



10 DOWNING STREET

Prime Minister ④

BT Draft Licence

You might, at leisure, like to look at some of the issues being raised by the BT privatisation.

I attach

- (i) a note of bullet points which DTI Ministers are using - Flag A
- (ii) a Policy Unit note on key policy issues - Flag B
- (iii) Explanatory notes on the licence - Flag C. (to peruse only).

The next step is for DTI to produce a statement on future competition.

Agree DTI be asked to circulate draft well in advance of release

Yes ✓

AT  
28/10



*file No*  
*D. Pascale*

10 DOWNING STREET

*From the Private Secretary*

31 October 1983

BRITISH TELECOM : DRAFT LICENCE

The Prime Minister has noted with interest the draft licence for BT which has just been tabled with Standing Committee A. She has noted that the Government is due to issue a statement on competition policy in telecommunications some time in November. She would be grateful if this could be circulated to colleagues well in advance of its public release as it is bound to raise important issues.

I am copying this letter to John Kerr (H.M. Treasury) and Andrew Hudson (Financial Secretary's Office).

ANDREW TURNBULL

Callum McCarthy, Esq.,  
Department of Trade and Industry.

*NR*

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File

✓ No DP



JH 982

PS/ Secretary of State for Trade and Industry

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27 October 1983

Andrew Turnbull Esq  
Private Secretary to the  
Prime Minister  
10 Downing Street  
London SW1

Dear Andrew,

BT LICENCE

You asked on the phone for some background information on the BT Licence. I attach some background explanatory notes which highlight the main points in the Licence document, which, as you know, is both long and intricate. I also attach a short note of "bull points", prepared for Ministers' use in the Committee Stage of the Bill which may be of use to you.

2 Do let us know if there is anything else you need.

Yours sincerely,

Ruth Thompson

RUTH THOMPSON  
Private Secretary

Encls

## DRAFT LICENCE FOR BRITISH TELECOMMUNICATIONS

### EXPLANATORY NOTES

#### INTRODUCTION

1 The attached document is the draft of the Licence to be granted to British Telecommunications ("British Telecom") when the Telecommunications Bill becomes law in about July 1984. The draft Licence has been the subject of lengthy discussions with British Telecom and sets out the Government's firm proposals. The draft is not, however, the final text of the Licence because:

- (a) Parliament may amend the Telecommunications Bill before it becomes law and, since the Secretary of State must do what the law says he may need to change the text of the draft Licence to carry out Parliament's wishes;
- (b) the Licence itself deals with complicated legal, technological and commercial issues some of which require further consideration with interested parties. These are indicated later in these notes and in footnotes to the Licence; and
- (c) the Government wishes to hear the views of those who will be affected by the Licence (including consumers, those who work in British Telecom, the telecommunications manufacturing and service industries and members of the public) and may decide to make changes to the draft Licence to take account of the views which are expressed.

#### PART 1: THE LICENCE

2 Part 1 is the heart of the Licence and links all the later Parts of the Licence together. Paragraph 1 gives British Telecom permission to run the telecom systems which are described in Schedule 1, and to connect to other telecom systems and to provide the telecom services specified in Part 4. But when it does these things British Telecom must abide by the Conditions or rules set out in Part 2 and the permission can be revoked, or taken away, in the (unlikely) circumstances described in Part 3. Paragraph 2 allows British Telecom to benefit from the provisions of the Telecommunications Code (contained in Schedule 2 to the

Telecommunications Bill) so that it can install all the telegraph poles, wires, underground cables and so on which are needed to link telephones and other telecom apparatus to each other. Paragraph 3 says that the Licence will last for at least 25 years and will go on for longer unless ten years notice of termination is given. The long period of notice is needed so that fears that the Licence might not be renewed will not prevent British Telecom from raising the capital to invest in expensive new plant and equipment.

## PART 2: CONDITIONS

### Introduction

3 Part 2 sets out the conditions which British Telecom must observe when it does the things permitted under paragraph 1 of Part 1. The conditions or rules are needed because the Bill tells the Secretary of State that he must do certain things when he grants a licence. In particular Clause 3 of the Bill places the Secretary of State under a duty, every time he grants a licence to act in the way which he thinks best calculated to achieve a number of objectives:

- first he must so far as practicable ensure that everyone who wants a telecom service in reasonable circumstances can obtain service and he must pay special regard to those wanting emergency services, public call box services, maritime services and services in rural areas;
- second, he must ensure that those like British Telecom who provide telecom services are able to finance the provision of those services.

These objectives are the most important ones. Once the Secretary of State has taken account of them, he must then act in the way best calculated to meet further objectives:

- he must promote the interests of those who use telecom services or who use telecom apparatus (especially the disabled) in obtaining a variety of good quality services and apparatus at reasonable prices;
- he must maintain and promote competition so that telecom users obtain a choice of services and apparatus;
- he must promote efficiency and economy;
- he must promote research and development and the use of new techniques;
- he must enable British firms to establish and maintain a leading role in telecommunications, encourage major

users of telecoms to set up business in the UK, promote the provision of international transit services here and promote activities by British firms in overseas markets.

4 British Telecom will be made to comply with these conditions by the new Director General of Telecommunications (who is called "the Director" in the Licence) using the powers in Clause 16 of the Bill. Where the Director considers that a breach of a Licence condition has occurred, he may issue an order requiring British Telecom to take such steps as he considers necessary to comply with the condition. Such orders are enforceable by civil proceedings in the Courts.

5 The Director may modify licence conditions Licence conditions. This can happen in two ways. First, if the Director and British Telecom agree that a change to a Licence condition is needed or that a new condition is needed, and the Director gives public notice of his intentions and then considers public comments about it, a Licence condition can be modified by agreement under Clause 12. Second, where there is no agreement between the Director and British Telecom but the Director thinks that a licence condition needs adding or changing, the Director may refer the matter to the Monopolies and Mergers Commission (MMC). If the MMC considers that a modification would be in the public interest, then the Director may, under Clause 15, modify the Licence to put matters right.

6 The Secretary of State's responsibility is limited to granting the initial licence and the initial Licence conditions. Once the conditions are set he has no power to initiate changes to them and only limited powers under Clauses 12 and 15 to prevent modifications. The Secretary of State sets the conditions of licences using the powers in Clause 7(4) and he must include conditions of the kinds described in Clause 8(1).

#### Section 1 of Part 2

7 Part 2 is divided into two sections. This is because Clause 8(1) of the Bill lays down the kinds of conditions which must be included in licences before British Telecom or any other licensee can be designated as a "public telecommunications operator" under Clause 9 or before the Telecommunications Code can be applied to them under Clause 10(2) (a).

8 All the Conditions in Sections 1 of Part 2 - ie conditions 1 to 17 - are set by reference to Clause 8(1). They impose a series of obligations on British Telecom specifying the services it must provide and how it must

provide them. Section 2 sets out the other conditions which the Government think necessary to implement Clause 3 and the other provisions of the Bill. The obligations in both Part 1 and Part 2 are subject to the limitations and interpretations in conditions 42 to 44, which explain when the Government thinks it impracticable to provide services and when demands for service would not be reasonable.

9 Condition 1 obliges British Telecom to continue to provide a universal telecom service; it must provide both voice telephony services and other services like telex throughout the licensed area (ie all the United Kingdom except Hull) to the extent that it is practicable to do so and there is a reasonable demand for the service. The condition says that British Telecom must convey "messages", which means that BT is obliged to install and maintain networks of wires, cables and radio links, telephone exchanges etc and to connect them to individual premises on request so that "messages" (eg telephone conversations or data signals) can be conveyed from one set of premises to another. British Telecom must also maintain the networks in good running order so that messages are actually conveyed.

10 Condition 2 is very similar to condition 1 but applies the universal obligation to provide voice telephony and other services to rural areas. This puts beyond any doubt the continued provision of satisfactory telecommunication services to rural areas. Condition 19 deals with the financing of loss-making services in rural areas. British Telecom's universal service obligations under both conditions 1 and 2 do not apply in any area where the Director is satisfied that reasonable demands for telecom services are being met by others and that it would not be reasonable for British Telecom to be under an obligation in that area.

11 Condition 3 obliges British Telecom to provide directory enquiry services, that is telephone numbers over the telephone, to assist people who have telephones connected to the British Telecom systems in making calls. But British Telecom will not be obliged to provide the number of a person who has asked to be "ex-directory".

12 Condition 4 obliges British Telecom in appropriate circumstances to install and maintain telecom apparatus which is not part of its networks (apparatus which is included in its networks is covered by Conditions 1 and 2). The obligation in Conditions 1 and 2 is to convey messages by means of the Applicable Systems but Schedule 1 makes clear the these end at the sockets or block terminals where telephones and other apparatus are connected. Telephones, private exchanges etc connected to such sockets or terminals do not form part of the British Telecom networks. Condition

4 obliges British Telecom to install apparatus in customers' premises and then to maintain it except for example where the apparatus is beyond repair.

13 Condition 5 obliges British Telecom to connect its network to networks in overseas countries and also in territories like the Channel Islands and to provide international telecommunication services. This obligation reflects British Telecom's position as the United Kingdom's prime international carrier.

14 Condition 6 obliges British Telecom to provide "public emergency call services", commonly known as the 999 services. Under this condition British Telecom must provide these services at all places throughout the licensed area where people have access to its network; whenever anyone picks up a normal working telephone then that person must also be able to make a 999 call from that telephone. Police, Ambulance, Fire and Coastguard are the emergency organisations most frequently used but this condition also requires BT to provide emergency services to others where the need is identified. There needs to be some flexibility in how the emergency services are to be provided because the licence will run for at least 25 years. In that time there will be both technological and organisational changes which may make it desirable to alter the way the 999 service is provided. However, paragraph 6.3 prevents British Telecom restricting any emergency services it provides unless this is agreed by the authority responsible for the emergency organisation (or by the Director).

15 Conditions 7 to 10 require British Telecom to continue to provide other emergency services and to formulate such plans and arrangements for emergencies as may be required by the appropriate authorities. Such services and requirements will include calls made by the emergency organisations (condition 7) maritime services such as the Distress Watch Service (condition 8), special arrangements in the event of major accidents and plans to facilitate essential national communications in the event of damage to the network from whatever cause (condition 9) and fault repair arrangements for essential services (condition 10). British Telecom will be entitled, where this is appropriate, to recover the costs of such services, plans and arrangements.

16 Condition 11 obliges British Telecom to provide public call boxes. In large part the condition follows the existing agreement between British Telecom and the Post Office Users' National Council (POUNC) governing the removal of call boxes. But a major difference is that whereas the present agreement has been only voluntary, condition 11 imposes obligations on British Telecom (which the Director has powers to enforce under Clause 16 of the Bill). Because



of the concern expressed by many about the future of public call boxes these notes explain condition 11 in some detail.

17 Paragraph 11.1 contains the general obligation on BT to provide services at all call boxes in existence when the licence enters into force and those subsequently installed. 11.2, 11.3 and 11.4 govern the removal of call box facilities. 11.5 and 11.6 contain obligations to publish guidelines about the installation of new public call boxes.

18 Paragraph 11.2 sets out the circumstances in which BT may withdraw a call box; 11.2(a) allows withdrawal, provided the procedures set out in 11.3 are followed, where the provision is "impracticable", for example where the wayleave for the siting of a call box is withdrawn or a road is widened. 11.2(b) is based on the existing arrangements whereby British Telecom and POUNC agree a guideline for a call box's annual takings. 11.2(b) continues this practice but the minimum figure is to be agreed by the Director. No call box can be removed if its annual revenue (which includes an allowance for credit card calls, transfer charge calls etc) is above the minimum figure (unless of course any of the other circumstances covered in 11.2 apply) and before any such removal the procedures set out in 11.4 must be followed. However, if the annual revenue is below the minimum figure it is open to others eg, the local authority in the area, to make it up to the minimum figure, and 11.2(b) provides that if this happens the call box must stay.

19 Paragraph 11.2(c) allows, for example, the withdrawal of one call box in a "bank" of several boxes if their use declines but provides that one must remain nearby so there is no question of complete withdrawal of call box services. Paragraph 11.2(d) is similar and allows removal provided that there is another box nearby but it also allows for a temporary cessation of service to the extent the Director agrees. This might happen for example when a road is widened to remove a corner on which a box is sited and BT proposes to re-site the box.

20 Paragraph 11.2(e) allows for change in the way that call box services are provided but as in paragraphs 11.2(c) and (d) the actual services must continue to be provided nearby. The term "public call box" does not cover all "pay phones" normally found in pubs, cafes, clubs, airports etc. In many cases, although the public have access to these, they are in fact run not by British Telecom but by the publican, cafe owner etc, who normally pays a rent for the box and agrees the cost of calls made from it, and then keeps the coins put into it. However in terms of convenience to the public there is often little difference between the two except that in some cases pay phones are subject to opening hours.

Paragraph 11.2(e) allows for rented or private pay phones to replace public call boxes but this can only be done if there is a contract agreed between British Telecom and the provider of the pay phone and this contract must allow 24 hour access unless the Director agrees otherwise. The onus will be on British Telecom to ensure compliance with the conditions of such a contract.

21 Paragraph 11.3 sets out the procedure to be followed where British Telecom wishes to withdraw a public call box on the grounds that its provision is impracticable. British Telecom must try to install another public call box nearby, but if it cannot, it must inform the local authority and consumer bodies in the area about its proposed removal. These bodies may make representations to the Director who may oblige BT to install a replacement public call box nearby if he decides this is appropriate.

22 Paragraph 11.4 sets out the procedure British Telecom must follow if it wishes to withdraw a call box whose annual revenue falls below the minimum figure. This procedure broadly follows the existing arrangements. The aim is to ensure that all those with a legitimate interest are informed and have an opportunity to make comments for the Director to consider.

23 Paragraph 11.5 is concerned with the provision of new public call boxes, 11.5(a) dealing with the installation of new permanent boxes at new locations, for example on a new housing estate and 11.5(b) with temporary call boxes for example, those installed at major conferences, exhibitions, sporting events etc. British Telecom must, in consultation with the Director, publish the criteria governing when it will provide such call boxes. It is expected that these guidelines will largely follow existing practice.

