



INFORMATION MEMORANDUM

**THIRD PARTY SERVICE PROVIDER
(TPSP) LICENSING**

06th April, 2017

Third Party Service Provider (TPSP) License

Table of Contents

1	Introduction	3
1.1	Preamble and Purpose	3
1.2	Legal Framework	4
1.3	TPSP Licensing Process	4
2	License Description	5
2.1	License Structure	5
2.2	Quality of Service and Rollout Obligations	5
2.3	Prices of Licensed Services	6
2.4	Interconnection, integration and interoperability	6
2.5	General Conditions	7
2.6	Fees	7
3	TPSP Licensing and Authorization Process	8
3.1	TPSP Licensing Process	8
3.2	Authorization by SBP	8
4	Legal terms and conditions	10
4.1	Important Notice	10
4.2	Conditions of Participation in the TPSP Licensing Process	10
4.3	Disqualification	10
4.4	Performance Bond	11
5	Application Instructions	12
6	Definition of Terms	13
7	Annexes	14
	Annex A – Pakistan’s Telecommunication Sector and Mobile Financial Services	15
	Annex B – Application Form	26
	Annex C – Board Resolution	34
	Annex D – Power of Attorney	35
	Annex E – Application Form for Issuance of Authorization to TPSP Company	37
	Annex E I – Basic Information to be submitted with Application for Authorization as TPSP	38
	Annex E II – Checklist of Documents to be submitted with Application for Authorization as TPSP	39
	Annex E III – Format of Undertaking to be submitted by TPSP	40
	Annex F – Documents/Information to be submitted with Application of Final Authorization	42
	Annex G – Documents / Information to be submitted with Application for Issuance of Commencement Certificate for TPSP	43
	Annex H – Performance Bank Guarantee	44
	Annex I – License Template	48
	Annex J – Affidavit by the Authorized Contact Representative	62
	Annex K – Unified USSD Channel Platform and Any-to-Any Model	63

Third Party Service Provider (TPSP) Licensing

1 Introduction

1.1 Preamble and Purpose

The widespread proliferation of cellular mobile services in Pakistan has opened up new avenues of possibility for bringing the unbanked communities into banking net through mobile banking. To harness the full potential of such services for rural and unbanked population, State Bank of Pakistan (SBP) issued Branchless Banking Regulations in March 2008. To compliment the SBP regulations, Ministry of Information Technology and Telecom (MoIT&T) issued a “Policy Directive to Support Technical Implementation of Mobile Banking including Mobile Money Transfers and Remittances” on 20th May, 2008. Under this Policy Directive, Pakistan Telecommunication Authority (PTA) was entrusted to frame relevant telecom sector regulations to govern mobile banking implementations and settling of “any to any” transactions involving multiple financial institutions at the back end and multiple networks at the other end through a Third Party Service Provider (TPSP).

For the implementation of above mentioned Policy Directive and towards achieving the objective of providing the low cost mobile banking services and greater financial inclusion in Pakistan, PTA and SBP have jointly developed a TPSP framework for interoperability of mobile financial services through the issuance of PTA’s “Regulations for Technical Implementation of Mobile Banking” and SBP’s “Regulations for Mobile Banking Interoperability” on 16th May, 2016. These regulations provide an appropriate technological & regulatory framework to maximise the usage and number of bank accounts in Pakistan, which is a main target of National Financial Inclusion Strategy (NFIS), 2015 developed by the Government of Pakistan.

PTA, in compliance with MoIT’s above referred Policy Directive dated 20th May, 2008 and Regulations for Technical Implementation of Mobile Banking, 2016, is proceeding to issue License (s) to grant the successful applicants rights with the mandate to establish, maintain and operate telecom system as Third Party Service Provider (TPSP) for financial and application services across Pakistan. TPSP license permits the licensee to provide technical services for channelling, routing, and switching transactions for branchless/mobile banking among SBP’s Authorized Financial Institutions (AFIs), telecom operator(s) and TPSP(s).

This Information Memorandum (IM) from PTA sets out the process and other background information to help prospective Applicants to decide if they wish to apply for TPSP license. An overview of the Pakistan’s telecommunication sector and mobile financial services is given in Annex A.

Prospective applicants are advised to seek their own expert advice on whether or not to apply for TPSP license and on any other matters concerning financial, legal, technical or other implications of the TPSP licensing and associated policies.

This is a joint IM published by PTA and SBP.

Disclaimer: While the information contained in this IM is accurate as at the time of posting on PTA’s website, neither PTA, SBP, nor GoP or any of their respective officers or employees or advisers make any representation or warranty to have any liability in relation to the accuracy or completeness of the information contained in this IM or any other written or oral information made available to any interested party or its advisers. PTA, SBP and GoP expressly disclaim any responsibility or liability in respect of any such information or any inaccuracy in this IM or omission from this IM.

Note that specialist terms used in this IM are defined in Section 6 and the License Template (Annex –I).

Third Party Service Provider (TPSP) Licensing

1.2 Legal Framework

The legal framework applicable to all Applicants is:

- The Pakistan Telecommunication (Re-Organization) Act 1996, including all Rules and Regulations made there under from time to time.
- The Payment Systems and Electronic Fund Transfers Act, 2007 including all relevant laws, policies, rules and regulations of State Bank of Pakistan (SBP)
- All relevant policies / directives of GoP.
- All PTA determinations / directives / guidelines / SOPs issued from time to time.
- For information, the key organizations of the institutional framework, in addition to PTA, are SBP, MOIT&T, and the Ministry of Finance (MoF). The functions of these four organizations are described on their respective websites.

PTA: www.pta.gov.pk

SBP: www.sbp.org.pk

MOIT&T : www.moitt.gov.pk

MoF : www.finance.gov.pk/

All documents relevant to the legal framework are available on the PTA and SBP websites. For convenience, some are listed below, with a hyperlink to their location on the website:

[PTA's Regulations for the Technical Implementation of Mobile Banking, 2016](#)

[SBP's Regulations for Mobile Banking Interoperability, 2016](#)

[SBP's Branchless Banking Regulations 2008 \(amended in 2011 and 2016\)](#)

1.3 TPSP Licensing Process

The TPSP License (s) will be issued for 10 years. The draft license template is attached as **Annex- I** to this IM.

Applicants will be required to provide information as per the application form and check list given in **Annex-B**. Each Applicant will also be required to submit along with its application a non-refundable processing fee of Rs. 50,000/- in the form of PO/DD in favour of "Pakistan Telecommunication Authority".

The information submitted by Applicants will be assessed by PTA and SBP. After due diligence process, the PTA - SBP Joint Regulatory Committee will assess the applications in the light of technical, financial and regulatory requirements. Pursuant to Joint Regulatory Committee decision, PTA shall issue TPSP License (s) to the successful applicants. Thereafter, authorization and approval for commercial launch will be issued as per process mentioned in Section 3 of this IM.

PTA reserves the right to modify, amend, supplement, cancel, annul or replace any or all of the TPSP licensing process at any stage without incurring any liability to the affected applicants or any obligations there under what so ever.

Subject to the above, PTA shall issue TPSP License (s) to the successful applicant (s). Thereafter, authorization and approval for commercial launch will be issued as per process mentioned in Section 3 of this IM.

Third Party Service Provider (TPSP) Licensing

2 License Description

2.1 License Structure

2.1.1 Overview

TPSP license authorizes the Licensee to establish, maintain and operate for the provision of Financial and Applications Service Provider and permits the channelling, routing, and switching transactions for branchless/mobile banking only under Service Level Agreement (s) between AFIs, cellular mobile operator(s) and TPSP(s) (see 2.1.3 below). The TPSP License shall be granted on nationwide basis for the whole of Pakistan **excluding** Azad Jammu & Kashmir (AJ&K) and Gilgit Baltistan (GB).

2.1.2 License Duration

The duration of the License shall be ten (10) years from the License Effective Date, renewable under the Pakistan Telecommunication (Re-organization) Act, 1996.

2.1.3 TPSP License

See **Annex-I** for a TPSP License template. If there are any differences between the Licensee rights and obligations described in this IM and Annex-I, then the definition in Annex-I shall prevail.

2.1.4 Technical Requirements

The licensee should be capable of switching and routing all interbank Wallet to Wallet and Wallet to bank account fund transfers from BB Issuer to BB Acquirer through an Authorized PSO which will be responsible for clearing and providing day-end report(s) for reconciliation. However, settlement will be done at SBP as per existing mechanism. On the other hand, TPSP will be maintaining logs of routed transactions, security and privacy of information passing through its systems and providing high quality of service, availability of resources, network redundancy, security/secrecy, authenticity and non-repudiations of financial and technical transactions in addition to all the such requirements set out in the Regulations for the Implementation of Mobile Banking, 2016 and Regulations for Mobile Banking Interoperability.

The licensee shall also set up unified USSD channel platform to open and access mobile account(s) offered by any of branchless banking provider of his choice e.g. Asaan Mobile Account (AMA), accessible to subscribers of all cellular mobile operators and facilitation for any-to-any model as elaborated in Annex K.

The TPSP should also integrate itself with NADRA for real-time verification of customer credentials to facilitate account opening.

2.2 Quality of Service and Rollout Obligations

The TPSP license shall meet and exceed the quality of service requirements set out in the license template and all such other requirements that PTA may by regulation require.

Rollout Obligations on AFIs, CMOs and TPSPs to extend their systems to facilitate each other in provision of mobile banking services:

The licensee shall establish point of interconnections (POIs) with cellular mobile operators and AFIs and commence the provision of mandatory services in the following manner:

Third Party Service Provider (TPSP) Licensing

Deadline (months from the date of issuance of license)	Minimum Rollout / POIs with	
	CMOs	AFIs
3 months *	1	1
9 months ** ^	3	3
15 months **	All	All

Notes: * After installation of necessary infrastructure and readiness for connectivity with mobile operator(s) and AFI (s), the TPSP shall apply for final approval by SBP and issuance of commencement certificate by PTA.

** TPSP shall apply for commencement certificate from PTA for additional POIs, after installation of necessary infrastructure and readiness for connectivity with mobile operator(s) and AFI (s),

^ Minimum rollout obligation of 3 POIs includes the POIs, for which, commencement requested earlier.

2.3 Prices of Licensed Services

Licensee is free to set prices for the Licensed Services as it may deem fit. However, if PTA and SBP determine that the Licensee's prices for any Licensed Services are unfair and unreasonable, the regulatory authorities may regulate Licensee's prices, terms and conditions for those Licensed Services. The Licensee shall comply with the regulators' orders and determination relating to the Licensee's prices, terms and conditions for those Licensed Services.

If PTA in consultation with SBP determines that the Licensee possesses SMP in a relevant market, the Authority may regulate Licensee's prices, terms and conditions for those Licensed Services in the SMP market and any Licensed Services incidental thereto as determined by the Authority. The method of regulation shall be determined by the Authority and may include a requirement for prior approval of the Authority for any price, term or condition, or the maximum or minimum price, or both, for the Licensed Services.

2.4 Interconnection, integration and interoperability

The telecommunication system of the licensee is deemed to be connectable system for the purpose of Interconnection.

Interconnection between the telecommunication system of the licensee and the telecommunication system of other operators is governed by the Interconnection Guidelines, 2004.

2.4.1 Network Standards

The end-to-end encryption, integrity, authentication and non-repudiation of mobile / branchless banking communication in the network of cellular mobile operators and TPSPs shall be in accordance with the standards certified by International Telecommunication Union (ITU) or European Telecommunications Standards Institute (ETSI) or International standardization bodies such as Third Generation Partnership Project (3GPP) or Internet Engineering Task Force (IETF) or American National Standards Institute (ANSI) or Telecommunications Industry Association (TIA) or any other international standard as may be approved by PTA.

Third Party Service Provider (TPSP) Licensing

2.5 General Conditions

2.5.1 Operation of Licensed Services

The Licensee shall ensure that the Licensed System and the Licensed Services do not cause any damage to, or interference with, any Telecommunications System or Telecommunications Services of any other operator or any other radio frequency spectrum not assigned to the Licensee.

The Licensee shall conduct its operations and shall establish its Licensed System in a manner so that it is not a safety hazard and is not in contravention of any relevant law, rule or regulation.

2.5.2 Discontinuation of Services

The Licensee shall not discontinue providing a category of Licensed Services in any area unless (a) the Licensee gives the Authority and affected parties / customers at least 90 days prior written notice of such discontinuation, and (b) Authority's prior written approval to such discontinuation is obtained.

2.5.3 Monitoring

The Licensee shall provide, at its own cost, suitable equipment at premises designated by the Authority and will ensure its upgrading, security and safety, in order to monitor the communications for the purpose of; measuring and recording traffic and Quality of Service in a manner specified by the Authority. The Licensee shall provide the Authority with access to such equipment, and the information generated by such equipment.

2.6 Fees

Table 2 below describes the relevant fees associated with the TPSP.

Table 2: Fee structure

Fee/charges	Amount due
Initial License Fee (ILF)	Initial License Fee (ILF) of Rs. 1,000,000/- (Pak Rupees one million) shall be paid within 15 days of the intimation letter from PTA to issue TPSP license.
Annual License Fee (ALF)	The Licensee shall pay Annual License Fee (ALF) to the Authority, an amount equivalent to 0.5% of the Licensee's annual gross revenue from Licensed Services. The Annual Gross Revenue will be exclusive of trade discounts and sales tax. However, Initial License Fee, leased line charges, late payment additional fee, penalties, collection charges, and other expenses imposed by PTA, if any, shall not be deducted from the gross revenue.
Annual Numbering Charges	For each number allocated to the Licensee, the Licensee shall pay to the Authority at commencement of each financial year the Annual Number Charges as mentioned in the Numbering Allocation and Administration Regulations, 2011, as amended from time to time. The annual Numbering Charges will fall due on the first of June every year and are payable latest by 30th of June every year.

Third Party Service Provider (TPSP) Licensing

3 TPSP Licensing and Authorization Process

3.1 TPSP Licensing Process

3.1.1 Application Process

The applicants can submit both **Annex B** "Application Form" and "A non-refundable processing fee of Rs. 50,000/- in the form of PO/DD in favour of "Pakistan Telecommunication Authority" along with all the required supporting documentation. PTA and SBP will review the Application Form and supporting documents.

On their applications forms, applicants will be asked to provide an Authorized Contact Representative for purposes of receiving all information related to the TPSP licensing . Please note that this main contact person need not be the Applicant's Authorized Representative or CEO, but rather a person that can be fully available during the entire application process.

Upon receipt of the application forms, PTA will review whether or not the applicant complies with all the requirements. Where an application is deficient, PTA may ask the applicant to provide any missing information or additional documentation.

3.1.2 Evaluation of Applications

PTA will assess the application submitted by an Applicant in accordance with the technical criteria and simultaneously SBP will also review applicant's documents and complete due diligence process. The Joint Regulatory Committee of PTA and SBP will assess the applications in the light of PTA and SBP comments / recommendations. In the light of Joint Regulatory Committee decision, PTA will issue TPSP license to the successful applicants.

The successful applicant (s) will be notified in written including the price payable for TPSP license i.e. the Initial License Fee (ILF).

3.1.3 License Payment

Payments will be according to the schedule established in Section 2.6 of this IM.

3.1.4 Grant of License

Licenses will be granted within 15 days of having received payment of Initial License Fee in line with section 2.6 of the IM.

