that date to the extent that the Licensee is obliged to do or to omit to do (as the case may be) that thing by the terms of any contract subsisting immediately before 14th November 1986.";

3. In condition 38, for paragraph 1 there shall be substituted the following paragraph—

"**38.1** All the Conditions in Part A (the "Specified Conditions") shall apply to the Licensee, except to the extent that the Director determines otherwise following the procedure set out in paragraph 6 of Part 1of Schedule 1 to this Licence.";

4. In Conditions 40, 41 and 42 respectively the words " To the extent that this is a Specified Condition" shall be deleted;

5. In condition 43

(i) for paragraph 1 there shall be substituted the following paragraph—

"**43.1** Condition 43 shall apply to the Licensee, except to the extent that the Director determines otherwise following the procedure set out in paragraph 6 of Part 1 of Schedule 1 to this Licence."; and

(ii) for subparagraph (a) of paragraph 2 there shall be substituted the following subparagraph—

"**43.2**—(a) Subject to sub-paragraph (b) below, the Licensee shall provide telecommunication services consisting in the conveyance of Messages other than those specified in Part A, to every person who reasonably requests such services at any place throughout or in any part of the area as specified by the Director within which the Licensee is authorised to run telecommunication systems under this Licence and which contains not less than 100,000 Served Premises.";

6. In condition 46

(i) in sub-paragraph (b) of paragraph 2 there shall be added at the end the following words—

"Sub-paragraph (a) shall not apply to the Licensee as long as the Licensee is subject to Condition 69.3."; and

(ii) in paragraph 3 there shall be added at the end the following words—

"This paragraph shall not apply to the Licensee, in respect of offers made pursuant to Condition 45.1, as long as the Licensee is subject to Condition 69.2(a).";

7. In condition 47

(i) in paragraph 1 there shall be added at the end the following words—

"This paragraph shall not apply to the Licensee as long as the Licensee is subject to Condition 69.1.";

(ii) in paragraph 2 there shall be added at the end the following words—

"This paragraph shall not apply to the Licensee as long as the Licensee is subject to Condition 69.2(b), 69.2(c) and 69.2(d).";

(iii) in paragraph 4 there shall be inserted at the beginning the following words—

"Subject to Condition 69,";

(iv) in paragraphs 5 and 6 respectively there shall be added at the end the following words—

"This paragraph shall not apply to the Licensee as long as the Licensee is subject to Condition 69.4.";

(v) in paragraph 8, after the words "information specified in paragraph 47.5" there shall be inserted the words " or Condition 69.4, as the case may be, "; and

(vi) in sub-paragraph (a) of paragraph 8, after the words "in accordance with paragraph 47.5(b)" there shall be inserted the words " or Condition 69.4(iv), as the case may be, ";

8. In condition 50, at the beginning there shall be inserted the words " This Condition shall not apply to the extent that Condition 78 applies to the Licensee. " ;

9. In paragraph 1 of condition 57, for the words "Where a determination" to "in the manner set out below" inclusive there shall be substituted the following words—

"For the purposes of Parts A and B of this Licence and where a determination has been made which applies to the Licensee for the purposes of Parts C, D, E or F of the Licence, the Licensee shall not unduly discriminate or show undue preference in the manner set out below:";

10. In condition 58

(i) for paragraph 1 there shall be substituted the following paragraph—

"**58.1** For the purposes of Parts A and B of this Licence and where a determination has been made which applies to the Licensee for the purposes of Part F of this Licence, the Licensee shall, except in so far as the Director may otherwise consent in writing, publish prices and act in the manner set out below."; and

(ii) in paragraph 2, for the words "Within 28 days" to "on which it offers to" inclusive there shall be substituted the following words—

"For the purposes of Parts A and B of this Licence and, in the case of Part F of this Licence within 28 days after the date the Director has made a determination which applies to the Licensee for the purposes of Part F above, the Licensee shall send to the Director a notice specifying, or specifying the method that is to be adopted, for determining the charges, terms and conditions on which it offers to:";

11. In Condition 62, there shall be inserted at the beginning the words " This Condition shall not apply to the extent that Condition 78 applies to the Licensee. ";

12. After condition 64 there shall be inserted the following—
Condition 65

"PART J ADDITIONAL CONDITIONS APPLICABLE TO BRITISH TELECOMMUNICATIONS PLC

QUALITY OF SERVICE—QUALITY SCHEDULE

65.1 The Licensee shall publish the results of the measurements of actual performance against the Target Performance specified in the Quality Schedule which it has achieved in providing the Standard Services and Private Leased Circuits specified in the Quality Schedule to the Operators specified in that Schedule.

65.2 For the purposes of paragraph 65.1:

(a) the Licensee shall publish the results of those measurements at regular intervals, being not less than once in each financial year of the Licensee, the first publication to take place in the financial year of the Licensee ending 31st March 1996; and

(b) publication shall be effected by sending to the Director a document setting out the results referred to in paragraph 65.1 (the "Quality of Service Report").

65.3 Following publication pursuant to paragraph 65.1:

(a) subject to sub-paragraph 65.3(c), the Licensee shall send a copy of the most recent Quality of Service Report to any person who may request it on payment of a reasonable charge for it, within seven working days after receiving payment of that charge provided that such person agrees in writing with the Licensee to use

the Quality of Service Report and its contents for the purpose only of noting the extent to which the Licensee has achieved its Target Performance;

(b) except to the extent the Director may consent to an alternative location or to an alternative method of publication, the Licensee shall make available and continue to make available in a publicly accessible part of every Major Office of the Licensee in such manner and in such place that it is readily available for inspection free of charge by members of the public during such hours as the Secretary of State may by order prescribe under section 19(4) of the Act that the register of Licences and final and provisional orders is to be open for public inspection a notice of the address and telephone number of the person to whom any request for a copy of the most recent Quality of Service Report may be made; and

(c) the Licensee shall:

(i) be entitled to exclude from any Quality of Service Report which it is obliged to send to any person who may request one pursuant to sub-paragraph (a) any matter to the exclusion of which the Director shall have consented following representations to him on the matter by the Licensee on the basis that if the matter were made available in accordance with sub-paragraph (a) it would or might, in the opinion of the Director, seriously and prejudicially affect the interests of the Licensee; and

(ii) shall exclude from that Quality of Service Report any matter which the Director directs should be excluded.

65.4 Notwithstanding paragraph 8 of this Licence, the Licensee shall offer to include, as a minimum, in each agreement between the Licensee and an Operator for the provision of any Standard Service or any Private Leased Circuit, or both, which is or are included in the Quality Schedule whether subsisting before the date on which this Condition comes into force or otherwise:

(a) a description of the Target Performance specified from time to time in the Quality Schedule in relation to each such Standard Service and Private Leased Circuit; and

(b) an obligation on the Licensee to that Operator to use reasonable endeavours to achieve that Target Performance in relation to each such Standard Service or Private Leased Circuit provided to that Operator pursuant to the relevant agreement;

provided that such offer shall not be conditional on the acceptance by that Operator of the inclusion in that agreement of any other terms and conditions whether relating to that Target Performance or otherwise, except for terms or conditions which are necessarily incidental to the attaining of the Target Performance.

65.5 Subject to paragraph 65.6, the Quality Schedule may be amended as the Director and the Licensee agree from time to time. In addition, the Licensee shall ensure that the Quality Schedule is kept under review and shall prepare and submit to the Director any amendments which it proposes from time to time to make to the Schedule to take account of technological progress or other relevant considerations provided that the Licensee shall not be obliged to review the Schedule more than once in each financial year, the first such review to take place in the financial year ending 31st March 1996. The Director shall then, if he considers it appropriate to do so, consult with Interested Parties as to the proposed amendments and give them a reasonable opportunity to make representations. If the Director, following any period of consultation, consents to the Licensee's proposed amendments the Licensee shall adopt them, but if the Director does not consent to the proposed amendments, the Licensee may, subject to its obligations contained in this paragraph, withdraw them.

65.6 Where the Director has reasonable grounds to believe that the Licensee:

(a) has, within the previous three years (excluding any period falling before the date on which this Condition comes into force), shown undue preference to, or exercised undue discrimination against, any Operator in respect of the Quality of a Standard Service or Private Leased Circuit or both, contrary to the provisions of Condition 57.1(a)(ii) or 57.1(a)(iv), and has ceased to do so but is likely to repeat that undue preference or undue discrimination at any time in the future; or

(b) is showing undue preference or undue discrimination as described in sub-paragraph (a),

or both, and has notified the Licensee of those reasonable grounds, the Licensee shall, without prejudice to Condition 33 extend to the Director, his representatives and members of his staff such prompt co-operation as the Director may reasonably request in order to investigate the matter and, in particular, on request by the Director shall:

(c) furnish to the Director in accordance with his reasonable requirements any information, documents, accounts, estimates, returns, reports or other relevant information (including, without limitation, any facility enabling him to read data not held in readable form);

(d) on reasonable notice by him allow at all reasonable times the Director, his representatives and any member of his staff on production of his special authority, access to any relevant premises of the Licensee to investigate, assess, examine, review or verify any of its relevant records, systems or processes; and

(e) for the purpose of sub-paragraph (d), allow the Director, his representatives and any member of his staff to be accompanied by any person whom the Director may specify, and to whom the Licensee has raised no reasonable objection, whose assistance he might reasonably require provided that the Director has given the Licensee notice (save in exceptional circumstances) of at least 5 working days of the identity of that person.

65.7 If, as a result of any investigation, assessment, examination or review referred to in paragraph 65.6, the Director is satisfied that the Licensee has done or is doing any of the things referred to in (a) and (b) of that paragraph or he has insufficient information to conclude whether or not the Licensee has done or is doing any of the things referred to in (a) and (b) of that paragraph, he may direct with effect from the date specified in the direction (not being a date earlier than the date of the direction), without prejudice to his other powers under this Licence, that the Quality Schedule shall be amended, provided that any direction given pursuant to this paragraph shall relate to the results of the relevant investigation, assessment, examination or review referred to in paragraph 65.6 in respect of which the direction is given and shall not require any change to the Quality Schedule beyond that reasonably required to remedy or prevent the undue preference or undue discrimination, or to remedy any defect in the procedures set out in the Quality Schedule, which shall have given rise to the lack of information revealed by the relevant investigation.

Condition 66

MARITIME EMERGENCY SERVICES

66.1 The Licensee shall enter into an agreement with the Secretary of State for the provision of distress, urgency and safety services for shipping in accordance with the Radio Regulations of the International Telecommunication Union to the extent that the Secretary of State pays the costs of such services, except costs which the Director determines to be unjustifiable.

Condition 67

CONTROL OF “HARD-WIRED" AND OTHER TELEPHONE RENTALS

67.1 The Licensee shall ensure that no periodic or other charge in respect of renting from the Licensee telephone apparatus to which paragraph 67.2 applies increases during any Relevant Year by more than the amount of the change in the Retail Prices Index in the period of 12 months ending on 30 June immediately before the beginning of that Year.

67.2 This paragraph applies to telephones, other than telephones described in paragraph 67.3 below (“the excepted telephones"), which are not capable of being connected to the Licensee’s Applicable Systems at a Network Termination Point by means of a fitted plug which complies with British Standard number 6312, for example, telephones which are only capable of being connected to those Systems by means of hard-wiring or round-pin plugs.

67.3 The excepted telephones are:

(a) ISDN telephones;

(b) telephones which are connected to the Applicable Systems by means of a single line PBX; and

(c) telephones which are connected by a means other than a plug of the kind described in paragraph 67.2 above for the purposes of ensuring safety in a hazardous environment.

Condition 68

PROVISION OF RELAY SERVICE FOR TEXTPHONE USERS

68.1 Subject to the financial limits set out below and from 1st August 1993, the Licensee shall provide the funds for the operation by a person or body (“the Relay Service Provider") agreed from time to time by the Director, the Licensee and any other person contributing to its funding of a telephone relay service for people, whether customers of the Licensee or of another operator, who need to use textphones because of their disabilities. Such service shall consist of the provision of facilities for the receipt and translation of voice messages into text and the conveyance of that text to such textphones and vice versa (“the Service").

68.2 The Licensee shall discharge its obligations under this Condition by complying with guidelines issued from time to time and agreed by the Director, by the Licensee, by the Relay Service Provider and by any other person contributing to the funding of the Service. The Guidelines shall describe the Service and its provision by the Relay Service Provider. The Licensee shall enter into an arrangement with the Relay Service Provider on such terms and conditions as they both consider to be appropriate provided that any such arrangement is in accordance with the Guidelines. Failure of the Relay Service Provider to comply with the Guidelines shall not constitute a breach of the Guidelines by the Licensee.

68.3 Users of the Service who are customers of the Licensee shall be charged for the conveyance of such voice messages and text to which the Service applies at no more than the Licensee’s prevailing standard prices or such other charges as are, so far as reasonably practicable, equivalent to such prices as if that conveyance had been made directly between the caller’s Network Termination Point and the Network Termination Point of the called person, except that the calling customer may be charged at the Licensee’s standard local call prices for the element of the Service which consists of calls made to the Relay Service Provider in order to make a call to a called person irrespective of whether the call to the called person is successful.