24 Paragraph 11.6 obliges British Telecom to provide call boxes at any location where the person requesting a box guarantees to pay its full cost.

25 Condition 12 obliges British Telecom to provide maritime telecommunication services in accordance with the Radio Regulations of the International Telecommunications Union. When they are on the high seas ships are outside the Licensed Area so the obligation on British Telecom is to provide links from ships over its network in this country to any network termination point, which could be on customer premises or a connection with another system (eg in Hull).

26 Conditions 1 to 12 are included in the draft licence in accordance with Clause 8 (1) (a) and require British Telecom "to provide such telecommunication services as are specified in the licence". Conditions 13 and 14 fulfil the

requirement in Clause 8(1)(b) that the licence must require British Telecom "to connect or permit the connection to any telecommunication system to which the licence relates of such other telecommunication systems and such apparatus as are specified" or described in the licence.

27 Condition 13 obliges British Telecom to:

- (a) connect its system to any telecommunication system run by someone else (eg the Hull system or a private branch exchange system in an office block) whenever the other system is licensed to connect to the British Telecom system (ie British Telecom must install such wires etc, forming part its system, as are needed to connect the two systems together);
- (b) provide other telecommunication services to the operator of the other system once it has been connected to enable the other operator to obtain telecommunication services (eg if a customer in Hull or a person using an extension connected to a private branch exchange dials a telephone number on the British Telecom system, British Telecom must connect the call, and convey the messages to the person receiving the telephone call);
- (c) maintain any call routing apparatus (eg the actual private branch exchange) contained in the other system if the conditions of the other system's licence say that British Telecom must maintain such call routing apparatus if a connection is to be made. (This obligation will decline in importance as the maintenance of new call routing apparatus is progressively liberalised).

28 Paragraph 13.3 lays down the circumstances when British Telecom will be exempt from these obligations; for example when the connection might be unsafe. Paragraphs 13.4 and 13.5 described the conditions British Telecom may impose when it makes a connection; paragraph 13.6 says that if there is disagreement the Director may attribute but (paragraph 13.7) this does not apply when a connection is made on standard charges, terms and conditions to another system operated under a general or class licence (eg with private branch exchanges).

29 As the footnote to condition 13 makes clear, the connection together of different telecommunication systems can raise complex technical, operational and commercial problems which will require further consideration before the Licence is finally granted. One of the issues which needs further consideration is telephone numbering arrangements.

30 Condition 14 obliges British Telecom generally to connect, or permit the connection, to its system of any apparatus which is approved under Clause 21 of the Bill.

31 Condition 15, which is required by Clause 8(1)(c) of the Bill, obliges British Telecom to permit any person who is running a telecom system connected to the British Telecom systems to provide any telecom services to others which he is permitted to provide under his licence. Condition 15 also obliges British Telecom to permit any person running such a system or using any apparatus connected to the British Telecom systems to provide services which do not fall within the definition of telecommunication services in the Bill using his system. This is to ensure that people remain free to provide services like banking or the provision of information over the telephone.

32 Condition 16 obliges British Telecom to publish charges, terms and conditions for the generality of its telecommunication services, as required under Clause 8(1) (d), and to provide those services in accordance with those charges, terms and conditions. Condition 17 forbids British Telecom from showing undue preference or exercising undue discrimination, as required under Clause 8(1) (e).

#### Section 2 of Part 2

33 Condition 18 prevents British Telecom cross-subsidising its apparatus supply business, or its apparatus production business (see condition 21) or its provision of radio services with revenue from its "Systems Business". It also prevents British Telecom cross-subsidising its apparatus production business or its provision of mobile radio services out of revenue from its apparatus supply business but this second prohibition is to last only while British Telecom's apparatus supply business constitutes a monopoly situation under the Fair Trading Act definition. Condition 18 permits cross-subsidies where these are required under the licence as for example where British Telecom provides the 999 service free of charge or where it runs public call boxes at a loss.

34 Condition 19 provides a mechanism for ensuring that such cross-subsidies can continue even when full competition has been introduced. It permits, but does not oblige, British Telecom to introduce "Access Charges" to share the cost of the loss-making services it is obliged to provide with other operators who make use of BT's networks in providing telecommunication services to their own customers. The details of these "access charge" arrangements have not yet been worked out, but the broad principle is that, for example, the charge for all telephone calls, made into a local area from outside should include an element to help

meet the costs of the loss-making services. If Access Charges are introduced, condition 19 requires that they should also be levied on trunk calls made through British Telecom's own network. The condition requires British Telecom not to impose a higher charge on other operators than it does in respect of its own trunk calls and as a further safeguard the Director must approve the method used for calculating it. Condition 19 also requires the proceeds of the Access Charge to be used only for meeting the cost of the 999 service, public call box services and apparatus for the disabled and any losses made in rural areas.

35 Condition 20 requires British Telecom to establish separate accounting and reporting arrangements for its Systems Business and its Apparatus Supply Business. It lays down certain rules about how these arrangements are to be implemented. British Telecom is given until 1 April 1987 to complete the separation of accounts because its current nationalised industry accounts and organisation need substantial further alteration before the separation can be fully accomplished.

36 Condition 21 obliges British Telecom to establish a separate subsidiary company for its apparatus production activities by 1 July 1986. Once the subsidiary is established British Telecom itself will not be allowed to engage in apparatus production. Condition 21 also lays down an open tender procedure to be followed by British Telecom when it acquires apparatus from its apparatus production company in some circumstances, but there are exceptions for prototype apparatus etc. British Telecom must satisfy the Director that, when it combines the supply of apparatus with the provision of telecom services to a customer there will be a fair opportunity for British Telecom's competitors in the apparatus supply market to obtain such services for their own customers on equivalent terms.

37 Condition 23 requires British Telecom to inform the Director about any general proposals for changing its systems in ways which would require customers or manufacturers to buy or produce modified apparatus, and the procedures which it operates for giving advance notice of such changes. This is to ensure that modifications and improvements to the network are carried out so as to give customers and manufacturers sufficient warning that their apparatus may become obsolescent.

38. Condition 24 places a limit on the prices BT may charge for the main services provided by its local networks. For five years from the date when the licence comes in force, the prices charged for those services, taken together, must be kept below the rate of inflation by "X" percentage points. The value of X will be determined nearer the date of issue of the licence taking into account the circumstances at that time. The prices covered by condition 24 are connection charges, the rental of an exchange line and local call charges, including local calls made from public call boxes. As the footnote to condition 24 makes clear, the possibility of including trunk calls as well is still being studied. An illustration of the working of the RPI minus X formula is attached to these notes.

39. Condition 25 provides for British Telecom to levy uniform maintenance charges for exchange lines over the first five years of the licence. Maintenance charges are the main component of the present "rental" charged for exchange lines. The footnote to condition 25 points out that condition 25 will need to be removed where simple resale of private circuits is permitted. This footnote to condition 25 also applies to condition 26.

40. Condition 26 provides that residential connection charges will be uniform over the first five years of the licence when the work involved takes less than 100 hours.

41. Condition 27 obliges British Telecom to continue its present practice of issuing a Code of Practice for its employees and customers. The present Code describes the terms on which BT provides services, the quality of service BT aims to achieve and the procedures and contact points for customers who have complaints or queries about their bills, service faults, directories etc. The present Code will need to be amended to reflect the changes brought about by the Bill, in particular the ending of provision of service under schemes. In future there will be a contract between BT and its customers which will substantially increase customers' legal rights and the Code has to reflect this change. Condition 27 therefore allows three months for the publication of the new Code but in preparing this British Telecom must consult the Director. British Telecom must also consult the Director about the Code's operation at least once every five years.

42. Condition 28 enables British Telecom's customers to have access to independent arbitrators in respect of small disputes related to the provision of the telecom services by BT. This continues existing arrangements, whereby dissatisfied customers can take their complaints to the Chartered Institute of Arbitrators. In future, when schemes are replaced by contracts, it will be open to dissatisfied

customers to take legal action but for the ordinary customer court action is normally too expensive and too lengthy. Condition 28 therefore enables them to seek resolution of disputes involving small sums through independent arbitrators. A limit, to be agreed between the Director and British Telecom, will be placed on the sums which can go to arbitration. Initially this is likely to be £500, the same figure as at present.

43. Condition 29 requires British Telecom to receive and consider representations from consumer bodies about its provision of services and its supply of apparatus. The Director, bound by the statutory duties in Clause 3, has the ultimate responsibility for looking after consumers' interests and he will also establish, under Clause 50 of the Bill, national advisory bodies for Scotland, Wales, Northern Ireland and England which will be concerned with consumer matters. There are also expected to be local, non-statutory bodies, which will have a role in sorting out complaints at local, as opposed to national, level.

44. Condition 30 is related to Clause 23 of the Bill which enables the Secretary of State or the Director or persons authorised by them to approve metering systems attached to licensed telecommunication systems. It is envisaged that the work of administering an approvals scheme under Clause 23 will be undertaken by the British Approvals Board for Telecommunications but the precise form of the scheme is still being considered. Thus condition 30 is likely to need substantial revision before the licence is finally issued.

45. Conditions 31 to 34 impose obligations on British Telecom relating to the special requirements of the disabled for telecom services and apparatus. The Government has made clear its determination to ensure that after privatisation the disabled are looked after and British Telecom has also given public assurances on this. The Government is confident that British Telecom will look after the disabled and conditions 31 to 34 are included in the licence to provide reassurance to the disabled.

46. Condition 31 covers the general needs of the disabled at large. It requires British Telecom to consult with the Director about the arrangements it makes to provide telecom apparatus (and its connection to the BT system and its maintenance thereafter) to meet all reasonable demands by disabled persons. British Telecom must also participate in the work of any advisory body on the disabled which the Director may establish under Clause 50 of the Bill. The effect of condition 32 is to oblige British Telecom to continue to make available telephones which incorporate the inductive coupler (which enable people with suitable hearing aids to use the telephone) and telephones with amplifiers

(which enable hearing impaired people without hearing aids to use the telephone).

47. Condition 33 requires British Telecom to work towards installing in all public call boxes apparatus to enable people with hearing aids to use the telephones in those call boxes. British Telecom has already embarked on such a programme to fit inductive couplers to all public call boxes and expects to do this by the end of 1985. British Telecom is already obliged by condition 3 to continue to provide directory enquiry services and condition 34 provides that, if British Telecom should introduce charges for these services, those eg the blind who cannot use printed directories should not be financially disadvantaged. This shall be done by either providing directory enquiry services free of charge to such people or, if this is not practicable, compensating them afterwards.

48. Condition 35 prevents linked sales by placing an obligation on British Telecom, subject to certain specified exemptions, not to make it a condition of providing any telecom service or supplying any telecom apparatus, or of doing any of those things on more favourable terms, that any other telecom service or apparatus should be acquired from either British Telecom or any other specified person.

49. Condition 36, which prohibits certain exclusive dealing arrangements, places an obligation on BT, except with the written consent of the Director and subject to certain specified exemptions, not to make it a condition of buying any telecom apparatus that the supplier of that apparatus should:

- (a) provide a telecom service or other telecom apparatus to BT or another person; or
- (b) not provide that service or supply that other apparatus to another person.

50. Condition 36 also says that, while BT may agree with another person to act as sole supplier of some or all of that person's apparatus, if the Director is satisfied that that person did not willingly agree to give BT that sole right, the Director may oblige BT not to impose such a condition in future either in all circumstances or in certain specified circumstances. More work needs to be done on condition 36 to ensure that it deals satisfactorily with intellectual property rights etc.

51. Condition 37 requires that, when British Telecom supplies telecom apparatus as part of a single transaction or package also involving the provision of a telecom service, it must charge not less than the standard charges



for the services. It must also separate the charges for the apparatus from the charges for the services in any quotation or invoice relating to the transaction.

52. Condition 38 places an obligation on BT to draw up, with the agreement of the Director, a Code of Practice on the confidentiality of customer information for those of its employees engaged in its Systems Business. The Code will specify the people to whom information about a customer cannot be disclosed without the customer's consent and regulate the information about any customer or service which may be disclosed within the Business.

53. Condition 39 requires BT to pay a fee on the grant of the licence and an annual fee thereafter which will represent BT's share, as determined by the Director, of the cost of running OFTEL and any related costs incurred by the Monopolies and Mergers Commission. The annual fee shall be subject to a maximum limit of 0.05% of the annual turnover of the Systems Business.

54. Condition 40 places an obligation on BT to provide the Director with any information he may reasonably require to enable him to carry out his functions.

55. Condition 41 obliges British Telecom to give the Director 30 days prior notice, subject to the exception specified in paragraph 41.5, of any agreement for the establishment or control of a body corporate or the establishment of a partnership for the running of a telecom system under a licence, the provision of telecom services involved in the running of a system under licence or for the production of telecommunication apparatus resulting in the acquisition of a market share of more than 20%. The same obligation is also imposed about any other agreement or arrangement in the nature of a joint venture for running telecom systems or providing telecom services.

56. Conditions 42 and 43 set out the limitations on British Telecom's obligations under the licence. The questions whether it is "impracticable" to provide a service or whether there is no "reasonable" demand for a service can in the final analysis be answered only by the Courts. However, there are circumstances where it is clearly impossible to provide services and these are explained in paragraph 42.1. Paragraphs 42.2 and 42.3 set out circumstances where British Telecom is entitled to refuse service because the demand would not be reasonable. Condition 43 gives British Telecom exemption from its licence obligations on grounds of force majeure.

57. Condition 44 contain definitions and interpretations relating to the other conditions.

PART 3: REVOCATION

58. This Part lists the circumstances under which the licence may be revoked.

PART 4: AUTHORISATION FOR OTHER SYSTEMS TO CONNECT AND TO PROVIDE SERVICES

59. This Part lists those systems and apparatus which are authorised to connect to BT's systems covered by this licence, and specifies the services which they are authorised to provide.

PART 5: EXCEPTIONS AND CONDITIONS RELATING TO THE APPLICATION OF THE TELECOMMUNICATIONS CODE

60. Part 5 of the licence sets out the conditions with which British Telecom must comply in making use of Telecommunications Code powers contained in Schedule 2 to the Telecommunications Bill to install apparatus. They have been drafted on a provisional basis pending further consultations with interested parties including both British Telecom itself and local authority associations.