3.2 Authorization by SBP

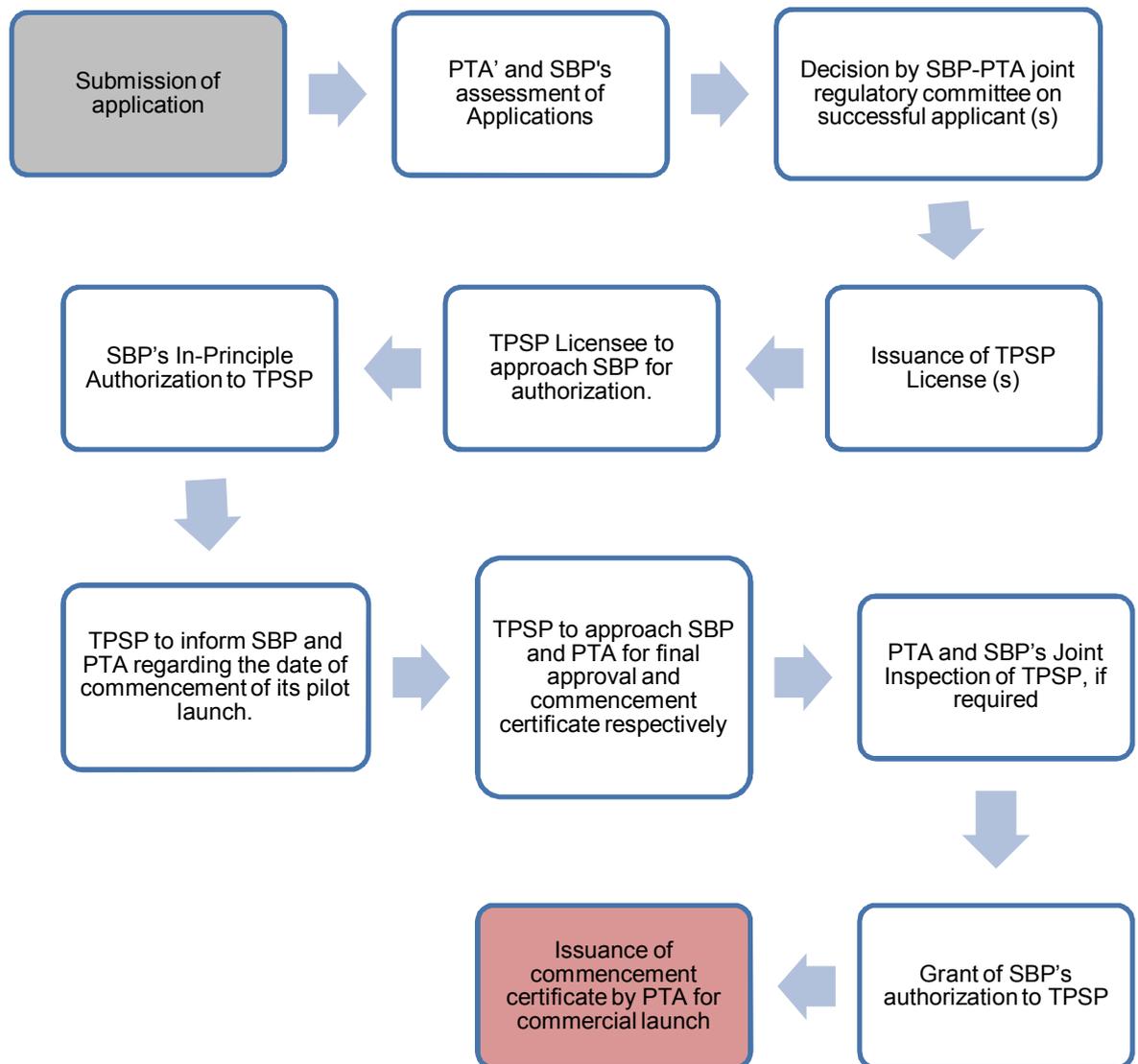
After issuance of license, TPSP shall approach SBP for authorization with the requisite documents as per Annex-E, E-I, E-II & E-III. In-Principle Authorization Letter shall be issued to TPSP by SBP wherein SBP may impose certain conditions including but not limited to performing a pilot launch of its operations for a specified period as determined by SBP. TPSP shall inform SBP and PTA regarding the date of commencement of its pilot launch. After completion of the conditions mentioned in the In-Principle Authorization Letter, the TPSP shall approach SBP for final approval with the requisite documents as per Annex-F and shall also apply PTA for commencement certificate along with required documents as per Annex-G. PTA and SBP may conduct Joint Inspection of TPSP, if required. After the finalization of joint inspection and assessment of documents, SBP will grant authorization to TPSP. After authorization, PTA will issue commencement certificate for commercial launch of its licensed services.

Third Party Service Provider (TPSP) Licensing

PTA and SBP reserves the right to modify, amend, supplement, cancel, annul or replace any or all of the application process at any stage without incurring any liability to the affected applicants or any obligations there under what so ever.

Step-wise TPSP Application Process is provided in the below flow chart.

Flow Chart: TPSP Application Process



Third Party Service Provider (TPSP) Licensing

4 Legal terms and conditions

4.1 Important Notice

This Information Memorandum ("IM") is for information purposes only. It does not form part of any contract, whether explicit or implied. Terms and conditions in a TPSP License and Authorization will prevail if there is a discrepancy between the License and this IM. Applicants are advised to seek their own expert advice on whether or not to apply for TPSP license and on any other matters concerning financial, legal, technical or other implications of the TPSP licensing process and associated policies.

PTA does not warrant the accuracy of the information herein, and PTA reserves the right to update or amend or modify or add or omit any information in this IM.

PTA reserves the right to add, modify, amend, supplement, cancel, annul or replace any or all of the TPSP licensing process at any stage without incurring any liability to the affected applicants or any obligations thereunder. PTA further reserves the right to modify or terminate the TPSP licensing process at any time in its sole discretion.

This IM and any License issued pursuant to the application process described in the IM shall be exclusively subject to, and interpreted in accordance with, the provisions of the Pakistan Telecommunication (Re-Organization) Act, 1996, and the Rules and Regulations and Policies of GOP issued thereunder.

Any dispute, controversy or claim arising out of, or in connection with, this IM, or the breach, termination or invalidity thereof, shall be settled by PTA and its decision shall be final and binding.

The TPSP application process, the accompanying documents, and all correspondence relating to the process announced in this IM shall be submitted in English language.

No suit, prosecution or any other legal proceedings shall lie against PTA or any Member or employee or consultant or contractor of PTA or any other Government functionary in respect of anything done or intended to be done in good faith in connection with this IM.

4.2 Conditions of Participation in the TPSP Licensing Process

4.2.1 Company Registration

Each Applicant must be a company registered with SECP in Pakistan.

4.2.2 Ownership Disclosure Requirements

All Applicants must disclose their complete ownership information with details of shareholding on the Application Form.

4.2.3 Changes in Composition of Applicants

No change in the composition of an Applicant is allowed following submission of the Application Form and at least up to the date that the License is issued.

4.3 Disqualification

Without prejudice to any other remedy that may be available to it, PTA reserves the right to disqualify any Applicant for any of the reasons set out below:

- If a Successful Applicant fails to pay Initial License Fee as per section 2.6 of this IM within fifteen (15) days of intimation for issuance of license

Third Party Service Provider (TPSP) Licensing

- Inaccuracy or misrepresentation of any facts in any part of the Application Form.
- Illegal conduct, disruption during the application process, or indulgence in improper attempts to influence the outcome.
- Any “**corrupt practice**” meaning undue influence, personating, aiding, abetting, counselling or the offering, giving, receiving or soliciting of anything of value to influence a public official in relation to application process.
- Any fraudulent practice or misrepresentation of facts in order to influence the results of the application process established by the IM.

In the event of an Applicant being disqualified from the process, PTA reserves the right to impose a penalty on the Applicant.

4.4 Performance Bond

As a guarantee for the performance of Licensee’s network rollout obligations in Section 2.2, the Licensee shall deliver to the Authority unconditional, irrevocable and continuing Performance Bond as detailed in Table in the shape of Bank Guarantees from a local bank in Pakistan with credit rating of AA+ and above, or a foreign bank having credit rating of A1 and above, on a format acceptable to the Authority in respect of its minimum rollout.

Table 3: Description of Performance Bond

Performance Bond
Rs. 10 Million

In case any phased-roll-out obligation is not fulfilled, Performance Bond proportionate to the roll-out obligation not met shall be encashed by the Authority. A draft template for performance bank guarantee is attached as Annex-H.

Third Party Service Provider (TPSP) Licensing

5 Application Instructions

An Applicant must fill out the Application Form in **Annex B** and must submit all the required supporting company documentation and application processing fee. An authorized representative of each interested applicant shall sign & stamp all pages and the application. For each Application, the interested applicant shall submit one (1) original and three (3) duly signed and stamped copies in a sealed envelope clearly marked as "Application for TPSP". This envelope shall bear the submission address. Each application shall be marked as "ORIGINAL" or "COPY" appropriately. If there are any discrepancies between the original and the copies of the Application, the original shall prevail.

After submission, the application will not be modified. However, PTA reserves the right to request additional information and/or clarification from an Applicant.

The Applicant shall bear all its costs associated with the preparation and submission of its application and PTA shall in no case be responsible for these or any other costs, regardless of the conduct or outcome of the application process.

PTA reserves the right to accept or reject all or any application without assigning any reason and incurring any liability whatsoever.

Applicants may raise questions and queries in writing through letter (courier), fax or email to PTA concerning this IM. PTA will reply to queries directly to the applicants. However, PTA reserves the right not to reply to queries.

PTA will notify the Successful Applicants by courier or letter or fax or e-mail. Any of the above will be considered sufficient for the purpose of notice.

Contact Details for Questions

All deliveries, notices or other communications made to Applicants in connection with the Application process shall be sent by designated fax or email or letter (courier) to the contact office of the Applicant(s), as specified by the Applicant to PTA in his Application Form.

All correspondence relating to this IM, submission of Application documents, application processing and issuance of License should be duly marked "TPSP Licensing" and addressed to:

Director (Wireline Licensing)
Pakistan Telecommunication Authority
H/Qs F-5/1, Islamabad 44,000
Pakistan
Phone: (+92 51) 287.8115
Fax: (+92 51) 287.8114
E-mail: tpsp@pta.gov.pk

Third Party Service Provider (TPSP) Licensing

6 Definition of Terms

Terms used in this document shall have the meanings defined in Table 4 below and the License Template (Annex – I).

Table 4: Definition of terms

Term	Definition
Applicant	A company that completes and submits the Application Form for the TPSP license.
GoP	Government of Pakistan
ILF	Initial License Fee: The payment due for the License as detailed in Paragraph 6.1 of the TPSP License.
ITU	International Telecommunications Union
LI	Lawful Interception of communication
License	TPSP License
License Effective Date	The date of issuance of the License
Licensee	Holder of a TPSP License
MOIT&T	Ministry of Information Technology & Telecom
NGMS	Next Generation Mobile Service: Mobile Communication Services offered through technologies standardized for 3G and advanced generations.
Operator	A licensed Cellular Mobile Operator in Pakistan
PTA	Pakistan Telecommunication Authority
PSO and PSP	Payment System Operator and Payment Service Provider, PSO and PSP, means such Authorized Party that is a company registered under Companies Ordinance 1984 and is engaged in operating and/or providing Payment Systems related services like electronic payment gateway, payment scheme, clearing house, ATM Switch, POS Gateway, E-Commerce Gateway etc. acting as an intermediary for multilateral routing, switching and processing of payment transactions.
SBP	State Bank of Pakistan
TPSP	Third Party Service Provider

Third Party Service Provider (TPSP) Licensing

7 Annexes

Annex A – Pakistan’s Telecommunication Sector and Mobile Financial Services

Annex B – Application Form

Annex C – Board Resolution

Annex D – Power of Attorney

Annex E – Application Form for Issuance of Authorization to TPSP Company/Applicant

Annex E-I – Basic Information to be submitted with Application for Authorization as TPSP

Annex E-II – Checklist of Documents to be submitted with Application for Authorization as TPSP

Annex E-III – Format of Undertaking to be submitted by TPSP

Annex F – Documents/Information to be submitted with Application of Final Authorization

Annex G – Documents / Information to be submitted with Application for Issuance of
Commencement Certificate for TPSP

Annex H – Performance Bank Guarantee

Annex I – License Template

Annex J – Affidavit by the Authorized Contact Representative

Annex K – Unified USSD Channel Platform and Any-to-Any Model

Third Party Service Provider (TPSP) Licensing

Annex A – Pakistan’s Telecommunication Sector and Mobile Financial Services

1. Economy of Pakistan

1.1 Pakistan has the 6th largest population in the world, making it an attractive market for investors around the globe. Its population is rising at a steady level, and has more than doubled since 1980. According to different global sources, the country is expected to grow at ~2% per annum and to reach more than 240 million inhabitants by 2030.

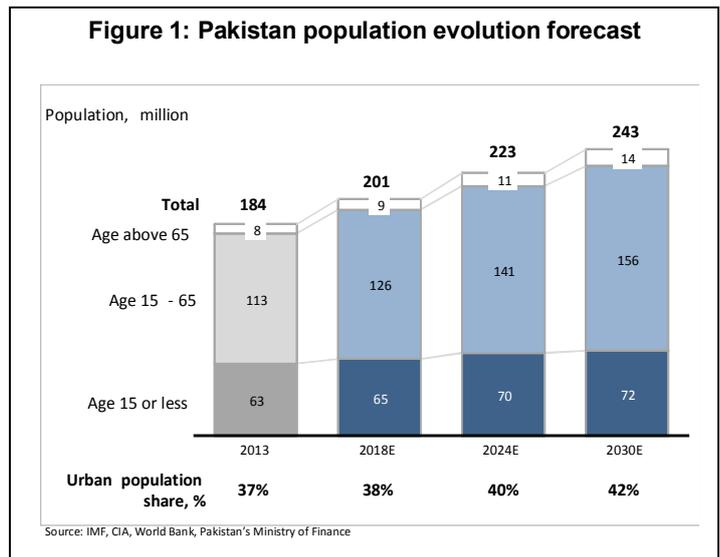
1.2 The population in the country is young and becoming more educated day by day. The urbanization trend is expected to continue and weight of urban population is expected to reach ~42% by 2030;

1.3 Pakistan is a democratic country consisting of two houses of the Parliament, the National Assembly and the Senate. The head of the State is the President, and the head of the Government is the Prime Minister;

1.4 Pakistan has extraordinarily important strategic endowments and great development potential. Pakistan occupies a strategic location at the crossroads of South Asia, Central Asia, China and the Middle East. It is at the fulcrum of a huge market with a vast population, enormous and diverse resources and huge untapped potential for trade and a huge potential source of demand and growth;

1.5 Approximately 39.2% of Pakistani population resides in urban areas. The largest urban centers are Karachi (estimated population of 24 million), Lahore (estimated population of 13.5 million) Faisalabad (estimated population of 6.0 million) and Rawalpindi/ Islamabad (estimated population of 6.5 million). The Country has four provinces Punjab, Sindh, Khyber Pakhtunkhwa (KPK) and Baluchistan having provincial capitals Lahore, Karachi, Peshawar and Quetta respectively. The Federal Capital is Islamabad;

1.6. Fiscal year 2015-16 registered some remarkable achievements. The foreign exchange reserves reached all time high above USD 21 billion. Inflation hit the lowest level at 2.9 percent during FY 2015-16 since 2003-04. The policy rate decelerated to 5.75 percent which is the lowest level since early 1970s, capital market created history, grading by international rating agencies improved, historical agreements with Chinese Government on China Pak Economic Corridor (CPEC), successful reviews with IMF, successful issuance of government bonds such as Pakistan Investment Bond (PIB), Eurobonds and Ijara Sakuk Bond, decline in unemployment rate from 6.2 to 5.9 percent etc. These achievements must be viewed in the



Third Party Service Provider (TPSP) Licensing

backdrop of severe downside risk that prevailed at international and national economic landscape, security challenges for which the government and people are paying heavy price both in cash and kind, along with unprecedented weather behaviour.¹

1.7 Pakistan's economy grew at 3.9% on average per annum during the last decade. In the year 2015-16, the economy registered growth of about 4.71%. Services sector has 59.2% share in GDP and the sector grew by 5.7% in the year 2015-16. Due to liberal trade regime, Pakistan's annual international trade has reached US\$ 62.1 billion in the year 2015-16. Remittances of overseas Pakistanis provide a substantial support to the balance of payment requirements and during the year 2015-16 foreign remittances were registered at US\$ 19.9 billion;

1.8 Foreign Direct Investment in Pakistan during last three years was US\$ 4,491.7 million (16.5% of the total FDI Inflows was in telecom sector). Historically, the United States, United Kingdom, United Arab Emirates and Saudi Arabia have been Pakistan's major sources of FDI investment. Recently, China is emerging as one of the major source of FDI in Pakistan. Principal sectors attracting investment are financial services, oil and gas exploration, power, trade, transport, storage and communications, chemicals, pharmaceuticals, fertilizers, and textiles;

1.9 Financial reforms introduced in 1990s have liberalized Pakistan's banking sector. Private Banks are playing a more significant role and Pakistan's financial system has shown reasonable growth in recent years. As of June 2016, there were 11,818 commercial bank branches and assets of all banks are over Rs 8 trillion. The mobile banking sector has also shown a remarkable growth during the last five years and all five cellular mobile operators currently operating in Pakistan have launched their mobile banking networks in partnership with financial institutions. The network of over 352,000² mobile banking agents provides a perspective to take financial services to the un-served and poor;

1.10 The current (2015-16) per capita income (market price) of Pakistan is approximately US\$ 1,560;

1.11 Additional information on the state of the economy in Pakistan is available in Pakistan Economic Survey 2015-16 published by the Ministry of Finance, and Annual Report 2015-16 (State of the Economy) published by State Bank of Pakistan, and are available at the websites respectively of the Ministry of Finance: <http://www.finance.gov.pk> and <http://www.sbp.org.pk/reports/annual/>;

1.12 Pakistan has negotiated Bilateral Investment Treaties with several countries, including the Peoples Republic of China, France, Germany, the United Kingdom, the Republic of Korea, the Netherlands, Romania, Sweden, Spain, Portugal, Kazakhstan, Turkmenistan, Tajikistan, Kyrgyzstan, Uzbekistan, Switzerland, Azerbaijan, Bangladesh, the United Arab Emirates, Iran, Indonesia, Tunisia, Syria, Belarus, Mauritius, Italy, Oman, Sri Lanka, Australia, Japan, Belgium, Denmark, Czech Republic, Thailand, Philippines, Egypt, Lebanon, Morocco Qatar, Turkey, Kuwait, Malaysia, Laos, Cambodia and Singapore. These treaties generally include dispute settlement provisions;

¹ http://www.finance.gov.pk/survey_1516.html

² <http://www.sbp.org.pk/publications/acd/2016/BranchlessBanking-Jul-Sep-2016.pdf>

Third Party Service Provider (TPSP) Licensing

1.13 Pakistan has bilateral and/or double taxation treaties or agreements with several countries, including Austria, Canada, Germany, Indonesia, Italy, Lebanon, Mauritius, Poland, Switzerland, Turkmenistan, Kazakhstan, the United Arab Emirates, Belgium, China, France, Greece, Iran, Japan, Libya, Saudi Arabia, Romania, Sweden, Belarus, Hungary, Jordan, Kenya, Kuwait, Malaysia, Netherlands, Nigeria, Norway, Oman, Philippines, Qatar, South Africa, Syria, Tunisia, Uzbekistan, the United Kingdom, USA, Bangladesh, Denmark, Finland, India, Ireland, South Korea, Malta, Singapore, Sri Lanka, Thailand and Turkey.

