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**» Department of Telecommunications (DoT) notifies new guidelines for Mergers and Acquisitions (M&As)**

Ministry of Communications and Information Technology, Department of Telecommunications on April 22, 2008 has notified new guidelines for □intra service area□ Merger of Cellular Mobile Telephone Service (CMTS)/ Unified Access Services (UAS) Licences. The intra service area Merger of CMTS / UAS Licences shall be permitted only as per the notified guidelines. A few of the key aspects of these guidelines are summarized as under:

- Merger of licence(s) shall be permitted only for the following notified category of licences;
  - Cellular Mobile Telephone Service (CMTS) Licence with Cellular Mobile Telephone Service (CMTS) Licence;
  - Unified Access Services Licence (UASL) with Unified Access Services Licence (UASL);
  - Cellular Mobile Telephone Service (CMTS) Licence with Unified Access Services Licence (UASL);
- Prior approval of the Department of Telecommunications shall be necessary for merger of the licence which shall be restricted to the same service area;
- The market share of merged entity in the relevant market (defined as wire line and wireless services) shall not be greater than 40% (earlier 67%) either in terms of subscriber base separately for wireless as well as wireline subscriber base or in terms of Adjusted Gross Revenue;
- No M&A activity shall be allowed if the number of UAS/CMTS access service providers reduces below 4 (four) in the relevant market consequent upon such an M&A activity under consideration;
- The post merger licensee entity shall be entitled to the total amount of spectrum held by the merging entities, subject to the condition that after merger, licensee shall within a period of 3 months from date of approval of merger by the Licensor, meet the prevailing spectrum allocation criterion separately for GSM & CDMA technologies, failing which post merger Licensee shall surrender the excess spectrum;
- A spectrum transfer charge as specified by the Government will have to be paid in case of M&A between existing players;
- Any permission for merger shall be accorded only after completion of 3 years from the effective date of the licences;
- No single company/ legal person, either directly or through its associates, shall have substantial equity holding (10% or more) in more than one Licensee company in the same service area for the Access Services namely; Basic, Cellular and UAS;

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