61. The conditions in Part 5 of the licence are designed to reflect two of the criteria set out in Clause 10(4) of the Bill which are designed to ensure:

- (a) that the physical environment is protected and, in particular, that the natural beauty and amenity of the countryside is conserved; and
- (b) that there is no greater damage to streets or interference with traffic than is reasonably necessary.

62. The Telecommunications Code is constructed on the assumption that the planning status of telecommunication operators is a matter to be determined separately under planning legislation. The provisions in the draft licence qualifying the exercise of Code powers will need to be reconsidered, therefore, in the light of responses to the Department of the Environment's forthcoming consultation document on the revision of the Town and Country Planning General Development Order 1977 made under the Town & Country Planning Act 1971. Conditions 1 and 2 of Part 5 assume that British Telecom will continue to enjoy its present exemption from planning controls and are designed to ensure that in these circumstances British Telecom's present practices in relation to the protection of the environment are maintained.

63. Part 5 of the licence may also require modification

following representations made during the review of the Public Utilities Street Works Act 1950 which was foreshadowed in evidence to the House of Commons Select Committee on Transport in January 1983 and which is shortly to be set in train.

64. The final version of the licence will also need to reflect the different legislation that applies in Scotland and Northern Ireland in relation to some of the matters covered. The relevant definitions in the present version are appropriate only for England and Wales.

65. Condition 1 requires British Telecom to place underground all new telecommunication lines in a designated conservation area and the City of London, except where it undertakes emergency works, replaces existing poles and lines with wires of no larger diameter and makes additional service connections in an area where service is already provided by means of overhead lines.

66. Condition 2 covers other environmentally sensitive areas and in particular National Parks and Areas of Outstanding Natural Beauty. It requires British Telecom in these cases to give notice to the local planning authority before installing overhead apparatus. British Telecom is obliged to consider any written comments or suggestions made within 28 days of the giving of the notice and, where a decision is taken not to modify the original proposals in the light of these comments, British Telecom is obliged to give the planning authority a written notification of its reasons.

67. Condition 3 requires British Telecom to notify the highway authority of its intention to install telecom apparatus where the installation involves the breaking up of a maintainable highway. Quite independently of the licence British Telecom will continue to be subject to the provisions of the Street Works Code in the Public Utilities Street Works Act 1950, which requires the agreement of the highway authority to a plan and section of major works. Condition 3 does not interfere with these arrangements, but extends them by obliging the licensee to give written notice of his intention to install any apparatus which involves the breaking up of a maintainable highway. It also obliges British Telecom to consider any written comments or suggestions made by the highway authority within specified periods which are consistent with the requirements of the Street Works Code.

68. Condition 4 requires that, when emergency works are carried out which would otherwise require prior notice under Conditions 2 and 3, written notice has to be given to the relevant authority as soon as possible after the

commencement of the works.

69. Condition 5 obliges British Telecom to prepare and follow a code of practice to be agreed with the Secretary of State on the installation of external telecommunication apparatus. It is envisaged that the matters to be covered in the code of practice, which will draw extensively on BT's existing procedures, will include:

- (i) British Telecom's normal policy practice in relation to the placing of wires either underground or overhead and, in particular, its policy on the placing of overhead wires in environmentally sensitive areas other than those specifically mentioned in the licence conditions;
- (ii) the steps British Telecom will take to explore the possibility of using existing subways, ducts and poles owned by other bodies before constructing or erecting new ones;
- (iii) the installation of wires over maintainable highways particularly in respect of minimum heights and the involvement of highway authorities before wires (other than those covered in licence condition 3) are installed;
- (iv) procedures for the prompt removal, alteration or renewal of any overhead apparatus which has become dangerous;
- (v) the circumstances in which British Telecom will lay apparatus in verges and footways rather than in the carriage-way;
- (vi) the positioning of poles and related above ground apparatus in the street;
- (vii) the keeping of adequate records of all underground cables laid and the availability of such records to bona fide inquiries eg highway authorities and statutory undertakers; and
- (viii) British Telecom's practice in relation to the depth and protection of underground plant.

70. The main advantages of a code of practice are that it can allow for greater flexibility to meet the differing circumstances that will exist throughout the country and allow for changes that are appropriate in response to technological developments, whilst bringing the matters referred to within the scope of the Director's power to

enforce licence conditions. Where British Telecom appears not to be complying with the code of practice, it will be open to an interested party to take the matter up with the Director and, if he considers that a breach has occurred, he will be able to issue an enforcement order as described in these notes on part 2 of the licence.

71. The matters referred to in British Telecom's code of practice will set a standard to which other Telecommunication Code Operators will be expected to conform. In the case of other operators to whom Code powers may be applied, for example those running local wideband cable systems, it will be possible for interested parties to make representations, during the period of consultation initiated by the Secretary of State under Clause 10 of the Bill, to the effect that particular aspects of the code of practice should be modified or strengthened in the light of local circumstances.

72. The licences for other operators will also need to include provisions about bonding to ensure that any damage, eg to street surfaces, done by those operators will be repaired even if the operator goes out of business. Because of British Telecom's resources it is not thought appropriate to include bonding arrangements in British Telecom's licence.

#### SCHEDULE 1: DEFINITION OF THE APPLICABLE SYSTEMS

73. Schedule 1 defines "the Applicable Systems", that is to say the systems which the licence authorises British Telecom to run. The systems include both British Telecom's major networks such as the Public Switched Networks and isolated point-to-point links (such as "external extensions").

74. The Applicable Systems are defined

- (a) by reference to specified places to or from which each system may convey messages (paragraph 1(b)); and
- (b) by specifying certain particular systems which are excluded (paragraph 1(c)).

75. It is also stipulated that British Telecom alone shall run all the telecom apparatus comprised within each System and used for the purpose of running it (paragraph 1(a)). This sub-paragraph while ensuring that the running of the national telecommunications network does not pass out of BT's hands, is drafted so as to permit:

- (a) flexible arrangements for apparatus associated with the system but not used to run it (eg

apparatus for the maintenance of telephone exchanges);

- (b) the sharing of facilities, provided that BT runs those facilities to the extent that they are used for the running of Applicable Systems.

76. The concept of the 'network termination point' (NTP) is central to the definition. The NTP is a precise location (in practice it will usually be the mating surfaces of the contacts in apparatus such as a socket or block terminal). It is the point or points at which energy (as defined in section 4(1) of the Act) may pass in either direction between an Applicable System and apparatus connected to it but not forming part of it. The Applicable Systems are then those systems that may convey messages from one NTP on served premises to another but no further. The NTP therefore forms the boundary of any Applicable System and the licence does not authorise British Telecom to run anything beyond the NTP.

77. In addition to conveying messages between one NTP and another, the Applicable Systems are also defined to permit the conveyance of messages between other points:

- (i) between an NTP and a place not on served premises; this permits such system facilities as operator services where messages pass between a subscriber and a point within the system;
- (ii) between any two places which are not NTPs, without passing through an NTP, provided that the conveyance of such messages is not a telecommunication service (as defined in section 4(2) of the Act) or is a call box service; this permits a wide variety of necessary "system housekeeping" messages to be passed within the system and also permits public call box services not located on served premises;
- (iii) between a place in the UK and a ship: this permits the provision of ship to shore radio telecommunication services and similar maritime services.

78. These arrangements have another important effect. They mean that the system may not be used to provide telecommunication services except via an NTP. The NTP is therefore defined as the uniform point of connection through which all telecommunication services (other than public call box services and maritime services) must be provided. This provides for a uniform point of connection, facilitating fair competition in the supply of telecommunication

apparatus and services.

79. The NTP must be located in one of two classes of apparatus. For purposes of connection to the generality of apparatus including telecommunications systems such as private branch exchanges and data communication systems, the NTP is located in a "Network Termination and Testing Apparatus" (NTTA), which forms part of the applicable systems and which must be on served premises. The NTTA is permitted only to have "network" functions, including the means of physical connection between the system and other apparatus, network testing and functions such as multiplexing and signal conversion, necessary to proper communication between apparatus and system. Customer's apparatus functions, such as private branch switching and telex terminals, cannot be integrated with the NTTA, but must always form part of separate apparatus, connected to the systems at an NTTA.

80. When connection is to be made between the applicable systems and other individually licensed telecom systems such as those run by Hull and Mercury, the NTP concept still applies but the NTP may instead be located in "Network Connection Apparatus" (NCA). In such cases, the connection arrangements will be subject to negotiation between the parties and there are no restrictions placed on the functions that can be embodied in the NCA. This allows full flexibility in the negotiation of sensible arrangements within the framework of licence condition 13 which requires British Telecom to connect other licensed systems to its system.

#### Excluded Systems

81. The schedule excludes British Telecom from running telecom systems in the area in which the City of Kingston upon Hull is at present authorised to run telecom systems. British Telecom may not therefore compete with Hull within the latter's area (paragraph 1(c)(ii)). Technical exceptions from this are made

- (a) to allow connection between the British Telecom and Hull systems in the Hull area;
- (b) to allow British Telecom to run trunk lines across the Hull area and to locate other parts of its system there (eg its existing automanual centre) provided it does not offer connection facilities to subscribers.

82. The Applicable Systems also exclude all mobile radio services except the maritime services mentioned above (Paragraph 1(c)(iii)). This means that British Telecom may

not, under this licence, run mobile radio services such as radio telephones and radio paging services, and will require separate licences for these services.

83. The Applicable Systems also exclude telecommunication systems run under any other licence granted, or having effect as if granted, under section 7 of the Act. This is primarily intended to ensure that British Telecom is not able to use the authority of this licence to run branch systems (PBXs and data communication systems, including local area networks, are examples of such branch systems). Were British Telecom able to do so, it might obtain an unfair competitive advantage through the application of Telecommunication Code powers and through the exclusive ability to dispense with the NTTA to which privately supplied apparatus must be connected. BT will be able to run branch systems, but only under another licence, and in this respect will be on exactly the same footing as any other person.

84. The Applicable Systems exclude, as they must, systems located outside the United Kingdom. Also excluded are systems run by international organisations, many of whom enjoy privileged status under treaties or international agreements.

85. The definition of the Applicable Systems raises complex legal and technical issues and will require further consideration with interested parties.





DRAFT

25 OCTOBER 1983

LICENCE  
GRANTED BY  
THE SECRETARY OF STATE FOR TRADE AND INDUSTRY  
TO  
BRITISH TELECOMMUNICATIONS

Department of Trade and Industry  
1 Victoria Street  
LONDON SW1

Price £1.00 net

INDEX

PART 1: The Licence

PART 2: Conditions

SECTION 1: Special conditions referred to in section 8

- 1 Provision of voice telephony and other telecommunication services throughout the licensed area.
- 2 Provision of voice telephony and other telecommunication services in rural areas.
- 3 Provision of Directory Enquiry Services.
- 4 Provision of Installation and Maintenance Services.
- 5 Provision of international services
- 6 Public emergency call services.
- 7 Services provided for emergency organisations.
- 8 Maritime emergency services.
- 9 Planning and implementation of special arrangements for emergencies.
- 10 Fault repair service for essential services.
- 11 Public call box services.
- 12 Maritime services.
- 13 Connection of other systems.
- 14 Connection of the Applicable Systems to telecommunications apparatus owned by or supplied to other persons
- 15 Provision by others of services by means of the Applicable Systems
- 16 Publication and implementation of standard charges, terms and conditions

- 17 Prohibition on undue preference and undue discrimination

SECTION 2: Other Conditions

- 18 Prohibition on cross-subsidies.
- 19 Access Charges.
- 20 Separation of Certain Activities.
- 21 Apparatus Production.
- 22 Prohibition of Preferential Treatment.
- 23 Alterations to Applicable Systems.
- 24 Prices charged for certain telecommunication services
- 25 Charges for maintenance of voice telephony exchange lines.
- 26 Charges for installation of voice telephony exchange lines.
- 27 Code of practice for consumer affairs.
- 28 Arbitration of Disputes with consumers.
- 29 Consultation with bodies representing consumers.
- 30 Metering systems.
- 31 Supply and connection of apparatus for the disabled.
- 32 Special telephones for the hearing impaired.
- 33 Hearing Impaired and use of public call boxes.
- 34 Director enquiry service for the blind.
- 35 Prohibition on linked sales
- 36 Prohibition on certain exclusive dealing arrangements
- 37 Requirement to provide itemised information
- 38 Code of practice on confidentiality of information about customers.
- 39 Payment of fees

- 40 Requirement to provide information to the Director
- 41 Prenotification of joint ventures.
- 42 Limitation on obligations in Part 2.
- 43 Force Majeure.
- 44 Definitions and Interpretation.

PART 3: Revocation

PART 4: Authorisation to connect Applicable Systems to other systems and to other apparatus and to provide services by means of the Applicable Systems

PART 5: Exceptions and Conditions relating to the application of the Telecommunications Code

SCHEDULE 1: Definition of the Applicable Systems

LICENCE GRANTED TO BRITISH TELECOMMUNICATIONS TO RUN  
TELECOMMUNICATION SYSTEMS UNDER SECTION 7 OF THE  
TELECOMMUNICATIONS ACT 1984

PART I: THE LICENCE

1 The Secretary of State, in exercise of the powers conferred on him by section 7 of the Telecommunications Act 1984 ("the Act"), hereby grants to

- (i) British Telecommunications; and
- (ii) each of its subsidiaries approved for the purpose by the Secretary of State

(hereinafter except in paragraph 2 of this Part and Part 5 referred to as "the Licensee") a licence, subject to the conditions set out in Part 2, for the period specified in Paragraph 3 and subject also to revocation as provided for in Part 3 to run the telecommunication systems specified in Schedule 1 ("the Applicable Systems") and authorises the Licensee to do all or any of the acts specified in Part 4.

2 The Telecommunications Code contained in Schedule 2 to the Act shall apply to British Telecommunications subject to the exceptions and conditions set out in Part 5.

3 This Licence shall be of 25 years' duration in the first instance but shall be subject to revocation thereafter on ten years' notice of such revocation and such notice shall accordingly not be given before the end of the fifteenth year after the granting of this Licence.