1.14 The Protection of Economic Reforms Act, 1992, safeguards local and foreign investments in Pakistan. This statute, inter-alia, guarantees the right to bring, hold, sell, transfer and take out foreign exchange within or out of Pakistan; protects fiscal incentives provided by the government; and protects investors against expropriation of assets;

1.15 Companies doing business in Pakistan are subject to the Companies Ordinance, 1984, as amended. This statute sets out the legal regime applicable to the incorporation, operation and termination of companies in Pakistan. The Securities & Exchange Commission of Pakistan (SECP) is the administrative entity responsible for registration of companies under Companies Ordinance 1984. Applicants should consult their own professional advisors for further information on company law requirements;

1.16 The Income Tax Ordinance, 2002 is applicable on the companies conducting business in Pakistan. To obtain more information on Pakistan's taxation regime, visit the website of the Federal Board of Revenue: <http://www.fbr.gov.pk>. Applicants should also consult their own professional taxation advisors for complete information on Pakistan's tax requirements;

1.17 Pakistan has one of the most liberal foreign investment regimes in South Asia. One hundred percent foreign equity is permitted in the manufacturing and infrastructure sectors. There is no bar on repatriation of capital gains, dividends, and profits. Ongoing reform of Pakistan's trade regime is reducing tariff barriers.

2. Overview of Telecom Sector in Pakistan

2.1 The telecom sector in Pakistan has grown rapidly in the past ten years and offers significant opportunities in every segment of the telecom market. The Federal Government has granted high priority to developing telecommunications in the country to achieve sustainable growth in all sectors of the economy. The regulatory framework of Pakistan's telecom sector provides conducive environment for international investment and provision of advanced telecom services. There is intense competition in the cellular mobile segment of Pakistan with some of the world's most successful investors in emerging markets including Orascom (VimpelCom), Telenor, Etisalat and China Mobile. Other segments of the telecom sector including Fixed Local Loop (FLL), Wireless Local Loop (WLL) and Long Distance International (LDI) have also presence of international investors.

Third Party Service Provider (TPSP) Licensing

2.2 Pakistan has international connectivity with other countries through undersea cables, satellite links and terrestrial cables. Pakistan is linked to Southeast Asia, the Middle East and Western Europe by the SEA-ME-WE-III³ submarine Fibre optic cable system. An older submarine cable also links Pakistan with UAE.

2.3 Pakistan has established submarine cable connectivity (SEA-ME-WE-IV) for the international link and improving through IMEWE⁴ and SEA-ME-WE-V. In addition, Transworld Associates Ltd. had established Pakistan's first ever private sector undersea fibre optic cable system (Transworld "TW"-1) which connects Pakistan with Oman and UAE. Transworld is a joint venture between Orascom Telecom of Egypt, the Saif Group of Pakistan and the Omzaest Group of Oman and is planning to lay another submarine cable in near future. PTCL, in collaboration with a consortium of leading international telecom operators, is also planning to build a new sub-marine system named Asia Africa Europe (AAE-1). With the start of above international links, Pakistan has now established sufficient backbone for international connectivity. The country is also in process of connecting with Iran, India, Afghanistan and China through terrestrial optical fibre for improving the redundant connectivity and providing the hub for international connectivity to central Asian states.

2.4 In addition to the international connectivity Optical Fibre connectivity inside the Country have also improved over the years connecting most of the cities and town all across the country. Many companies have established optical fibre networks accumulating to a total 83,083 km of optic fibre network. The following table summarizes the domestic optical fibre network:

1	PTCL	39,523 Km
2	Wateen	21,000 Km
3	Multinet	14,081 Km
4	Link Direct	10,945 Km
Total		85,549Km

2.5 To promote development of affordable telecommunication facilities in unserved areas of Pakistan Universal Service Fund (USF) have been working successfully over the past years since its establishment in 2006. By the help of USF, optical fibre has been laid in un-served areas.

2.6 The telecommunication sector in Pakistan has shown significant growth in recent years, however, it still lags behind many of its comparable economies in terms of fixed line density (number of fixed phones per 100 inhabitants), mobile penetration (number of mobile subscribers per 100 inhabitants) and internet usage. Due to the fact that there is a substantial population that is devoid of advanced telecommunication services, there exists an enormous potential for growth of telecommunications in the country.

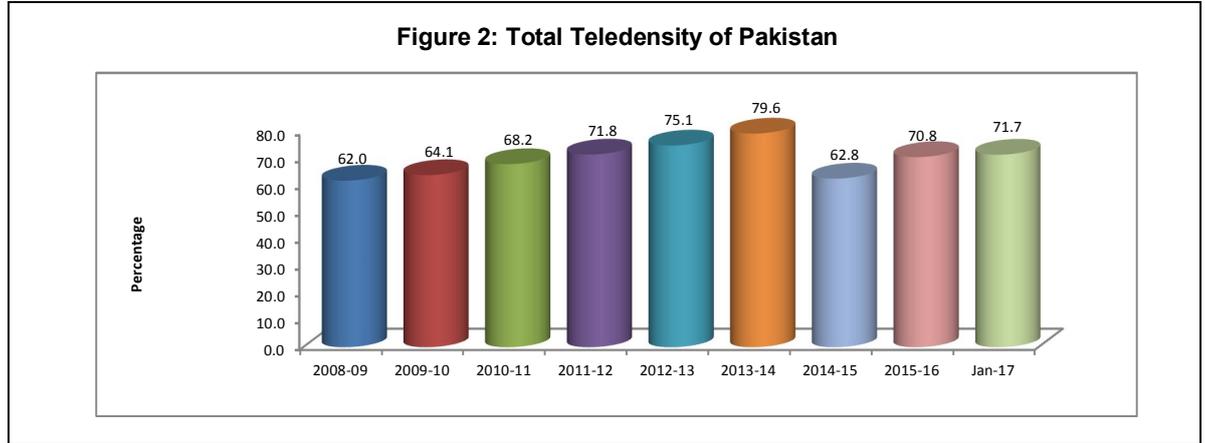
2.7. Tele-centers are also being rolled out in all the provinces of the country.

³ SEA-ME-WE: The Southeast Asia, the Middle East and Western Europe (SEA-ME-WE) is a submarine cable system linking South East Asia to Europe via the Indian sub-continent and Middle East.

⁴ IMEWE: India-Middle East – Western Europe (IMEWE) is a submarine cable system which links Indian sub-continent and Europe via Middle East.

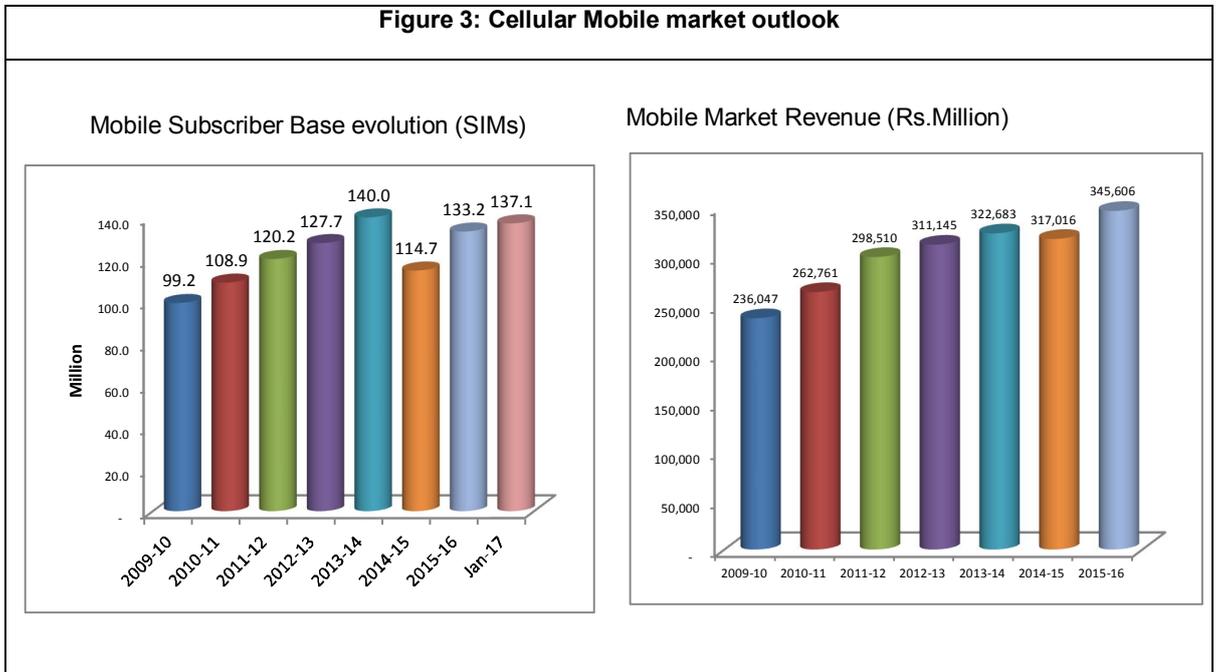
Third Party Service Provider (TPSP) Licensing

2.8 The graph below shows Pakistan's total Tele density over the last few years:



2.9 Cellular Mobile Services Sector in Pakistan:

2.9.1 The mobile subscriber base in Pakistan has evolved at a fast pace reaching a sizable market of around US\$ 3.4 billion by 2015-16.



2.9.2 There are 4 mobile operators in Pakistan. Jazz “the merged company of Mobilink and Warid” is the market leader followed by Telenor, Zong and Ufone.

2.9.3 National population coverage of the cellular mobile network is ~86% (As of Jan-2017) in Pakistan and has been expanding with investments of mobile operators.

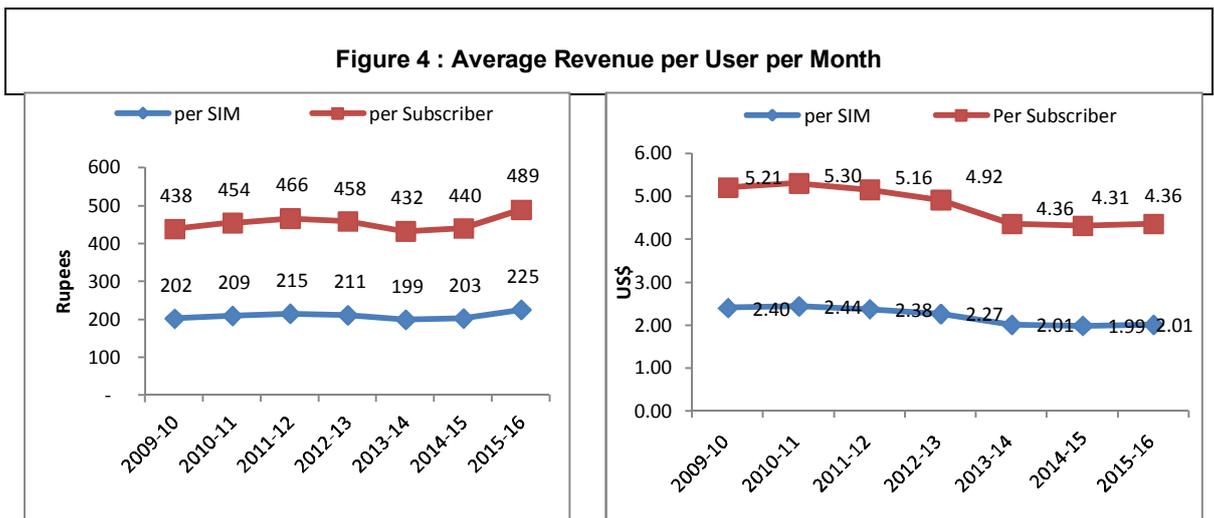
2.9.4 At the end of FY 2015-16, cellular mobile segment represents **75.7%** of total Pakistani Telco market revenues, and it is expected to further increase its share in the medium term with the introduction of NGN services.

Third Party Service Provider (TPSP) Licensing

2.9.5 Fixed Telco market is limited in terms of geography and this represents an important potential for mobile broadband in the market.

2.9.6 There are ~137.1 million active SIMs in Pakistan by January, 2017, which corresponds to a mobile market penetration of ~69.1%. The penetration is expected to increase at an increasing pace in the close future.

2.9.7 Market is mainly prepaid oriented (~98%), and pay per minute tariff structure is dominant. The post-paid share in the market can be expected to increase as the market reaches maturity in the medium term future.



2.9.10 ARPU is the average revenue being generated by cellular companies from a user on their network service in a given month. According to GSMA's market analysis⁵, users of the cellular mobile service in Pakistan have on the average 2.17 SIMs. Based on this factor, ARPU of cellular mobile segment has increased to Rs. 489 during FY 2015-16 compared to Rs 440 last year. BVS campaign by PTA helped to clean subscribers' data in Pakistan which resulted in true representation of ARPU in Pakistan. The Average Revenue per SIM in Pakistan stands at Rs 225 for FY 2015-16. The SIM re-verification drive boosted the ARPU of cellular mobile industry which is a good sign for the telecom outlook of the country. The potential investors and the existing companies consider high ARPU a major attraction for investment in a telecom market. ARPU is expected to rise in the coming months as more subscribers are added into the 3G and 4G (LTE) services, generating more data revenue for operators. The rising share of data revenue in the overall operator revenue figures also points towards the fact that data will be the new cash cow for the cellular industry.

2.9.11 3G and 4G LTE subscribers have reached at 38.3 million at the end of January 2017 as compared to 13.49 million as of June 2015 which shows that on average, there have been more than one million additional

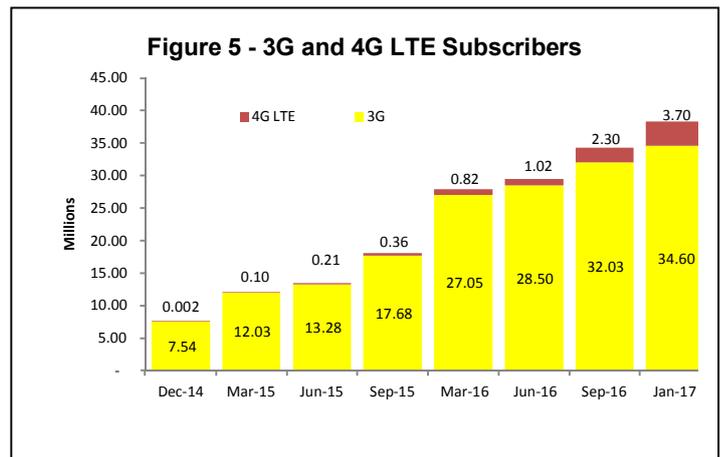
⁵ GSMA's Report on 'Greening Telecoms: Pakistan and Afghanistan Market Analysis', October 2013

Third Party Service Provider (TPSP) Licensing

subscriptions to 3G&4G LTE networks per month. More coverage and reduced tariffs will further increase the pace of 3G and 4G LTE subscriptions.