68.4 The Licensee’s obligations under this Condition consist solely of an obligation to provide funds for the Service and do not extend to either the provision of or funds for any textphones or other apparatus on the customer’s side of the Network Termination Point.

68.5 The financial limits referred to in paragraph 68.1 above are that:

(a) the Licensee shall not be obliged to provide funds:

(i) in the year 1st August 1993 to 31st July 1994 in excess of £10 million;

(ii) in the year 1st August 1994 to 31st July 1995 in excess of £10 million or such larger sum (if any) as has been calculated by increasing £10 million by the percentage equal to the amount of any increase in the Retail Prices Index in the period of 12 months ending on 30th June 1994;

(iii) in the years 1st August 1995 to 31st July 1996 and 1st August 1996 to 31st July 1997 the sum applicable in the preceding year or such larger sum (if any) as has been calculated by increasing the sum applicable in the preceding year by the percentage equal to 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;

(b) notwithstanding sub-paragraph (a) above the Licensee shall not be obliged to provide funds in excess of a total of £14 million in the period commencing on 1st April 1993 and ending on 31st March 1996 indexed on the basis of the Retail Prices Index up to the latter date.

68.6 The financial limits referred to in paragraph 68.1 above for years subsequent to the year 1st August 1996 to 31st July 1997 shall be reviewed by the Director in consultation with the Licensee at the same time as the Director reviews the price control provisions contained in Condition 70, the Director first having given written notice to the Licensee of his intention to review those financial limits. In the absence of contrary agreement between the Director and the Licensee, the financial limit applicable to each of those subsequent years shall be the successive amounts produced by increasing the sum of £10 million year by year (that is to say, cumulatively) on 30th June 1994 and each anniversary of that date by the percentage equal to the amount of the change in the Retail Prices Index during each previous yearly period.

68.7 In this Condition:

"customer of the Licensee" means a person who rents an exchange line from the Licensee or a person using such an exchange line with the authority of a person who does so rent one;

"people who need to use textphones because of their disabilities" means people who are deaf, deaf-blind or speech-impaired;

"textphone" means a text terminal connected to the public switched telephone network.

Condition 69

CHARGE CONTROL FOR STANDARD SERVICES

69.1 The Licensee shall secure, and shall be able to demonstrate to the satisfaction of the Director, that the charges offered, payable or proposed to be offered or payable by an Operator to the Licensee for each Standard Service provided pursuant to an agreement entered into pursuant to Condition 45 of this Licence are reasonably derived from the costs of providing the Service based on a forward looking incremental cost approach (except to the extent the Director considers it appropriate that for a transitional period, or in any particular case, the Licensee apply another cost standard) and related to the amounts applied to the relevant Network Components or Network Parts.

69.2 The Licensee shall secure that:

(a) Standard Services are offered to Operators pursuant to agreements entered into pursuant to Condition 45 at the same charges and associated terms and conditions

as set out in the Licensee's reference interconnection offer referred to in paragraph 69.3 below;

(b) where a Network Component or combination of Network Components is provided by the Licensee from one Business to another Business, the amount applied and incorporated in the Transfer Charge in respect of that provision is equal to the amount applied to that Network Component or combination of Network Components in the charge payable by an Operator to the Licensee for the equivalent Conveyance Standard Service;

(c) where a Network Part or combination of Network Parts is provided by the Licensee from one Business to another Business, the amount applied and incorporated in the Transfer Charge in respect of that provision is equal to the amount applied to that Network Part or combination of Network Parts in the charge payable by an Operator to the Licensee for the equivalent Non-conveyance Standard Service; and

(d) the same amount is applied to a Network Component or Network Part, as the case may be, whenever it is used for any Standard Service within, respectively any of the following categories:

Category A: Call Origination Conveyance Standard Services, single transit Conveyance Standard Services and Local-tandem Conveyance Standard Services;

Category B: Call Termination Conveyance Standard Services;

Category C: data management amendments to allow the routing of emergency calls to Land Mobile Radio Service Operators; interconnection extension circuits, in span interconnection, and customer sited interconnection (for connection, rental and rearrangement); product management, policy and planning.

69.3 The Licensee's reference interconnection offer shall comprise a full list of Standard Services (the "Standard List") specifying:

(a) the charge offered to Operators requiring the Licensee to offer to enter into an agreement under Condition 45.1 for each Standard Service;

(b) the location in the Licensee's current standard interconnection agreement of the terms and conditions associated with the provision of each Standard Service; and

(c) the amount applied to:

(i) each Network Component used in providing each Conveyance Standard Service, with the relevant Routing Factors;

(ii) each Network Part used in providing each Non-conveyance Standard Service, with the relevant Routing Factors;

(iii) each Network Component used by the Licensee in a Network Service which is not used in providing the equivalent Conveyance Standard Services, namely, Call Origination Remote-local Conveyance, Call Termination Remote-local Conveyance and Local-tandem Transmission, with the relevant Routing Factors;

(iv) each Network Part used by the Licensee in a Network Service which is not used in providing the equivalent Non-conveyance Standard Services, with the relevant Routing Factors; and

(v) the Transfer Charge for each Network Component or combination of Network Components and Network Part or combination of Network Parts described above;

reconciled in each case to the charge payable by an Operator; provided that in the case of any Network Component or Network Part that is used in the provision of one or more Competitive Standard Services or New Standard Services, but is not also used in the provision of any other Standard Service that is not a Competitive Standard Service, the Licensee shall not be required to include in the Standard List the amount applied to that Network Component or Network Part.

69.4 Subject to Conditions 47.7, 47.8 and 47.9, and except to the extent that enforcement action is taken by the Director:

(a) in the case of Competitive Standard Services and Prospectively Competitive Standard Services, not less than 28 days; and

(b) in the case of all other Standard Services, not less than 90 days;

before any change to a charge for a Standard Service, or any offer of a new Standard Service, is to come into effect, the Licensee shall send to the Director and all Operators with which it has entered into (or offered to enter into) an agreement under Condition 45.1 written notice of a proposal (a “Network Charge Change Notice") which identifies:

(i) the Standard Service, the current charge offered for, and location in the Licensee’s current standard interconnection agreement of the terms and conditions associated with, the provision of the Service and the proposed charge; or the proposed charge and associated terms and conditions for the proposed New Standard Service;

(ii) the date on which or the period for which the proposed new charge will take effect, (“the effective date or period");

(iii) in the case of a Conveyance Standard Service, the current and proposed amount and the relevant Routing Factors applied to each Network Component comprised in that Conveyance Standard Service, and, in the case of a Non-conveyance Standard Service, the current and proposed amount and the relevant Routing Factors applied to each Network Part comprised in that Non-conveyance Standard Service, reconciled in each case with the current, proposed or proposed new Standard Service charge; and

(iv) in the case of a Standard Service to which paragraph 69.6(a), 69.6(b) or 69.6(c) applies, the information specified in sub-paragraph (iii) with respect to all other Services to which that paragraph applies; and

the Licensee shall not offer or apply any such proposed charge or New Standard Service to any Operator before the effective date.

69.5 Subject to paragraph 69.4 above, and Conditions 47.7, 47.8 and 47.9, and without prejudice to any other provisions of this Condition or any other Condition of this Licence, from 1 October 1997, the Licensee shall offer to Operators requiring the Licensee to offer to enter into an agreement under Condition 45 the Charges (for the Standard Services subject to paragraph 69.6(a), 69.6(b) or 69.6(c)) and apply the amount to product management, policy and planning (PPP) specified on a list agreed between the Director and the Licensee on or before the date on which this Condition comes into force. For the purposes of paragraphs 69.6 to 69.21:

(a) the Charges for the Standard Services described in paragraphs 69.6(a) and 69.6(b) shall be deemed to be in each case the charge that the Licensee would offer to or charge an Operator for the Service in question if the amount applied to product management, policy and planning (PPP) were taken out of account; and

(b) the Charges for the Standard Services described in paragraph 69.6(c)(ii) shall be deemed to be in each case the charge that the Licensee would offer to or charge an Operator for the Service in question if no costs of the Service were allocated (or Transfer Charge made) to the Licensee.

69.6 The Licensee shall take all reasonable steps to secure that, during any Relevant Year:

(a) the aggregate of Charges for Call Origination Conveyance Standard Services, single transit Conveyance Standard Services and Local-tandem Conveyance Standard Services;

(b) the aggregate of Charges for Call Termination Conveyance Standard Services; and

(c) the aggregate of Charges for:

(i) data management amendments to allow the routing of emergency calls to Land Mobile Radio Service Operators;

(ii) interconnection extension circuits, in span interconnection, and customer sited interconnection (for connection, rental and rearrangement); and

(iii) the amount applied to product management, policy and planning (PPP),

in each case remains such that:

(d) if the Controlling Percentage for that Year (established in accordance with paragraph 69.13) is zero or positive, any Percentage Change which has taken place in the aggregate of the relevant Charges (calculated in accordance with paragraphs 69.15 and 69.16) at the end of each Period does not constitute an increase by more than the Controlling Percentage; or

(e) if that Percentage is negative, there is no Percentage Change in the aggregate of the relevant Charges by way of increase and, before the end of that Year, there is such a Change by way of reduction of not less than that Percentage.

69.7 Where, for the purpose of complying with paragraphs 69.6 to 69.21, the Licensee is required to reduce, or to limit any increase in, its Charges in any Relevant Year the Licensee shall take all reasonable steps to ensure that the combined effect on accrued revenue of the Licensee of all individual changes shall be no less than, in the case of a required reduction, that which would have been produced had all of those changes been made at exactly the same time and no later than on 1st April in that Year, or more than, in the case of a limited increase, that which would have been produced had all of those changes been made at exactly the same time and no earlier than on 1st April in that Year, and accordingly 1st April in that Year shall be the latest or, as the case may be, earliest weighted average date (within the meaning of paragraph 69.8) in that Year for the purposes of the making of reductions or increases in Charges. For the purpose of establishing whether or not the Licensee has complied with the obligation imposed on it by this paragraph, a calculation shall be carried out by employing the formula set out in paragraph 69.8.

69.8 The formula mentioned in paragraph 69.7 is:

69.9 To the extent that the Licensee has made, during any Relevant Year, any changes in Charges beyond those necessary for compliance with paragraph 69.6, those changes shall be relevant in applying paragraphs 69.7 and 69.8 to changes in the Relevant Year immediately following the Relevant Year in which those changes were made. In applying the formula referred to in paragraph 69.8 to such changes, subject to paragraph 69.10, that formula shall apply with the meaning of D_i amended as follows:

D_i = the date on which the $_i$th price change takes effect expressed as a numeric entity on a scale ranging from 1st October =-547 to 30th September =-183, except in a leap year when 1st October =-548, or in a year which precedes a leap year when 1st October =-548 and 30th September =-184.

69.10 If, in relation to any change in Charges to which paragraph 69.9 applies, the Director is of the opinion that D_i should not equal the date on which that change takes effect as described in that paragraph, but should equal 1st October in the immediately following Relevant Year (expressed as a numeric entity where 1st October =-182, or in a leap year -183), he shall so direct the Licensee as soon as practicable after receipt by the Director of notification by the Licensee of the change. Where the Director has given such a direction the formula referred to in paragraph 69.8 shall apply with D_i =-182, or in a leap year -183 to any change in Charges to which that direction relates.

69.11 Where, notwithstanding the obligation imposed on the Licensee by paragraph 69.6, there has taken place a change in Charges of a kind not permitted under paragraph 69.6(d) or 69.6(e), the Licensee shall make such adjustments in Charges (or leave them unchanged), for the period, whether in the year in question or the following year (and whether or not that year is a Relevant Year), as may be reasonably required to satisfy the Director that the matter has been remedied. Such adjustments shall not be relevant for the purpose of establishing compliance with paragraph 69.6 in a following Relevant Year.

69.12 Where notwithstanding the obligation imposed on the Licensee by paragraph 69.7, the effect on accrued revenue of the changes in Charges fails, in the opinion of the Director, to meet the requirements of that paragraph, the Licensee shall make such adjustments in Charges (or leave them unchanged), for the period, whether in the year in question or the following year (and whether or not that year is a Relevant Year), as may be reasonably required to satisfy the Director that the matter has been remedied.

69.13 Subject to paragraphs 69.14, 69.18 and 69.19, 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 30 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 ("RPI"), reduced by 8.

69.14 If the difference between Charges at the beginning and at the end of any Relevant Year is such that the relevant Percentage Change is less (in the case of a permitted increase), or greater (in the case of a required reduction), than the change permitted, or required, in accordance with paragraph 69.6, then the Controlling Percentage for the following Relevant Year shall be established in accordance with paragraph 69.13, but increased by the amount of such deficiency or excess (as the case may be).

69.15 Unless the Director directs with respect to any particular Charge that an alternative method or period other than the Relevant Financial Year be used in any Relevant Year, the amount of a Percentage Change which has taken place at any time during a Relevant Year shall be the amount of the change in each Charge which has taken place between the beginning of the Relevant Year and that time, multiplied by the amount of the revenue reasonably believed by the Licensee to have accrued during the Relevant Financial Year in respect of the Standard Service for which that Charge is charged, dividing in each case the amounts so produced by the Charge at the beginning of the Relevant Year for the Service to which each such amount relates, and taking the aggregate of the results, expressed as a percentage of all the revenue reasonably believed to have accrued for the relevant Standard Services during the Relevant Financial Year. The Director may direct that an alternative method or period be used where, in his opinion, the method (or period) set out in this paragraph would not accurately reflect the change in the Charge in question.