UNIVERSAL PROVISION OF TELECOMMUNICATION SERVICES

1.1 The Licensee shall provide or cause to be provided to every person who requests the provision of such services at any place in the Licensed Area:

- (a) voice telephony services; and
- (b) other telecommunication services

consisting in the conveyance of messages by means of the Applicable Systems, except where the provision of those services is not practicable, where there is no reasonable demand for them, or to the extent that the Director is satisfied that any reasonable demand is already met and that it would not be reasonable in all the circumstances to continue to require the Licensee to provide them.

PROVISION OF TELECOMMUNICATION SERVICES IN RURAL AREAS

2.1 Without prejudice to condition 1 the Licensee shall provide or cause to be provided to every person who requests the provision of such services in a rural area within the Licensed Area:

- (a) voice telephony services; and
- (b) other telecommunication services

consisting in the conveyance of messages by means of the Applicable Systems, except where the provision of those services is not practicable, or where there is no reasonable demand for them, or to the extent that the Director is satisfied that any reasonable demand is already met and that it would not be reasonable in all the circumstances to continue to require the Licensee to provide them.



PROVISION OF DIRECTORY ENQUIRY SERVICES

3.1 The Licensee shall provide directory enquiry services, that is to say telecommunication services whereby anywhere in the licensed area any person using any item of telecommunication apparatus lawfully connected to any of the Applicable Systems in such a way as to be capable of transmitting and receiving unrestricted two-way voice telephony services may be provided, by means of voice telephony or some other means, with directory information for the purpose of facilitating the use of the voice telephony services provided by the Licensee by means of the Applicable Systems.

3.2 The obligation in paragraph 3.1 shall not apply when the directory information relates to a person who has requested the Licensee not to provide directory information in relation to him.

PROVISION OF INSTALLATION AND MAINTENANCE SERVICES

4.1 Where it provides telecommunication services in accordance with Conditions 1 and 2 the Licensee shall provide, if any person to whom those services are provided so requests, installation and maintenance services in relation to any item of telecommunication apparatus or any telecommunication system:

- (a) which is lawfully connected to any of the Applicable Systems; and
- (b) by means of which any message is transmitted, conveyed, switched or received:

except

- (i) Where the provision of those services is impracticable whether because the apparatus or system in question is beyond economic repair, because the necessary components or tools are no longer available or otherwise;
- (ii) where the person requesting the service will not pay the cost of the service;
- (iii) where the apparatus or system has been supplied by a person who is not a member of the Licensee's Group and the apparatus or system is not run under a licence which requires it to be maintained by a person of a description including the Licensee if it is to be, or is to be kept, connected to the Applicable Systems; or
- (iv) where the approval of the apparatus for connection to the Applicable System does not require it to be maintained by a person of a description including the Licensee if it is to be, or is to be kept, connected to the Applicable Systems.

OBLIGATION TO PROVIDE INTERNATIONAL SERVICES

5.1 The Licensee shall take all reasonable steps necessary to enable there to be connected to the Applicable Systems, to the extent necessary to satisfy all reasonable demands, those telecommunication systems in countries and territories outside the United Kingdom to which it is authorised to connect the Applicable Systems under Part 5 of this licence and shall, save insofar as the provision thereof is impracticable or not authorised under this licence, provide such telecommunication services as satisfy all reasonable demands by persons in the UK who are:

- (a) using telecommunication apparatus connected to the Applicable Systems; and
- (b) running connectable telecommunication systems

for telecommunication services of the kinds the Licensee is authorised hereunder to provide by means of any of the Applicable Systems between the United Kingdom and places in those countries and territories.

PUBLIC EMERGENCY CALL SERVICES

6.1 The Licensee shall provide a public emergency call service, that is to say a telecommunication service whereby anywhere in the Licensed Area any member of the public may, at any time and without incurring any charge, use any item of telecommunication apparatus lawfully connected to any of the Applicable Systems in such a way as to be capable of transmitting and receiving unrestricted two-way voice telephony services to communicate as swiftly as practicable with any of the emergency organisations.

6.2 In this condition:

- (a) "emergency organisations" means in respect of any locality:
  - (i) the relevant public police, fire, ambulance and coastguard services; and
  - (ii) such other similar organisations providing assistance to the public in emergencies as the Director may from time to time determine and whose names are inscribed on a list kept by him.
- (b) telecommunication apparatus shall only be regarded as capable of transmitting and receiving unrestricted two way voice telephony services if it is capable of both:
  - (i) transmitting for conveyance by means of an Applicable System specific signals designated by the Licensee for the purpose of establishing communication with voice telephony apparatus controlled by the emergency organisations; and
  - (ii) transmitting and receiving uninterrupted simultaneous two way speech conveyed, or as the case may be to be conveyed, by means of that Applicable System.

6.3 The Licensee may restrict the telecommunication services provided under this condition in respect of any of the emergency organisations mentioned in paragraph 6.2(a)(ii) to the extent to which it is agreed by the authority responsible for the emergency organisation in question or, in the absence of such agreement, to the extent authorised by the Director.

CALLS MADE BY EMERGENCY ORGANISATIONS

7.1 The Licensee shall for the purpose of facilitating the provision of services by emergency organisations in circumstances where telephone numbers cannot be dialled direct provide operator assisted voice telephony services enabling officials of any authority designated by the Secretary of State to communicate with any telephone numbers in either the United Kingdom or overseas either:

- (a) with the least possible delay if such persons dial the code designated by the Licensee and offer evidence of identity; or
- (b) with priority over all communications except emergency calls and those covered by (a) above if such persons dial the code designated by the Licensee and offer evidence of identity.

7.2 In this condition "emergency organisations" has the same meaning as in Condition 6.

MARITIME EMERGENCY SERVICES

8.1 The Licensee shall provide distress, urgency and safety services for shipping in accordance with the Radio Regulations of the International Telecommunications Union to the extent that the cost of providing such services is met by the Secretary of State. In the event of any dispute about their cost the amount thereof shall be determined by the Director.

PLANNING AND IMPLEMENTATION OF SPECIAL ARRANGEMENTS FOR  
EMERGENCIES

9.1 The Licensee shall, after consultation with the authorities responsible for emergency organisations and such departments of central and local government as the Director may from time to time determine and whose names are inscribed on a list kept by him, formulate plans or other arrangements for making provision for, or as the case may be the rapid restoration of, such telecommunication services as are practicable and may reasonably be required in emergencies.

9.2 The Licensee shall, on request by such person or persons as is or are designated for the purpose in the appropriate plans or other arrangements, implement such plans insofar as it is reasonable and practicable to do so.

9.3 Nothing in this condition precludes the Licensee from:

- (a) recovering the costs which it incurs in the formulation or implementation of the plans and arrangements from those on behalf of or in consultation with whom the plans or arrangements are made; or
- (b) making implementation of any plan or arrangement conditional upon the person or persons by whom or on whose behalf it is to be implemented indemnifying the Licensee for all costs incurred as a consequence of the implementation.

9.4 In this condition:

- (a) "emergency" includes but is not limited to any circumstance whatever resulting from major accidents, natural disasters and incidents involving toxic or radio-active materials;
- (b) "emergency organisations" has the meaning given to it in Condition 6.

FAULT REPAIR SERVICE FOR ESSENTIAL SERVICES

10.1 If any fault or failure of an Applicable System or of any apparatus referred to in paragraph 10.4 (b) (ii) causes any interruption, suspension or restriction of the telecommunication services provided by means of that Applicable System to any person described in Paragraph 10.2, the Licensee shall provide a fault repair service for the purpose of remedying such fault or failure so as to enable those services to be restored as swiftly as practicable to that person.

10.2 The Licensee shall, except where the Director otherwise agrees, provide the fault repair service to all persons:

- (a) who pay the Licensee's charges, or in respect of whom those charges are paid, for providing the fault repair service; and
- (b) who are engaged in the provision of any essential service, the supply of any essential goods or in public administration and
- (c) whose names and other particulars are notified to the Licensee by the person paying for the provision of the fault repair service.

10.3 The fault repair service shall be available for 24 hours a day or at such other times as may be agreed by the person paying for the provision of the service and the Licensee.

10.4 In this condition:

- (a) "essential service" and "essential goods" are those services and goods recognised by the Director as being essential.
- (b) "fault repair service" means a service to repair or adjust:
  - (i) any of the Applicable Systems, or
  - (ii) any telecommunication apparatus which the Licensee is contractually obliged to maintain.



PUBLIC CALL BOX SERVICES

11.1 The Licensee shall secure that call box services are provided at all public call boxes, whether installed before, on or after the date when this licence enters into force.

11.2 The Licensee may cease to provide call box services at any public call box other than a temporary call box but only if:

- (a) their continued provision is impracticable;
- (b) the revenue from the services provided at that box in any period of 12 months ending not more than 6 months before the cessation has fallen below the minimum figure agreed by the Director for the purpose in respect of that box or of boxes of that description (the "Minimum Figure") and the Licensee is not entitled to receive the difference between the revenue and the figure from any other person;
- (c) the box in question is located near another public call box at which such services continue to be provided and which is readily accessible from the place where the call box at which services will cease to be provided is installed;
- (d) the Licensee has, before the cessation, agreed with the Director that it will provide such services or cause them to be provided at another public call box to be installed in the immediate vicinity of the box at which they are no longer to be provided;
- (e) such services are available to members of the public at a private call box
  - (i) which is near the box at which services are to cease to be provided; and
  - (ii) which is readily accessible from the place where the public call box at which services will cease to be provided is installed; and

- (iii) the person controlling that private call box has entered into a contract with the Licensee undertaking to give members of the public unrestricted access to the private call box at all times (or for such periods of each day as the Director shall have approved in writing whether in relation to that call box or all call boxes of that class) for the purpose of obtaining such services; the Licensee shall take all steps necessary to ensure that the terms of all such contracts are observed;
  
- (f) if any authority with power to require the removal of the box in question requests the Licensee to remove it; or
  
- (g) the Director agrees that such services need no longer be provided:
  - (i) at the box in question; or
  - (ii) in accordance with a decision under Condition 1 or 2.

11.3 Where the Licensee ceases to provide call box services at any public call box on the ground that their continued provision there is impracticable, it shall use its best endeavours to provide such services at another call box readily accessible from the place where the first mentioned call box was installed failing which it shall send to the Director, to the smallest unit of local authority in the area in which the public call box is located and such consumer bodies recognised to be representing the interests of consumers and other users of such services in that area as the Director may specify, a notice specifying the reasons why it considers that the continued provision of call box services at that public call box is no longer practicable and inviting the local authorities and such bodies to make representations in regard to the proposed cessation to the Director within a period of 42 days from the giving of notice. The Licensee shall within a reasonable period resume the provision of the services at a public call box installed in a place which is readily accessible from the place where the public call box at which services are no longer provided was installed, if the Director, after considering the terms of the notice and any representations received by him in connection with it, concludes that the provision of call box services either in the place where the

first mentioned call box was installed or in a place readily accessible therefrom is practicable and within 70 days of the giving of the notice requires the Licensee to do so.

11.4 Where the Licensee proposes to cease to provide call box services at any public call box on the ground set out in paragraph 11.2(b) of this condition it may cease to provide those services at that box only if 28 days have elapsed after it has completed the following procedures, that is to say:

- (a) a notice shall have been posted prominently in or on the public call box specifying:
  - (i) that the Licensee is proposing to cease to provide services there;
  - (ii) the reasons for the proposal;
  - (iii) the Minimum Figure;
  - (iv) the steps (whether in the form of financial contributions or the provision of services) which if taken by others would oblige the Licensee to continue to provide services at that box;
  - (v) the address of the Licensee's office to which representations or objections with respect to the proposal may be made;
  - (vi) the period (not being less than 28 days commencing with the date when the notice is first posted in or on the public call box) within which representation and objections with respect to the proposal may be made;
- (b) a copy of that notice shall have been sent by registered post or recorded delivery to the smallest unit of local government for the area in which the public call box is located and to bodies recognised as representing the interests of consumers and of the users of such services in that area;
- (c) consideration shall have been given to any representation or objection duly made with respect to the proposal within the period specified in

sub-paragraph (a) (vi) above; and

- (d) a copy of the notice described in sub-paragraph (a) above shall have been sent to the Director, together with copies of any representations or objections that the Licensee has received with respect to the proposal and its comments and conclusions thereon.

11.5 After consultation with the Director the Licensee shall from time to time in accordance with Condition 14 publish guidelines for determining when:

- (a) public call boxes should be installed at new locations; and
- (b) temporary call boxes should be installed at major events of national or international standing

and shall install call boxes on request in accordance with those guidelines unless there are special circumstances which make it unreasonable to require the Licensee to do so.

11.6 Without prejudice to paragraph 11.5, the Licensee shall provide call box services at public call boxes or temporary call boxes installed in locations specified by any person who undertakes to pay to the Licensee its costs incurred in providing such services and to comply with the Licensee's terms and conditions.

11.7 In this paragraph:

- (a) "public call box" means any kiosk, booth, acoustic hood, shelter or similar structure to which members of the public have access at all times and at which apparatus is installed by the Licensee for the provision of voice telephony services;
- (b) "call box services" means the installation, repair and maintenance of voice telephony apparatus at call boxes; the service of conveying by means of any of the Applicable Systems sounds or signals to and from such apparatus installed in such boxes; directory enquiry services; and public emergency call services;
- (c) "temporary call box" means a public call box which is mobile or is installed for a limited period or is permanently installed but at which call box services are provided for limited periods of time;

- (d) "revenue", in relation to services provided at any public call box means the actual amounts received by the Licensee in respect thereof, together with a notional sum equal to 25 per cent of the aggregate of such amounts representing revenue earned in respect of transfer charge, credit and similar facilities provided at that box and of services provided and paid for elsewhere which involve conveyance of messages to that box;
- (e) "private call box" means telecommunication apparatus owned by or supplied to a person other than the Licensee by means of which call box services are or may be provided; and
- (f) "recognised consumer body" means a body recognised by the Secretary of State under section 25 of the Act to be representing the interests of consumers and other users of telecommunication services provided by means of the Applicable Systems or an advisory body appointed by the Director under section 50(2) of the Act.