2.9.12 LDI / CVAS potential is unexploited with ~10.6% share in total revenues (among mobile operators). It can be expected to increase its share with hype especially among smartphone and mobile broadband users with the introduction of NGN services. Data

revenues and value added services (e.g. mobile TV) on handset terminals will also trigger the non-voice revenue growth in mobile market in near future.



2.10 Local Loop Services

2.10.1 Pakistan has been divided into 14 Telecom regions. A Local Loop operator has to operate within the telecom regions for which the license is awarded. Local Loop operators include both fixed line and wireless operators and are operating all over the country. So far there are 23 Fixed Local Loop operators who are operating in different areas of the country along with 12 Wireless Local Loop operators in all 14 telecom regions.

2.10.2 At the end of Dec 2016 local loop subscriber's base was 3.06 Million which included both fixed and wireless local loop operators. The closure of huge number of WLL connections in the last two years indicates that cellular mobile services are preferred choice of consumers for voice and data connectivity.

2.11 Long Distance and International Services

2.11.1 Long distance and international services segment is an integral part of the telecom sector which are responsible for carrying international traffic from Pakistan to abroad and terminating international traffic in Pakistan. At the time of de-regulation in 2004 a total of 14 LDI Licenses were awarded to various companies, besides PTCL, the incumbent operator. Major players include Link Direct, Wateen, WorldCall and Telecard. Almost all of the LDI operators are providing LDI service using NGN networks.

2.12 Class Value Added Services

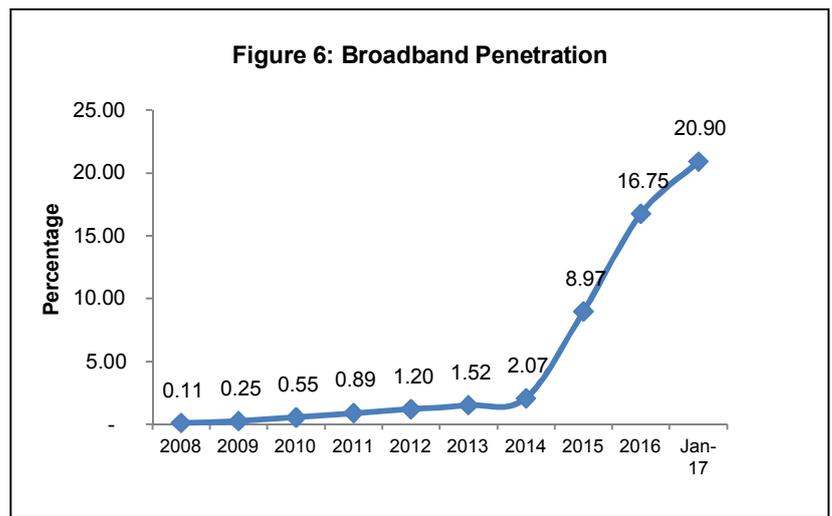
2.12.1 Class value added service licensing started in 2005-06 for provision of different services such as Vehicle Tracking System, Payphone Services, Premium Rate Services, Video Conferencing etc. So far a total of 799 Licenses have been issued to various companies which are operating in different areas across Pakistan.

Third Party Service Provider (TPSP) Licensing

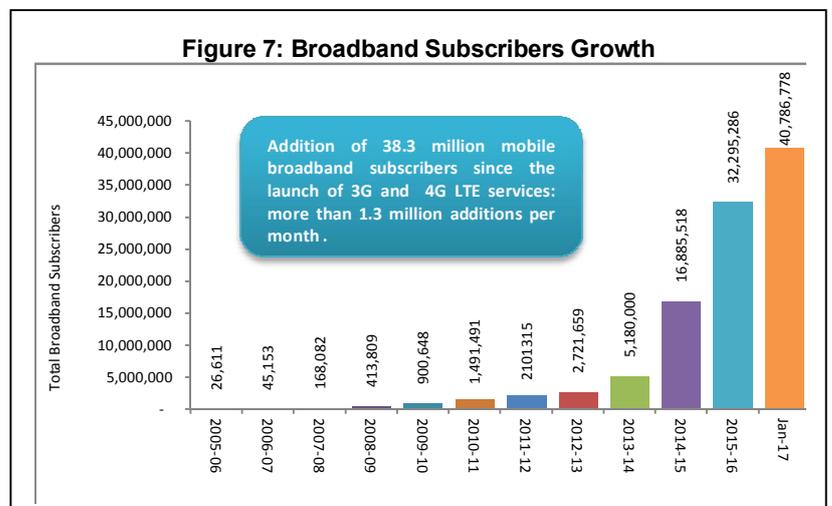
2.13 Internet and Broadband Services

2.13.1 The internet services were introduced in Pakistan in the early 1990s. Pakistan implemented Broadband Policy in 2004 with the optimistic targets for next five years. In 2006, NayaTel started offering FTTH services bringing fiber into the broadband sector. The next year, Wateen rolled out the first WiMAX broadband service in Pakistan. Internet users in Pakistan experienced 3G speeds of upto 3.1 Mbps with the launch of PTCL's EvDO service in 2009. Despite the introduction of new technologies such as WiMAX, EvDO, and FTTH etc, the broadband penetration remained on the lower side. Broadband services were mainly confined to the metropolitan cities. PTA kept on facilitating the broadband sector with technology-neutral licensing, easy barriers to entry, and formation of Broadband Stakeholders Group etc. The introduction of WiMAX and success of EvDO showed the glimpse of the potential of mobile broadband in Pakistan. PTA provided necessary spectrum

for mobile broadband through NGMS spectrum auction in 2014 and 2016. The introduction of broadband on cellular mobiles/handheld devices has changed the entire landscape of the broadband sector, in terms of statistics and adoption of internet in Pakistan. The rapid uptake of mobile broadband is a testimony of the fact that there exists a huge demand for internet connectivity on smart devices.



2.13.2 The enormous impact of mobile broadband can be seen in the broadband penetration trend given in the Figure - 6. At the end of January 2017 broadband penetration of the country stands at 20.9% as compared to 2.07% at the end of June 2014. The huge spike in total broadband penetration is due to the fact that the mobile broadband leads the way in the total broadband subscriber base.



2.13.3 Broadband subscriber base soared exceptionally high during the FY 2015-16. At the end of January, 2017, broadband subscribers stood at 40.8 million as compared to 5.2 million at the end of 2013-14 depicting a staggering 685% growth over the last thirty one months. In order to further provide impetus to the

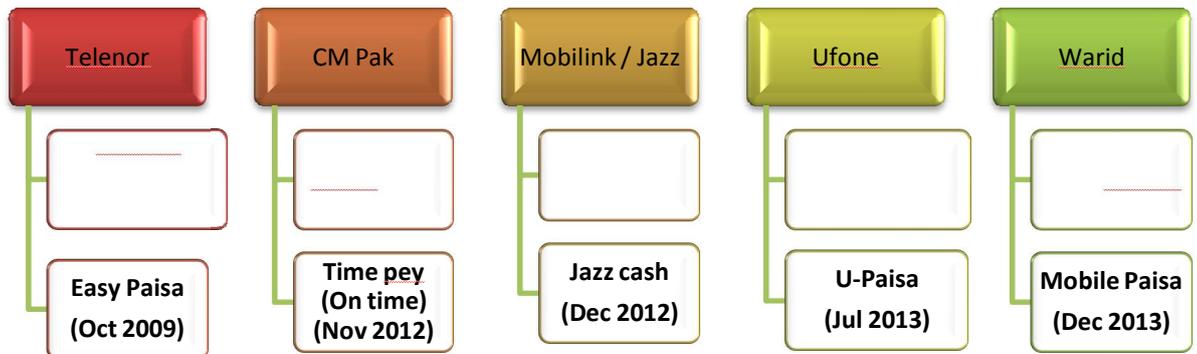
Third Party Service Provider (TPSP) Licensing

broadband sector, synergy of various elements is required. Therefore, external factors are also needed to be addressed which include affordability, computer literacy, religious and cultural views regarding objectionable content on internet and lack of local content.

3. Mobile Financial Services Growth in Pakistan

3.1 Pakistan is one of the fastest developing markets for the mobile financial services in the developing world. Cellular mobile operators, banks and technical service providers are aggressively working on innovative business models of mobile financial services in the country. Mobile banking in Pakistan provides a variety of services including fund transfers from account-to-account (A2A), person-to-person (P2P), account-to-person (A2P), person-to-account (P2A), and bill payments, merchant payments, mobile top-ups, cash-in and cash-out deposits, savings accounts, insurance, loan repayments, donations, balance inquiry etc. M-banking service providers are also providing additional services for school / college fee collection; student scholarship disbursements; funds disbursement & repayments; relief and rehabilitation funds disbursements, salary disbursement to Govt employees and small business loan disbursement. Various Government collections and disbursements have also been planned through m-banking networks.

3.2 All the Cellular mobile operators have active mobile banking arrangements with banks for the provision of m-banking services, as shown below:



Note: Islamabad High Court has approved merger of Mobilink and Warid on 19th December, 2016.

3.3 There are other standalone banks offering mobile banking services including Omni by UBL, MCB Lite by MCB, HBL Express by HBL and JCash by JS Bank.

3.4 During the last five years there has been a substantial growth in terms of basic indicators of m-banking including m-banking agents, m-wallet accounts and number and volume of m-banking transactions:

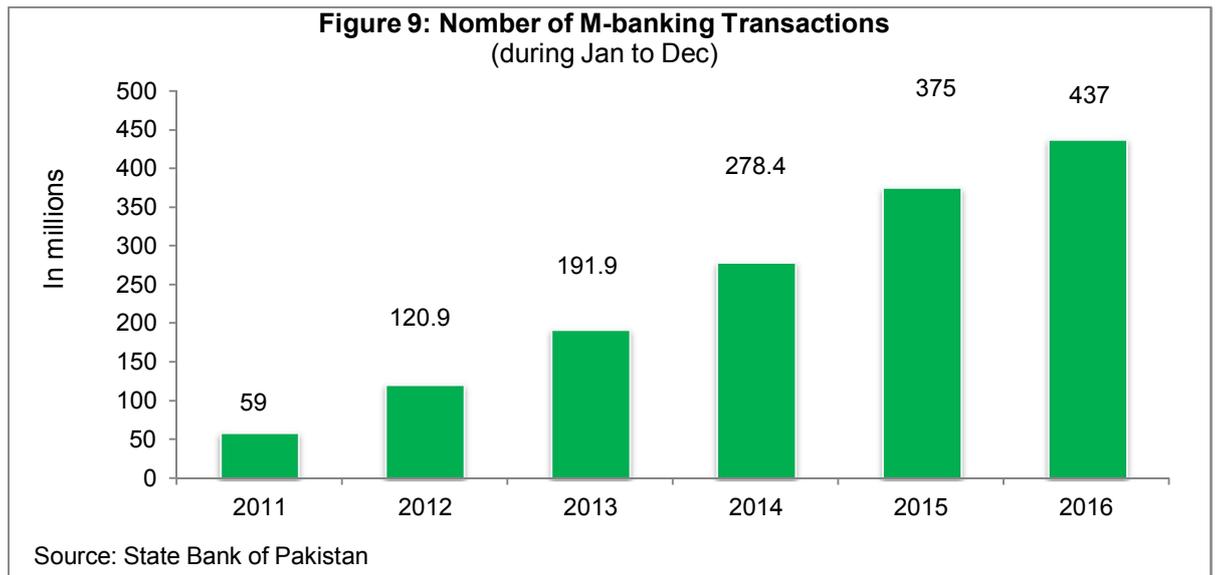
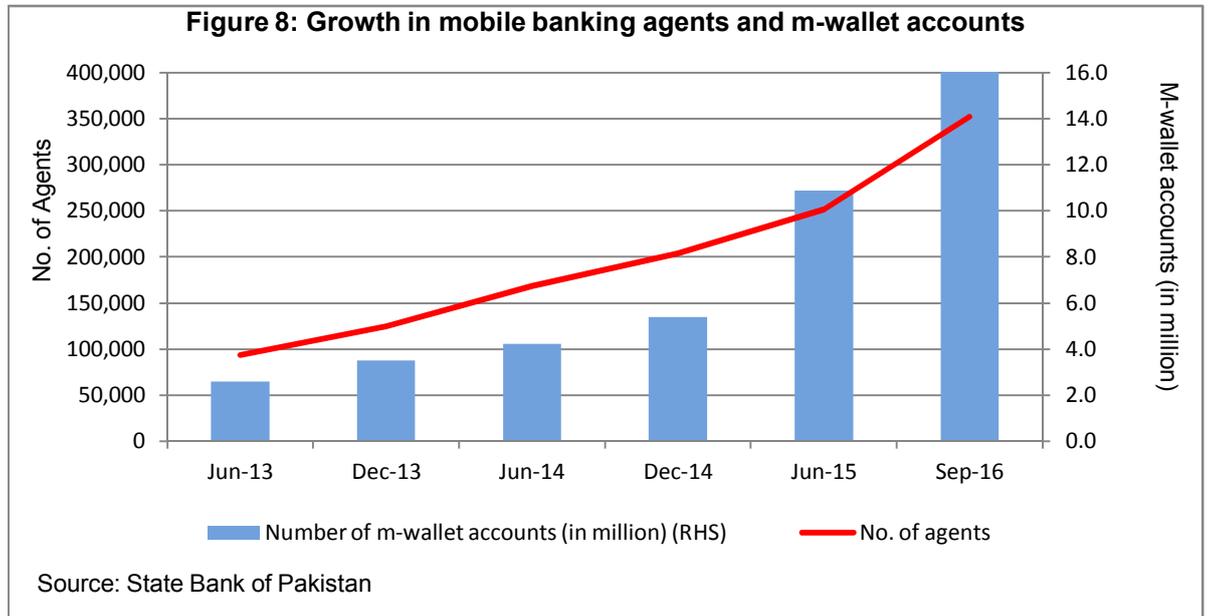
3.4.1 Mobile banking agents have been instrumental in the expansion of mobile financial services to the un-banked and far flang areas where traditional bank branches are not available. As of end June, 2016, the combined mobile banking agent network of all providers increased to **352,000**, which are 29 times the commercial bank branches (12,000) in Pakistan.

3.4.2 Total mobile banking accounts (m-wallets) in Pakistan were **16.9 million** at the end of Sep, 2016, compared to 4.2 million in June 2014.

