

POSTAL SERVICES ACT 2000
SECTION 14
MODIFICATION OF THE CONDITIONS OF
THE STANDARD LICENCES AND
THE DHL EXPRESS (UK) LICENCE

Whereas –

- (1) Royal Mail Group Limited (“Royal Mail”), registered in England and Wales with company number 4138203 and having its registered office at 148 Old Street, London EC1V 9HQ, is the holder of a licence that requires it to provide a universal postal service (the “USO Licence”) granted to it on 23 March 2001 by the Postal Services Commission (the “Commission”) under section 11 of the Postal Services Act 2000 (the “Act”) and amended on 1 April 2003, 2 November 2005 and 25 May 2006.
- (2) The companies listed below (the “Standard Licence Holders”) are the holders of licences (each, a “Standard Licence”) granted to them on various dates between 15 December 2005 and 11 April 2007 by Postcomm under section 11 of the Act:

Challenger Security Services (Admin) Limited, registered in England and Wales with company number 2814516 and having its registered office at DX House, Ridgeway, Iver, Buckinghamshire, SL0 9JQ

Citipost AMP Limited, registered in England and Wales with company number 3451070 and having its registered office at 16 Gunnery Terrace, Cornwallis Road, Royal Arsenal, London SE18 6SW

DHL Global Mail (UK) Limited, registered in England and Wales with company number 2110134 and having its registered office at Ocean House, The Ring, Bracknell, Berkshire RG12 1AN

DX Network Services Limited, registered in England and Wales with company number 5026914 and having its registered office at DX House, Ridgeway, Iver, Buckinghamshire, SL0 9JQ

Fedex UK Limited, registered in England and Wales with company number 1541168 and having its registered office at Parkhouse East Industrial Estate, Newcastle-under-Lyme, Stafford ST5 7RB

Intercity Communications Limited, registered in England and Wales with company number 2674891 and having its registered office at 64-70 Vyner Street, London E2 9DQ

Racer Consultancy Management Services Ltd, registered in England and Wales with company number 2855523 and having its registered office at 327 Banbury Road, Oxford OX2 7PL

Red Star Parcels Limited, registered in England and Wales with company number 3095533 and having its registered office at St David's Way, Bermuda Park, Nuneaton CV10 7SD

Royale Research Limited, registered in England and Wales with company number 3517482 and having its registered office at Record House, 235 Record Street, London SE15 1TL

Secure Mail Services Limited, registered in England and Wales with company number 4072377 and having its registered office at DX House, Ridgeway, Iver, Buckinghamshire, SL0 9JQ

Secured Mail Limited, registered in England and Wales with company number 5551055 and having its registered office at 209 Liverpool Road, Birkdale, Southport PR8 4PH

Target Express Parcels Limited, registered in England and Wales with company number 1675659 and having its registered office at Riverbank, Meadows Business Park, Blackwater, Camberley, Surrey, GU17 9AB

The Mailing House Group Limited, registered in England and Wales with company number 1967974 and having its registered office at Nelson Way, Nelson Park, Cramlington, Northumberland NE23 1JY

TNT Post UK Limited, registered in England and Wales with company number 4417047 and having its registered office at 1 Globeside Business Park, Fieldhouse Lane, Marlow, Buckinghamshire, SL7 1HY

UK Mail Limited, registered in England and Wales with company number 2072003 and having its registered office at Express House, 464 Berkshire Avenue, Slough, Berkshire SL1 4PL, and

Zip Mail Limited, registered in England and Wales with company number 5740444 and having its registered office at 2nd Floor, 47 Chancery Lane, London WC2A 1RF.

- (3) DHL Express (UK) Limited (formerly known as Securicor Omega Express Limited), registered in England and Wales with company number 2275780 and having its registered office at Orbital Park, 178-188 Great South West Road, Hounslow,

Middlesex TW4 6JS is the holder of a licence which enables it to provide a restricted postal service (“the DHL Express (UK) Limited Licence”), granted to it on 22 May 2002 by Postcomm under section 11 of the Act.