MARITIME SERVICES

12.1 The Licensee shall so far as practicable provide two-way telecommunication services including voice telephony and data transmission services between ships and any network termination point in any of the Applicable Systems to meet all reasonable demands for such services. Such services shall comply with the requirements of the Radio Regulations of the International Telecommunications Union.

Condition 13

CONNECTION OF OTHER SYSTEMS

13.1 Subject to the provisions of this Condition the Licensee shall:

- (a) connect and keep connected to any of the Applicable Systems, or permit to be so connected and kept connected, any other Connectable System whenever the person running that system ("the Operator") so requires; and
- (b) provide such other telecommunication services as the Operator may reasonably require to secure that such a connection ("the Connection") is effected and maintained and to enable the Operator to provide Connection Services.

13.2 Where a Connectable System:

- (a) is connected to any of the Applicable Systems; and
- (b) has comprised in it Call Routing Apparatus which by virtue of the Operator's licence is required to be maintained by persons of a description including the Licensee, if it is to be, or to be kept, connected to a public telecommunication system

the Licensee shall, if the Operator so requests, but subject to such reasonable terms and conditions as the Licensee may require, carry out in respect of that apparatus such maintenance as is required by the Operator's licence to be provided by a person of that description.

13.3 The Licensee shall not be obliged under paragraph 13.1 above to make or maintain or permit to be made or maintained any Connection if -

- (a) it would be liable to cause the death of, or injury to, or damage to the property of, the Licensee or any person engaged in the Licensee's business, or to impair the quality of any telecommunication service provided by means of any of the Applicable Systems;

- (b) it would require an adjustment to, or modification of, the Applicable Systems or the provision by the Licensee of services which in any case would not be necessary in the opinion of the Director to effect or maintain the connection; or
- (c) any Access Charges permitted to be required under Condition 19 which are payable in respect of the Connection are not paid.

13.4 The Licensee shall not be obliged to do anything under paragraph 13.1. above unless the relevant conditions and terms have been complied with.

13.5 The relevant conditions and terms may relate to all or any of the following matters:

- (a) the charges to be paid by the Operator for anything done under paragraph 13.1;
- (b) the methods adopted or to be adopted to make or maintain the Connection;
- (c) the point or points in the Applicable System at which the Connection is made or is to be made;
- (d) any restrictions on the telecommunication services to be provided by the Licensee or the Operator being restrictions needed to satisfy international obligations or recommendations applying to Her Majesty's Government and accepted by them, or restrictions approved by the Director from time to time;
- (e) the form and manner in which messages are to be received by any of the Applicable Systems or by the Connectable System by means of the Connection;
- (f) the means by which any person sending a message by means of the Connectable System is to be made aware of whether that message is being conveyed or is to be conveyed by the Applicable System;
- (g) the means of securing that any message which will be conveyed by virtue of the Connection will be received with a signal quality which is in accordance with any obligations and recommendations of the International Telecommunication Union which apply to Her Majesty's Government and are accepted by them or with any other standard approved by the Director for the purpose



from time to time; and

- (h) if the Licensee will provide to the Operator an indemnity against any damage sustained by him in consequence of the Connection, provision by the Operator of an indemnity against any damage sustained by the Licensee in consequence of the Connection;

13.6 The relevant conditions and terms shall be such as are agreed between the Licensee and the Operator; but in default of such agreement they shall be such as are determined by the Director to be reasonably necessary in all the circumstances of the case to ensure:

- (a) that the Licensee can meet the costs incurred and earn a reasonable return in respect of any services provided or apparatus supplied by him for the purpose and is properly indemnified against any damage resulting from the Connection;
- (b) that the Licensee is reasonably able to finance the other services which it is required by this Licence to provide;
- (c) that the quality of telecommunication services provided by means of the Applicable Systems and any Connectable Systems is maintained;
- (d) that the requirements of fair competition, including the need of the consumer to have the means of knowing from whom he is obtaining any particular service, are satisfied.

13.7 Paragraphs 13.4, 13.5 and 13.6 shall not apply in relation to the Connection of a Connectable System where -

- (a) that system is licensed under a licence granted to all persons or to persons of a particular class; and
- (b) the Licensee offers to make and maintain that Connection and to provide the services necessary for the purpose for charges and on terms and conditions that satisfy the requirements of Condition 16.

13.8 In this Condition:

"Connectable System" means

- (a) a telecommunication system run under a licence granted under section 7 of the Act which permits the connection of the system to which the licence relates to any of the Applicable Systems, or
- (b) a telecommunication system in a country or territory outside the United Kingdom approved by the Secretary of State for the purpose;

"Connection Service" means a telecommunication service consisting in the provision to others of the conveyance or switching of any message which has been conveyed or switched by means of any of the Applicable Systems or which is to be conveyed or switched by means of such a system;

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

#### Footnote

This Condition contains the principles of the Government's policy governing the connection of telecommunication systems to systems run by public telecommunication operators. But the methods and arrangements by which connection can be effected are complex, involving intricate technical, operational and commercial considerations, and will require further discussions with BT and other parties which may make it necessary to amend the draft Licence.

CONDITION RELATING TO THE OBLIGATION TO CONNECT APPARATUS TO  
THE APPLICABLE SYSTEM

14.1 The Licensee shall:

- (a) connect at any network terminating and testing point on served premises any of the Applicable Systems to any item of telecommunication apparatus owned by another person at the written request of that person being apparatus which is approved for the time being for connection to that Applicable System under section 21 of the Act where such connection is or is to be made by means requiring the use of a tool;
- (b) not discontinue the connection to such System of any such apparatus as may have been connected in accordance with sub-paragraph (a) above;
- (c) permit any other person to connect, or to keep connected, at a point of the kind described in sub-paragraph (a) above to any such System any such apparatus where such connection is or is to be made by means that do not require the use of a tool

provided however that in every case

- (i) any conditions specified in the approval of that apparatus (or as the case may be in the designation under section 21(6) of the Act of the standard or standards relating to that apparatus) for the purpose of the connection of that apparatus and that System are complied with;
- (ii) the connection is practicable;
- (iii) the Licensee shall not be obliged to connect or to permit the connection or to permit there to remain connected to any such System any apparatus which either

- (A) conformed to the relevant standard or standards at the time when the connection to that System was made, but no longer does so and does not conform to the standard or standards for the time being designated under section 21(6) of the Act for that apparatus and that System; or
- (B) while continuing to conform with the relevant standard the apparatus is in the opinion of the Licensee liable to cause the death of or injury to, or damage to the property of, the Licensee or any person engaged in the running of the System or to impair the quality of any telecommunication service provided by means of any Applicable System until such time as the Director expresses a contrary opinion.

PROVISION BY OTHERS OF SERVICES BY MEANS OF THE APPLICABLE  
SYSTEMS

15.1 The Licensee shall permit any person who is licensed to run a Connectable System under a licence granted or having effect as if granted under section 7 of the Act which authorises him to provide telecommunication services to others, being services which include Connection Services, to provide Connection Services whilst that Connectable System is connected to the relevant Applicable System.

15.2 The Licensee shall permit any person:

- (a) using telecommunication apparatus which is lawfully connected to any of the Applicable Systems or which is connected to another telecommunication system which itself is connected to any of the Applicable Systems; or
- (b) running a telecommunication system which is so connected

to provide by means of or in relation to the telecommunication system any service other than

- (i) Connection Services; or
- (ii) the installation, maintenance, adjustment, repair, alteration, moving, removal or replacement of telecommunications apparatus comprised in an Applicable System.

PUBLICATION AND IMPOSITION OF STANDARD CHARGES, TERMS AND CONDITIONS

16.1 The Licensee shall, except insofar as the Director may agree in writing and except in respect of terms and conditions agreed or determined for the purposes of condition 13.4 to 13.6 in relation to Connectable Systems run or to be run by public telecommunication operators:

(a) publish in the manner and at the times specified in paragraph 2 of this condition a notice specifying, or specifying the method that is to be adopted for determining, the charges and other terms and conditions on which it offers:

(i) to provide each description of telecommunication service by means of or in relation to any of the Applicable Systems in pursuance of an obligation imposed by or under this Licence; or

(ii) to grant permission to provide Connection Services by means of the Applicable Systems; and

(b) where it supplies telecommunication services or permits others to provide Connection Services, supply, or as the case may be permit to be supplied, those services at the charges and on the other terms and conditions so published and not depart there from.

16.2 Publication of the charges and other terms and conditions shall be effected by:

(a) sending a copy thereof to the Director not less than 14 days after the date on which this Licence enters into force and thereafter not less than two months before any proposal to amend any charge, term or condition or the method of determining the same, is to become effective, provided however that if the Licensee and the Director agree to any variation in a proposal to amend those charges, terms, conditions or methods in the said period of two months the Licensee shall not be prevented from making the amendments with variations two months after the date when the notice was first sent to the Director in accordance with this sub-paragraph;

(b) placing a copy thereof 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 18(4) of the Act that the register of licences and orders is to be open to public inspection;

(c) sending a copy thereof or such part or parts thereof as are appropriate to any person who may request such a copy.

16.3 In this condition "major office" means the office of the General Manager of each Telephone Area established on the appointed day or such other offices as the Director may agree from time to time.

PROHIBITION ON UNDUE PREFERENCE AND UNDUE DISCRIMINATION

17.1 The Licensee shall not show undue preference to, or exercise undue discrimination against, any person or persons of any class or description as respects

- (a) the provision by means of or in relation to the Applicable Systems of any telecommunication service in fulfilment of an obligation imposed by this licence; or
- (b) the granting of permission to provide Connection Services by means of the Applicable Systems.



PROHIBITION ON CROSS-SUBSIDIES

18.1 Unless required or authorised to do so by the conditions of this Licence, the Licensee shall, except where the Director agrees otherwise, neither:

- (a) make any transfer from the Systems Business for the purposes of -
  - (i) the Apparatus Supply Business; or
  - (ii) the Apparatus Production Company; or
  - (iii) the provision of mobile radio services for a consideration which is less than full cost; nor
- (b) make any transfer from the Apparatus Supply Business for the purposes of -
  - (i) the Apparatus Production Company; or
  - (ii) the provision of mobile radio services for a consideration which is less than full cost for so long as the supply of telecommunication apparatus by that Business constitutes a monopoly situation within the meaning of section 6 of the Fair Trading Act 1973.

18.2 In this Condition:

"Systems Business" means the following activities taken together:

- (a) the running of the Applicable Systems;
- (b) the installation, maintenance, adjustment, repair, alteration, moving, removal or replacement of any apparatus comprised or to be comprised in those Systems;
- (c) without prejudice to the generality of sub-paragraph (a) the Bringing into Service of any item of telecommunication apparatus connected or to be connected to any of the Applicable Systems whether comprised in any of those Systems or not; and

- (d) without prejudice to the generality of sub-paragraph (a) the conveyance or switching of messages by means of any of the Applicable Systems; and

"Apparatus Supply Business" means the following activities taken together:

- (a) the supply of any telecommunication apparatus neither comprised nor to be comprised in the Applicable Systems;
- (b) the provision of any telecommunication services, not being services comprised in the Systems Business, consisting in the installation, maintenance, adjustment, repair, alteration, moving, removal or replacement of any telecommunication apparatus;

"Apparatus Production Company" has the same meaning as in Condition 21; and

"Bringing into Service" has the same meaning as in Condition 20.

and for the purposes of this paragraph "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.

ACCESS CHARGES

19.1 Notwithstanding the prohibitions in Conditions 17 and 18 and without prejudice to the Licensee's other powers to impose charges in any circumstances or to organise its internal finances in any way the Licensee may impose upon the Operator of a Connectable System who provides Connection Services to others a charge (an "Access Charge") for the provision of telecommunication services by means of one of the Applicable Systems provided that all the conditions set out in paragraph 19.2 are fulfilled.

19.2 The said conditions are that;

- (a) the charge, or the method adopted for determining the charge, is the same for all Operators of systems by means of which Connection Services are provided;
- (b) the Director has approved the charge or the method adopted for determining the charge; and
- (c) the Licensee has made arrangements which as nearly as practicable secure that:
  - (i) all persons to whom there are provided by means of an Applicable System services, for which charges would have been levied on an Operator under paragraph 19.1 if they had been provided by means of a Connectable System, are required to pay charges at least equal to the charges which would have been so payable; and
  - (ii) the estimated proceeds of the charges referred to in 19.1 and 19.2(c) (i) are used exclusively to defray costs incurred in providing services or supplying apparatus in accordance with Conditions 6, 11 and 31 to 34 and losses in respect of providing services under Condition 2.

SEPARATION OF CERTAIN ACTIVITIES

20.1 This Condition applies for the purpose of ensuring that the Licensee establishes as soon as reasonably practicable and in any event not later than 1 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.

20.2 The Licensee shall:

- (i) maintain accounting records in such a form that the activities of the Systems Business and the Apparatus Supply Business are separately identifiable or separately attributable in the books of the Licensee;
- (ii) 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 the costs (including capital costs), revenue and financial position of each of those businesses and including a reasonable assessment of the assets employed in and liabilities attributable to each of them;
- (iii) 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 or not in his opinion that statement is adequate for the purposes of this Condition; and
- (iv) deliver to the Director a copy of each of the accounting statements and of the reports relating thereto required under sub-paragraphs (ii) and (iii) above as soon as reasonably practicable and in any event not later than 6 months after the end of the period to which they relate.

20.3 In this Condition

"Apparatus Supply Business" has the same meaning as in Condition 18.2;

"the Applicable Systems" include any systems which the Director agrees should be treated as Applicable Systems for the purposes of this Condition;

"the Auditor" means the Licensee's auditor for the time being appointed in accordance with the requirements of the Companies Acts;

"Bringing into Service" means the process of connecting apparatus (including apparatus comprised in a telecommunication system) to a telecommunication system or the process of disconnecting such apparatus from such a system by means requiring the use of a tool and includes such testing of that apparatus, and any other apparatus to which it is or is to be connected, as is necessary for the purpose of ensuring the proper running of that apparatus when connected to that system; and

"Systems Business" has the same meaning as in Condition 18.2.