69.16 Notwithstanding paragraph 69.15, if the Licensee has notified the Director in writing both of its intention to increase during a Period one or more Charges and of its intention within three months of the first such increase to reduce one or more Charges then, unless:

(a) the Director dissents within 28 days of such notification on the ground that undue advantage is being taken of this paragraph; or

(b) the reduction as so notified is not introduced;

for the purposes of paragraph 69.15, when determining the amount of a Percentage Change which has taken place at the end of the said Period and each subsequent Period, it shall be assumed that any such reduction had taken place during the first mentioned Period.

69.17 Where the Licensee makes a material change (other than to a Charge) to any 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 69.6 to 69.21 shall have effect subject to such reasonable adjustment to take account of the change as the Director may determine to be appropriate in the circumstances. For the purposes of this paragraph a material change to any Service includes the introduction of a new Service wholly or substantially in substitution for that existing Service.

69.18 If the Licensee imposes a specific charge or an increased charge in relation to any goods or service which up to the time when the charge or increased charge is first imposed had been provided without charge or at a lower charge and the Director determines that some or all of the costs properly attributable to that service had previously been attributed to services to which paragraph 69.6 applies and that it would be proper in the circumstances for the newly introduced or increased charge to be controlled, that charge shall, unless the Director determines otherwise, be a Charge within the same relevant paragraph 69.6(a), 69.6(b) or 69.6(c) and this Condition shall have effect subject to the following provisions:

(a) the Licensee shall produce a forecast of the revenue expected to accrue as a result of the Charge or increased Charge for the goods or service over the period of twelve months from the date of introduction or increase of the Charge;

(b) the forecast shall be expressed as a percentage of the total amount of revenue reasonably believed by the Licensee to have accrued in respect of the relevant aggregate Charges during the Relevant Financial Year which relates to the Relevant Financial Year during which the Charge is introduced or increased;

(c) the Controlling Percentage for that Relevant Year shall be reduced by that percentage;

(d) an adjustment shall be made to the Controlling Percentage for that Relevant Year in respect of which it is first possible, from the Relevant Financial Year accounts, to take into account a comparison between the first twelve months' actual accrued revenue from the Charge and the forecast referred to in sub-paragraph (a), whereby the Controlling Percentage for that Relevant Year shall be increased or reduced (as the case may be) by the difference between the forecast amount referred to in sub-paragraph (a) and the amount of actual accrued revenue (the difference to be expressed as a percentage of the total amount of revenue accrued in respect of the relevant aggregate Charges during the Relevant Financial Year which relates to that Relevant Year);

(e) further adjustments shall be made to the Controlling Percentage referred to in sub-paragraph (d):

(i) where there is any difference between the forecast referred to in sub-paragraph (a) and the actual accrued revenue referred to in sub-paragraph (d), in order to compensate for the extent to which, by virtue of

that difference, Charges in previous Relevant Years have been too high or too low (as the case may be), and

(ii) where there has been any variation in the Charge for the goods or service between the Relevant Year referred to in sub-paragraph (b) and the Relevant Year referred to in sub-paragraph (d) which the Director, after consultation with the Licensee, determines should be taken into account for the purposes of calculating the Controlling Percentage; and

(f) the adjustments referred to in sub-paragraphs (d) and (e) shall be made in the manner which the Director determines to be appropriate in the circumstances.

69.19 If the Charge or increased Charge for any goods or service covered by paragraph 69.18 is altered following its introduction but before the adjustment referred to in paragraph 69.18(d) can be made then, in respect of that Charge, in calculating the amount of a Percentage Change under paragraph 69.15, the forecast set out in paragraph 69.18(a) shall be substituted for the amount referred to in paragraph 69.20(a).

69.20 The Licensee shall no later than the time at which it notifies or should have notified the Director under paragraph 69.4 of any change to any Charge inform the Director in writing of:

(a) the amount of revenue which the Licensee reasonably believes to have accrued in the Relevant Financial Year for each Service in respect of which a Charge is charged; and

(b) the amount of each Charge at the beginning of the Relevant Year.

69.21 The Licensee shall as soon as practicable after the end of each Period in which there has been a change in a Charge inform the Director in writing of:

(a) the changes made or new charges imposed in relation to any other Charge in the same group of aggregate Charges, whether under paragraph 69.6(a), 69.6(b) or 69.6(c), during that Period specifying its nature and amount and the Service for which the Charge is charged; and

(b) the amount of the Percentage Change in the relevant aggregate Charges which has taken place during the Period and whether by way of increase or reduction.

69.22 The Licensee shall secure that each discrete charge for any Prospectively Competitive Standard Service, including charges disaggregated by time of day, distance or route, namely:

(a) Inter-tandem Conveyance Standard Services;

(b) Inter-tandem Transit Conveyance Standard Services;

(c) international direct dialled Conveyance Standard Services; and

(d) directory information Standard Services, namely, the non-conveyance element of the directory enquiry service and the international directory enquiry service, entries on to NIS/OSIS, use of the directory assistance database (DAS), supply of phonebooks and supply of customised phonebooks,

does not increase in the first Relevant Year from the Interim Charge (or, in the case of sub-paragraph (d), the amount applied to a non-conveyance element thereof) determined by the Director under this Condition in effect on 30th September 1997 for the year ending 31st March 1998 (to which the retail tariff gradient in effect on 1st October 1997 has been applied by more than RPI and during any following Relevant Year by more than RPI (taking out of account, where applicable, any payment by the Licensee to a person operating a telecommunication system outside the United Kingdom). For the purposes of compliance with this paragraph:

(e) the Licensee shall secure that any increase of a charge shall be proportionately no more than the proportion of RPI which is derived by multiplying RPI by a fraction, the numerator of which is the number of days which have elapsed from the beginning of the Relevant Year to the effective date of the charge change and the denominator of which is 365 (or, in a leap Year, 366), plus any proportion of RPI in previous Relevant Years which has not been taken up by charge increases; and

(f) the charges for the Services described in sub-paragraph (b) shall be deemed to be in each case the charge that the Licensee would offer to or charge an Operator for the Service in question if the amount applied to product management, policy and planning (PPP) were taken out of account.

69.23 Except to the extent the Director otherwise consents (on the grounds that the quality and security of the Service would be endangered), the Licensee shall secure that each discrete charge for the non-conveyance element of a Public Emergency Call Service does not increase from the amount applied to that element of the Interim Charge for access to emergency operator assistance determined by the Director under this Condition in effect on 30th September 1997 for the year ending 31st March 1998 during any Relevant Year by more than RPI as specified in paragraph 69.22(e).

69.24 Paragraphs 69.6 to 69.22 shall not apply to such extent as the Director may determine.

69.25 This Condition shall be without prejudice to the powers of the Director elsewhere under this Licence to determine:

(a) Final Charges for the financial years ending on 31st March 1996, 31st March 1997 and 31st March 1998 (where Interim Charges were determined before 1st October 1997);

(b) Interim Charges for the financial year ending on 31st March 1998; and

(c) any requests for determination or waiver made before 1st October 1997 (which are not withdrawn);

and shall be without prejudice to any related obligations of the Licensee in Condition 78 in effect on 30th September 1997, except that:

(d) in the case of the determination of Final Charges for the year ending on 31st March 1998 the determination shall:

(i) be based on the audited information appearing by virtue of Conditions 69.8 and 69.10 in effect on 1st October 1997 in the Licensee's Interim Financial Statement for the relevant Businesses for the financial year ending on 31st March 1998; and

(ii) apply only to the period from 1st April 1997 to 30th September 1997;

(e) where a tariff gradient is applied to the charges for Standard Services in effect on 1st October 1997, that gradient shall be the Licensee's retail tariff gradient in effect on that date; and

(f) charges for Standard Services in effect on 1st October 1997 shall be subject to paragraphs 69.4 and 69.5 and Conditions 47.7, 47.8 and 47.9.

Condition 70

CONTROL OF GENERAL PRICES

70.1 The Licensee shall take all reasonable steps to secure that, during any Relevant Year, the amount of General Prices remains such that:

(a) if the Controlling Percentage for that Year (determined in accordance with paragraph 70.9) is zero or positive, any Percentage Change which has taken place in the aggregate of all General Prices (determined in accordance with paragraphs 70.11 and 70.12) at the end of each Period does not constitute an increase by more than the Controlling Percentage; or

(b) if that Percentage is negative, there is no Percentage Change in General Prices by way of increase and, before the end of that Year, there is such a Change by way of reduction of not less than that Percentage.

70.2 Where, for the purpose of complying with this Condition, the Licensee is required to reduce, or to limit any increase in, its General Prices in any Relevant Year the Licensee shall take all reasonable steps to ensure that the combined effect on accrued revenue of the Licensee of all individual changes in General Prices shall be no less than, in the case of a required reduction, that which would have been produced had all of those changes been made at exactly the same time and no later than on 1st February in that Year, or more than, in the case of a limited increase, that which would have been produced had all of those changes been made at exactly the same time and no earlier than on 1st February in that Year, and accordingly 1st February in that Year shall be the latest or, as the case may be, earliest weighted average date (within the meaning of paragraph 70.3) in that Year for the purposes of the making of reductions or increases in General Prices. For the purpose of establishing whether or not the Licensee has complied with the obligation imposed on it by this paragraph, a calculation shall be carried out by employing the formula set out in paragraph 70.3.

70.3 The formula mentioned in paragraph 70.2 is—

70.4 To the extent that the Licensee has made, during any Relevant Year, any reductions in General Prices beyond those necessary for compliance with this Condition, or, as the case may be, any increases in such Prices less than those permitted, those changes shall be relevant in applying paragraphs 70.2 and 70.3 to price changes in the Relevant Year immediately following the Relevant Year in which those changes were made. In applying the formula referred to in paragraph 70.3 to such changes, subject to paragraph 70.5, that formula shall apply with the meaning of D_i amended as follows:

D_i = the date on which the ith price change takes effect expressed as a numeric entity on a scale ranging from 1st August =-549 to 31st July =-185, except in a leap year when 1st August =-550.

70.5 If, in relation to any change in General Prices to which paragraph 70.4 applies, the Director is of the opinion that D_i should not equal the date on which that price change takes effect as described in that paragraph, but should equal 1st August in the immediately following Relevant Year (expressed as a numeric entity where 1st August =-184), he shall so direct the Licensee as soon as practicable after receipt by the Director of notification by the Licensee of the price change and the Director shall include in his direction the reasons for his opinion. Where the Director has given such a direction the formula referred to in paragraph 70.3 shall apply with D_i =-184 to any change in General Prices to which that direction applies.

70.6 Where the Licensee decides that a charge (or group of charges) for any of the things included within the definition of General Prices is to be offered only:

(a) in combination with another such charge (or group of charges) or with an additional periodic fee; and

(b) in two or more such combinations,

the Licensee shall nominate one charge (or group of charges) in such combinations (including the fee, if any) to be the General Price for the purposes of this Condition (the Reference Price). The Licensee shall offer the Reference Price for the conveyance of Messages to residential customers in combination with the Reference Price for the use and Ordinary Maintenance of residential Exchange Lines.

70.7 Where, notwithstanding the obligation imposed on the Licensee by paragraph 70.1 (or paragraph 70.1 of Condition 70 having effect on 31st July 1997), there has taken place a change in General Prices (or General Prices as defined in that Condition 70) of a kind not permitted under paragraph 70.1(a) or 70.1(b) (or paragraph 70.1(a) or 70.1(b) of Condition 70 having effect on 31st July 1997), the Licensee shall make such adjustments in General Prices (or leave them unchanged), for such period, whether in the year in question or the following year (and whether or not that year is a Relevant Year), as may be reasonably required to satisfy the Director that the matter has been remedied. Such adjustments shall not be relevant for the purposes of establishing compliance with paragraph 70.1 in a following Relevant Year.

70.8 Where, notwithstanding the obligation imposed on the Licensee by paragraph 70.2 (or paragraph 70.1(a) of Condition 70 having effect on 31st July 1997), the effect on accrued revenue of the changes in General Prices (or General Prices as defined in that Condition 70) fails, in the opinion of the Director, to meet the requirements of that paragraph, the Licensee shall make such adjustments in General Prices (or leave them unchanged), for such period, whether in the year in question or the following year (and whether or not that year is a Relevant Year), as may be reasonably required to satisfy the Director that the matter has been remedied.

70.9 Subject to paragraphs 70.10, 70.14 and 70.15 and Conditions 74.4 and 74.5, 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 30 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 (“RPI"), reduced by 4.5.

70.10 If the difference between General Prices charged at the beginning and at the end of any Relevant Year is such that the relevant Percentage Change in General Prices is less (in the case of a permitted increase), or greater (in the case of a required reduction), than the change permitted, or required, in accordance with paragraph 70.1, then the Controlling Percentage for the following Relevant Year shall be determined in accordance with paragraph 70.9 but increased by the amount of such deficiency or excess (as the case may be).