- (4) Taken together, Royal Mail Group Limited, the Standard Licence Holders and DHL Express (UK) Limited are referred to in this notice as the “Licensees”. The licences held by the Licensees are referred to in this notice as the “Licences”.
- (5) Postcomm considers that it should seek to create conditions that enable competition in the postal market between a wide range of businesses, since this is important to the vitality of the market and to the market’s ability to provide customers with an affordable universal service and the other services they want, and on 16 January 2008 Postcomm gave notice of a proposal to modify the Licences in the manner set out in the notice (the “modifications”).
- (6) The notice said that representations regarding the modifications should be made to Postcomm within the period commencing on and including the date of that notice and ending on and including the thirtieth day after the date of that notice.
- (7) Postcomm has considered the responses to the said notice and has decided to modify the Licences in the manner set out below.
- (8) Postcomm has not been directed not to make the modifications.
- (9) The following Licensees have consented in writing to the modifications:

Challenger Security Services (Admin) Limited

Citipost AMP Limited

DHL Global Mail (UK) Limited

DX Network Services Limited

Intercity Communications Limited

Racer Consultancy Management Services Ltd

Red Star Parcels Limited

Royale Research Limited

Secure Mail Services Limited

Secured Mail Limited

Target Express Parcels Limited

The Mailing House Group Limited

TNT Post UK Limited

UK Mail Limited

Zip Mail Limited

DHL Express (UK) Limited

- (10) Royal Mail Group Limited has not consented in writing to the modifications.
- (11) Fedex UK Limited has agreed to the deletion of paragraph 2 of Condition 10 in Schedule 2 to its Licence, and to the insertion of the following text in the place of paragraph 2 of Condition 10 in Schedule 2 to its Licence:-

“2. The amount payable under paragraph 1 in respect of a relevant year shall be, if the Licensee’s turnover excluding access payments in the preceding relevant year, from activities which apart from this Licence would be prohibited by section 6(1) of the Act, exceeded £10 million, calculated by –

- (a) taking the total recoverable costs,
- (b) adding to that amount the amount (if any) determined by Postcomm (in consultation with the Competition Commission) as having been incurred by the Competition Commission in the preceding relevant year in connection with references made to it under section 15 of the Act, and
- (c) multiplying the amount calculated as aforesaid by the factor –

$$\frac{A}{B} ,$$

where –

“A” is the Licensee’s turnover excluding access payments in the preceding relevant year, from activities which apart from this Licence would be prohibited by section 6(1) of the Act, and

“B” is the turnover excluding access payments in that year of all holders of licences granted under the Act,

from activities which apart from those licences would be prohibited by section 6(1) of the Act.”

- (12) Fedex UK Limited has agreed to the deletion of the following text in paragraph 6 of Condition 10 in Schedule 2 to its Licence:-

“ “minimum sum” in relation to a relevant year, means £1,000, ”

- (13) Fedex UK Limited has not agreed to any other modification to its licence.

Postcomm hereby modifies the Standard Licences, except where explicitly modified otherwise, as follows:-

1. Paragraphs 1 to 3 inclusive of Condition 9 in Schedule 2 to the Standard Licences and paragraphs 1 to 3 inclusive of Condition 10 in Schedule 2 to the DHL Express (UK) Limited Licence are deleted.
2. Paragraphs 4 and 5 of Condition 9 in Schedule 2 to the Standard Licences are re-numbered as paragraphs 1 and 2 and paragraphs 4 and 5 of Condition 10 in Schedule 2 to the DHL Express Licence are re-numbered as paragraphs 1 and 2.
3. The reference to paragraph 4, previously in paragraph 5 of Condition 9 in Schedule 2 to the Standard Licences and of Condition 10 in Schedule 2 to the DHL Express (UK) Limited Licence, is deleted and there is inserted in its place a reference to paragraph 1.
4. Paragraph 2 of Condition 10 in Schedule 2 to the Standard Licences and paragraph 2 of Condition 11 in Schedule 2 to the DHL Express (UK) Limited Licence are deleted and there is inserted the following text in the place of paragraph 2 of Condition 10 in Schedule 2 to the Standard Licences:-
 - “2. The amount payable under paragraph 1 in respect of a relevant year shall be, if the Licensee’s turnover excluding access payments in the preceding relevant year, from activities which apart from this Licence would be prohibited by section 6(1) of the Act, exceeded £10 million, calculated by –
 - (a) taking the total recoverable costs,
 - (b) adding to that amount the amount (if any) determined by Postcomm (in consultation with the Competition Commission) as having been incurred by the Competition Commission in the preceding relevant year in connection with references made to it under section 15 of the Act, and
 - (c) multiplying the amount calculated as aforesaid by the factor –