APPARATUS PRODUCTION

21.1 If the Licensee is, or before 1 July 1986 becomes, engaged in the business of production of telecommunication apparatus that business shall, as soon as reasonably practicable and in any event not later than 1 July 1986 be transferred to a subsidiary company or companies ("the Apparatus Production Company") of the Licensee (unless it is transferred to some other person not later than that date); the Licensee shall not after that date engage in any such business.

21.2 The Apparatus Production Company shall not engage in the business of running telecommunication systems.

21.3 Where for the time being:

- (i) the Director determines that the Licensee is a Monopoly Purchaser in the United Kingdom in relation to telecommunication apparatus of any particular description;
- (ii) the Director is of the opinion, after considering any representations from the Licensee that in the interests of promoting competition the Licensee ought not to acquire apparatus of that description from the Apparatus Production Company unless it has complied with the open tender procedures specified in paragraph 21.4 below; and
- (iii) the Director so notifies the Licensee.

then the Licensee shall not acquire any such apparatus from the Apparatus Production Company for the purpose of its business in the United Kingdom unless it has complied with that procedure in relation to that apparatus, except with the consent of the Director.

21.4 Compliance with the open tender procedures requires the Licensee in accordance with a procedure adopted after consultation, the Director from time to time:

- (a) to publish a notice giving particulars of the proposed acquisition of apparatus sufficient for the purposes and the date by which it is required and inviting any person to offer to supply that apparatus accordingly; and
- (b) to give due consideration to any offers made.

21.5 Without prejudice to the Director's duties under section 3 of the Act the Director shall when exercising hisd powers under this Condition have regard insofar as he may do so to the interests of the Licensee, the shareholders in the Licensee and the Licensee's employees.

21.6 In this Condition:

"production" of apparatus includes, unless in any case the Director rules otherwise,

- (i) assembly of apparatus; and
- (ii) refurbishment or reassembly of apparatus

at a place where it is not normally connected to a telecommunication system;

"subsidiary" means a subsidiary within the meaning of section 154 of the Companies Act 1948; and

"monopoly purchaser" in relation to apparatus of any description means a person in relation to whom there exists a monopoly situation within the meaning of any of the provisions of section 6 of the Fair Trading Act 1973 in respect to the supply to him (whether alone or taken with others) of apparatus of that description.

21.7 Nothing in this conclusion prevents any person from engaging in research and development or the production of prototypes or samples or of apparatus exclusively produced for the purpose of being tested; and nothing in this condition prevents the Apparatus Production Company or the Licensee from producing apparatus in quantities which are not significant or which do not significantly affect competition in commercial activities connected with telecommunications in the United Kingdom provided that the Licensee gives to the Director as soon as reasonably practicable after the end of each financial year a general description of the production of such apparatus in the course of that year and the Director does not rule that any such production is to be treated as production for the purpose of this Condition.

Condition 22

PROHIBITION OF PREFERENTIAL TREATMENT

22.1 If the Licensee habitually provides any service or makes any arrangement in any area whereby:

- (a) a person normally engaged in the Systems Business incidentally to the carrying on of that Business -
  - (i) delivers telecommunication apparatus for connection to any of the Applicable Systems; or
  - (ii) connects such apparatus to Network Termination and Testing Apparatus forming part of the Applicable Systems; or
- (b) a person normally engaged in the Apparatus Supply Business incidentally to the carrying on of that Business -
  - (i) arranges for the installation by the Systems Business of a telecommunication line; or
  - (ii) arranges for the provision of telecommunication services by the Systems Business by means of or in relation to a line so installed

then the Licensee shall ensure to the satisfaction of the Director if required by him to do so, that a person carrying on a business similar to the Apparatus Supply Business in that area has a reasonable opportunity to avail himself of those services or to make such arrangements on equivalent charges and terms for the purpose of that person's business, subject to the right of the Licensee to impose such conditions and additional terms upon that person as are reasonably necessary to protect the Licensee in all the circumstances.

22.2 In this Condition "area" means any of the Licensees "telephone areas" for the time being or such other equivalent management unit.



ALTERATIONS TO THE APPLICABLE SYSTEMS

1 The Licensee shall from time to time unless such an emergency arises as requires the Licensee to act otherwise inform the Director and provide him with such additional information as he may reasonably require about:

- (a) any general proposals for changes to the Applicable Systems or to any apparatus comprised therein or to any stored commands or protocol, which the Licensee might reasonably anticipate from the facts known to it would or might when made have the effect of requiring persons:
  - (i) running any Connectable System which is or is to be connected to the Applicable Systems;
  - (ii) connecting telecommunication apparatus to the Applicable Systems; or
  - (iii) producing or supplying telecommunication apparatus or telecommunication systems for connection to the Applicable Systems without becoming comprised in them

materially to modify, or as the case may be replace or cease to produce, any item of telecommunication apparatus connected or to be connected to any of the Applicable Systems; and

- (b) the procedures established and implemented by the Licensee for giving advance notice of such changes.

2 In this condition "modify" means any alteration to telecommunication apparatus or telecommunication systems not comprised in any of the Applicable Systems or to the protocols (including message formats) or stored commands in such apparatus which may be necessary to ensure that any messages conveyed or to be conveyed by means of any of the Applicable Systems are transmitted, or as the case may be are received, in a form or manner capable of being properly conveyed by the Applicable Systems.

PRICES TO BE CHARGED BY THE LICENSEE FOR CERTAIN SERVICES

24.1 The Licensee shall secure that the prices charged by it for the provision of the Relevant Services specified in paragraph 24.2 are such that the Percentage change in Relevant Prices determined in accordance with paragraph 24.3 does not exceed in any period between the dates on which the Licensee's annual accounts are audited being a period <sup>ending</sup> before 31 July 1989 the RPI-X Percentage determined in accordance with paragraph 24.4.

24.2 The Relevant Services are:

- (a) the connection of customers to their local exchange for voice telephony;
- (b) the supply and maintenance of telephone lines connecting customers to their local exchange;
- (c) the conveyance of voice telephony messages within a local charge area; and
- (d) the conveyance of voice telephony messages within a local charge area being messages sent from a Public Call Box;

24.3 The Percentage change in Relevant Prices in any period shall be calculated by taking the change in any

price for any relevant service in that period, multiplying that change by the revenue received in respect of the service for which that price is charged in the most recent financial year in respect of which there are audited annual accounts, dividing the numbers so produced in each case by the price charged immediately before the beginning of the period mentioned in paragraph 24.1 and taking the aggregate of the results, expressed as a percentage of the revenue received in respect of the relevant services in that financial year. The percentage change may be determined by the application of the following formula:

$$P.C. = 100 \cdot \frac{\sum_i R_{i0} \left( \frac{P_{it} - P_{it-1}}{P_{it-1}} \right)}{\sum R_{i0}}$$

where P.C. = percentage change in relevant prices

$R_i$  = revenue received in respect of the  $i$ th service in the most recent financial year

$P_i$  = the price charged for the  $i$ th service.

24.4 (a) The RPI-X Percentage means the percentage of the Retail Prices Index at the beginning of the period mentioned in paragraph 24.1 by which that index at the end of that period exceeds that index at the beginning of that period,

reduced by x; but

- (b) if at the end of any such period the aggregate of the percentage changes in Relevant Prices for the preceeding periods is exceeded by the aggregate of the RPI-X percentages for those periods, determined in accordance with paragraph (a) above, the RPI-X percentage shall be increased by the amount of that excess.

24.5 Where the Licensee makes a material change (other than as to the prices charged) in any of the Relevant Services, this Condition shall have effect subject to such reasonable adjustment as the Director considers appropriate in the circumstances.

24.6 The Licensee shall as soon as practicable after the date of the auditing of his annual accounts for any financial year:

- (a) notify the Director in writing of the Percentage change in Relevant Prices which has taken place since the auditing of the accounts for the preceeding financial year and publish that Percentage Change in such reasonable manner as the Director specifies; and
- (b) as soon as reasonably practicable thereafter inform the Director of the amount of revenue received in that year in respect of each of the relevant services for which a discrete price has been charged.

24.7 "Retail Prices Index" means the index of retail prices compiled by the Department of Employment in respect of all items excluding seasonal foods.

NOTE

The possibility of adding Trunk call services to the Relevant Services is still being studied. The value of 'x' will be determined near to the date when the licence comes into force taking account of circumstances at that time.

Further details relating to the application of the RPI-X formula have yet to be determined.

CHARGES FOR THE MAINTENANCE OF CERTAIN EXCHANGE LINES

25.1 Subject to paragraph 25.2, the Licensee shall from time to time until a date not later than 1 July 1989 publish a scale of charges for the provision of service consisting of the maintenance and adjustment of any exchange line to which this Condition relates and that scale of charges shall be uniform throughout the Licensed Area.

25.2 Nothing in this Condition shall preclude that scale from including provision for charges at different rates than are charged in respect of the generality of exchange lines to which this Condition relates where a customer contracts with the Licensee for the provision of service of a different quality than is provided in respect of the generality of exchange lines to which this Condition relates provided always that the different quality service is available throughout those parts of the Licensed Area where there is a reasonable demand for it.

25.3 The exchange lines to which this Condition relates are telecommunication lines and the Network Terminating and Testing Apparatus connected to such lines run by the Licensee which connect telephone exchanges run by the Licensee to Served Premises within the Licensed Area for the purpose of providing simple voice telephony services at those premises in circumstances where only one such line is connected to the served premises.

Footnote

The Government has given BT an assurance that, in the event of "simple Resale" of private circuits being permitted by it before 1 July 1989, arrangements will be made to remove this condition from this Licence contemporaneously with the introduction of "simple Resale". Further consideration needs to be given to the definition of "simple Resale".

CHARGES FOR THE INSTALLATION OF CERTAIN EXCHANGE LINES

26.1 The Licensee shall from time to time until a date not later than 1 July 1989 publish a scale of charges for the installation of any exchange line to which this condition relates and shall apply it uniformly where the installation takes less than 100 man hours, or such other quantity as the Director may from time to time agree.

26.2 The exchange lines to which this condition relates are those exchange lines of the description specified in Condition 25.3 which are normally classified as residential lines.

CODE OF PRACTICE FOR CONSUMER AFFAIRS

27.1 The Licensee shall prepare in consultation with the Director and shall publish not later than three months after the date when this Licence enters into force a Code of Practice setting out guidance to the Licensee's employees and its customers in respect of any disputes and complaints relating to the provision by the Licensee of telecommunication services by means of, or in relation to, any of the Applicable Systems. The Licensee shall consult the Director not less frequently than once every 5 years about the operation of the Code of Practice.



ARBITRATION OF DISPUTES WITH CUSTOMERS

28.1 The Licensee shall include in the standard terms and conditions on which it provides telecommunication services provisions giving persons who have entered into contracts with it for the provision of telecommunication services by the Licensee by means of, or in relation to, any of the Applicable Systems the opportunity to have referred to an independent inexpensive arbitration procedure, instead of to a court of law, any dispute relating to the provision of those services to those persons which does not involve a complicated issue of law or a greater sum than the Director may from time to time agree. The arbitration procedures and the method of appointment of arbitrators shall be subject to consultation with the Director and the Licensee shall consult the Director not less frequently than once every 5 years about the operation of the arbitration procedures.

BODIES RECOGNISED TO BE REPRESENTING THE INTEREST OF CONSUMERS

29.1 The Licensee shall give due consideration to any matter which relates to:

- (a) telecommunication services provided by means of or in relation to any of the Applicable Systems;
- (b) telecommunication apparatus supplied by the Licensee; or
- (c) the connection to any of the Applicable Systems
  - (i) of any system run by any person other than the Licensee; or
  - (ii) any telecommunication apparatus

and which is the subject of a representation made to the Licensee by an organisation whose name is included for the time being on any list of bodies sent to the Licensee by the Director being a list of bodies recognised by the Secretary of State under section 25 of the Act as representing the interests of consumers and other users of such telecommunication services or apparatus.

29.2 The Licensee shall, if requested by the Director or if it sees fit, furnish to the Director particulars of any matter considered by the Licensee under this condition or a digest of activities undertaken in any period in pursuance of this condition.

METERING

30.1 After the date upon which this Licence comes into force, or such later date as arrangements have been made under section 23 of the Act for the approval of meters of a particular kind or description the Licensee shall not use in connection with any of the Applicable Systems any meter which has not been approved in accordance with the arrangements relating to it.

30.2 The Licensee shall:

(i) use its best endeavours at all times to ensure the accuracy and reliability of the meter when so used;

(ii) keep such records as the approval in respect of each meter requires of

(a) the performance of the meter when so used; and

(b) other matters relating to the meter.

(iii) permit such persons as the Secretary of State may from time to time appoint to inspect the manner in which the meter is being used by the Licensee and to assess its accuracy, reliability and conformity to any standard for the time being approved for the purposes of section 23 of the Act in such fashion as they may reasonably request.

(iv) upon the written request of the Secretary of State or any person so appointed, furnish such information as may reasonably be required for the purpose of enabling the functions of the person making the request to be carried out.

Condition 31

SUPPLY AND CONNECTION OF APPARATUS FOR THE DISABLED

31.1 The Licensee shall consult the Director from time to time about the arrangements made, or to be made, by the Licensee for

- (a) the supply of telecommunication apparatus designed or adapted to meet the reasonable demands of the disabled; and
- (b) the connection to the Applicable Systems and maintenance of telecommunication apparatus designed or adapted to assist the disabled to obtain telecommunication services

and shall, if requested by the Director to do so, participate in the work of any advisory body established by the Director for the purpose of considering the special telecommunications requirements of the disabled.

SPECIAL TELEPHONES FOR THE HEARING IMPAIRED

32.1 The Licensee shall supply in such a way as to meet all reasonable demands for their telephone instruments of the following descriptions

- (a) telephone instruments capable of being inductively coupled to hearing aids designed for use in conjunction with such telephone instruments; and
- (b) telephone instruments incorporating sound amplification facilities.

32.2 This condition shall be deemed to be satisfied if the Licensee supplies either one type of telephone instrument which meets both descriptions or two types of telephone instruments each of which meets one description.

Condition 33

SPECIAL FACILITIES FOR THE HEARING-IMPAIRED USING PUBLIC CALL BOXES

33.1 The Licensee shall notify to the Director, and shall implement, a programme for installing in all public call boxes apparatus enabling persons using hearing aids designed for use in conjunction with telephones to use such hearing aids when call box services are provided to them at public call boxes.

