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14th March 2011

Mr. David Archbold
Managing Director
Information and Communication Technology Authority
3rd Floor Alissta Towers
P.O Box 2502
Grand Cayman KY1-1104
Cayman Islands

Dear Mr. Archbold,

Re: Mandate of LNP Consortium

Cable and Wireless (Cayman Islands) Limited, trading as LIME ("**LIME**") is filing the following reply comments, further to the process set out the by Authority in its email of Friday, 4 March 2011 to the members of the LNP Consortium. LIME has reviewed the comments filed by Telecayman Limited ("**Telecayman**") on 4 March 2011, by WestTel Limited, trading as Logic ("**Logic**") on 7 March 2011, and by Digicel Cayman Limited ("**Digicel**") on 11 March 2011. For the avoidance of doubt, failure to address any given comment or position does not necessarily indicate LIME's agreement with that comment or position.

LIME's original submission of 1 March 2011 simply explained why the current LNP Consortium would cease to have a mandate after the launch of local number portability ("**LNP**") services and why an association of operators going forward was needed, and requested that such an "association" be given a mandate by the Authority to manage and direct the Vendor.

Consensus of the Operators

LIME, Logic, Telecayman and Digicel (collectively, the "**Operators**") agree that the status of the LNP Consortium needs to be settled by the Authority. It is clear that the mandate of the current Consortium will end with the implementation and launch of number portability services in the Cayman Islands. It is also agreed that the Operators need an

Authority-mandated forum going forward for discussing and managing LNP related issues, as well as managing the relationship the the vendor of central reference database and order handling system (the “**Vendor**”).

Logic and Telecayman

Both Logic and Telecayman advocate the creation of a “working group” that would meet at least quarterly, consisting of the Authority and all ICT Licensees holding central office codes issued by the Authority. Both recommended that the Authority representative chair the working group.

LIME submits that this proposal is somewhat attractive, and in line with LIME’s own proposal of an ongoing association of vendors. The telecommunications industry in the Cayman Islands is rather small, and should not necessarily create complex regulatory structures that would add to the operators’ overhead without materially adding value. This is also consistent with the original decision of the operators to work together as simply and inexpensively as possible.

More importantly, LIME agrees with Logic and Telecayman that the Authority needs to be present in more than just a passive listening role. LIME agrees with Logic that all the advice received by LIME from the Vendor, from LIME’s sister company in the Channel Islands, and from other number portability consultants is that successful implementations of LNP have all intimately involved the regulatory agency in the process. This is why the Authority’s absence in the Cayman Islands is so distressing.

Digicel’s Proposal

Digicel provided the most detailed comments, perhaps having had the benefit of sight of the comments of all other operators. It is unfortunate that Digicel did not raise these same issues in writing some ten months ago or so.

Digicel in summary proposes the establishment of a separate legal entity to assume the role of the LNP Consortium. Membership in the entity is not specified, but it would at a minimum include all four Operators. Fixed and mobile operators would each have one vote, and would vote on fixed-only and mobile-only matters separately. Operators providing both fixed and mobile services would each get only one vote, and would have to choose whether to vote as a fixed or as a mobile operator. The role of the Authority, if any, in this entity would be limited.

Digicel also raises a number of issues, many of which involve the business of the new entity going-forward and the admission of new members. These will likely have to be addressed, but only after the threshold question (whether or not to establish a new legal entity).

LIME's View

LIME had considered the possibility of establishing a new legal entity to take the place of the LNP Consortium. While there are some advantages to a corporate vehicle, notably providing a well-understood framework within which the Operators can interact as shareholders or members, it has the disadvantage of creating a new layer of complexity in a rather small market. Nevertheless, LIME is willing to reconsider the original decision of the Operators to work as a working group instead of as a separate legal entity.

If the Operators were to establish a separate legal entity, LIME submits that membership in the entity must be mandatory for all voice telephony service providers to whom central office codes have been allocated by the Authority. This requirement should be made an explicit condition of all ICT Licences.

Consistent with its views expressed in September 2010, LIME submits that each operator should receive a number of votes equal to the number of central office codes that the Authority has assigned to it, subject to a "clawback" whereby each member would be limited to no more than 50% of the votes.¹ Contrary to the Authority's statement at paragraph 25 of ICT Decision 2010-9, this clawback mechanism is entirely consistent with the user equality principle and promotes competition, as it ensures operators with less than 50% of the central office codes and less than 50% of the users cannot dictate to the majority of the users, but at the same time ensures that operator with the majority of the users cannot dictate to the others without the agreement of at least one of the other operators.