70.11 The amount of a Percentage Change in General Prices which has taken place at any time during a Relevant Year is determined by taking the amount of the change in each General Price which has taken place between the beginning of the Relevant Year and that time, multiplying that amount by the amount of the revenue reasonably believed by the Licensee to have accrued during the Relevant Financial Year in respect of the service for which that Price is charged from customers whose bills from the Licensee are equal to or less than the Threshold, dividing in each case the amounts so produced by the Price charged at the beginning of the Relevant Year for the service to which each such amount relates, and taking the aggregate of the results, expressed as a percentage of all the revenue reasonably believed to have accrued for such services from such customers during the Relevant Financial Year. The Threshold is the highest bill of residential customers in the eighth decile of all residential customers (ranked on the basis of the amount billed by the Licensee to all residential customers for the services for which General Prices are charged, the highest bill being at the top of the tenth decile) in the Relevant Financial Year.

70.12 Notwithstanding paragraph 70.11, if the Licensee has notified the Director in writing both of its intention to increase during a Period one or more General Prices and of its intention within three months of the first such increase to reduce one or more General Prices then, unless:

(a) the Director dissents within 28 days of such notification on the ground that undue advantage is being taken of this paragraph; or

(b) the reduction as so notified is not introduced,

for the purposes of paragraph 70.11, when determining the amount of a Percentage Change which has taken place at the end of the said Period and each subsequent Period, it shall be assumed that any such reduction had taken place during the first mentioned Period.

70.13 Where the Licensee makes a material change (other than to the amount of a General Price) to any service for which a General Price 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, this Condition shall have effect subject to such reasonable adjustment to take account of the change as the Director may, after consultation with the Licensee, determine to be appropriate in the circumstances; and for the purposes of this paragraph a material change to any service includes the introduction of a new service wholly or substantially in substitution for that existing service.

70.14 If the Licensee imposes a specific charge or an increased charge in relation to any goods or service which up to the time when the charge or increased charge is first imposed had been provided without charge or at a lower charge and the Director determines, after consultation with the Licensee, that some or all the costs properly attributable to that service had previously been attributed to services to which General Prices apply and that it would be proper in the circumstances for the newly introduced or increased charge to be controlled, that charge shall, unless the Director determines otherwise, be a General Price and this Condition shall have effect subject to the following provisions:

(a) the Licensee shall produce a forecast of the revenue expected to accrue as a result of the charge or increased charge for the goods or service over a period of twelve months from the date of introduction or increase of the charge;

(b) the forecast shall be expressed as a percentage of the total amount of revenue reasonably believed by the Licensee to have accrued in respect of General Prices during the Relevant Financial Year which relates to the Relevant Year during which the charge is introduced or increased;

(c) the Controlling Percentage for that Relevant Year shall be reduced by that percentage;

(d) an adjustment shall be made to the Controlling Percentage for that Relevant Year in respect of which it is first possible, from the Relevant Financial Year accounts, to take into account a comparison between the first 12 months' actual accrued revenue from the charge and the forecast referred to in sub-paragraph (a), whereby the Controlling Percentage for that Relevant Year shall be increased or reduced (as the case may be) by the difference between the forecast amount referred to in sub-paragraph (a) and the amount of actual accrued revenue (the difference to be expressed as a percentage of the total amount of revenue accrued in respect of General Prices during the Relevant Financial Year which relates to that Relevant Year);

(e) further adjustments shall be made to the Controlling Percentage referred to in sub-paragraph (d) and adjusted as specified therein:

(i) where there is any difference between the forecast referred to in sub-paragraph (a) and the actual accrued revenue referred to in sub-

paragraph (d), in order to compensate for the extent to which, by virtue of that difference, General Prices in previous Relevant Years have been too high or too low (as the case may be); and

(ii) where there has been any variation in the charge for the service between the Relevant Year referred to in sub-paragraph (b) and the Relevant Year referred to in sub-paragraph (d) which the Director, after consultation with the Licensee, determines should be taken into account for the purposes of calculating the Controlling Percentage; and

(f) the adjustments referred to in sub-paragraphs (d) and (e) shall be made in the manner which the Director determines to be appropriate in the circumstances, after consultation with the Licensee.

70.15 If the charge or increased charge for any goods or service covered by paragraph 70.14 is altered following its introduction but before the adjustment referred to in paragraph 70.14(d) can be made then, in respect of that charge, in calculating the amount of a Percentage Change in General Prices in paragraph 70.11, the forecast set out in paragraph 70.14(a) shall be substituted for the amount referred to in paragraph 70.16(a).

70.16 The Licensee shall no later than the time at which it notifies or should have notified the Director under Condition 7 of any amendment of any charge which is a General Price inform the Director in writing of:

(a) the amount of revenue which the Licensee reasonably believes to have accrued in the Relevant Financial Year for each service in respect of which a General Price is charged; and

(b) the amount of each General Price at the beginning of the Relevant Year.

70.17 Without prejudice to its obligations under Condition 7 in relation to General Prices, the Licensee shall as soon as practicable after the end of each Period in which there has been a change in a General Price inform the Director in writing of:

(a) the changes made or new charges imposed in relation to any General Price during the Period specifying its nature and amount and the service for which the Price is charged; and

(b) the amount of the Percentage Change in General Prices which has taken place during the Period and whether by way of increase or reduction.

70.18 In this Condition any reference to “service" which is not part of the expression “goods or service" shall be taken to include a reference to goods for the purposes of paragraphs 70.14 and 70.15. References to accrued revenue are references to the revenue attributable to General Prices but with the addition of the revenue attributable to Discounted General Prices where the revenue is grossed up so as to leave the discount out of account (or grossed down where the revenue is greater than that attributable to the relevant General Price), and cognate expressions shall be construed accordingly.

70.19 This Condition shall not apply to such extent as the Director may determine upon request by the Licensee.

Condition 71

FURTHER PROVISIONS RELATING TO GENERAL PRICES

71.1 In this Condition:

(a) a “General Price (Type A)" means a proposed General Price which is less than the aggregate (the “Aggregate Cost") of the Retail Cost, the Delivery Outpayment Cost (if applicable), the Conveyance Outpayment Cost (if applicable) and the

Network Cost which are attributable in each case to the provision of the relevant Retail Service before the implementation of the proposed change in General Price;

other than a proposed General Price which is less than the Aggregate Cost:

(i) as a result of the application of any law (including a regulatory control, which includes a voluntary commitment in the nature of a regulatory control) other than the provisions of Condition 70.1 to 70.13 as a result of any regulatory or other action by Government, by the Director or by any other regulatory agent but is set at the highest level to which the Licensee is permitted to raise that General Price; or

(ii) for any reason, but which would be greater than the General Price before the implementation of the proposed change in General Price; and

(b) a “General Price (Type B)" means a proposed General Price which is not a General Price (Type A).

71.2 The Licensee shall, as soon as practicable after the coming into force of this Condition, publish in accordance with paragraphs 71.7 and 71.8 details of the matters which it and the Director have agreed, on or before the date on which this Condition comes into force, should be excluded from the definition of “General Price" in paragraph 71.1.

71.3 Where the Licensee proposes a change to a General Price, whether through the introduction of a Special Offer or otherwise, it shall send to the Director, in the manner and at the time specified in paragraphs 71.7 and 71.8 as the case may be, a written notice (a “Price Change Notice") specifying:

(a) the General Price before the implementation of the proposed change in that General Price;

(b) the General Price after the implementation of the proposed change in that General Price;

(c) the following elements attributable to the provision of the relevant Retail Service both before the implementation of the proposed change in that General Price and after the implementation of that proposed change identifying separately:

(i) the Retail Cost;

(ii) the Delivery Outpayment Cost (if applicable);

(iii) the Conveyance Outpayment Cost (if applicable);

(iv) the Network Cost showing separately the Transfer Charge for each Network Component and each Network Part used for the provision of the relevant Retail Service;

(d) in the case of a change in a proposed General Price through the introduction of a Special Offer, the period of time not exceeding three months for which the Licensee proposes to offer the new General Price; and

(e) any charge for a Standard Service which the Licensee is required to notify to an Operator in accordance with paragraph 71.11 or 71.14.

71.4 In the case of a General Price (Type A) the Licensee shall send the Price Change Notice to the Director before the publication of any notice required under Condition 7, 55 or 58 as the case may be of a change in a General Price. The Licensee shall not publish a notice pursuant to Condition 7 relating to the proposed new General Price or make that new General Price available to any customer unless the Director has given his prior written consent, which shall not be unreasonably withheld.

71.5 In the case of a General Price (Type B) the Licensee shall send the Price Change Notice to the Director as soon as reasonably practicable before it publishes any notice required under Condition 7, 55 or 58 as the case may be of the change in the General Price.

71.6 As soon as the Licensee becomes aware that the Delivery Outpayment Cost attributable to the provision of a Retail Service, assessed in the manner notified by the Director to the Licensee from time to time as an average over a period of three months, has for any reason been at a level such that had the General Price for that Retail Service been a proposed General Price it would have been a General Price (Type A), the Licensee shall, as soon as practicable after it has become so aware, send to the Director a Price Change Notice. Following receipt of the Price Change Notice, the Director may direct the Licensee to increase that General Price to a level not above the level at which, had that General Price been a proposed General Price it would have been a General Price (Type B) and, notwithstanding Condition 70, the Licensee shall increase that General Price accordingly.

71.7 Subject to paragraph 71.9, the Licensee shall send a copy of the Price Change Notice to any person who may (after the publication of the notice in accordance with Condition 7, 55 or 58 as the case may be of a change in a General Price) request one, on payment of a reasonable charge. The Licensee shall, subject to paragraph 71.9, send a copy of the Price Change Notice so requested within seven working days after receiving payment of that charge.

71.8 At the same time as the Licensee publishes a notice in accordance with Condition 7, 55 or 58 as the case may be of a change in General Price, it shall make available and continue to make available in a publicly accessible part of every Major Office of the Licensee in the place as is required by Condition 7, 55 or 58 as the case may be a notice of the address and telephone number of the person to whom any request for a copy of the Price Change Notice may be made.

71.9 The Licensee shall be entitled to exclude from any Price Change Notice which it is obliged to send to any person who may require one pursuant to paragraph 71.7 any matter to the exclusion of which the Director shall have consented following representations to him on the matter by the Licensee on the basis that if the matter were made available in accordance with paragraph 71.7 it would or might, in the opinion of the Director, seriously and prejudicially affect the interests of the Licensee.

71.10 In the case of a change to a General Price, otherwise than through the introduction of a Special Offer, if the Network Cost attributable to the provision of the relevant Retail Service after the implementation of the proposed change in a General Price is different from the Network Cost attributable to the provision of the relevant Retail Service before the implementation of the proposed change in a General Price, the charged offered or payable by each relevant Operator for any relevant Standard Service shall be changed by the Licensee in accordance with Condition 69 as necessary to take account of the difference and to take effect from the date on which the proposed General Price takes effect.

71.11 In the case of a change to a General Price through the introduction of a Special Offer, if the Network Cost attributable to the provision of the relevant Retail Service after the implementation of the proposed change in a General Price is different from the Network Cost attributable to the provision of the relevant Retail Service before the implementation of the proposed change in a General Price, the charge offered or payable by each relevant Operator for any relevant Standard Service shall be changed by the Licensee in accordance with Condition 69 as necessary to take account of the difference and to take effect from the date on which the proposed General Price takes effect for the duration of the Special Offer.

71.12 Notwithstanding paragraphs 71.10 and 71.11 where the Director gives his written consent pursuant to paragraph 71.4, he shall, following a representation by the Licensee at

the same time that it sends a Price Change Notice to the Director pursuant to paragraph 71.3, consider whether the charges specified in each of sub-paragraphs (a) in paragraphs 71.10 and 71.11 should not be revised in the case of any Standard Service which is not comprised within the same category of services as the relevant Retail Service. If he concludes that those charges should not be revised in the case of any Standard Service, he shall consent thereto and notify the Licensee at the same time as he gives his consent pursuant to paragraph 71.4 and paragraphs 71.10 and 71.11 shall be applied accordingly.

71.13 The Licensee shall not be entitled to introduce a Special Offer which the Director determines to be the same as or similar to a previous Special Offer in relation to the same Retail Service unless a period of three months has elapsed from the expiry of that previous Special Offer in relation to that Retail Service.

71.14 This Condition is without prejudice to Conditions 47.7, 47.8 and 47.9.

Condition 72

CONTROL OF PRICES FOR CALLS TO CELLNET AND VODAFONE

72.1 The Licensee shall take all reasonable steps to secure that the Average Net Retention shall not exceed the following amounts:

(a) during the Year 1999—2000, 3.40 pence per minute;

(b) during the Year 2000—2001, the amount in pence per minute that is the product of 3.40 multiplied by the sum of 100% and the Controlling Percentage (deducting that Percentage if it is negative);

(c) during the Year 2001—2002, the amount in pence per minute calculated in accordance with 72.1(b) above multiplied by the sum 100% and the Controlling Percentage (deducting that Percentage if it is negative).

(a) The Average Net Retention shall be calculated as the average of the Business Average Net Retention and the Residential Average Net Retention, weighted by the total call minutes to business customers and to residential customers in the Base Year.

(b) The Business Average Net Retention shall be calculated as the average, weighted as specified in 72.2(e) below, of the Retentions for Calls to Cellnet and Calls to Vodafone combined from the Licensee's business customers during the Year in question, after deducting from those Retentions the amount of discounts given by the Licensee during the Year in question to its business customers, provided that the deduction shall not exceed the Business Discount Percentage of those Retentions.