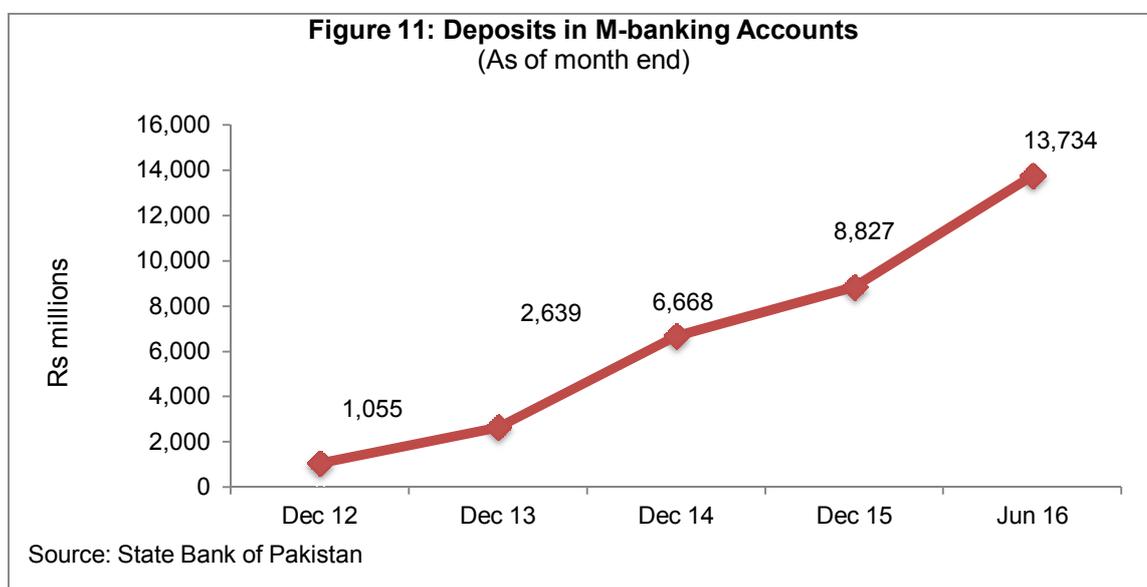
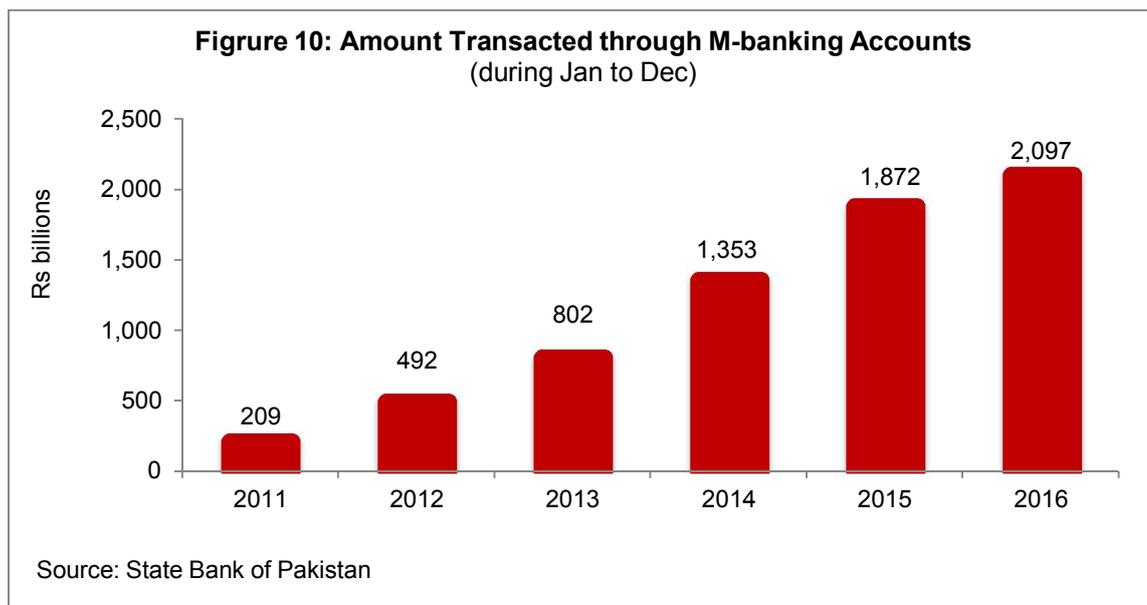
Third Party Service Provider (TPSP) Licensing

3.4.3 Above **437 million** annual m-banking transactions with a volume of over **2,097 billion rupees** (approx. USD 20 billion)

3.5 Growth in the selected indicators of mobile banking sector is provided in the below graphs:



Third Party Service Provider (TPSP) Licensing



3.6 Despite reasonable growth in the above mobile banking indicators, 46% of the m-wallet accounts were inactive during the end quarter of FY 2015-16, which shows that usage of m-wallet accounts requires value creation in the available services and options with the customers. Further mobile banking activity has remained limited to Over the Counter (OTC) transactions, though the number of m-wallet transactions is increasing gradually i.e. almost 65% of mobile banking transactions were done through OTC channels during FY 2015-16 compared to the figure of almost 17% during FY 2014-15. Therefore, interoperable solutions in the mobile banking sector of Pakistan are expected to increase the usage and value of m-wallet accounts.

Third Party Service Provider (TPSP) Licensing

Annex B – Application Form

APPLICATION FORM TO APPLY FOR TPSP LICENSE

APPLICATION SUBMISSION INSTRUCTIONS:

The Application Form must be in English language and one (1) original plus (3) three hard copies duly signed and stamped by the Applicant's authorized representative and (3) three soft copies on separate CDs (readable format) must be submitted to the following address of PTA to:

Director (Wireline Licensing)
Pakistan Telecommunication Authority
H/Qs F-5/1, Islamabad 44,000
Pakistan
Phone: (+92 51) 287.8115
Fax: (+92 51) 287.8114
Email: tpsp@pta.gov.pk

Applications shall be submitted in sealed envelopes and the envelopes shall make clear: Applicant's name, reference to "Application for TPSP". This envelope shall bear the submission address. Each application shall be marked as "ORIGINAL" or "COPY" appropriately.

Third Party Service Provider (TPSP) Licensing

APPLICATION FORM:

<Application Form on the Company's Original Letter Head>

(To be completed in capital letters)

I, _____ certify that I am the authorized representative of _____, hereinafter called 'The Company' and is legally authorized to sign for and on behalf of the Company and that all the statements made are true and correct to the best of my knowledge.

1. *On behalf of the company I would like to apply for a Third Party Service Provider (TPSP) License*
2. *I have completed all prerequisites.*
3. *I understand that the submission of this proposal does not automatically qualify my company for the issuance of a TPSP license by Pakistan Telecommunication Authority.*

Company Full Name _____

Postal Address _____

National Identity card No. _____

Telephone (in Company's name): _____

Fax: _____

Email: _____

Signature: _____

Date: _____

Name: _____

Place: _____

Position: _____

Company Seal

Third Party Service Provider (TPSP) Licensing

APPLICANT PROFILE*:

(To be submitted with the application form)

(To be completed in capital letters)

1. Company details

1.1 Name of Company

1.2 Postal address

Telephone :----- Fax:-----

Email:-----

1.3 Registered office address

Telephone :----- Fax:-----

Email:-----

2. Contact Information

2.1 Name of Contact person: _____

2.2 Designation: _____

2.3 Computerized National Identity Card number: _____

Telephone :----- Fax:----- Email:-----

Cell Phone No: _____

Passport No. (Foreigners only) _____

* At any time in future, if any of the above mentioned information changes, the applicant's official representative(s) mentioned above or any one of the shareholder directors will be liable to submit the same to PTA Licensing Division.

Third Party Service Provider (TPSP) Licensing

SUPPORTING INFORMATION AND DOCUMENTATION TO BE PROVIDED:

The following documents are part of the Application Form and must be provided in support of the application:

*Please check mark with yes if provided or explain why a document is not provided. Please provide a cover letter along with each requested document including title and number of pages.

(TO BE SUBMITTED WITH THE APPLICATION)

#	Items	Check (✓) if attached	# of Pages	For PTA use only
1.	Application Form			
2.	Applicant(s) Profile			
3.	Processing Fee; Proof of Deposit			
4.	Certificate of Incorporation/ Registration and Memorandum & Article of Association and Form-29 & A duly certified by SECP			
5.	List of directors with details of their shareholdings and relation to other operators and applicants for a license (Form – A to be duly certified by SECP)			
6.	Shareholders with details of their shareholdings			
7.	List of shareholder affiliates that are operators or applicants for a License and description of relation to applicant			
8.	National Income Tax Number (if any)			
9.	<ul style="list-style-type: none"> a. Certified copies of valid CNIC (for Pakistani Nationals)/ Passport (for foreign nationals) and other antecedents of the Directors and authorized representatives of the company b. Attested copies of passports of foreign nationals to be submitted through Ministry of Interior after security clearances 			
10.	Undertaking on duly notarized stamp paper for: <ul style="list-style-type: none"> a. That the Company or its Directors have never been declared insolvent by any court of law. b. That the Directors of the company have never been convicted by a court of law for major offences or unethical/immoral turpitude (other than minor offences). c. That neither the applicant Company nor its shareholder directors are defaulter(s) of Banks or/ and PTA. 			
11.	Bio-data of Key Management Personnel			
12.	Board Resolution of the Applicant Company for Authorized Principal and backup Contact Representative *			
13.	Affidavit by the Authorized person as per Annex J			
14.	Brief Description of the Applicant's Business Plan for initial five years of operation including: Feasibility of the project, statement showing initial cost of the project, Bank statement in the name of the company, projected balance sheet, profit and loss account, and cash flow statement.			
15.	Draft Service Level Agreement among Telecom Operators, TPSP and Authorized Financial Institution (AFI) as per specification mentioned in Regulation [5(2)] of "Regulations for technical implementation of			

Third Party Service Provider (TPSP) Licensing

	mobile banking, 2016".			
16.	Brief description of committed financial resources to meet Capex of the project for the 1st year in the form of bank statement of the company's account duly signed and stamped by bank manager, confirmed commitments, letter of intent, MOU signed by the bank and CFO/ Authorized officer of the company for any long term debt.			
17.	Special power of attorney granted to the person who submits and signs letter of application			
18.	Detail of list of associated companies, subsidiaries and other related parties of the applicant			
19.	"Fit and proper test" as per Regulations for Mobile Banking Interoperability, 2016 of: i. Directors, CEOs and Key Executives; and ii. Beneficial owner(s), sponsor(s) and shareholder(s) (holding 10% or more shares)			
20.	Audited financial statements of the Company / Applicant for the last three (3) years where applicable.			
21.	Applicant's experience in telecommunications services related to Mobile Banking or branchless banking sector.			
22.	Technical competence and experience of applicant's management/ key persons who will work on TPSP setup and arrangements.			
23.	Network Plan showing the provision of services through following platforms: a. Short Messaging Service (SMS) b. Wireless Application Protocol (WAP) c. Interactive Voice Response (IVR) d. Unstructured Supplementary Data (USSD) e. SIM Tool Kit (STK) f. Any other means, if any			
24.	Network Diagram and specifications comprising of: a. Any-to Any Model: Arrangement between multiple authorized financial institutions at the one end and multiple telecom operators at the other end. b. Network elements Complete details of all network elements that will be used in setting up the TPSP along with functionalities of all elements. c. Mechanism Detail of Signaling, Channeling, Routing Switching Mechanism and session/ call flows for all type of transactions among accounts. d. Interconnection and Interoperability Detail of the system to enable integration interconnection and interoperability among TPSPs, AFIs and all telecom operators and in such a manner that a customer of any mobile operator can open and operate his mobile account offered by any Branchless Banking Provider e. Authentication Detail of Authentication procedures/protocols involved in performing all type of transactions i.e. account opening, funds transfer, utility bill payment, merchant payment etc. f. Confidentiality and Privacy			

Third Party Service Provider (TPSP) Licensing

	<p>Detail of security and encryption arrangement in the network in order to ensure the integrity of transaction / session data during transmission and end-to-end delivery to devices.</p> <p>g. Security Detail of arrangement to support high security of the confidential information being routed on the network.</p> <p>h. Accuracy, duplication and delay Detail of availability of best possible arrangement to avoid loss or delay in transaction, to retrieve aborted/ disrupted technical transactions and to eliminate chances of duplication of transactions resulting from delays or session failures due to network access problems in systems.</p> <p>i. Redundancy Detail of arrangement to support high availability of services and ensure network redundancy arrangements and proper disaster management/ hot backup systems to ensure smooth operations.</p> <p>j. Quality of Service Detail of arrangements to ensure high quality of services including but not limited to the KPIs for QoS set in TPSP license template.</p> <p>k. Data Records Details of all resources used for data storage along with maintenance of all proofs of technical transactions / logs.</p> <p>l. Reporting Detail of Day-end report generation mechanism to be sent to member AFI(s) for reconciliation and technical transaction logs to enable processing of audit trials required to be reconstructed in the event of any dispute(s) or supervisory concerns of PTA and SBP, without compromising the confidentiality. The reports should also be provided to facilitate the AFIs to build incentivization scheme for their customers</p> <p>m. Connectivity with NADRA: necessary technical arrangements should be taken to forward customer credentials to NADRA and receive response for real-time account opening of the customers</p> <p>n. Unified USSD Gateway: The TPSP should acquire a USSD code from PTA which is common for all telecom operators. This USSD code shall enable the customer to open and access mobile account(s) offered by any of branchless banking provider of his choice</p> <p>o. Connectivity with PSO/PSP: The TPSP should be able to connect with other PSO/PSPs for seamless routing of transactions between different platforms</p>			
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Third Party Service Provider (TPSP) Licensing

	<p>p. Establishment and maintenance of Call Center: The TPSP should establish and maintain a Call Center/Helpdesk to receive calls/complaints from customers of Asaan Mobile Scheme-AMA. The call center should also be used to conduct verification of newly onboarded account holders as well as create awareness amongst customers through outbound calls. This call center shall coordinate with the helpdesks of respective AFI's to forward complaints and provide/receive their status</p> <p>q. Adaptability: In line with the National financial Inclusion Strategy, the TPSP should be designed in a way to satisfy the existing and future requirements of Asaan mobile Account Scheme</p> <p>r. CNIC/MS ISDN verification: Since the TPSP shall be connected to all telecom operators, it should establish a mechanism that ensures that the credentials provided by the customer at the time of account opening (CNIC + MSISDN) match with the record maintained by the telecom operator</p> <p>s. Charges The charges per transaction may be defined in such a way that is affordable for the customer</p> <p>t. Rules The rules of transaction flow (messages types, attributes) may be defined</p>			
25.	Any other relevant document (s)			

* AUTHORIZED CONTACT REPRESENTATIVES

Name one (1) Principal Authorized Contact Representative and a Backup Authorized Contact Representative, together the Authorized Contact Representatives, for purposes of receiving all TPSP application process related documentation and for communications with PTA on matters relating to the TPSP licensing process.

Please note that an Authorized Contact Representative must be available for all matters related to the licensing process and this is the person who will receive all official communications and confidential information. These Representatives will be the only people allowed to submit official communications to the PTA during the process.

The Authorized Contact Representatives (Principal and backup) must be duly authorized by the Applicant's Board of Directors through Board Resolution.

As part of the Application, provide contact details as follows:

Third Party Service Provider (TPSP) Licensing

PRINCIPAL AUTHORIZED CONTACT REPRESENTATIVE

[FIRST, LAST NAME]

PHYSICAL ADDRESS

LANDLINE TELEPHONE

CELL PHONE NUMBER

FAX NUMBER

EMAIL ADDRESS

BACKUP AUTHORIZED CONTACT REPRESENTATIVE

[FIRST, LAST NAME]

PHYSICAL ADDRESS

LANDLINE TELEPHONE

CELL PHONE NUMBER

FAX NUMBER

EMAIL ADDRESS

Third Party Service Provider (TPSP) Licensing

Annex C – Board Resolution

[Letterhead of the Company]

I, _____, Company Secretary of [HERE GIVE FULL NAME AND ADDRESS OF THE APPLICANT ENTITY] (the "Company"), do hereby certify that the following is a true and correct copy of a Resolution duly adopted at a meeting of the Board of Directors of the Company duly convened and held on _____, and at this resolution has not been modified, rescinded or revoked, and is at present in full force and effect:

RESOLVED THAT the Company be and is hereby authorized to apply for the Third Party Service Provider , ("TPSP") and to comply with all requirements of its application process and the terms of the License, if any, granted as a consequence;

FURTHER RESOLVED THAT Mr./Ms. _____, son / daughter/ w/o of Mr._____,bearing CNIC/Passport No_____ resident of _____ [here give designation of the appointee as Principal Contact Representative] and

Mr./Ms. _____, son / daughter/ w/o of Mr._____,bearing CNIC/Passport No_____ resident of _____ [here give designation of the appointee as Backup Contact Representative] be and are hereby appointed as authorized representatives of the Company (the "Authorized Contact Representatives"), for and on its behalf, to execute all documents and take all actions as may be required, necessary or incidental in connection with submission and grant of the application of the License, including submission of the Power of Attorney in the form and manner prescribed at Annex D of the Information Memorandum issued by the Pakistan Telecommunication Authority for which all necessary instructions and information has been provided to him;

FURTHER RESOLVED THAT Mr _____, son of Mr._____, bearing CNIC/Passport No _____, director/secretary of the Company be and is hereby authorized on behalf of the Company to execute a Power of Attorney in favour of the Authorized Representative on such terms as may be deemed expedient and in the form prescribed by the Pakistan Telecommunication Authority.