33.2 In this condition "public call box" has the same meaning as it has in condition 11.

DIRECTORY ENQUIRY SERVICES FOR THE BLIND AND PERSONS WITH CERTAIN OTHER DISABILITIES

34.1 If the Licensee introduces charges for or in connection with directory enquiry services, it shall continue to provide facilities for all persons who are recognised by the Director to be prevented by reason of blindness or other disability from using printed telephone directories to obtain directory enquiry services free of charge. If that is not practicable the Licensee shall provide appropriate reasonable compensation in respect of charges that may have been paid.

34.2 Nothing in this condition shall prevent the Licensee from providing directory enquiry services in accordance with terms and conditions designed to prevent persons who are capable of using printed directories from obtaining such services free of charge or from obtaining such compensation.

34.3 In this condition "directory enquiry services" has the same meaning as in condition 3.

PROHIBITION ON LINKED SALES

35.1 The Licensee shall not make it a condition of providing any telecommunication service by means of or in relation to any of the Applicable Systems, or of supplying any telecommunication apparatus for connection to any of the Applicable Systems, or of connecting any other system or apparatus to any of the Applicable Systems, or of doing any of those things on terms more favourable than would otherwise be offered, that any relevant person should acquire from the Licensee or any other person specified or described by the Licensee:

- (a) any telecommunication service other than the telecommunication service requested save where that service cannot be provided without the provision of another telecommunication service; or
- (b) any telecommunication apparatus not incorporated in the Applicable Systems save where the telecommunication service requested cannot otherwise be provided.

35.2 Notwithstanding paragraph 35.1:

- (i) the Licensee may impose such terms and conditions as are described in paragraph 5 of condition 13, except where a Connectable System is run under a licence which includes provisions requiring that the apparatus comprised within that system should be approved under section 21 of the Act;
- (ii) the Licensee may impose such reasonable terms and conditions as are necessary in connection with the carrying out of maintenance by the Licensee where a Connectable System connected or to be connected to the Applicable System is run under a licence requiring that apparatus comprised within that Connectable System should be maintained by persons of a description including the Licensee if it is, or is to be kept, so connected and the Operator requests



that such maintenance be provided by it.

- (iii) the Licensee may impose such other conditions of the kind referred to in paragraph 35.1 as the Director may from time to time agree are necessarily incidental to the provision of the telecommunication service requested by the relevant person.

35.3 In this Condition:

"relevant person" means a person:

- (a) who requests that a telecommunication service be provided by means of or in relation to the Applicable System, or for whom or on whose behalf such a telecommunication service is provided; or
- (b) who requests that telecommunication apparatus be supplied or to whom or on whose behalf such apparatus is supplied; or
- (c) who requests that one or more telecommunication systems or as the case may be one or more items of telecommunication apparatus be connected to an Applicable System or for whom or on whose behalf such a system or such apparatus is connected to an Applicable System; and

"licence" means a licence granted or having effect as if granted under section 7 of the Act.:

PROHIBITION OF CERTAIN EXCLUSIVE DEALING ARRANGEMENTS

36.1 The Licensee shall not, except with the written consent of the Director, make the acquisition of any telecommunication apparatus of a particular description by the Licensee or any member of its group conditional upon the agreement of the supplier:

- (a) to supply telecommunication apparatus of a different description to the Licensee or to any other person; or
- (b) not to supply apparatus of a different description or not to provide any telecommunication service to any person.

36.2 If the Director is satisfied that persons, who are not genuinely willing to give to the Licensee the sole right to supply to customers apparatus supplied by those persons, are being so required then the Director may require the Licensee to comply with the condition in paragraph 36.3.

36.3 The said condition is that the Licensee shall not, except with the written consent of the Director, make the acquisition of telecommunication apparatus, or of telecommunication apparatus specified by the Director or of telecommunication apparatus of a description specified by the Director, by the Licensee or any member of its Group from any person or any persons specified by the Director or persons of a description specified by the Director conditional upon the agreement of the supplier not to supply to any other person apparatus of the same description as that to be supplied to the Licensee.

36.4 Notwithstanding paragraph 36.1 above or the imposition of the condition in paragraph 36.3 above the Licensee shall be free:

- (i) to agree with any person that that person will supply to the Licensee alone telecommunication apparatus of any description which is distinguishable by its design, marking or some similar attribute from other apparatus of the same description and is or is intended to be thereby associated with the Licensee; or

- (ii) to require that other telecommunication apparatus should be supplied or other telecommunication services provided with or in connection with any service to which sub-paragraph (a) of this Condition relates where the supply of that other apparatus or that other service is necessarily incidental to the supply of the apparatus, or as the case may be to the provision of the service, to which the said sub-paragraph (a) relates.

REQUIREMENT TO PROVIDE ITEMISED INFORMATION ETC

37.1 If the Licensee supplies to any other person any item of telecommunication apparatus, other than apparatus comprised within the Applicable Systems, as part of a transaction also involving the provision of any telecommunication service:

- (a) the charges for the provision of each of those services shall be not less than the charges published or notified in accordance with Condition 16 or as the Director may agree in writing in accordance with that Condition; and
- (b) the charges for telecommunication services shall be specified in any quotation and in any invoice relating to that transaction separately from any charges relating to any other item provided or supplied.

37.2 The Licensee shall not be obliged under paragraph 37.1(b) to specify charges for telecommunication services separately in invoices until it has installed the necessary billing systems.

CONFIDENTIALTY OF CUSTOMER INFORMATION

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

- (a) specifies the persons to whom such employees may not disclose information about a customer of the Licensee acquired in the course of the Systems Business without the consent of that customer; and
- (b) regulates the information about any such customer and any such service which may be disclosed without his consent.

38.2 The Licensee shall within three months of the date of this Licence submit 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 the Licensee shall adopt a Code of Practice prepared by the Director.

38.3 This condition is without prejudice to the duties at law of the licensee towards its customers.

PAYMENT OF FEES

39.1 The Licensee shall pay the following amounts to the Secretary of State at the times stated:

- (a) on the grant of this licence the sum of [ ], and
- (b) on each anniversary of such grant, a renewal fee which shall represent a fair proportion, to be determined each year by the Director according to a method that has been disclosed to the Licensee, of the amount voted by Parliament to meet the estimated costs incurred in any year by the Director in the regulation and enforcement of telecommunication licences and by the Monopolies and Mergers Commission following licence modification references under section 13 of the Act, save always that the renewal fees shall not exceed .05% of the annual turnover of the Licensee's Systems Business in the year in respect of which the fee is paid.

REQUIREMENT TO PROVIDE INFORMATION TO THE DIRECTOR

40.1 The Licensee shall furnish to the Director, in such manner and at such times as the Director may request, such documents, accounts, estimates, returns or other information as the Director reasonably requires for the purpose of exercising the functions assigned or transferred to him by or under Parts II and III of the Act, provided however that the Licensee shall not be required to furnish to the Director any document, account, estimate, return or other information which it is not reasonable for the Director to require having regard to the burdens which will be imposed upon the Licensee in providing it and to the purpose for which the Director requires it.

Condition 41

PRE-NOTIFICATION OF JOINT VENTURES

41.1 The Licensee shall notify the Director not later than 30 days before the taking effect of any of the agreements or arrangements of the descriptions mentioned in paragraph 41.2 below giving particulars of those agreements.

41.2 Those descriptions of agreements and arrangements are:-

- (i) an agreement with any person for the establishment or control of any body corporate for the purpose of the running of a telecommunication system which requires a licence under the Act or for the purpose of providing telecommunication services in the United Kingdom which necessarily involve the running of such a system or for the purpose of production of telecommunication apparatus for supply in the United Kingdom where that production would lead to a monopoly situation which would not otherwise exist in relation to the supply of telecommunication apparatus of any description in the United Kingdom;
- (ii) an agreement for the establishment of a partnership for any of those purposes and in those circumstances;
- (iii) any other agreement or arrangement in the nature of a joint venture for the purpose of running a telecommunication system which requires a licence under the Act or for the purpose of providing telecommunication services in the United Kingdom which necessarily involve the running of such a system.

41.3 Paragraph 42.2 (i) and (ii) apply in relation to an agreement for the establishment or control of any body when the Licensee has or is to have not less than 20% of the voting power in any organ controlling that body.

41.4 For the purposes of this Condition a monopoly situation shall be taken to exist where such a situation would be taken to



exist for the purpose of any of the provisions of section 6 of the Fair Trading Act 1973 but with the substitution of the words "one fifth" for the words "one quarter" whenever they appear in that section.

41.5 In any case where circumstances beyond the Licensee's control require him to enter into an agreement or arrangement, if he is to enter into it at all, without having made a notification in accordance paragraph 41.1 he shall notify the Director in accordance with that paragraph as soon as reasonably practicable.

41.6 In any case where the Licensee has notified the Director of any proposal to enter into such an agreement or arrangement and given to him such particulars as he has required for the purpose the Director may waive the requirements of this Condition.

LIMITATIONS ON LICENCE OBLIGATIONS

42.1 The obligations to provide any voice telephony services under this Licence shall not apply:

- (a) where the service requested cannot be provided on account of physical, topographical or other natural obstacles; or
- (b) where provision of the service requested would expose any person engaged in their provision to undue risk to health or safety; or
- (c) where the Licensee is unable to obtain (either because it has not been developed or for some other reason beyond the Licensee's control) anything necessary to provide a service of the quality or standard required by the person who requests the provision of the service and, in the event of dispute, the Director's decision as to whether anything is necessary shall be final; or
- (d) where the person to whom the Licensee would otherwise be under an obligation to provide any of those services requests a service at a place in which the apparatus necessary to provide that service in that area has not been installed (or in which the installation of such apparatus has not been completed) or as the case may be such apparatus has not been adapted or modified to make it capable of providing the service of the kind requested or the trained manpower is not available in that area, provided that in every case where the Licensee declines to provide a service to which this sub-paragraph relates it shall have published, or furnished, or within 28 days (or such longer period as the Director considers reasonable) following receipt by it of the request that service be provided shall have furnished to the Director, proposals for
  - (i) progressively installing or completing the installation or for the adaptation or the modification of the apparatus; or
  - (ii) the allocation of the trained manpowernecessary for the provision of that service in that area; or

(e) where the provision of the service requested is temporarily interrupted, suspended or restricted, either in the case of emergency or on account of any failure or malfunctioning of any apparatus forming part of the Applicable Systems by means of which the service is provided, provided that the Licensee takes steps to restore the service as swiftly as practicable; or

(f) where in the opinion of the Director it is impracticable in all the circumstances for the Licensee to provide the service requested at the time or place demanded.

42.2 The obligations to provide telecommunication services other than voice telephony services under this Licence shall not apply:

(a) where any of the circumstances described in 43.1(a) to (f) apply; or

(b) where the person to whom the Licensee would otherwise be under an obligation to provide any of those services requests a service at a place in an area in which the demand or the prospective demand for that service is not sufficient, having regard to the revenue likely to be earned from the provision of that service in that area, to meet the cost of the apparatus necessary to provide that service in that area, its installation and maintenance and of operating that apparatus so as to provide that service.

42.3 The Licensee shall not be obliged to connect, or to keep connected to the Applicable Systems, any telecommunication system or item of telecommunication apparatus or to provide telecommunication services by means of, or in relation to, that system or item of apparatus if the person in whose possession or control it is:

(a) has neither entered into a contract with the Licensee for the connection of that system or apparatus, or, as the case may be for the provision of such services, nor is deemed to have done so; or

(b) is, or gives the Licensee reasonable cause to believe that he may become -

(i) in breach of a contract with the Licensee for the provision of telecommunication services supplied to him by the Licensee; or

(ii) in default in regard to any debt or liability owed by him to the Licensee; or

(c) uses that item of apparatus or permits it to be used for any illegal purpose; or

(d) has obtained or attempted to obtain any telecommunication service from the Licensee by corrupt, dishonest or illegal means at any time.

42.4 Nothing in this Licence shall prevent the Licensee from withdrawing from, or declining to provide to, any person any service which the Licensee has notified the Director that it is providing in a limited area, or to a limited class of customers in such an area, for the purpose of evaluating the technical feasibility of, or the commercial prospects for, that service.

42.5 Nothing in this Licence shall require the Licensee to supply any apparatus or provide any service, or supply or provide any apparatus or service of any particular class or description, if he supplies or provides instead apparatus or a service, or apparatus or service of a class or description, which satisfied the purposes of that requirement at least to the same extent.

42.6 This Condition shall apply without prejudice to any limitation or qualification of the requirements imposed by or under any other condition of this Licence.

FORCE MAJEURE

43.1 The Licensee shall not be held to have failed to comply with an obligation imposed upon it by or under this Licence if and to the extent that

- (i) such failure is the result of any matter beyond the control of the Licensee whether the result of fire, flood, explosion, accident, riot, the act of any national, state or municipal authority or international organisation, strike or other industrial action, trade dispute or<sup>of</sup> any other matter; and
- (ii) the Licensee is taking all reasonable steps to secure that the things which it is required to do are done.