(c) The Residential Average Net Retention shall be calculated as the average, weighted as specified in 72.2(e) below, of the Retentions for Calls to Cellnet and Calls to Vodafone combined from the Licensee's residential customers during the Year in question, after deducting from those Retentions the amount of discounts given by the Licensee during the Year in question to its residential customers, provided that the deduction shall not exceed the Residential Discount Percentage of those Retentions.

(d) The Business Discount Percentage and the Residential Discount Percentage mean the percentage which the total discounts given by the Licensee to business customers or residential customers, as the case may be, in respect of Calls to Cellnet and Calls to Vodafone in the Year 1997–1998 represent as a percentage of the Licensee's total revenue from its standard tariffs to business customers or residential customers for those Calls in that Year.

(e) The weighting to be applied for the purpose of 72.2(b) and 72.2(c) above shall be according to the profile of call minutes by charging period in the Base Year for Calls to Cellnet and Calls to Vodafone combined from the Licensee's business customers or residential customers, as the case may be. Where any Retention is in force during a part only of a Year (commencing or ending at a date in the course of the Year), the weighting shall be derived from the profile of call minutes in the corresponding part of the Base Year.

72.3 The Licensee shall not in any of its charging periods apply a Retention for Calls to Cellnet different from the Retention for Calls to Vodafone, except:

(i) to the extent necessary to enable the Licensee to round to the nearest 0.1 of a penny per minute the charge made by the Licensee to its Subscribers for calls; or

(ii) following a request by the Licensee, insofar as the Director may consider to be appropriate, and so direct the Licensee.

(a) If the Licensee has failed to secure that the Average Retention has not exceeded the levels for the Years 1999–2000 or 2000–2001 specified in paragraph 72.1(a) or 72.1(b) above, the Licensee shall make such adjustments to its Retention or its discounts in the following Year as the Director may, after consultation with the Licensee, consider to be appropriate for the purpose of remedying that failure, and so direct the Licensee.

(b) If it appears to the Director that the Licensee is likely to fail to secure that the Average Retention for the Year 2001–2002 does not exceed the level specified in paragraph 72.1(c) above, the Licensee shall make such adjustments to its Retention or its discounts in that Year as the Director may, after consultation with the Licensee, consider to be appropriate for the purpose of avoiding that failure, and so direct the Licensee.

72.5 In this Condition:

"Average Net Retention" has the meaning specified in paragraph 72.2(a) above;

"Base Year" means the year ending on the 31st March immediately preceding the Year in question;

"Business Average Net Retention" has the meaning specified in paragraph 72.2(b) above;

"Business Discount Percentage" and "Residential Discount Percentage" have the meanings specified in paragraph 72.2(d) above;

"Call" means a circuit switched conveyance of a Message originating in a telecommunication system which is not an Applicable System but which is connected to any of the Applicable Systems, and intended to terminate on a handset connected to the mobile public telecommunication system of Telecom Securicor Cellular Radio Limited or Vodafone Limited, other than:

(a) any call by which there is conveyed a voice telephony Message in relation to any services provided by means of any of the Applicable Systems which form part of its Supplemental Service Business;

(b) any call, however paid for, from a Public Call Box, any call from a Private Call Box where the charge to the renter is based on charges for calls from Public Call Boxes published by the Licensee in accordance with Condition 7 and transferred charges in respect of calls from Calls from Call Boxes;

(c) any call connected with the assistance of a human operator;

(d) any call billed by means of the Licensee's Chargecard service or any successor service;

"Call Box" "Private Call Box" and "Public Call Box" have the meanings specified in Condition 27;

"Calls to Cellnet" and "Calls to Vodafone" mean Calls to a telephone handset connected to the mobile public telecommunication system of Telecom Securicor Cellular Radio Limited or Vodafone Limited, as the case may be;

"Controlling Percentage" means in relation to any Year the amount of the change in the Retail Prices Index in the period of 12 months ending on 31st December 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 by seven;

"Residential Average Net Retention" has the meaning specified in paragraph 71.2(c) above;

"Retail Prices Index" means the index of retail prices compiled by Her Majesty's Government in respect of all items;

"Retention" means the retail charge made by the Licensee at its standard tariffs for a Call less the payment made by the Licensee to Cellnet or Vodafone (as the case may be) for interconnection of the Call, and "interconnection" has the same meaning as in the Telecommunications (Interconnection) Regulations 1997; and

"Year" means the period from 1st April to 31st March inclusive.

Condition 73

CONTROL OF PRIVATE LEASED CIRCUIT PRICES

73.1 The provisions of Condition 70 (except Conditions 70.2, 70.6, 70.8 and 70.11) shall apply separately to:

(a) the aggregate of Private Leased Circuit Prices for analogue Private Leased Circuits; and

(b) the aggregate of Private Leased Circuit Prices for digital Private Leased Circuits of a capacity less than or equal to 64 kbits,

respectively as though the Prices in each such aggregate group of Prices are General Prices except that the Controlling Percentage applicable to each such group (described in Condition 70.9) shall (subject only to Conditions 70.10, 70.14 and 70.15) be RPI.

73.2 The amount of a Percentage Change in Private Leased Circuit Prices which has taken place at any time during a Relevant Year is determined by taking the amount of the change in each Private Leased Circuit Price which has taken place between the beginning of the Relevant Year and that time, multiplying that amount by the amount of the revenue reasonably believed by the Licensee to have accrued during the Relevant Financial Year in respect of the service for which that Price is charged, dividing in each case the amounts so produced by the Price charged at the beginning of the Relevant Year for the service to which each such amount relates, and taking the aggregate of the results, expressed as a percentage of all the revenue reasonably believed to have accrued for such services during the Relevant Financial Year.

73.3 The Licensee shall take all reasonable steps to secure that no discrete International Private Circuit Price increases during any Relevant Year by more than RPI.

73.4 References to accrued revenue in Condition 70 are, for the purposes of this Condition, references to the amount of revenue which would be produced before the application of any discounts to the relevant Private Leased Circuit Prices.

73.5 This Condition shall not apply to such extent as the Director may determine upon request by the Licensee.

Condition 74

TREATMENT OF PACKAGES FOR PRICE CONTROL PURPOSES

74.1 This Condition shall have effect for the purpose of securing in accordance with the following paragraphs that:

(a) no new benefits to the Licensee's customers arising from variations in its charges or manner of charging for Packages are brought into account for the purpose of ascertaining whether the obligation imposed on the Licensee by Condition 70.1 has been satisfied; and

(b) the Licensee, where benefits (including discounts) in existence on 31 July 1993 are withdrawn, makes compensating reductions in its other prices which are subject to the controls imposed by Condition 70.

74.2 The Licensee shall estimate as at 31st July in each Relevant Year the numbers of its residential customers who take Packages which it has offered in that Year. On the basis of that estimate the Licensee shall calculate, on a weighted average basis, the amounts of accrued revenue which it would have forgone (or gained) in respect of each such Package in the associated Relevant Financial Year (except any revenue attributable to Reference Prices as defined in Condition 70.6) on the assumption that those Packages had been offered to its residential customers in that Financial Year. The aggregate of those amounts plus any increase in revenue forgone pursuant to Condition 41 shall be the Discount Yield for the Relevant Year.

74.3 The Licensee shall send to the Director a forecast of the Percentage Discount Yield as at 31st July immediately preceding each Relevant Year. The Score and the Percentage Discount Yield shall be calculated in the precise manner and provided at times determined by the Director after consultation with the Licensee.

74.4 If in respect of the year ending on 31st July 1997 and any Relevant Year, it transpires (or, in the case of the year ending on 31st July 1997, has transpired) that the Percentage Discount Yield is less than the Score (in the case of the year ending on 31st July 1997, as calculated under this Condition having effect on that date), the difference between the Score and the Percentage Discount Yield shall, at the option of the Licensee (except in the case of the fourth Relevant Year), be either deducted from the Controlling Percentage or added to the Score, or partly the one and partly the other, for the next following Relevant Year, but for that Year only. In the case of the fourth Relevant Year, the difference shall be deducted from the Controlling Percentage for that Year.

74.5 If in respect of the year ending on 31st July 1997 and any Relevant Year, the Licensee elects (or, in the case of the year ending on 31st July 1997, has elected) to reduce the Percentage Discount Yield below the Score (in the case of the year ending on 31st July 1997, as calculated under Condition 74 having effect on that date), the difference between the Score and the Percentage Discount Yield shall (except in the case of the fourth Relevant Year), if it has not already been deducted, be deducted from the Controlling Percentage for that year (and that year only) and deducted from the Score for that year and each succeeding Relevant Year. In the case of the fourth Relevant Year, the difference shall be deducted from the Controlling Percentage for that Year.

74.6 The Licensee shall furnish to the Director, at such times and in such manner as the Director may request, sufficient accounts, information, estimates, forecasts and returns to enable the Director properly to assess the operation of this Condition and in particular to establish whether:

(a) any reductions in the Controlling Percentage or additions to the Score which are required by paragraph 74.4 have been properly made; and

(b) any reductions in the Controlling Percentage and the Score which are required by paragraph 74.5 have been properly made.

Condition 75

PROHIBITION ON CROSS-SUBSIDIES

75.1 Where it appears to the Director that the Licensee is unfairly cross-subsidising or unfairly subsidising:

(a) the Apparatus Supply Business, insofar as that Business is carried on in the United Kingdom;

(b) the provision in the United Kingdom of Land Mobile Radio Services; or

(c) the Supplemental Services Business,

it shall take such steps as the Director may direct for the purpose of remedying the situation.

75.2 The Licensee shall record, except where the Director agrees otherwise, at full cost in its accounting records, any material transfer between any part of the Licensee's business and:

(a) any of the businesses mentioned in paragraph 75.1(a) to 75.1(c) as soon as reasonably practicable and in any event not later than 1st April 1987; and

(b) the Supplemental Services Business as soon as reasonably practicable and in any event not later than 1st April 1988.

75.3 The Licensee shall maintain a list of those services agreed under paragraph (c) of the definition of "Network Service" and shall provide a copy of that list to the Director within 14 days of reaching agreement and thereafter within 14 days of any subsequent agreement as to the services comprised in the list, publishing the list at the same time placing as soon as practicable thereafter a copy thereof in a publicly accessible part of every Major Office in such a manner and in such a place that it is readily available for inspection by members of the general public during such hours as the Secretary of State may by order prescribe under section 19(4) of the Act that the register of Licences and final and provisional orders is to be open for public inspection, or in the absence of any such order having been made by the Secretary of State, during normal office hours.The Licensee shall send a copy of such list to any person who may request such a copy.

75.4 For the purposes of this Condition:

(a) "supply" and "provision" include supply or provision in the course of one business of the Licensee for the purposes of another such business notwithstanding that there is no supply or provision to any other person;

(b) a transfer from one business to another business or a company takes place when any thing (including any service or money) produced or acquired by, normally used in, or otherwise at the disposal of, the first mentioned business is made available for the purposes of the other business or the company; and

(c) "full cost" in the case of money transferred includes the market rate of interest for that money.

75.5 This Condition shall apply with the omission of paragraph 75.1(a) if and for so long as the supply of telecommunication apparatus by the Licensee does not constitute a monopoly situation within the meaning of section 6 of the Fair Trading Act 1973.

75.6 In considering whether any cross-subsidy of the Supplemental Services Business is unfair, the Director shall have regard to the extent to which the Licensee cross-subsidised

that Business for the purpose of satisfying any obligation imposed on it by Condition 2, 40 or 43.

Condition 76

SEPARATE ACCOUNTS FOR CERTAIN ACTIVITIES

76.1 This Condition applies for the purpose of ensuring that the Licensee establishes as soon as reasonably practicable and in any event not later than 1st April 1987 accounting and reporting arrangements sufficient to enable the Licensee's finances in relation to the Systems Business and the Apparatus Supply Business to be assessed and reported on separately both from each other and from the other activities of the Licensee and for the purposes of ensuring that the Licensee establishes as soon as reasonably practicable and in any event not later than 1st April 1988 accounting arrangements sufficient to enable the Licensee's finances in relation to the Supplemental Services Business to be assessed separately from the other activities of the Licensee.

76.2 Subject to any obligations to which the Licensee is subject under Condition 50 of this Licence it shall:

(a) maintain accounting records in such a form that the activities of the Supplemental Services Business, the Systems Business and the Apparatus Supply Business are separately identifiable or separately attributable in the books of the Licensee, being records sufficient to show and explain the transactions of each of those Businesses;

(b) prepare in respect of each complete financial year of the Licensee, or of such lesser periods as the Director may specify but not more frequently than quarterly, accounting statements setting out, and, in the case of yearly statements, fairly presenting, the costs (including capital costs), revenue and financial position of each of the Systems Business and the Apparatus Supply Business and including a reasonable assessment of the assets employed in and liabilities attributable to each of them and showing separately, in the case of yearly accounting statements, the amount of any material item of revenue, cost, asset or liability which has been either:

(i) charged from or to any other business of the Licensee together with a description of the basis of the value at which the charge was made; or

(ii) determined by apportionment or attribution from an activity common to the Business and any other business of the Licensee and, if not otherwise disclosed, the basis of the apportionment or attribution;

(c) procure in respect of each of those accounting statements prepared in respect of a complete financial year of the Licensee a report by the Licensee's Auditor stating whether in his opinion that statement is adequate for the purposes of this Condition; and

(d) deliver to the Director a copy of each of the accounting statements and of the reports relating thereto required under sub-paragraphs (b) and (c) above as soon as reasonably practicable and in any event not later than six months after the end of the period to which they relate.