Certified to be a true copy:

Company Secretary

**Company Seal and
Stamp**

Third Party Service Provider (TPSP) Licensing

Annex D – Power of Attorney

POWER OF ATTORNEY

[To be submitted on a stamp paper of Rs.100]

KNOW ALL MEN BY THESE PRESENTS THAT WE _____, (“Company Name”)

Incorporated in _____ (country) having our registered office at _____
(hereinafter called the "Applicant") on approval by the [Board of Directors] and after meeting all necessary requirements for appointing a Special Attorney do hereby nominate, constitute, appoint and execute _____ *[here give name, parentage identity document number and address of the Special Attorney]* (hereinafter to be called as “Attorney”) to be and to act as our lawful attorney, for us, in our name and on our behalf to exercise any and all of the powers herein contained and ancillary thereto, that is to say:

1. to sign, execute and/or authenticate all applications or other correspondence, statements and documents required to be submitted to Pakistan Telecommunication Authority (hereinafter the "Authority") and to act for and on our behalf in all matters including negotiating the terms and conditions of the Third Party Service Provider ((herein after “TPSP”) license and signing any and all documents relating to TPSP licensing for provision of technical services for mobile banking in Pakistan.
2. to fulfil all the requirements and formalities as may be required to be fulfilled for TPSP licensing process and grant of the License applied for and on behalf of the Applicant in this regard.
3. to attend all meetings with and hearings before the Authority or any other governmental officer or entity and to provide any and all necessary documents and material information or assistance as may be required by the Authority for its satisfaction to issue the TPSP License applied for by the Applicant;
4. to execute any and all such documents and undertake all such acts as may be necessary in order to comply with the directions, decisions and orders of the Authority relating to TPSP application process and issuance of License applied for by the Applicant.
5. and generally to do any and all such acts as may be necessary or incidental for TPSP application process and grant of the License applied for by the Applicant.

We hereby agree and undertake to bind ourselves irrevocably to all commitments made, acts done, agreements made and arrangements entered into by the Attorney and hereby anticipatorily and irrevocably confirm and ratify all acts, deeds and things which the said Attorney shall lawfully do or cause to be done in express and implied exercise of any of the powers contained herein.

This Power of Attorney shall not be revoked without prior written notice reasonably in advance to the Authority and such revocation shall not invalidate any and all action taken by the Attorney before the revocation in exercise of

Third Party Service Provider (TPSP) Licensing

the powers vested hereby. In witness whereof we have signed this power of attorney at this day _____ of _____, 2017

EXECUTANT
Seal of the Company

WITNESSES:

1. _____

National ID/CNIC NO. _____

Passport Number (in case of foreign national). _____

2. _____

National ID/CNIC NO. _____

Passport Number (in case of foreign national). _____

Third Party Service Provider (TPSP) Licensing

Annex E – Application Form for Issuance of Authorization to TPSP Company

The Director,
Banking Policy & Regulations Department,
State Bank of Pakistan,
Karachi.

Dear Sir,

We, -----hereby apply for issuance of Authorization to our proposed Third Party Service Provider Company. As desired, we hereby submit necessary information as per enclosed format.

Yours faithfully,

Signature: _____

Name: _____

Proposed Designation: _____

Name of the proposed
TPSP Company: _____

Address: _____

Date: _____

Third Party Service Provider (TPSP) Licensing

Annex E I – Basic Information to be submitted with Application for Authorization as TPSP

1.	Name of proposed TPSP Company.	: _____
2.	Date of Incorporation/Expected date of Incorporation.	: _____
3.	Proposed place/location of Registered Office & Head Office.	: _____
	Postal Address and other contact details i.e. Phone Numbers, Fax Numbers etc.	: _____
4.	Legal Structure of the Company (Private Limited/Limited by Guarantee)	: _____
5.	Previous Application (give particulars of any Application previously made to SBP.	: _____
6.	Give details of proposed Authorized & Paid-up capital of the proposed TPSP Company	: _____
7.	Give shareholding pattern of the proposed TPSP Company:	: _____
8.	Give name, details of business and contact number /addresses (both residential & business) of the Major Shareholders & Directors of TPSP Company.	: _____
9.	Details of the bank accounts of the company (account number, bank/branch name & date of opening).	: _____
10.	Details of legal cases filed by/or against the company.	: _____
11.	Details of technology to be used.	: _____

Note (use additional pages, if necessary)

Third Party Service Provider (TPSP) Licensing

Annex E II – Checklist of Documents to be submitted with Application for Authorization as TPSP

S. No.	Document Name	Attached (Yes/No)
1.	Certified copies of Certificate of Incorporation, Memorandum of Association and Articles of Association of the proposed TPSP Company.	
2.	Organizational structure of the proposed TPSP Company.	
3.	Detailed feasibility report of the proposed TPSP Company encompassing all factors including Technical, Market, Management & Financial viability of the company.	
4	Financial projections for 3 years based on assumptions which realistically reflect sponsors' capacity, sector's conditions, and future outlook.	
5.	Past three years financial accounts (if available).	
6.	Short term and long term business plans to support financial projections.	
7.	Name of each Sponsor/Sponsor director and proposed chief executive along with attested copies of their Computerized National Identity Card/passport (in case of foreign nationals) and 8 latest photographs.	
8.	Complete resume and proforma information of the proposed chief executive and sponsors/ directors in light of Fit & Proper criteria as given under Regulations for TPSP/Mobile Interoperability.	
9.	Proof of Net worth of beneficial owner (s) and sponsors including tax returns and bank statements.	
10.	Tax clearance certificates of beneficial owner (s), sponsors and directors from taxation authorities.	
11.	Fit and Proper Test" of Beneficial Owners/Shareholders/Directors and CEO in the format as given in Annexures A, A-I, A-2 of Regulations for Mobile Banking Interoperability.	
12.	Undertaking as per Annex E-III	
13.	Details of associated companies, subsidiaries and other related parties of the proposed TPSP	
14.	Details of services to be offered.	
15.	Rent/Lease Agreement for the place of business.	
16.	Any other relevant document.	

Third Party Service Provider (TPSP) Licensing

Annex E III – Format of Undertaking to be submitted by TPSP

The Director
Banking Policy & Regulations Department
State Bank of Pakistan
Main Building
I.I Chundrigar Road
Karachi

Dear Sir,

We _____, incorporated / constituted under the _____ and having Registered Office at _____ (hereinafter referred to as “Third Party System Service Providers (TPSPs)”) hereby execute this Undertaking in favor of the State Bank of Pakistan (hereinafter referred to as “SBP”).

And whereas the “TPSP” has made an application in writing to SBP for grant of approval for starting the business of _____ (Please mention specific line of business).

And whereas the TPSP has extended this Undertaking to abide by the “Regulations for Mobile Banking Interoperability”, PS&EFT Act, 2007 and other applicable laws amended from time to time and also by such Rules, Regulations, Circulars, Orders, notifications, instructions, press releases etc. as may be issued by SBP from time to time.

And whereas the TPSP unconditionally and irrevocably undertakes and agrees as follows:

- i) The TPSP undertake that all the statement made and all the documents attached with the application are true and correct.
- ii) The TPSP undertake to furnish such information / data as SBP may require.
- iii) The TPSP shall follow and comply with such orders or instructions, whether in the form of penalty or otherwise as may be issued by SBP under the “Regulations for Mobile Banking Interoperability for TPSPs” or other applicable laws, orders, rules and regulations.
- iv) The TPSP shall abide by and comply with the “Regulations for Mobile Banking Interoperability” PS&EFT Act, 2007 and other applicable laws amended from time to time and also such circulars, orders, Notifications, press releases, instructions etc. as may be issued by SBP (hereinafter collectively referred to as “The Regulations”).
- v) The TPSP agrees that SBP shall have the absolute discretion to part with or disclose or disseminate, such information/data concerning the TPSP as deemed necessary by SBP or required under law, to Regulatory Authorities, Government, law enforcing agencies and other appropriate authorities.

Third Party Service Provider (TPSP) Licensing

- vi) SBP shall have the right at all times to inspect and supervise all computer systems including software, communication networks/systems and other equipment running at the TPSP end, all sites including primary, backup, disaster recovery and outsourced sites; and functions, operations, transactions, data and books of accounts of the TPSP. The TPSP agrees to set right deficiencies pointed out by SBP forthwith and take into consideration suggestions of SBP.
- vii) The TPSP agrees that the liabilities, responsibilities / obligations, if any, arising out of various activities under the _____ (Please mention the line of business) shall rest solely on the TPSP.
- viii) The TPSP agree to maintain the infrastructural arrangements as specified by the Bank from time to time in good order.
- ix) The signatory/ies, as under, have the requisite power of attorney / authority (copy enclosed), issued by the relevant and competent authority in our institution/organization to execute this agreement binding our organization/institution thereto.

Yours faithfully

()

Authorized Official

Company Seal

Date :

Place :

Third Party Service Provider (TPSP) Licensing

Annex F – Documents/Information to be submitted with Application of Final Authorization

S. No.	Document Name	Attached (Yes/No)
1.	Result of pilot phase of TPSP.	
2.	Audit report on pilot phase of TPSP covering all operational and technical aspects of services being offered and IT security	
2.	FPT documents of all key executives.	
3	Copies of Goods Declaration Form (GD) and invoice in case of imported items.	
4.	Copies of TPSP's agreements with banks and mobile operators.	
5.	Copy of employment agreement with CEO.	

Third Party Service Provider (TPSP) Licensing

Annex G – Documents / Information to be submitted with Application for Issuance of Commencement Certificate for TPSP

S. No.	Document Name	Attached (Yes/No)
1.	Confirmation of the configuration of NOC.	
2.	Copies of TPSP's agreements with banks and mobile operators.	
2.	Detail of technical network along with diagram, call flows/ session flows and equipment details/ specifications.	
3	Confirmation of the readiness of System.	
4.	Contact Details including Address, Contact Person, Contact Numbers for Commencement Inspection.	

Note:

Parameters to be checked at the time of inspection:

- NOC Configuration done: Yes/No
- IVR Performance Check: successful/ unsuccessful
- SMS Performance Check: successful/ unsuccessful
- USSD Performance Check : successful/ unsuccessful
- WAP Performance Check : successful/ unsuccessful
- STK Performance Check: successful/ unsuccessful
- Network Security (Intrusion Testing): Yes/ No
- Network Redundancy: Yes/ No
- Authentication Server Installed/ Yes/ No
- Confidentiality and Privacy of users on the network: Yes/ No
- Record Keeping of the transactions and logs: Yes/ No
- Accuracy of the transaction: Yes/ No
- Duplication in the transaction: Yes/ No
- Delay in Transaction: Yes/ No
- Day-end Report Generation: Yes/ No

Third Party Service Provider (TPSP) Licensing

Annex H – Performance Bank Guarantee

Guarantor:

Name of local bank in Pakistan with credit rating of AA+ and above, or a foreign bank having credit rating of A1 and above, acceptable to the Authority (the "Guarantor") **Bank's address**

Beneficiary:

Pakistan Telecommunication Authority (PTA)

PTA Headquarters Building F-5/1 Islamabad, Pakistan,
(the "Beneficiary").

Principal:

TPSP Name _____

A company incorporated under the laws of Pakistan with its registered offices at
_____ (the "Principal").

Guarantee
Amount:

Rs. 10,000,000/- (Pak Rupee ten million) (the "Guarantee Amount")

Effective Date:

(Exact date to be incorporated here)

Expiry:

(Expiry date shall be accordingly changed) at the counters of the Guarantor

WHEREAS:

A. The Principal has committed to furnish an unconditional, irrevocable and continuing Performance Bond in the form of Bank Guarantee (the "Guarantee") of (Name of Bank) for the sum Rs. 10,000,000/- as security for compliance with the network roll out obligations in accordance with the License ("The license") **dated**th, 2017; and

B. The Guarantor has executed this unconditional without recourse, irrevocable and continuing Performance Bond in the shape of Bank Guarantee at the request of the Principal for the performance of Principal's obligations as described in clause 12 of the license **for ---- Services**

NOW THEREFORE the parties agree as follows:

1. Subject to the terms of this Guarantee, the Guarantor hereby un-conditionally, irrevocably and continuingly guarantee without recourse to the Beneficiary, i.e. PTA, as primary obligor and as a guarantor of payment, the due, complete and punctual payment within 3 working days upon receipt of

Third Party Service Provider (TPSP) Licensing

written notice of claim from the Beneficiary (in the form attached hereto as Appendix A), of all amounts which are or may become due and payable by the Principal under clause 12 of the License (the "Guarantor Obligations").

2. The maximum aggregate liability of the Guarantor under or in connection with this Guarantee shall be limited to the Guarantee Amount, together with interest thereon at the prevailing one (1) month Karachi Interbank Offer Rate (KIBOR) from the date from which payment is due to the Beneficiary until receipt of payment by the Beneficiary or collection thereof against the Principal and the Guarantor.
3. This Guarantee is un-conditional, irrevocable and continuing, and the Principal shall be entitled to have this Guarantee returned on its request upon successful completion of defined network rollout obligation under the License met by the Principal/Licensee and duly approved by Beneficiary/PTA.
4. In case any phased network roll-out obligation is not fulfilled, the Performance Bond against the defined network roll-out obligation not met shall be encashed by the Authority. This Performance Bond shall remain in force and valid until 6 months after the associated phase of the network roll-out obligation.
5. If any payment by the Principal or any discharge given by the Beneficiary is avoided or reduced as a result of insolvency or any similar event:
 - a. the liability of the Guarantor shall continue as if the payment, discharge, avoidance or reduction had not occurred; and
 - b. the Beneficiary shall be entitled to recover the value or payment from the Guarantor, as if the payment discharge, avoidance or reduction had not occurred.
6. Subject to clause 3 above, this Guarantee is valid until (add Expiry Date), by which date notice of claims, if any, must have been given to the Guarantor, and failing such notice of claim by close of business on (add Expiry Date)(18 months from the effective date) this guarantee shall be null and void.
7. Any claim or notice made or given by the Beneficiary to the Guarantor under this Guarantee shall be deemed to be sufficiently made and given if in writing in the form attached in Appendix A and delivered at the counters of the Guarantor at the following address:

Bank Name: _____

Address: _____

8. This Guarantee shall be governed by and construed in accordance with the Uniform Customs and Practice for Documentary Credits, 2007 Revision, ICC Publication No .600 (UCP) and/or Uniform Rules for Demand Guarantees, 2010 Revision, ICC Publication No.758 (URDG) and their updated versions, whichever is applicable, to the extent that such provisions are not inconsistent with this Guarantee and the laws of Pakistan, and engages us in accordance with the terms thereof. No recourse is permissible upon the occurrence of events listed in Article 17 (UCP) or Article 26 (URDG), to any other branch, subsidiary or affiliate of(Bank Name). For matters not covered by the Publication, the laws of Pakistan shall be applicable and the Guarantee related matters will be governed, accordingly. We hereby unconditionally and irrevocably understand and accept the exclusive jurisdiction of the Courts of Pakistan at Islamabad. Notwithstanding anything contained herein above, the Guarantor's liability under this Guarantee is limited to Rs. 10,000,000/- (Pak Rupees ten million), together with interest thereon at the prevailing one (1) month Karachi Interbank Offer Rate (KIBOR) from the date the payment is due to the Beneficiary until receipt of payment by the Beneficiary and reasonable expenses not exceeding in the aggregate 2% of the Guarantee Amount incurred by the Beneficiary in collection thereof against the Principal and the Guarantor. Claims under this Guarantee will be payable and must be lodged and received (*accompanied by the original instrument of Bank Guarantee*) solely at the counters of Bank's name (Bank Address) on or before ("Expiry Date") and will be payable solely by _____ (Bank's name) at Islamabad, Pakistan. Except for any claims duly received at the Guarantor's counters in Islamabad before close of business on the Expiry Date, the Guarantor shall stand discharged and released of all its obligations under this Guarantee at close of business on the Expiry Date and shall not be liable for any claims lodged thereafter, notwithstanding that Beneficiary may have failed to return the original instrument of Bank Guarantee to the Guarantor duly cancelled at expiry hereof.

Bank Guarantee No. _____ duly issued on the (Effective Date) for and on behalf of _____ (Licensee Name) as Guarantor.