DEFINITIONS AND INTERPRETATIONS

- 1 In these Conditions unless the context otherwise requires:
- (a) "message" means anything falling within paragraphs (a) to (d) of section 4(1) of the Act;
  - (b) the "Licensed Area" means the United Kingdom other than the area in which the City of Kingston upon Hull was licensed to run telecommunication systems under a licence granted on .... ;
  - (c) the "Act" means the Telecommunications Act 1984;
  - (d) the "Systems Business" and the "Apparatus Supply Business" have the same meanings as in Condition 18;
  - (e) the "Apparatus Production Company" has the same meaning as in Condition 21;
  - (f) "Access Charge" has the same meaning as in Condition 19;
  - (g) "Operator", "Connectable System" and "Connection Services" have the meaning ascribed to them in Condition 13;
  - (h) "Applicable Systems", "Network Connection Point", "Network Terminating and Testing Apparatus", "Network Connection Apparatus" and "Served Premises" have the meaning ascribed to them in Schedule 1;
  - (i) "Public Call Box" and "Call Box Services" have the meanings ascribed to them in Condition 11;
  - (j) "maintenance" means in relation to any apparatus:
    - (a) carrying out repairs;
    - (b) verifying or ensuring that:
      - (i) the apparatus performs in accordance with its specification or as may be required by the Licensee of the Connectable System in which such apparatus is incorporated;
      - (ii) the apparatus continues to comply with any condition contained in an approval of that

apparatus under section 21 of the Act<sup>or</sup> in the designation of a standard under that section;

(iii) any terms or conditions regarding the apparatus or its connection or use that may be stipulated by the Licensee and which must be observed if the Connectable System is or is to remain connected to the Applicable System are observed;

(c) any activity involving the removal of the outer cover of the apparatus or alteration of the apparatus including alterations of any stored commands capable of affecting the compliance of the apparatus with the technical requirements and conditions mentioned in (b) above; or

(d) any activity involving the use of any test apparatus or other equipment not forming a permanent part of the apparatus;

but shall not include operations incidental to the routine use of the apparatus to transmit, convey, switch or receive messages;

(k) "mobile radio service" means a service to a person using apparatus which is either mobile or portable;

(l) "Costs" includes a reasonable profit;

(m) "Subsidiary" has the same meaning as in section 154 of the Companies Act 1948;

2 The Interpretation Act shall apply for the purpose of interpreting these Conditions as if they were an Act of Parliament.

3 Any word or expression used in these Conditions shall unless the context otherwise requires have the same meaning as it has in the Act.

4 Except when the context otherwise requires where any thing or matter falls to be done or controlled by a subsidiary of the Licensee which would fall to be governed by this licence if that matter were done or controlled by the Licensee, the Licensee shall secure that that subsidiary shall comply with the provisions of this Licence in the same manner in all respects as the Licensee is required to comply.

Footnote

The Licence will need to contain appropriate transitional provisions to protect persons with legal relations with British Telecommunications existing on the Appointed Day.



PART 3: REVOCATION

1 The Secretary of State may at any time revoke this Licence by 30 days' notice in writing given to the Licensee at its registered office in any of the following circumstances:

- (a) if the Licensee agrees in writing with the Secretary of State that this Licence should be revoked;
- (b) if any amount payable under this Licence is unpaid 30 days after it becomes due and remains unpaid for a period of 14 days after the Secretary of State notifies the Licensee that the payment is overdue, such notification not to be given earlier than the sixteenth day after the day on which the payment became due;
- (c) if the Licensee fails to comply with an Order made by the Director under section 16 of the Act and that Order is not subject to proceedings for review and such failure is not rectified within 3 months after the Secretary of State has given notice in writing of such failure to the Licensee;
- (d) if, pursuant to section 57 of the Act the property, rights and liabilities of the Licensee become property rights and liabilities of a company nominated for the purposes of that section by the Secretary of State ("the successor company") and the successor company -
  - (i) is unable to pay its debts (within the meaning of section 223 of the Companies Act 1948), convenes any meeting with its creditors generally with a view to the general readjustment or re-scheduling of its indebtedness or makes a general assignment for the benefit of its creditors generally; or
  - (ii) enters into receivership or liquidation; or
  - (iii) ceases to carry on its business; or
  - (iv) if the successor company or any other person takes any action for voluntary winding-up or dissolution of the successor company, or if the successor company enters into any scheme of arrangement (other than in any such case for the purpose of reconstruction or amalgamation upon terms and within such period as may previously have been approved in writing by the Secretary of

State) or a receiver, trustee or similar officers of the successor company or of all or any material part of the revenues and assets if it is appointed or if any order is made for the compulsory winding-up or dissolution of it;

2 For the purposes of sub-paragraph (1)(d)(i) of this paragraph, in construing the terms of paragraph (a) of section 223 of the Companies Act 1948 the figure of "£200" therein shall be deemed to be replaced by "£250,000" and the said paragraph (a) shall not apply if the demand therein referred to is being contested in good faith by the successor company with recourse to all appropriate measures and procedures, whether legal or otherwise, or if the demand is satisfied prior to the expiry of the notice from the Secretary of State.

PART 4: AUTHORISATION TO CONNECT OTHER SYSTEMS AND APPARATUS  
TO THE APPLICABLE SYSTEMS AND TO PROVIDE TELECOMMUNICATION  
SERVICES BY MEANS OF THE APPLICABLE SYSTEMS

1 Nothing in this licence removes any need to obtain any other licence that may be required under any other enactment but, subject to that limitation, this licence authorises:

- (a) the connection to any Applicable System of:
  - (i) any other Applicable System;
  - (ii) any telecommunication system in a country or territory outside the United Kingdom except a telecommunication system which the Secretary of State has notified the Licensee should not, or as the case may be should cease to, be connected to the Applicable System;
  - (iii) any telecommunication system run by the Secretary of State or a Northern Ireland Department;
  - (iv) any telecommunication system or telecommunication apparatus on any vessel, hovercraft or offshore installation;
  - (v) any telecommunication system in the licensed area the licence for which authorises it to be connected to one or more of the Applicable Systems;
  - (vi) any telecommunication system in the Hull area run by the Kingston upon Hull City Council;
  - (vii) telecommunication apparatus of every description which is incorporated into an Applicable System;
  - (viii) any telecommunication apparatus not incorporated into any of the Applicable Systems which is for the time being approved for connection to any of the Applicable Systems in accordance with section 21 of the Act; and
- (b) the provision by means of the Applicable Systems of telecommunication services of every description except land mobile radio telecommunication services.

PART 5

EXCEPTIONS AND CONDITIONS RELATING TO THE APPLICATION OF THE  
TELECOMMUNICATIONS CODE

PROTECTION OF THE ENVIRONMENT

Conservation Areas

1.1 The Licensee shall install underground all lines installed in a designated conservation area and the City of London after the date on which this licence comes into effect and shall not install any poles in those areas after that date. This condition shall not prevent the installation of:

- (a) a line required temporarily for the purpose of emergency works;
- (b) an overhead service line flown from a pole which was installed before that date or under sub-paragraphs (d) or (e) below, unless that line is of a larger diameter than that of the majority of overhead service lines flown from poles in the same locality;
- (c) any other line replacing an existing line provided that the replacement line does not exceed the diameter of the line it replaces;
- (d) a replacement pole not in a substantially different position from the pole it replaces;
- (e) any pole (other than one mentioned in sub-paragraph (d) above) in a street or in neighbouring land where overhead service lines attached to poles already exist in that street or neighbouring land to provide a telecommunication service.

1.2 Before installing a pole under Condition 1.1(e) above the Licensee shall give to the appropriate local planning authority written notice of his intention to do so describing the proposed works and shall consider any written

comments or suggestions made by the authority within 28 days of the giving of the notice.

1.3 In this condition "a designated conservation area" means a conservation area designated under section 277 of the Town and Country Planning Act 1971 and the appropriate local planning authority in relation to such a conservation area is the local planning authority for that area within the meaning of section 1 of the Act.

National Parks etc

2.1 Subject to Condition 2.2 below, and except in the case of emergency works, before installing overhead telecommunication apparatus in National Parks, areas of outstanding natural beauty or sites of special scientific interest the Licensee shall give to the relevant authority written notice of its intention to do so describing the proposed works and shall consider any written comments or suggestions made by any such authority within 28 days of the giving of the notice. Where the Licensee decides that it would be inappropriate to modify the proposed works in the light of any such comments or suggestions he shall before installing the apparatus notify the relevant authority in writing of his reasons. The Licensee shall also comply with any direction given to him in writing by the Secretary of State from time to time relating to giving notice to and considering the comments of any other authority exercising functions under any enactment in relation to those areas or such other environmentally sensitive areas as may be specified therein.

2.2 The Licensee shall not be required to give notice pursuant to Condition 2.1 above where the apparatus installed consists solely of -

- (a) an overhead service line flown from a pole unless that line is of a larger diameter than that of the majority of overhead service lines flown from poles in the same locality, or
- (b) a replacement pole not in a substantially different position from the pole it replaces.

2.3 In this condition "National Parks" and "areas of outstanding natural beauty" mean areas designated as such under section 5 and section 87 respectively of the National Parks and Access to the Countryside Act 1949 and the relevant authority in relation thereto shall be the local planning authority for the area in question within the meaning of Section 1 of the Town and Country Planning Act 1971. "A site of special scientific interest" shall mean an area designated as such under section 28 of the Wildlife and

Countryside Act 1981 in which case the Nature Conservancy Council established under the Nature Conservancy Council Act 1973 shall be the relevant authority or an area in respect of which the Secretary of State has made an order under section 29 of that Act in which case the relevant authority shall be the Secretary of State.

#### Maintainable Highways

3.1 Except in the case of emergency works, before executing any works involving the breaking up of a maintainable highway in connection with the installation of any telecommunication apparatus in that highway the Licensee shall give to the appropriate highway authority (within the meaning of section 1 of the Highways Act 1980) written notice of his intention to do so describing the proposed works and shall consider any written comments or suggestions made by that authority within 8 days of the giving of the notice in the case of an overhead line or an underground service line and within 29 days of the giving of the notice in other cases.

3.2 For the avoidance of doubt it is hereby declared that condition 3.1 applies in addition to any obligations of the Licensee under the Public Utilities Street Works Act 1950 and any Order made under section 11(1) of the Telecommunications Act [1984].

#### Emergencies

4 Where the Licensee executes emergency works which would otherwise require prior notice under Condition 2 or 3 above he shall give to the relevant authority or highway authority as soon as practicable after the commencement of the works written notice describing the works.

#### Code of Practice

5 The Licensee shall prepare in consultation with the Secretary of State a code of practice on the installation of telecommunication apparatus not contained in a building and shall comply with a direction given to him in writing by the Secretary of State which requires him to follow that Code of Practice.

#### Interpretation

6 In Part 5 of this Licence:

- (a) the expressions "emergency works", "maintainable highway", "street" and "telecommunication apparatus" shall have the meanings assigned to them by paragraph 1 of Schedule 2 to the Act;

- (b) "line" shall have the meaning assigned by sub-paragraph (a) of the definition of "telecommunication apparatus" in paragraph 1 of that Schedule and "service line" shall mean any line placed or intended to be placed for the purpose of providing a service by means of a telecommunication system to or from any premises, as distinct from lines placed or intended to be placed for the general purposes of any such system.

SCHEDULE 1

THE APPLICABLE SYSTEM

1 The Applicable Systems are telecommunication systems of every description, provided that for a system to be an Applicable System it must satisfy each of the following conditions:

- (a) all the telecommunication apparatus comprised in the system and used for the purpose of running it is, to the extent that it is so comprised and used, run solely by the Licensee;
- (b) the system is one by means of which Messages (as defined below) are conveyed or are to be conveyed:
  - (i) from one Network Termination Point on one set of Served Premises to another such point on the same or a different set of such premises and no further;
  - (ii) from a Network Termination Point on Served Premises to a place which is not on Served Premises or from such a place to such a point and in either such case no further;
  - (iii) from one place which is not a Network Termination Point to another such place without passing through a Network Termination Point, where their conveyance is not a telecommunication service provided to another person or is a call box service; or
  - (iv) from a place in the UK to a ship or vice versa.
- (c) the System is not:
  - (i) a Connectable System;
  - (ii) a system run by the Licensee in the Hull Area unless it is one which -
    - (A) is run exclusively for the purpose of connecting any system run by the Kingston upon Hull City Council to the Applicable Systems, or



- (B) passes through that Area without being connected to any Network Termination Point within it other than a Network Termination Point which exists for the purpose of connecting the Applicable Systems to any system run by the Kingston upon Hull City Council; or
- (iii) a telecommunication system which conveys messages by means of wireless telegraphy, except where every wireless telegraphy station and every item of wireless telegraphy apparatus comprised within or connected to that system -
  - (A) provides a permanent or temporary fixed link and is installed in the licensed area; or
  - (B) is used exclusively for the purposes of providing Maritime Services.

2 In this Schedule:

- (a) "Network Termination Point" means the point within either an item of Network Terminating and Testing Apparatus or an item of Network Connecting Apparatus at which energy of any of the forms specified in section 4(1) of the Act is conveyed directly to or from apparatus not forming part of any of the Applicable Systems;
- (b) "Network Termination and Testing Apparatus" means an item of telecommunication apparatus comprised in a telecommunications system, installed in a fixed position on Served Premises the only functions of which are to enable -
  - (i) approved apparatus to be readily connected or disconnected;
  - (ii) the conveyance of messages between approved apparatus and the Applicable Systems;
  - (iii) the due functioning of any of the Applicable Systems to be tested; or
  - (iv) other functions exclusively related to the operation of the Applicable Systems to be performed;

- (c) "Network Connecting Apparatus" means an item of telecommunication apparatus which is not Network Termination and Testing Apparatus and which connects any of the Applicable Systems to apparatus comprised within a Connectable System run under a licence which is not granted either to all persons or to persons of a particular class;
- (d) "Served Premises" means a single set of premises in single occupation where apparatus has been installed by the Licensee for the purpose of providing telecommunication services at those premises;
- (e) "Connectable System" means;
- (i) a telecommunication system run under a licence granted, or having effect as if granted, under section 7 of the Act which permits the connection of the system to which the licence relates to an Applicable System; or
  - (ii) a telecommunication system in a country or territory outside the United Kingdom or run by an international organisation;
- (f) "Message" means anything falling within paragraphs (a) to (d) of section 4(1) of the Act;
- (g) "Maritime Services" means telecommunication services consisting in the conveyance of Messages between ships and any Network Termination Point or between ships and the Licensee;
- (h) "Fixed Link" means any apparatus or telecommunication system linking by wireless telegraphy any station for wireless telegraphy or wireless telegraphy apparatus which is neither mobile nor portable to any other such station or apparatus;
- (i) "the Hull Area" means the area within which the Kingston upon Hull City Council is authorised to run telecommunication systems under a licence dated .....
- (j) "Wireless Telegraphy Apparatus" and "Wireless Telegraphy Station" have the same meaning as in the Wireless Telegraphy Acts 1949 to 1967;

and in this Schedule any reference to any telecommunication system includes a reference to any part thereof.

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Footnote

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The definition of the Applicable System raises a number of complex technical and legal issues. Further work will be required on these issues in consultation with BT and those who run telecommunication systems.