$$\frac{A}{B} ,$$

where –

“A” is the Licensee’s turnover excluding access payments in the preceding relevant year, from activities which apart from this Licence would be prohibited by section 6(1) of the Act, and

“B” is the turnover excluding access payments in that year of all holders of licences granted under the Act, from activities which apart from those licences would be prohibited by section 6(1) of the Act.”

5. There also is inserted the following text in place of paragraph 2 of Condition 11 in Schedule 2 to the DHL Express (UK) Limited Licence:-

“2. The amount payable under paragraph 1 in respect of a relevant year shall be, if the Licensee’s turnover in the preceding relevant year, from activities which apart from this Licence would be prohibited by section 6(1) of the Act, exceeded £10 million, calculated by –

- (a) taking the total recoverable costs,
- (b) adding to that amount the amount (if any) determined by Postcomm (in consultation with the Competition Commission) as having been incurred by the Competition Commission in the preceding relevant year in connection with references made to it under section 15 of the Act, and
- (c) multiplying the amount calculated as aforesaid by the factor –

$$\frac{A}{B} ,$$

where –

“A” is the Licensee’s turnover in the preceding relevant year, from activities which apart from this Licence would be prohibited by section 6(1) of the Act, and

“B” is the turnover in that year of all holders of licences granted under the Act, from activities which apart from those licences would be prohibited by section 6(1) of the Act.”

6. The following text in paragraph 6 of Condition 10 in Schedule 2 to the Standard Licences and paragraph 5 of Condition 11 in Schedule 2 to the DHL Express (UK) Limited Licence is deleted:-

“minimum sum” in relation to a relevant year, means £1,000, ”

Postcomm hereby modifies the Licence held by Fedex UK Limited as follows:-

7. Paragraph 2 of Condition 10 in Schedule 2 to the Licence held by Fedex UK Limited is deleted and there is inserted the following text in the place of paragraph 2 of Condition 10 in Schedule 2 to the Licence:-

“2. The amount payable under paragraph 1 in respect of a relevant year shall be, if the Licensee’s turnover excluding access payments in the preceding relevant year, from activities which apart from this Licence would be prohibited by section 6(1) of the Act, exceeded £10 million, calculated by –

- (a) taking the total recoverable costs,
- (b) adding to that amount the amount (if any) determined by Postcomm (in consultation with the Competition Commission) as having been incurred by the Competition Commission in the preceding relevant year in connection with references made to it under section 15 of the Act, and
- (c) multiplying the amount calculated as aforesaid by the factor –

$$\frac{A}{B} ,$$

where –

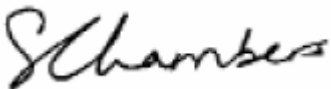
“A” is the Licensee’s turnover excluding access payments in the preceding relevant year, from activities which apart from this Licence would be prohibited by section 6(1) of the Act, and

“B” is the turnover excluding access payments in that year of all holders of licences granted under the Act, from activities which apart from those licences would be prohibited by section 6(1) of the Act.”

8. The following text in paragraph 6 of Condition 10 in Schedule 2 to the Licence held by Fedex UK Limited is deleted:-

“minimum sum” in relation to a relevant year, means £1,000, ”

The common seal of Postcomm
hereunto affixed is authenticated
by -

A handwritten signature in black ink that reads "S Chambers". The signature is written in a cursive style with a large initial 'S'.

Sarah Chambers
Chief Executive
authorised by the Commission

Dated: 19 March 2008