76.3 Accounting statements prepared under paragraph 76.2(b) in respect of each financial year shall, so far as reasonably practicable, be prepared in the formats and in accordance with the accounting principles and rules which apply to the annual accounts of the Licensee and shall state the accounting policies used.

76.4 For the purposes of this Condition the Licensee shall be free to treat the Apparatus Supply Business as not including any business relating to the supply of apparatus outside the United Kingdom but when it does so it shall inform the Director.

76.5 In this Condition, references to the costs of any business do not include profits of that business.

Condition 77

BASES AND PUBLICATION OF ACCOUNTS

77.1 The Licensee shall publish accounts for the Licensee's Group on a current cost basis relating to its 1993–94 financial year and each succeeding complete financial year. If the Licensee so requests, the Director may determine that the accounts required by this paragraph may be for other than the Group.

77.2 The Licensee shall procure in respect of the accounts required by paragraph 77.1 a report by the Licensee's Auditor stating that the Auditor has examined the accounts and stating whether in his opinion the accounts have been properly prepared in accordance with the current cost principles, accounting policies and methods as described in the notes to the accounts.

77.3 Paragraph 77.1 is without prejudice to the manner in which the Licensee discharges the obligations relating to the preparation of accounts imposed on it by the Companies Act 1985.

77.4 The Licensee shall prepare in respect of each complete financial year accounting statements on a current cost basis setting out and fairly presenting the costs (including capital costs), revenue and financial position of the Systems Business, and including a reasonable assessment of the assets employed in, and liabilities attributable to, that Business, and showing separately the amount of any material item of revenue, cost, asset or liability which has been either:

(a) charged from or to any other business of the Licensee together with a description of the basis of the value at which the charge was made; or

(b) determined by apportionment or attribution from an activity common to the Business and any other business of the Licensee and, if not otherwise disclosed, the basis of the apportionment or attribution,

and shall:

(c) for the 1994–95 financial year and each succeeding complete financial year procure a report by the Licensee's Auditor stating that the Auditor has examined the accounting statements and stating whether in his opinion those statements have been properly prepared in accordance with the current cost principles, accounting policies and methods as described in the notes to the accounting statements and are consistent with the accounts published under paragraph 77.1; and

(d) deliver to the Director a copy of those accounting statements and of the report relating thereto, when applicable, as soon as reasonably practicable and in any event not later than six months after the end of the period to which they relate.

77. 5 This Condition is subject to the obligations which apply to the Licensee under Condition 50.

Condition 78

SEPARATE ACCOUNTS

78.1 The whole purpose of this Condition is:

(a) to ensure that the Licensee does not unfairly subsidise or unfairly cross-subsidise or show undue preference or exercise undue discrimination; and

(b) without prejudice to sub-paragraph (a), to assist the Director, in pursuance of his functions, to examine or investigate whether:

(i) interconnection charges offered or proposed to be offered by the Licensee to an Operator or payable by an Operator to the Licensee; or

(ii) to the extent that the Licensee's costs are relevant, interconnection charges offered or proposed to be offered by an Operator to the Licensee or payable by the Licensee to an Operator,

are reasonably and transparently derived from costs.

(a) Subject to paragraph 78.14 and subject to a requirement that there shall be a Network Business:

(i) the composition of each Business in terms of any or all of the revenues, costs or assets it comprises may be amended; and

(ii) each Business may be divided to create one or more additional Businesses or aggregated to create one or more fewer Businesses;

as the Director and the Licensee agree from time to time in writing.

(b) Each Business shall be disaggregated in terms of the activities of the Business on the basis agreed between the Licensee and the Director on or before the date on which this Condition comes into force. Subject to paragraph 78.16 that disaggregation may be amended by agreement in writing between the Licensee and the Director.

(c) "Network Business" means the Business which includes the revenues, costs and assets derived from or used in activities related to Interconnection taken together.

78.3 The Licensee shall establish sufficient accounting and reporting arrangements to comply with its obligations under this Condition.

(a) Except to the extent the Director may otherwise consent, the Licensee shall maintain accounting records in a form:

(i) which enables each Business and, insofar as it has been disaggregated in terms of activities of the Business, each of the activities of that Business, to be separately identified or the costs, revenues and assets of each Business and, insofar as it has been disaggregated in terms of activities of the Business, the costs, revenues and assets of each of those activities, to be separately attributable, on an historic cost basis;

(ii) which enables each Business, and, insofar as it has been disaggregated in terms of activities of the Business, each of the activities of that Business, to be separately identified or the costs, revenues and assets of each Business, and, insofar as it has been disaggregated in terms of activities of the Business, each of the activities of that Business, to be separately attributable, on a current cost basis; and

(iii) which shows and explains the transactions of each Business and, insofar as it has been disaggregated in terms of activities of the Business, the transactions of each of the activities of that Business.

(b) The accounting records referred to in sub-paragraph (a) shall be kept in a form which enables the Licensee to prepare the Financial Statements:

(i) in the case of each Business, on an historic cost basis; and

(ii) in the case of each Business, on a current cost basis,

which comply, in each case, with the requirements of this Condition.

(c) Records sufficient to provide an adequate explanation of each Financial Statement, each Restated Financial Statement and each Interim Financial Statement shall be preserved by the Licensee for a period of six years from the date on which they were made.

(a) Except to the extent the Director may otherwise consent, the Licensee shall prepare in accordance with paragraph 78.6, in respect of each of its financial years:

(i) beginning with the financial year ending 31st March 1995 and ending with the financial year ending 31st March 1999, a financial statement on an historic cost basis, in respect of each Business and, insofar as it has been disaggregated in terms of activities of the Business, each activity of that Business; and

(ii) without prejudice to any requirements for the preparation and audit of the current cost Financial Statements for the financial year ending 31st March 1997 in effect on 30th September 1997, beginning with the financial year ending on 31st March 1998, a financial statement on a current cost basis, in respect of each Business and, insofar as it has been disaggregated in terms of activities of the Business, each activity of that Business,

(each a “Financial Statement" and together the “Financial Statements").

(b) Each Financial Statement prepared for the purposes of sub-paragraph (a)(i) on an historic cost basis shall comprise:

(i) a statement of fully allocated costs calculated on a basis which is not inconsistent with the Licensee’s statutory accounts for the relevant financial year;

(ii) a profit and loss account, a statement of mean capital employed, statements of costs (if applicable) and additional information to be provided by way of notes for the relevant financial year; and

(iii) an explanation and reconciliation of any differences between the statement mentioned in sub-paragraph (i) and the matters mentioned in sub-paragraph (ii).

(c) Without prejudice to any requirements for the preparation and audit of the current cost Financial Statements for the financial year ending 31st March 1997 in effect on 30th September 1997, except to the extent that the Director may otherwise consent, beginning with the financial year ending 31st March 1998, each Financial Statement prepared for the purposes of sub-paragraph (a)(ii) on a current cost basis shall comprise:

(i) a statement of fully allocated costs calculated on a basis which is not inconsistent with the Licensee’s statutory accounts for the relevant financial year;

(ii) a profit and loss account, a statement of mean capital employed, statements of costs and additional information to be provided by way of notes for the relevant financial year;

(iii) in the case of the Network Business, statements of long run incremental costs with and without hybrid adjustments and additional information to be provided by way of notes for the relevant financial year;

(iv) in the case of the Network Business, statements of long run incremental costs and charges for Standard Services and for Retail Systems Business purchases from the Network Business and a statement of detailed long run

incremental costs by bands and additional information to be provided by way of notes for the relevant financial year; and

(v) an explanation and reconciliation of any differences between the statement mentioned in sub-paragraph (i) and the matters mentioned in sub-paragraph (ii), of any differences between the statements mentioned in sub-paragraph (iii) and the statements mentioned in sub-paragraph (iv) and of any differences between the statements without hybrid adjustments mentioned in sub-paragraph (iii) and the statement for the Network Business mentioned in sub-paragraph (i).

(d) The Licensee shall also prepare, in accordance with paragraph 78.6, in respect of each of its financial years beginning with the financial year ending 31st March 2000 a statement (the "Standard Service Statement") of costs and charges for each Standard Service.

(a) The Licensee shall ensure that each Financial Statement shall:

(i) be prepared as to the form and content of:

(A) the profit and loss account;

(B) the statement of mean capital employed; and

(C) the statements of costs (if applicable);

as the Licensee and the Director shall have agreed, on or before the date on which this Condition comes into force (or, in the case of the statements of costs required under paragraph 78.5(c)(iii) and 78.5(c)(iv), as the Licensee and Director shall have agreed on or before the date on which paragraph 78.5(c) as substituted comes into force) together with such additional information to be provided by way of notes as the Licensee and the Director shall from time to time agree;

(ii) be prepared in accordance with the current Detailed Attribution Methods, Detailed Valuation Methodology and Long Run Incremental Cost Model: Relationship and Parameters (which taken together are appropriate to implement the principles and procedures contained in the Accounting Documents) and the Accounting Documents (the Accounting Documents, the Detailed Attribution Methods, the Detailed Valuation Methodology and the Long Run Incremental Cost Model:Relationships and Parameters shall be identified in the Financial Statements by reference to their date) and insofar as there is any inconsistency between any or all of the Accounting Documents listed below, the Licensee shall ensure that each Financial Statement shall be prepared in accordance with the Accounting Documents in the following order of priority:

(A) the Regulatory Accounting Principles;

(B) the Attribution Methods;

(C) the Transfer Charging System;

(D) the Accounting Policies; and

(E) the Long Run Incremental Cost Methodology; and

(iii) subject to sub-paragraph (ii), in the case of the Financial Statements prepared on:

(A) an historic cost basis, be reconciled with the annual statutory financial statements and that reconciliation shall be demonstrated and explained;

(B) on a current fully allocated cost basis,

be

(AA) reconciled with the accounts which the Licensee is required to publish under Condition 77 and that reconciliation shall be demonstrated and explained;

(BB) reconciled with the Financial Statements prepared on an historic cost basis for the corresponding financial year (ending with the financial year ending 31st March 1999) and that reconciliation shall be demonstrated and explained; and

(CC) (beginning with the financial year ending 31st March 2000) reconciled with the annual statutory financial statements and that reconciliation shall be demonstrated and explained.

(b) Subject to paragraph 78.14, the form and content referred to in sub-paragraph (a)(i) may be amended as the Director and the Licensee agree from time to time in writing.

(c) The Licensee shall ensure that each Standard Service Statement shall be prepared:

(i) as to the form and content as the Licensee and the Director shall have agreed, on or before the date on which this Condition comes into force; and

(ii) in accordance with paragraph 78.6(a)(ii),

provided that, subject to paragraph 78.16, the form and content may be amended as the Director and the Licensee agree from time to time in writing.

(d) Any requirement to which the Licensee would otherwise be subject under paragraph 78.6 and paragraph 78.5(d) shall not apply if, or to the extent that, the Licensee can demonstrate to the reasonable satisfaction of the Director, in respect of which the Licensee shall be afforded a reasonable opportunity to present its case, the requirement is not proportionate.

78.7 The Licensee shall procure in respect of each Financial Statement for each Business an audit report by the Auditor which shall conform to Auditing Standards in which he shall state whether in his opinion:

(a) the Financial Statement complies with the requirements of paragraph 78.6;

(b) the Financial Statement fairly presents in accordance with the Accounting Documents:

(i) in the case of the profit and loss account, the results of the relevant Business or, insofar as it has been disaggregated in terms of activities of the Business, of the relevant activity of that Business, for the relevant financial year;

(ii) in the case of the statement of mean capital employed, the mean capital employed of the relevant Business or, insofar as the Business has been disaggregated in terms of activities of the Business, of the relevant activity of that Business, for the relevant financial year; and

(iii) in the case of the statements of costs (if any), the costs incurred by the relevant Business or, insofar as the Business has been disaggregated in terms of the activities of the Business, by the relevant activities of that Business, for the relevant financial year; and

(c) the Detailed Attribution Methods, the Detailed Valuation Methodology and the Long Run Incremental Cost Model: Relationship and Parameters, respectively, are appropriate to implement the principles contained in the Accounting Documents.

