Value Every Moment

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Our ref: GRCR/15.24

01 October 2014

Mr. Alee Fa'amoe Managing Director Information and Communications Technology Authority PO Box 2502 3rd Floor Alissta Towers Grand Cayman, KY1-1104

Dear Mr. Fa'amoe,

Re: Termination of NetSpeak Service

Cable and Wireless (Cayman Islands) Limited, trading as "LIME" ("LIME") hereby applies for authorisation to withdraw NetSpeak service, pursuant to paragraph 9(c) and 26 of Annex 5 to its 10 July 2003 ICT Licence ("the Annex"). Since the inception of the service in 2005, the number of subscribers has regularly declined and now stands at # #, of which some # # are staff members or other internal "customers".

LIME notes that the Authority determined in March 2005 that NetSpeak is a Category 4 bundle of Category 1 PSTN service and Category 3 IDD services, and refused in December 2007 to lighten the regulatory burden on LIME in respect of this service on the basis that there was no evidence of sufficient competition in either the fixed-line local calling or fixed-line international calling markets. Because of the burden imposed by the Annex on Category 4 services, LIME found it exceedingly difficult if not impossible to obtain regulatory approval to introduce new calling packages at prices the market would accept or to make other market-driven material changes to the service. As a result, the service has remained fundamentally unchanged since 2006 and subscribership has steadily fallen to today's unsustainably low levels. It is unclear to LIME how it could reasonably have been considered dominant in the provision of this service, when in the circumstances LIME clearly could not sustain subscribership and market share with a constant price, let alone in the face of a hypothetical small but significant non-transitory increase in price.

In any event, the current level of subscribership is unsustainably low. With all of the competitive alternatives available to customers, in the form of alternative fixed service



providers, Internet-based international voice calling services and mobile messaging apps, LIME does not foresee the downward trend reversing itself.

LIME proposes, therefore, to withdraw the service on # #. Customers would be notified on # #, to give them six-months' notice of the withdrawal of the service. LIME notes that the impact on the market of this withdrawal will be minimal, as LIME is not withdrawing all of its domestic and/or international voice calling services, and as the handful of people who are affected will easily be able to alternative domestic and international voice calling services.

LIME looks forward to the Authority's early approval of this application. Please do not hesitate to contact the undersigned if you should have any questions.

Yours faithfully,

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

Bill McCabe

Chief Executive Officer

c.c. Bill McCabe, Chief Executive Officer
David Cox, Head of Regulatory Affairs, LIME