LIME disagrees that there should be separate "fixed" and "mobile" voting pools. LIME notes Digicel's comments that having all operators vote on all questions could lead to fixed operators driving decisions that have an impact only on mobile operators. However, the vast majority of decisions the new legal entity (or indeed any successor to the LNP Consortium, whether incorporated or not) would affect both fixed and mobile operators, as there is only one Vendor and only one central reference database and order handling system. Further, it would be very difficult to separate out "mobile-only" from "fixed-only" and "common" issues, when the effect of introducing LNP is to create greater inter-dependence among operators.

LIME rejects out of hand the idea that, if separate voting pools were to be established, dual fixed-mobile operators ought to join one pool to the exclusion of the other. This would mean dual operators would not be able to represent or protect their interests within the legal entity and could lead to the absurd situation where there could be only one or no operators in the mobile voting pool, depending on the choices of the two

¹ LIME submits that the Authority is not bound by ICT Decision 2010-9, to the extent it is bound by any of its prior decisions, as that decision clearly applied to the current LNP Consortium, and not to the future entity representing the Operators.

mobile operators. LIME submits that establishing a single class of voting rights is much simpler and fairer, and avoids the potential absurdities of Digicel's proposal.

LIME disagrees with Digicel's statement that there are "significant additional costs and difficulties in terms of implementing portability on mobile operators where they have to for example enable MMS messaging and other advanced services to work in a number portability environment." In LIME's experience, a mobile operator may have more platforms to address (postpaid, prepaid, SMS, MMS²) but the treatment of telephone numbers is the same in all cases. The complexity is in fact on the fixed side of the equation, and LIME notes that, while it has made substantial progress towards the implementation of the internal components and systems and software upgrades necessary to support mobile number portability, LIME's internal readiness for fixed number portability is still some time away.

Digicel queries whether the new legal entity would require an ICT Licence. Without prejudice to whether an ICT Licence is in fact necessary, LIME submits that an ICT License would make it clear that the Trade and Business Licensing Law would not apply to this entity.

Digicel raises a number of issues regarding the relationships among the Operators, the new legal entity and the Vendor, including how the new legal entity would be empowered to represent and contract on behalf of the Operators. LIME submits that the new legal entity should not be contracting on behalf of the Operators, although LIME agrees that, if such an entity were to be created, it should join the Operators in contracting with the Vendor. This would resolve a number of issues. For example, the Vendor is seeking a single person to give it instructions. However, the Vendor is prepared to contract with all Operators separately (albeit in the same contractual document). The new legal entity could, therefore, join that contract and represent the "voice" of the Operators in managing and directing the Vendor. It would also avoid making all Operators liable for the actions (e.g. non-payment) of the others – if the new legal entity were the only party to the contract with the Vendor, then it would be solely responsible for the payments to the Vendor, and if it were not fully funded by the Operators, for example, because one operator did not provide its share, the Vendor could cease service to all Operators. Under the current contract, breach by one operator would not result in termination for all Operators. LIME recommends, therefore, that if a separate legal entity were to be created to represent the Operators, it should contract with the Vendor alongside the Operators.

² LIME submits that Digicel's comments regarding MMS messaging and LNP are disingenuous, as Digicel has consistently refused to implement MMS interworking since 2006, despite repeated requests by LIME. Number portability would have no impact on the inability of LIME's customers to send MMS messages to Digicel's customers.

Conclusion

All operators agree that an industry working group needs to be created and given a mandate by the Authority to represent the industry and to manage and direct the Vendor on a going-forward basis. Accordingly, LIME requests that the Authority issue that mandate as soon as it can.

LIME is not entirely convinced that a separate legal entity is required, given the size of this market. However, as LIME noted on 1 March 2011, this is an important issue that needs to be resolved, and would be willing to joining the other operators in a separate legal entity, subject to the considerations above, as this would allow the industry to move past one of the reasons Digicel is giving for not moving forward with the contract with the Vendor. LIME, however, reserves its rights on the issue, as the organization of the new entity will be an important matter to be considered carefully by the Authority and the Operators.

If there are any questions, please do not hesitate to contact the undersigned.

Yours faithfully,

Cable and Wireless (Cayman Islands) Limited, trading as LIME

'Signed'

Daniel Tatham
Acting General Manager

c.c. Anthony Ritch, General Manager, LIME, Cayman Islands
Frans Vandendries, VP Legal Regulatory and Corporate Affairs, LIME
Victor Corcoran, CEO, Digicel Cayman Limited
Michael Edenholm, CEO, WestTel Limited, trading as Logic
Robert Kanner, Director Operations, Telecayman Limited