Third Party Service Provider (TPSP) Licensing

By

Name (*Bank's Representative*):
Title:

In the presence of:
Witnesses:

1- Name: _____
Name: _____
Address:
Occupation:
CNIC No.:

2-
Address:
Occupation:
CNIC No.:

Third Party Service Provider (TPSP) Licensing

APPENDIX-A

Beneficiary's Demand under Unconditional, Irrevocable & Continuing Bank Guarantee / Letter of Credit No. _____

Issued by _____ (Bank Name) at Islamabad Branch

Drawn under Letter of Credit No. _____
(Insert Bank Guarantee/Letter of Credit Number and Date)

To _____
(Name and Address of Issuing Bank)

The undersigned hereby demands that _____ pay to the order of
(Name of issuing Bank)

the undersigned (Beneficiary/PTA) before close of the 3rd business day after receipt of the notice a sum of Rs. 10,000,000/- (Pak Rupees ten million), together with interest thereon at the prevailing one (1) month Karachi Interbank Offer Rate (KIBOR) from the date the payment is due to the Beneficiary until receipt of payment by the Beneficiary and reasonable expenses not exceeding in the aggregate 2% of the Guarantee Amount incurred by the Beneficiary in collection thereof against the Principal and the Guarantor. The Bank Guarantee / Letter of credit is enclosed for endorsement by _____ (Bank Name) at Islamabad Branch of the amount drawn for cancellation.

Dated:- -----

Pakistan Telecommunication Authority

Director (Wireline Licensing) _____

Third Party Service Provider (TPSP) Licensing

Annex I – License Template

GOVERNMENT OF PAKISTAN
PAKISTAN TELECOMMUNICATION AUTHORITY
PTA H/Q's F-5/1 Islamabad, Pakistan

<http://www.pta.gov.pk>

License No. TPSP ()/ - /PTA/2017

Dated: , 2017



LICENSE

**TO ESTABLISH, MAINTAIN AND OPERATE
AS THIRD PARTY SERVICE PROVIDER (TPSP) FOR FINANCIAL AND APPLICATIONS
SERVICES IN PAKISTAN**

In exercise of the powers conferred by section 5 of Pakistan Telecommunication (Reorganization) Act, 1996 (hereinafter called the "Act"), the Pakistan Telecommunication Authority (hereinafter called Authority), hereby, grants non-exclusive license to **{Name and business address of the TPSP}** (Hereinafter called the "Licensee") to establish, maintain and operate as Third Party Service Provider (TPSP) for Class Financial and Applications Services in Pakistan **excluding** Azad Jammu & Kashmir (AJ&K) and Gilgit – Baltistan (GB), on terms and conditions contained in **Appendix - I** and **II**, the provisions of existing enactments, including rules and regulations made there under and Amendments/modifications made thereto together with new enactment as may be considered expedient and necessary from time to time.

This license shall come into force from the date of its issuance and shall be valid for the period of 10 years duration subject to payment of such fee(s) as the Authority may specify from time to time. This license may be renewed for another term(s) beyond ten years on twelve months prior written request of the licensee before expiry of the existing term of the license subject to the terms and conditions applicable at that time.

(For and on behalf of the Authority)

Director

Name of the TPSP

Business address

Ph:

Director (Licensing)

P.T.A. HQs, Islamabad

Third Party Service Provider (TPSP) Licensing

Appendix - I

1. SCOPE OF THE LICENSE

- 1.1 This License authorizes the Licensee to establish, maintain and operate as Third Party Service Provider (TPSP) Financial and Applications Services in Pakistan **excluding** Azad Jammu & Kashmir (AJ&K) and Gilgit – Baltistan (GB).
 - 1.1.1 The Licensee having a license from the Authority and authorized by State Bank of Pakistan (SBP) as defined under Part V Regulation 6 of the “Regulations for Technical Implementation of Mobile Banking, 2016” is authorized to provide technical services to Authorized Financial Institutions (AFIs) and telecom operators for mobile banking only.
- 1.2 The mandatory licensed services, are of:
 - 1.2.1 Channeling, switching and routing all technical transactions on real time basis;
 - 1.2.2 Integrating and Interconnecting multiple Authorized Financial Institutions (AFIs) with multiple telecom operators to enable interoperability;
 - 1.2.3 Integrating and interconnecting with peer TPSP(s);
 - 1.2.4 Maintaining all proofs of technical transactions; and
 - 1.2.5 Providing day-end technical transaction report(s) to AFIs for reconciliation.
- 1.3 The License does not authorize the following:
 - 1.3.1 The operations of TPSP in AJ&K & GB;
 - 1.3.2 The interconnection of the Licensed System to the telecommunication system of a service provider that provides telecommunications services outside Pakistan or in AJ&K & GB;
 - 1.3.3 Such other activities or Telecommunication Services as the Authority may prohibit through regulations and in accordance with law;
 - 1.3.4 Direct access for customers through a Network Connection Point beside interconnection; and
 - 1.3.5 Provision of Fixed and Mobile Communications Service.
 - 1.3.6 To perform any banking and / or branchless banking function(s).
- 1.4 The licensee shall set up unified USSD channel platform to open and access mobile account(s) offered by any of branchless banking provider of his choice e.g. Asaan Mobile Account (AMA), accessible to subscribers of all cellular mobile operators and facilitation for any-to-any model.
- 1.5 The licensee shall enable transaction limits for individuals in the system for tax and other purposes as per the transaction limits defined by SBP from time to time.
- 1.6 The Licensee shall not install, maintain or operate any Telecommunications System or provide any Telecommunication Service that is not authorized in this License, except pursuant to a separate License or other proper authorization from the Authority.
- 1.7 The Licensee shall notify the Authority at the time that the Licensee wishes to begin to offer a new category of Licensed Services not previously offered by the Licensee. In its notice, the Licensee shall describe the new category of Licensed Services, authorization by SBP and the expected date that they will begin to be offered commercially by the Licensee. The Authority may intervene for supervision or permission of such service, where required in the public interest.
- 1.8 Upon being notified by the Authority that an Operator’s License is suspended or terminated, the Licensee shall as promptly as practical in the circumstances disconnect the Licensed System from the Telecommunication System of that Operator, and discontinue using the Telecommunication Service of that Operator, until such time the Authority restores or renews such License.

Third Party Service Provider (TPSP) Licensing

2. EFFECTIVE DATE AND TERM OF THE LICENSE

- 2.1 This License shall come into force on the Effective Date i.e. license issuance date and shall be valid for a term of 10 (Ten) years.
- 2.2 In the event that the Licensee wishes to renew the License at the expiry of the initial term, it shall submit to the Authority a written request for renewal at least 36months prior to the expiry of the term under the License. Similarly for further renewing a renewed term the written application shall be submitted at least 36 months before expiry of that renewed term.
- 2.3 Within three months after the receipt of the Licensee's request pursuant to Condition 2.2, the Authority shall either:
- 2.3.1 renew the License on such terms and conditions as are consistent with the policy of the Federal Government at that time to come into effect at the conclusion of the initial term, or renewed term as the case may be; or
- 2.3.2 give written notice to the Licensee stating that the Authority may not renew the License and provide reasons thereof. The reason(s) may include the Licensee's repeated, grave or continuing violations of the terms and conditions of this License, or the renewed License, the Act, Rules or Regulations during the initial term or extended term. The Licensee shall be given at least 30 days to make written representations in response to the Authority's written notice. Within 30 days after the conclusion of such 30 days period, the Authority shall hold a hearing at which the Licensee may make representations in response to the Authority's written notice. The Licensee may, as part of its representation, indicate the further License conditions it is prepared to accept to reduce the likelihood of continued or further violations of the terms and conditions of this License, the Act, Rules or Regulations. Following such hearing, the Authority shall, within 30 days of such hearing, give its determination either:
- (i) that the Authority has determined not to renew the License at the expiration of the initial term or extended term, and provide its reasons for making such a determination; or
- (ii) to renew the License on such terms and conditions as are consistent with the policy of the Federal Government at that time, to come into effect at the conclusion of the initial term, including such additional terms as the Authority considers appropriate.

3. COMPLIANCE WITH LAW

- 3.1 This License and all allied matters are subject to the terms and conditions contained herein and to the Act, Rules and Regulations and other laws for the time being in force in Pakistan. In the event of any conflict or inconsistency between the provisions of this License, and the provisions of the Act, Rules or Regulations, the provisions of the Act, Rules and Regulations shall prevail.
- 3.2 The Licensee shall establish, maintain and operate its Licensed System, and shall provide the Licensed Services, in compliance with the laws of Pakistan.
- 3.3 The Licensee shall at all times co-operate with the Authority and its authorized representatives in the exercise of the functions assigned to the Authority under the Act. The Licensee shall comply with all orders, determinations, directives and decisions of the Authority.
- 3.4 Details of all foreign directors of the Licensee's company along with the foreign nationals deployed for installation/operation/maintenance must be communicated to the Authority and all other concerned quarters.

4. PROVISIONING OF TECHNICAL SERVICES FOR MOBILE BANKING

- 4.1. In order to offer technical services for mobile banking interoperability, the Licensee shall mutually agree to provide all relevant technical support to AFI(s) and telecom operators. The terms and conditions will be mutually agreed between AFI (s), telecom operator (s) and the licensee.

Third Party Service Provider (TPSP) Licensing

- 4.2. The Licensee shall ensure the integrity of financial and technical transactions and data (both consumer data, consumer sensitive data and consumer financial data during transit and / or storage in their respective network(s) till delivery to consumer's mobile phone device, subject to "Regulations for Technical Implementation of Mobile Banking, 2016" and "Regulations for Mobile Banking Interoperability, 2016" and terms and conditions of license and authorization.
- 4.3. Network Standards: The end-to-end encryption, integrity, authentication and non-repudiation of mobile / branchless banking communication in the network of cellular mobile operators and TPSPs shall be in accordance with the standards certified by International Telecommunication Union (ITU) or European Telecommunications Standards Institute (ETSI) or International standardization bodies such as Third Generation Partnership Project (3GPP) or Internet Engineering Task Force (IETF) or American National Standards Institute (ANSI) or Telecommunications Industry Association (TIA) or any other international standard as may be approved by PTA.
- 4.4. Clearing and settlement of transactions among member AFIs shall be made as per the relevant Act and other relevant instructions / guidelines issued by SBP from time to time.
- 4.5. In each case, the customer account must reside with AFI(s), each financial transaction must hit the actual consumer mobile banking account and no monetary value should be stored on the mobile phone device or any of the intermediate staging system.

(Explanation: The balances shown on mobile phone device etc. will only be a reflection of actual account balances).
- 4.6. The Authority shall have the powers to examine licensee's technical arrangement with telecom operator(s) and AFI(s).
- 4.7. The Licensee shall maintain detailed technical transaction logs to enable processing of audit trails required to be reconstructed in the event of any dispute(s) or supervisory concern(s) of the Authority and SBP, without compromising the confidentiality.
- 4.8. The licensee shall immediately notify to the Authority in writing, any change in licensee's ownership, management, governance structure or any other significant change(s) in the conduct, governance or delivery of services.
- 4.9. The licensee shall comply with the data and security requirements prescribed at Annexure A of the "Regulations for Technical Implementation of Mobile Banking, 2016" and as amended by PTA from time to time.
- 4.10. The licensee shall have infrastructure to support high availability of services and ensure network redundancy arrangements and proper disaster management/hot backup systems to ensure smooth operations. The licensee shall also ensure that these arrangements are properly and specifically covered in Service Level Agreements (SLAs) with AFIs and operators.
- 4.11. The licensee shall ensure compliance with SLA requirements, Network Conditioning and Dispute Settlement Mechanism in accordance with the Regulations for Technical Implementation of Mobile Banking, 2016.

5. ALTERATION OF NETWORK

- 5.1 The Licensee shall, within such reasonable time and in such manner as may be directed by the Authority, and at its own expense, alter the course, depth, position or mode of attachment of any apparatus forming part of its Licensed System which may cause hazard to human life, community, or is deemed against the public interest in any way. All the telecommunication system of the operator must be in the knowledge of the Authority including but not limited to Core and Access network.

Third Party Service Provider (TPSP) Licensing

6. PAYMENT OF FEES AND CHARGES

- 6.1 The Licensee shall pay the Initial License Fee for TPSP license amounting Rs. 1,000,000/- (Pak Rupees one million only) to the Authority.
- 6.2 The Licensee shall pay Annual License Fee (ALF) to the Authority, an amount equivalent to 0.5% of the Licensee's annual gross revenue from Licensed Services. The Annual Gross Revenue will be exclusive of trade discounts and sales tax. However, Initial License Fee, leased line charges, late payment additional fee, penalties, collection charges, and other expenses imposed by PTA, if any, shall not be deducted from the gross revenue.
- 6.3 The Licensee shall annually submit to the Authority and SBP, audited financial statements in support of its calculations of annual fees, charges and contributions. The notes to the financial statements of the Licensee should be drawn up in sufficient detail so as to disclose separately the Annual Gross Revenue between Licensed and Non-Licensed Services, and interconnection and inter-operator payments that are allowable to determine the Adjusted Gross Revenue of the Licensee as per clause 6.2 above for the purpose of calculation of Annual Fees and charges.
- 6.4 In addition to any other remedies available to the Authority, late payment fee shall incur an additional fee calculated at the rate of 2% per month on the outstanding amount, for every day or part thereof from the due date until paid.

7. INTERCONNECTION

- 7.1. Interconnection between the system of the Licensee and the systems of other Operators, TPSPs and AFIs shall be governed by the "Pakistan Telecom Rules, 2000" and "PTA Interconnection Guidelines", provided that the System of the Licensee is deemed to be a Connectable System for the purposes of the Rules and Interconnection Guidelines.
- 7.2. The Licensee shall, within 30 business days of a written request by other TPSP(s), Operator(s) or / and AFI(s), enter into negotiation, in good faith, for an agreement:
- 7.2.1. to connect and keep connected to the Licensee's System with the network run by the requesting operator / AFI / TPSP at specified points of connection; and
- 7.2.2. to provide such other licensed services as are requested in order for the requesting party to provide services to its customers.
- 7.3. The Licensee may not be required to enter into an agreement as required above vide sub clause 7.2 where to do so would, in its reasonable opinion and with the consent of the Authority:
- 7.3.1. Cause or would be likely to cause danger, damage or injury to any person or to any property;
- 7.3.2. Cause damage or otherwise interfere with the running of the Licensee's system; or
- 7.3.3. Not be technically or commercially feasible.
- 7.4. In the event that the Licensee and the party requesting interconnection are unable to reach an agreement between themselves then either party may refer the matter to the Authority, and the Authority and SBP shall use its best endeavours to determine the matter. The rates so determined will be binding on the parties.

8. DISCONTINUATION OF SERVICES

- 8.1 The Licensee shall not discontinue providing a category of Licensed Services in any area unless (a) the Licensee gives the Authority and affected parties at least 90 days' prior written notice of such discontinuation, and (b) Authority's prior written approval to such discontinuation is obtained. However, the Authority will not give its written approval to such discontinuation if the Licensee is in arrears of any fees, contributions or any other amounts payable to the Authority.

Third Party Service Provider (TPSP) Licensing

9. MONITORING

- 9.1 The Licensee shall provide, at its own cost, suitable equipment at premises designated by the Authority and will ensure its upgrading, security and safety, in order to monitor the communications for the purpose of; measuring and recording traffic; and Quality of Service in a manner specified by the Authority. The Licensee shall provide the Authority with access to such equipment, and the information generated by such equipment.
- 9.2 The Authority and SBP shall have the full right to inspect any premises or facility including hardware and software of the Licensee.

10. CONSUMER PROTECTION

- 10.1. The licensee shall put in place an effective, comprehensive and efficient consumer complaint handling mechanism and call centre in compliance with PTA and SBP relevant regulations to safeguard consumers against risks of fraud, loss of privacy, delays in service provisioning etc.
- 10.2. The Licensee shall publish within six months of the Effective Date, a code of commercial practices approved by the Authority. The code of commercial practice shall include, at a minimum, provisions covering the following issues:
- 10.2.1 A commitment to take steps to remedy service interruptions as soon as reasonably possible and to provide reasonable credits to customers for lengthy outages;
 - 10.2.2 Protection of the privacy of information transmitted over the Licensed System;
 - 10.2.3 Maintenance by Licensee of the confidentiality of customer information;
 - 10.2.4 Procedures for resolving disputes between Licensee and customers;
 - 10.2.5 Availability to customers of information concerning their accounts with the Licensee; and
 - 10.2.6 Commitment by the Licensee to customers in respect of standard and quality of Licensed Services.