78.7A The Licensee shall procure in respect of each Standard Service Statement, unless the Licensee can demonstrate, to the reasonable satisfaction of the Director, in respect of which the Licensee shall be afforded a reasonable opportunity to present its case, that the requirement to procure an audit opinion on a specific Standard Service Statement is not proportionate, an audit report by the Licensee's Auditor which shall conform to Auditing Standards in which the Auditor shall state whether in his opinion:

(a) the Standard Service Statement complies with the requirements of paragraph 78.6(c)(i);

(b) the Standard Service Statement has been properly prepared in accordance with the relevant procedures contained in the Accounting Documents, the Detailed Attribution Methods, the Detailed Valuation Methodology and the Long Run Incremental Cost Model: Relationships and Parameters; and

(c) having reviewed the Accounting Documents, the Detailed Attribution Methods, the Detailed Valuation Methodology and the Long Run Incremental Cost Model: Relationships and Parameters in forming his opinion under sub-paragraph (b) above whether anything has come to his attention that would lead him to conclude that the principles and procedures contained in the Accounting Documents, the Detailed Attribution Methods, the Detailed Valuation Methodology and the Long Run Incremental Cost Model : Relationships and Parameters have not been properly applied in the preparation of the costs and charges disclosed in any Standard Service Statement, disclosing where practicable any adjustments he considers to be required in respect of any such matter.

(a) The Licensee shall, except in so far as the Director may otherwise consent:

(i) publish the Financial Statements prepared on an historic cost basis within two months after the date on which the Licensee's annual statutory financial statements are published and, in any event, within four months after the end of the period to which they relate; and

(ii) without prejudice to any requirements for publication of the Financial Statements for the financial year ending 31st March 1997 in effect on 30th September 1997, publish the Financial Statements prepared on a current cost basis:

(A) for the financial year ending 31st March 1998, by 30th November 1998;

(B) for the financial year ending 31st March 1999, by 31st August 1999; and

(C) for each subsequent financial year, within four months after the end of the period to which they relate;

together, in each case, with the relevant Auditor's report as required under paragraph 78.7.

(b) For the purposes of sub-paragraph (a), publication shall be effected by making the relevant Financial Statements together with the relevant Auditor's reports (if applicable) publicly available and by sending copies to the Director.

(c) The Licensee shall send a copy of the Financial Statements together with the relevant Auditor's report (if applicable) to any person who may (after they have been published pursuant to sub-paragraph (a)) request them, on the basis of that person paying a reasonable charge for them. The Licensee shall send the copies within seven working days after receiving payment of that charge.

(d) Except to the extent that the Director may consent to an alternative location or to an alternative method of publication, the Licensee shall make available and continue to make available in a publicly accessible part of every Major Office of the Licensee in such manner and in such place that it is readily available for inspection free of charge by members of the general public during such hours as the Secretary of State may prescribe under section 19(4) of the Act that the register of Licences and final and provisional orders is to be open for public inspection, or in the absence of any such order having been made by the Secretary of State, during normal office hours, a notice of the address and telephone number of the person to whom any request for a copy of any or all of the Financial Statements together with the relevant Auditor's reports or any part of them may be made.

(e) The Licensee shall also publish with the Financial Statements any written statement made by the Director commenting on the data in, the notes to or the presentation of the Statements (or any of them) which has been provided to the Licensee at least 4 working days before publication of the relevant Statements. Sub-paragraphs (b), (c) and (d) shall apply to the publication of the Director's statement. In order to give the Director sufficient time before publication to prepare a statement, except to the extent that the Director otherwise agrees in writing, the Licensee shall provide to the Director the current drafts of the relevant Statements one month before they are required to be published under this Condition and the Licensee shall provide to the Director copies of the relevant Statements audited in accordance with paragraph 78.7 together with the Auditor's report at least two weeks before they are required to be published.

(a) Subject to paragraphs 78.12 and 78.13, the Accounting Documents may be amended as the Director and the Licensee agree from time to time.

(b) Except to the extent that the Director may otherwise consent, the Licensee shall not make any change to the way in which it attributes, or applies the principles of current cost valuation or incremental costing to the derivation or calculation of, costs, revenues, assets or liabilities if that change would cause a change in the distributed long run incremental cost floor or distributed stand alone cost ceiling relevant to any Standard Service of 5 percent or more.

78.10 The Licensee shall use its best endeavours to obtain from the Auditor any further explanation and clarification of the reports required under paragraphs 78.7 and 78.7A and any other information in respect of the matters which are the subject of the reports as the Director shall reasonably require.

(a) The Licensee shall publish details of the definitions of the Businesses as soon as practicable after the coming into force of this Condition and shall publish details of any amendment to the composition, or any division or aggregation, of a Business as soon as practicable, and in any event within 28 days, after the making of the amendment.

(b) On the direction of the Director, the Licensee shall publish the current Accounting Documents or the current Detailed Attribution Methods, Detailed Valuation Methodology or Long Run Incremental Cost Model: Relationship and Parameters as soon as practicable, and in any event within 28 days, after the making of the direction. The Licensee may exclude from publication any matter the exclusion of which the Director has directed.

(c) The Licensee shall publish any amendment to the Accounting Documents published in accordance with paragraph 78.11 (b), as soon as practicable, and in any event within 28 days, after the making of the amendment.

(d) For the purposes of sub-paragraphs (a) to (c) publication shall be effected by making the required matters publicly available and by sending copies to the Director.

(e) (i) The Licensee shall send a copy of each of the required matters or any of them to any person who may (after the expiry of the period specified in each of sub-paragraphs (a) to (c)) request them, on the basis of that person paying a reasonable charge for them. The Licensee shall send the copies within seven working days after receiving payment of that charge.

(ii) The Licensee shall send a copy of a description of its cost accounting system showing the main categories under which costs are grouped and the rules used for the allocation of costs to Interconnection, to any person who may request them, on the basis of that person paying a reasonable charge for them. The Licensee shall send the copies within seven working days after receiving payment of that charge.

(f) Except to the extent that the Director may consent to an alternative location or to an alternative method of publication, the Licensee shall make available and continue to make available in a publicly accessible part of every Major Office of the Licensee in such manner and in such place that it is readily available for inspection free of charge by members of the general public during such hours as the Secretary of State may prescribe under section 19(4) of the Act that the register of Licences and final and provisional orders is to be open for public inspection, or in the absence of any such order having been made by the Secretary of State, during normal office hours, a notice of the address and telephone number of the person to whom any request for a copy of any or all of the required matters may be made.

78.12 Without prejudice to Condition 75, where the Director is satisfied, on the basis of the most up to date information which has been made available to him at the relevant time, that the Licensee:

(a) has within the previous six years (excluding any period before the date on which this Condition comes into force) unfairly subsidised or unfairly cross subsidised and has ceased to unfairly subsidise or unfairly cross subsidise but is likely to repeat that unfair subsidy or unfair cross subsidy at any time in the future; or

(b) is unfairly subsidising or unfairly cross subsidising;

either:

(i) any or all of the Businesses other than the Residual Business; or

(ii) any part or parts of any of the Businesses other than the Residual Business where the Director is satisfied that unfair subsidy or unfair cross subsidy, as the case may be, has or could have a material effect on competition in the United Kingdom in relation to the activity to which the unfair subsidy or unfair cross subsidy relates;

or both, it shall take such steps as the Director may direct for the purpose of remedying the situation.

78.13 The Licensee shall, with the consent of the Director, make such amendments as are from time to time required to:

(a) the definition of each Business in terms of the revenues, costs and assets comprised in it;

(b) the number of Businesses for the purposes of this Condition;

(c) the manner in which each Business may be disaggregated;

(d) the form and content of:

(i) the profit and loss account;

(ii) the statement of mean capital employed;

(iii) the statements of costs (if any); and

(iv) the additional information to be provided by way of notes,

comprised in each Financial Statement; or

(e) the Accounting Documents,

to ensure that they are consistent with, and give effect fully to:

(A) modifications of any of the Conditions in Schedule 1 of this Licence;

(B) final Orders made under section 16 of the Act;

(C) formal undertakings given by the Licensee to the Director following investigations by him into possible contraventions by the Licensee of any of the Conditions in Schedule 1 to this Licence; and

(D) directions, consents and determinations given or made by the Director from time to time under any of the Conditions in Schedule 1 of this Licence,

made or given on or after the date on which this Condition comes into force together with, in each case, any published explanations and reasons given by the Director in connection with any of the matters specified in sub-paragraphs (A) to (D) provided that the requirements of this paragraph shall be suspended pending the final disposal of any proceedings seeking to have any such final Orders, directions, consents, or determinations, quashed, set aside, modified or varied.

(a) Where the Director has reasonable grounds to believe that:

(i) the Licensee has done or is doing any of the things specified in paragraph 78.12 or Condition 75 or both;

(ii) the Licensee:

(A) has within the previous six years (excluding any period before the date on which this Condition comes into force) shown undue preference to, or exercised undue discrimination against, any Operator in respect of the provision or Quality of any or all of a Standard Service, a Private Leased Circuit or an International Private Circuit telecommunication service contrary to the provisions of Part G of this Licence and has ceased to do so but is likely to repeat that undue preference or undue discrimination at any time in the future; or

(B) is showing undue preference or undue discrimination as described in sub-paragraph 78.14 (a)(ii)(A);

(iii) the Licensee is in breach of this Condition; or

(iv) any or all of the Accounting Documents, the Financial Statements, the Restated Financial Statements and the Interim Financial Statements are deficient,

the Licensee shall, without prejudice to Condition 33 extend its prompt co-operation to the Director, his representatives and members of his staff and, in particular, on the Director's reasonable request shall:

(A) furnish the Director in accordance with his reasonable requirements with any information, documents, accounts, estimates, returns, reports or other information (including, without limitation, any facility enabling him to read data not held in readable form);

(B) on reasonable notice by him allow at all reasonable times the Director, his representatives and any member of his staff on production of his special authority access to any relevant premises of the Licensee to investigate, assess, examine, review or verify any of its accounting records or accounting and reporting arrangements, systems or processes; and

(C) for the purposes of sub-paragraph (B) above, allow the Director, his representatives and any member of his staff to be accompanied by any person whom the Director may specify, being a person to whom the Licensee has raised no reasonable objection, whose assistance the Director might reasonably require, provided that the Director has given the Licensee notice (which save in exceptional circumstances shall be of at least 5 working days) of the identity of that person.

(b) If, as a result of any investigation, assessment, examination or review referred to in sub-paragraph (a), the Director is satisfied that:

(i) the Licensee has done or is doing any of the things referred to in sub-paragraph (a) (i) to (iii);

(ii) any or all of the Accounting Documents, the Financial Statements, the Restated Financial Statements and the Interim Financial Statements are deficient; or

(iii) he has insufficient information to conclude whether or not the Licensee has done or is doing any of the things referred to in sub-paragraph (a) (i) to (iii),

he may direct with effect from the date specified in the direction, without prejudice to his other powers under this Licence, that:

(iv) the Licensee shall amend any or all of:

(A) the composition of any or all of the Businesses in terms of any or all of the revenues, costs and assets they respectively comprise;

(B) the manner in which any or all of the Businesses are disaggregated in terms of activities of the relevant Business;

(C) the form and content of any or all of the profit and loss account, the statement of mean capital employed, statements of costs and the additional information to be provided by way of notes comprised in the Financial Statements, the Restated Financial Statements or the Interim Financial Statements of any or all of the Businesses; and

(D) any or all of the Accounting Documents; or

(v) the Licensee shall divide any or all of the Businesses to create additional Businesses, or aggregate them to create fewer Businesses;

or both, provided that any direction given pursuant to this sub-paragraph shall relate to the results of the relevant investigation, assessment, examination or review referred to in sub-paragraph (a) in respect of which the direction is given.

78.15 This Condition operates without prejudice to Conditions 76 and 77.

78.16 This Condition is subject to the obligations which apply to the Licensee under Condition 50.

78.17 In this Condition, “attributable" includes allocatable and apportionable, “attribute" includes allocate and apportion and “attribution" includes allocation and apportionment.

Condition 79

CODE OF PRACTICE ON THE CONFIDENTIALITY OF CUSTOMER INFORMATION

79.1 The Licensee shall take all reasonable steps to ensure that those of its employees who are engaged in each of the Systems Business and the Supplemental Services Business observe the provisions of a Code of Practice which:

(a) specifies the persons to whom they may not disclose information about a customer of the Licensee or that customer’s business which has been acquired in the course of the Systems Business or the Supplemental Service Business without the prior consent of that customer; and

(b) regulates the information about any such customer or his business which may be disclosed without his consent.

79.2 The Licensee shall within three months of the date on which this Licence enters into force submit in respect of the Systems Business a draft of the Code of Practice to the Director for his approval and if the Licensee and the Director fail to agree on the provisions of the Code they shall be determined by the Director.

79.3 The Licensee shall within three months of 30th April 1987 confirm in writing to the Director that it has taken all reasonable steps to ensure that those of its employees who are engaged in the Supplemental Services Business are observing the provisions of a Code of Practice.

79.4 This Condition is without prejudice to the duties at law of the Licensee towards its customers.

79.5 Notwithstanding anything contained in this Condition, any incidental amendments to the Code of Practice previously approved by the Director under paragraph 79.2 which may be requisite in consequence of a Code of Practice referred to in paragraph 79.3 may be made by the Licensee without obtaining the Director’s approval, but the Licensee shall not otherwise make any amendments to that Code of Practice without the Director’s approval.

Condition 80

ANNUAL REVIEW AND CERTIFICATION

80.1 The Licensee shall not do any thing, whether by act or omission, which would materially detract from its ability, during the remainder of the initial period of 25 years for which this Licence was granted, to comply with:

(a) its obligations under this Licence to provide telecommunication services; and

(b) its obligations, whether under this Licence or under any Act or subordinate legislation, to provide telecommunication services, or any category of telecommunication service, to a specified standard.

The Licensee’s obligations shall extend only to those obligations specified in sub-paragraphs (a) and (b) above which are for the time being included in or arising under the Licence, any Act or subordinate legislation, as appropriate. For the avoidance of doubt, the Licensee’s obligations shall extend only to those obligations specified in sub-paragraphs (a) and (b) above, as such obligations are reasonably interpreted for the time being.

(a) The Licensee shall in respect of each financial year commencing after the date on which this Condition comes into effect, submit to the Director a certificate approved by a resolution of the board of directors of the Licensee ("the Board") and signed by either a director or the secretary of the Licensee, which shall state whether, in the Board's reasonable opinion, after making appropriate enquiries exercising due diligence, the Licensee has not done any thing of a kind referred to in paragraph 80.1 in the course of the financial year to which that certificate relates.

(b) A certificate for the purpose of sub-paragraph (a) above shall be submitted as soon as practicable, and in any event no later than 4 months, or such longer period as the Director may agree on the basis of representations made to him by the Board, after the expiry of the financial year to which the certificate relates.

(c) If requested to do so by the Director, at any time after the commencement of the first financial year following the date this Condition comes into effect, the Licensee shall procure a report from the Auditor. The Auditor's report shall:

(i) state whether, in the Auditor's opinion, the Licensee has systems and processes which are appropriate to enable the Board to form a reasonable opinion as to whether the Licensee is complying with its obligation under paragraph 80.1;

(ii) state, depending on the request made by the Director as referred to in sub-paragraph (c)(v) below, whether in the Auditor's opinion the systems and processes referred to in sub-paragraph (c)(i) above have been followed:

(A) during the period the Audit was carried out; or

(B) throughout a financial year;

(iii) be based on an examination of:

(A) all appropriate financial and other information made available to the Auditor as part of his audit of the accounts required to be produced under statute or under this Licence; and

(B) such other financial records and other information as the Auditor may have required the Licensee to produce to him for the purpose of enabling him to prepare his report;

(iv) conform to the Auditing Standards to the extent applicable; and

(v) be produced:

(A) within six months where the Director has made a request for a report covering the period specified in sub-paragraph (c)(ii)(A) above; or

(B) subject to sub-paragraph (c)(v)(C) below, within four months of a financial year end where the Director has made a request for a report covering the period specified in sub-paragraph (c)(ii)(B) above, provided that such request has been made at least four months before the end of the financial year to which the report relates; or

(C) where the Director has specified a longer period than four months under paragraph 80.2(b), the Auditor's report shall be produced within such longer period.

(d) Requests made by the Director under paragraph 80.2(c) shall be made no more frequently than once every twelve months. In any event, for the avoidance of doubt, this Condition is without prejudice to Condition 33.

80.3 Unless the Director otherwise determines, this Condition shall expire on 21st June 2004.

Condition 81

SUPPLY OF DIRECTORIES AND DATABASES FOR PROVISION OF DIRECTORY SERVICES

81.1 The Licensee shall in accordance with the following provisions, on request by any public telecommunications operator subject to the obligations in Condition 2 above, make available to that operator for the purpose of enabling such operator to comply with its obligations:

(a) such directories, as the Licensee compiles, in a form approved by the Director, which comply with the requirements of Condition 2.3;

(b) the contents of the database, in machine readable form, which the Licensee uses to compile directories for the purpose of complying with its obligations under Condition 2.1; and

(c) on-line access (including a search facility) to the database which the Licensee uses to provide a Directory Information Service for the purpose of complying with its obligations under Condition 2.1.

81.2 If, following a written representation by the Licensee that the market for provision of any of the items in sub-paragraphs (a) to (c) is competitive, the Director determines that such market is competitive in any specified area of the United Kingdom, the obligation upon the Licensee under paragraph 81.1 will cease to apply with respect to the provision of such item in respect of that specified area.

81.3 The Licensee shall supply the items in sub-paragraphs (a) to (c) of paragraph 81.1 above at the reasonable request of the person requesting such items. Without prejudice to the generality of the foregoing, the Licensee may refuse to supply such items if the person requesting such items does not undertake to Process the data or information contained in them in accordance with any relevant Code of Practice, or the Licensee has reasonable grounds to believe that the person requesting such items will not comply with Relevant Data Protection Legislation.

81.4 The Licensee shall supply the items in sub-paragraphs (b) and (c) in paragraph 81.1 having due regard, in such manner as is appropriate, to any Subscriber who has expressed opposition to inclusion of Directory Information about that Subscriber in a directory or as part of a Directory Information Service provided to end-users.

81.5 Where the Licensee is requested to supply the items in sub-paragraphs (a) to (c) of paragraph 81.1 above, the Licensee shall do so on terms which are fair, cost oriented and not unduly discriminatory, and in a format which is agreed between the Licensee and the person requesting the information, or approved by the Director, where no such agreement is reached.

Condition 82

DIRECTORIES AND DIRECTORY INFORMATION

82.1 The Licensee shall in accordance with the following provisions, on request by any person other than a public telecommunications operator subject to the obligations in Condition 2, make available to him for the purpose of enabling the provision of directories or a directory information service:

(a) the contents of the database, in machine readable form, which the Licensee uses to compile directories for the purpose of complying with its obligation under Condition 2; and

(b) on-line access (including a search facility) to the database which the Licensee uses to provide a Directory Information Service for the purpose of complying with its obligation under Condition 2 above.

82.2 If, following a written representation by the Licensee that the market for provision of any of the items in sub-paragraphs (a) and (b) above is competitive, the Director determines that such market is competitive in any specified area of the United Kingdom, the obligation upon the Licensee in paragraph 82.1 above will cease to apply with respect to the provision of such item in respect of that specified area.

82.3 The Licensee shall supply the items in sub-paragraphs (a) and (b) of paragraph 82.1 above at the reasonable request of the person requesting such items. Without prejudice to the generality of the foregoing, the Licensee may refuse to supply such items if the person requesting such items does not undertake to Process the data or information contained in them in accordance with any relevant Code of Practice, or the Licensee has reasonable grounds to believe that the person requesting such items will not comply with Relevant Data Protection Legislation.

82.4 The Licensee shall supply the items in sub-paragraphs (a) and (b) in paragraph 82.1 above having due regard, in such manner as is appropriate, to any Subscriber who has expressed opposition to inclusion of Directory Information about that Subscriber in a directory or as part of a directory information service provided to end-users.

82.5 Where the Licensee is requested to supply the items in sub-paragraphs (a) and (b) of paragraph 82.1 above, the Licensee shall do so on terms which are fair, cost oriented and non-discriminatory, and in a format which is agreed between the Licensee and the person requesting the information, or approved by the Director, where no such agreement is reached.”.

SCHEDULE 3 Regulation 3(g)

Annex A

The Applicable Systems

1. The Applicable Systems are telecommunication systems of every description within the United Kingdom provided that a system (“the System") is an Applicable System only to the extent it satisfies each of the following conditions:

(a) the System is one by means of which Messages are conveyed or are to be conveyed:

(i) from one Network Termination Point to another such Point;

(ii) from a Network Termination Point to another place which is neither a Network Termination Point nor a Call Office or from such a place to such a Point;

(iii) between a place which is neither a Network Termination Point nor a Call Office and another such place where their conveyance is not by way of provision of a service to another person; or

(iv) between a Call Office and any other place,

but in any case not beyond a Network Termination Point;

(b) none of the apparatus comprised in the System is Relevant Terminal Apparatus installed on premises occupied by a person to whom there are provided telecommunication services by means of the System; and

(c) the System is not, insofar as it is within the Hull Area, connected to any Network Termination Point other than one in an item of Network Connecting Apparatus which Point exists for the purpose of connecting the System to an aircraft, a seagoing vessel or hovercraft or to another public telecommunication system run by either Kingston Communications (Hull) PLC or any other person running a public telecommunication system within the Hull Area.

2. In this Annex:

"Applicable Terminal Equipment" means apparatus which is applicable terminal equipment within the meaning of regulation 4 of the Telecommunications Terminal Equipment Regulations 1992 (S.I. 1992/2423);

"Approved Apparatus" means in relation to any system apparatus approved under section 22 of the Act for connection to that system;

"Call Office" means telecommunication apparatus not supplied by the Licensee to any particular person but made available for use by the public or a class of the public;

"Compliant Terminal Equipment" means Applicable Terminal Equipment which satisfies the requirements of regulation 8 of the Telecommunications Terminal Equipment Regulations 1992;

"the Hull Area" means the area within which Kingston Communications (Hull) PLC is authorised to run telecommunication systems under a Licence granted by the Secretary of State under section 7 of the Act on 30th November 1987;

"Message" means anything falling within paragraphs (a) to (d) of section 4(1) of the Act;

"Network Connecting Apparatus" means telecommunication apparatus comprised in the Applicable Systems which is not Network Termination and Testing Apparatus and is connected to another telecommunication system;

"Network Termination and Testing Apparatus" means an item of telecommunication apparatus comprised in the Applicable Systems installed in a fixed position on Served Premises which enables:

(i) Approved Apparatus to be readily connected to, and disconnected from, the Applicable Systems;

(ii) the conveyance of Messages between such Apparatus and the Applicable Systems; and

(iii) the due functioning of the Applicable Systems to be tested, but the only other functions of which, if any, are:

(A) to supply energy between such Apparatus and the Applicable Systems;

(B) to protect the safety or security of the operation of the Applicable Systems; or

(C) to enable other operations exclusively related to the running of the Applicable Systems to be performed or the due functioning of any system to which the Applicable Systems are or are to be connected to be tested (separately or together with the Applicable Systems);

"Network Termination Point" means any point:

(i) within an item of Network Connecting Apparatus at which energy in any of the forms specified in section 4(1) of the Act is conveyed directly to or from apparatus comprised in a telecommunication system other than one in which that Network Connecting Apparatus is comprised; or

(ii) within an item of Network Termination and Testing Apparatus at which such energy is conveyed directly to any Relevant Terminal Apparatus; or

(iii) which, in the case of a radio based telecommunication system, is the last point at which Messages are transmitted, or the first point at which Messages are received in the form of electromagnetic signals, by apparatus run by a person other than the Licensee and lawfully connected to that System;

"Relevant Terminal Apparatus" means:

(i) "Terminal Apparatus" that is to say any telecommunication apparatus installed on Served Premises by means of which Messages are initially transmitted or ultimately received except a Call Office; and

(ii) any other telecommunication apparatus connected to the apparatus referred to in sub-paragraph (i) above constituting a system run under a Licence by the person using that Terminal Apparatus;

"seagoing vessel" includes any floating structure for the exploration for, or exploitation of, oil or gas, or similar structure, while it is not maintained on a station; and

"Served Premises" means a single set of premises in single occupation where apparatus has been installed for the purpose of the provision of telecommunication services by means of the Applicable Systems at those premises.

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the telecommunications licence granted to British Telecommunications plc under section 7 of the Telecommunications Act 1984 on 22nd June 1984. The Schedules to the Telecommunications (Licence Modification) (Standard Schedules) Regulations 1999 (S.I.1999/2450) replace the Schedules to the licence, subject to certain specific amendments.

The licence is being amended as part of the implementation in the UK of Directive 97/13/EC of the European Parliament and of the Council on a common framework for general authorisations and individual licences in the field of telecommunications (O.J. No. L199, 26.7.97, p.32), which requires that conditions in all telecommunications licences of a similar type should be harmonised, except where objectively justified in particular instances.

A Regulatory Impact Assessment is available and can be obtained from Communications and Information Industries Directorate, Department of Trade and Industry, 151 Buckingham Palace Road, London SW1W 9SS.

The licence modified by these Regulations may be inspected at the Library of the Office of Telecommunications (OFTEL), 50 Ludgate Hill, London EC4M 7JJ. The licence granted to British Telecommunications plc is published by HMSO price £19.95.

Changes to legislation:
There are outstanding changes not yet made by the legislation.gov.uk editorial team to The Telecommunications (Licence Modification) (British Telecommunications plc) Regulations 1999. Any changes that have already been made by the team appear in the content and are referenced with annotations.
View outstanding changes

Changes and effects yet to be applied to :

- Sch. 2 para. 1(vii) word substituted by S.I. 2000/1713 reg. 2(2)(a)(ii)
- Sch. 2 para. 12 words added by S.I. 2000/1713 reg. 2(2)(c)(i)
- Sch. 2 para. 1(vii) words inserted by S.I. 2000/1713 reg. 2(2)(a)(iv)
- Sch. 2 para. 1(iii) words substituted by S.I. 2000/1713 reg. 2(2)(a)(i)
- Sch. 2 para. 1(vii) words substituted by S.I. 2000/1713 reg. 2(2)(a)(iii)
- Sch. 2 para. 1(vii) words substituted by S.I. 2000/1713 reg. 2(2)(a)(v)
- Sch. 2 para. 7(vi) words substituted by S.I. 2000/1713 reg. 2(2)(b)
- Sch. 2 para. 12 words substituted by S.I. 2000/1713 reg. 2(2)(c)(ii)
- Sch. 2 para. 12 words substituted by S.I. 2000/1713 reg. 2(2)(c)(iii)(aa)-(dd)
- Regulations revoked by 2003 c. 21 Sch. 19(2)