11. QUALITY OF SERVICE

- 11.1. The Licensee shall at all times meet or exceed the quality of service standards described in this License document, as shown in Table-1 at Appendix-II, and such other Quality of Service standards as the Authority may, by Regulation, require. The Licensee shall maintain records of its performance to keep track of its service(s) quality. These shall be submitted to the Authority on a quarterly basis in such a format as the Authority may determine from time to time. The Licensee shall maintain records for inspection and any type of audit by the Authority at all times. The Licensee shall maintain all such records for a period of three years.
- 11.2. The Authority may carry out tests on the quality of the Licensed Services and the Licensed System and the Licensee shall extend full co-operation and assistance for the purpose including provision of test instruments and equipment.

12. ROLLOUT OBLIGATIONS

- 12.1. Rollout Obligations on AFIs, CMOs and TPSPs to extend their systems to facilitate each other in provision of mobile banking services:
- 12.1.1. The licensee shall establish point of interconnections (POIs) with cellular mobile operators and AFIs and commence the provision of mandatory services in the following manner:

Third Party Service Provider (TPSP) Licensing

Deadline (months from the date of issuance of license)	Minimum Rollout / POIs with	
	CMOs	AFIs
3 months *	1	1
9 months ** ^	3	3
15 months **	All	All

Notes:

* After installation of necessary infrastructure and readiness for connectivity with mobile operator(s) and AFI (s), the TPSP shall apply for final approval by SBP and issuance of commencement certificate by PTA.

** TPSP shall apply for commencement certificate from PTA for additional POIs, after installation of necessary infrastructure and readiness for connectivity with mobile operator(s) and AFI (s),

^ Minimum rollout obligation of 3 POIs includes the POIs, for which, commencement requested earlier.

13. DISPUTE RESOLUTION

13.1. In case of any dispute between/among the AFI(s), Telecom operators and TPSP(s) / licensee, the parties will mutually co-operate in good faith to resolve disputes. If the parties do not reach an agreement on the dispute, the dispute resolution mechanism defined in Regulations 9 Part VIII of "Regulations for Technical Implementation of Mobile Banking, 2016" shall be followed.

14. NETWORK STANDARDS

14.1. The Licensee shall use any type of network equipment that meets appropriate ITU or other international telecommunication standards recognized by the Authority.

14.2. The Licensee shall ensure that its network is at all times interoperable and inter-connectable with the networks / systems of other Operators, TPSPs and AFIs. If the Licensee implements any new equipment or protocols in its network, the Licensee shall bear the cost of any modifications to its network to maintain such interoperability and inter- connectability with the networks / systems of other Operators, TPSPs and AFIs.

15. SERVICE COMMENCEMENT CERTIFICATE

15.1. After the issuance of TPSP license, the licensee shall apply to SBP for authorization. The licensee shall also apply to PTA for commencement certificate for commercial launch of services.

15.1.1. Provided that separate approval shall be required, in case of;

15.1.1.1. Each integration / interconnection with new AFIs, telecom operators or TPSPs;

15.1.1.2. Each new type of service provisioning method e.g. IVR, SMS, USSD, WAP, STK and Mobile Application.

15.2. The Licensee shall not provide any Licensed Services, or accept any payment in respect of Licensed Services to be provided by the Licensee, until the Licensee has obtained from the Authority a service commencement certificate evidencing that the Authority is satisfied that the Licensee has established the Licensed System, and is able to provide the Licensed Services as per the QoS KPIs set by the Authority, in accordance with the License.

15.3. The Licensee shall give 30 days' prior written notice to the Authority of the date on which the Licensee intends to commence providing licensed services. The Licensee shall cooperate with the Authority in its investigation of the Licensed System and the Licensed Services in connection with the issuance by the Authority of a commencement certificate.

16. PRIVACY OF COMMUNICATIONS

16.1. The Licensee shall not monitor or disclose the contents of any communication conveyed over its Licensed System except to the extent necessary for the purpose of maintaining or repairing any part of the Licensed System or monitoring the Licensee's quality of service, or except as required by the

Third Party Service Provider (TPSP) Licensing

Act, the Rules, Regulations and conditions of this License or required under any other applicable law of Pakistan.

- 16.2. The Licensee shall take reasonable measures to safeguard its Licensed System from unauthorized interception of communication carried on the Licensed System.

17. PRICE FRAMEWORK

- 17.1. General - No Regulation of Prices:

17.1.1. Licensee is free to set prices for the Licensed Services as it may deem fit.

17.1.2. If the Authority determines that the Licensee's prices for any Licensed Services are unfair and unreasonable, the Authority may regulate Licensee's prices, terms and conditions for those Licensed Services. The Licensee shall comply with the Authority's orders and determination relating to the Licensee's prices, terms and conditions for those Licensed Services.

- 17.2. SMP Service Provider:

17.2.1. If the Authority determines that the Licensee possess an SMP status in a relevant market, the Authority may regulate Licensee's prices, terms & conditions for the licensed service and other services incidental thereto as may be determined by the Authority, where the Licensee possess SMP status.

17.2.2. Regulation methodology shall be determined by the Authority, subject to compliance with any applicable provisions of the Rules & Regulations. It may include prior Authority approval for any price, terms and conditions, maximum or minimum or both prices, for the Licensed Services.

18. REPORTING & INFORMATION PROVISIONING

- 18.1. The Licensee shall furnish to the Authority and / OR SBP, such information as the Authority and / OR SBP may demand regarding the Licensee's network plan, network and terminal standards, links utilized, financial information, costs and accounts, Network audit and penetration test from an accredited technical auditor or any such other information as the Authority and / OR SBP may from time to time request in connection with its functions, powers and responsibilities.

- 18.2. The Licensee shall maintain such books and records as the Authority may require. The authority shall give the Licensee a reasonable period of time, not to exceed 120 days, to implement appropriate routines and systems to comply with any such requirement imposed by the Authority. Upon request by the Authority, the Licensee shall make its books and records available for inspection by the Authority.

- 18.3. The Licensee shall maintain financial records and books of accounts in accordance with the laws of Pakistan. The Licensee shall submit audited financial statements, including at a minimum Income Statements (statements of Profit and Loss), Balance Sheets (statements of assets and liabilities), Statements of Changes in Comprehensive Income and Cash Flow Statements to the Authority and SBP within 120 days of the closing date of Financial Year of the Licensee.

- 18.4. The Licensee shall submit SLA with operators / TPSPs and AFIs to the Authority and SBP within 30 days of the effective date of such agreement. PTA may alter, modify or impose any additional conditions in the SLA, if deemed necessary.

- 18.5. The Authority and SBP shall take reasonable steps to maintain the confidentiality of information in writing that is disclosed to it by the Licensee and which is clearly indicated as confidential, except that the Authority OR SBP may disclose information where the Authority OR SBP determines that the public interest in disclosure outweighs the Licensee's interest in maintaining the confidentiality of such information.

19. NUMBERS /COMMON SHORT CODE (CSC)

- 19.1. "Number Allocation & Administration Regulations, 2011" shall apply including amendments/modifications made thereto, by the Authority, from time to time.

Third Party Service Provider (TPSP) Licensing

20. PRIVACY OF COMMUNICATIONS

- 20.1. The Licensee shall not monitor or disclose the contents of any communication conveyed over its telecommunications network except to the extent necessary for the purpose of maintaining or repairing any part of its Telecommunication System or monitoring the Licensee's quality of service, or except as required by law.
- 20.2. The Licensee shall take reasonable measures to safeguard its Telecommunication System from unauthorized interception of communication carried on the Telecommunication System.

21. NATIONAL SECURITY

- 21.1. The Licensee shall comply with the national security and other requirements of section 54 of the Act and any other national security requirements under any other law.
- 21.2. It shall be open to the Authority to restrict the Licensee from operating in any sensitive area defined by the Federal Government from the national security point of view.
- 21.3. The Licensee shall not transfer the following to any person/place outside Pakistan including AJ&K and Gilgit Baltistan:
 - 21.3.1. Any accounting information relating to subscriber; and
 - 21.3.2. User information.
- 21.4. No remote access shall be provided to any unauthorized person/place outside Pakistan for any maintenance/repairs/databases/facility unless approved by the Authority.
- 21.5. No ciphering, equipment or software, shall be used by the service provider or user without prior approval of the Authority.
- 21.6. The Licensee shall provide and extend at its own cost suitable equipment at premises designated by the authority in consultation with designated Agency for the purpose of LI (Lawful Interception). System must be ETSI LI complaint and other security standards of communication security and must be ready to be extended as desired by the Authority. The system shall be available prior to launch of commercial operation and support all services provided by the licensee.
- 21.7. The Licensee shall follow the direction of the Authority in blocking any licensed services / interconnect.

22. TERMINATION AND AMENDMENT

22.1. TERMINATION OF THE LICENSE

- 22.1.1. The License shall remain in force until it is terminated by one of the following events:
- 22.1.2. The term of the License expires without renewal;
- 22.1.3. The Licensee agrees to the termination of this License; or
- 22.1.4. The License is suspended or terminated in accordance with the Act, Rules or Regulations, or the provisions of this License.

22.2. AMENDMENT

- 22.2.1. This License may be amended by written agreement between the Licensee and the Authority subject to the provisions of the Act, Rules and Regulations.

23. ASSIGNMENT OF RIGHTS

- 23.1. The License granted under the Act and Rules shall be personal to the Licensee and shall not be assigned, sub-Licensed to, transferred directly or indirectly or held on trust for any person, without the prior written approval of the Authority.

24. OWNERSHIP AND CONTROL REPORTING

- 24.1. The Licensee shall notify the Authority of the occurrence of any act, agreement or transaction that to its knowledge, directly or indirectly, results in (a) acquisition by a person or a group acting in common

Third Party Service Provider (TPSP) Licensing

of more than 10 per cent of the Voting Interests of the Licensee, or (b) disinvestment by a person or a group acting in common having direct or indirect control of 10 per cent or more of the Voting Interest of the Licensee, of those Voting Interest to any other person or group of persons.

- 24.2. The Licensee shall give the notification referred to in sub clause 24.1 above to the Authority on the later to occur of (a) one day after the date that the Licensee becomes aware of the act, agreement or transaction, or (b) 60 days prior to the completion of the act, agreement or transaction.
- 24.3. For a period of one year following the Effective Date, the Licensee shall take all necessary steps to ensure that no transaction described in sub clause 24.1 takes place unless the prior written consent of the Authority is obtained.

25. NO LIABILITY BY THE AUTHORITY

- 25.1. No suit, prosecution or other legal proceedings shall lie against the Authority or any Member or employee of the Authority and / or SBP in respect of anything done or intended to be done by the Authority and / or SBP in the good faith exercise of their powers.

26. FORCE MAJEURE

- 26.1. Notwithstanding anything to the contrary contained in this License, if the Licensee shall be rendered unable to carry out the whole or any part of its obligations under this License for any reason beyond the control of the Licensee, including but not limited, to acts of God, strikes, war, riots etc, then the performance of the obligations of the Licensee as it is affected by such cause shall be excused during the continuance of any inability so caused provided that the Licensee has taken all appropriate precautions and reasonable measures to fulfil its obligation and that it shall within 14 days of its first occurrence notify to the Authority the same and cause of such inability and its efforts to remove such cause and remedy it's consequences.

27. COMMUNICATION WITH THE LICENSEE

- 27.1. The Licensee shall maintain on file with the Authority a current address for the Licensee, including telephone number, fax number and email address, and the name and title of a contact person, for the purposes of receiving communications from the Authority. Any notice or other communication to the Licensee permitted under this License may be given by hand delivering the same, or by mail, facsimile, or electronic mail addressed to the Licensee at its most recent address on file with the Authority.

28. DEFINITIONS

- 28.1. The words and expressions used herein but not defined shall have the same meaning as are respectively assigned to them in the Act, the Rules and Regulations and Licenses issued thereunder. Unless the context otherwise requires, the following terms used in this License shall have the meanings indicated below:

“Act” means The Pakistan Telecommunication (Re-organization) Act, 1996.

“Any-to-any Model” means the arrangements between multiple authorized financial institutions at the one end and multiple telecom operators at the other end, necessitating a Third Party Service Provider for facilitating transactions (Explanation: “Any-to-any” has the same meaning as “many-to-many” defined in SBP’s Branchless Banking Regulations)

“Authority” means the Pakistan Telecommunication Authority established under section 3 of the Act;

“Authorized Financial Institutions (AFIs)” mean financial institutions authorized by State Bank of Pakistan to undertake mobile banking services under Branchless Banking Regulations and Regulations for Mobile Banking Interoperability issued by State Bank of Pakistan from time to time;

“Call Completion Ratio” means the probability that a service, once obtained, will continue to be provided under given conditions for a given time duration or until deliberately terminated by either A-Party or B-Party;

“Class Financial and Application Services” means the branchless / mobile financial services defined and authorized by State Bank of Pakistan

Third Party Service Provider (TPSP) Licensing

“**Control**” means control in any manner that results in control in fact of more than 10% or more, whether directly through ownership of shares or indirectly through an agreement, arrangement or otherwise, or indirectly through an agreement or arrangement involving next of kin.

“**Computerized Complaint Database**” means maintenance of all proofs of technical transactions/ logs to enable processing of audit trials required to be reconstructed in the event of any dispute(s) or supervisory concerns of PTA and SBP.

“**Day**” and “**Month**” means a calendar day or a calendar month as the case may be.

“**Effective Date**” means the date on which this License is issued by the Authority and is appearing on the first page of this License.

“**Federal Government**” means the Federal Government in the Ministry of Information Technology and Telecommunication Division, unless for any specific purpose specified otherwise by notification in the official Gazette notification or amendment in the Rules of Business, 1973.

“**Financial Year**” means the period of twelve (12) months in respect of which the Licensee is required to make up its Annual Report and Audited Accounts under the Companies Ordinance, 1984.

“**Fixed Services**” means the provision of telecommunications services by means of a fixed connection or a system providing public fixed network connections to consumers.

“**GOP**” means the Government of Pakistan.

“**Interconnection**” shall have the same meaning as assigned in the Pakistan Telecommunication Rules 2000, which is “the physical and logical connection of two operator’s connectable systems thereby allowing customers of one system to connect with customers of the other system, or to access telecommunication services provided from the other system”.

“**Interconnection Rules**” means the Rules relating to interconnection.

“**Interoperability**” means the ability of a system which enables integration and interconnection among the AFIs, TPSPs and telecom operators for the provision of mobile banking services to consumers of AFIs.

“**Information Security**” means confirmation of the Personal Information Security (PIS) of the users and the content (SMS, USSD, IVR, transactions on WAP/ Mobile Banking Application etc.) being routed on the network;

“**IVR Response Time**” means time taken to establish call between IVR system and Calling Party;

“**License**” means this License, together with the terms and conditions applicable thereto, and any amendments thereto.

“**Licensed Services**” means the technical services provided by a TPSP for mobile banking.

“**Licensed System**” means the Telecommunication Systems which are in existence and operational or installed or otherwise provided, maintained and/or operated by the Licensee now and at any time and from time to time during the validity of the License for the purpose of providing Licensed Services by whatever means allowed under the License.

“**Mobile Communications Service**” means a wireless-based Telecommunications Service where the Terminal Equipment may be connected to the Telecommunications System by wireless means and used while in motion.

“**Network Security**” means protection of the access to files/ user data/ logs and directories in a computer network against hacking, misuse and unauthorized changes to the system.

“**Operator**” means for the purpose of this license, mobile cellular licensee.

“**Regulations**” means all or any the regulations issued from time to time by the Authority.

“**Redundancy**” means availability of additional or alternate network devices, equipment and communication mediums to ensure network availability at all times.

“**Rules**” means all or any rules issued from time to time by the Federal Government under the Act.

“**SMP**” means significant market power as defined in the Pakistan Telecommunication Rules, 2000.

“**SMS Response Time**” means time taken by SMSC/ TPSP to respond back to the sender (A-Party);

“**SMS Success Rate**” means the probability that the short message service is delivered successfully end-to-end when requested and display of the relevant information on the mobile equipment;

Third Party Service Provider (TPSP) Licensing

“SMS End to End Delivery Time” means the time between sending a short message to a short message center and receiving the very same short message at intended mobile terminal (B-Party);

“SMS delivery receipt time” means the time between sending a short message by the sender (A-Party) and a notification of the status of the short message delivery is received by the sender.

“Telecommunications Service” means a service consisting in the emission, conveyance, switching or reception of any intelligence within, or into, or from, Pakistan by any electrical, electro-magnetic, electronic, optical or opto-electronic system, whether or not the intelligence is subjected to re-arrangement, computation or any other process in the course of the service.

“Telecommunications System” means any electrical, electro-magnetic, electronic, optical or opto-electronic system for the emission, conveyance, switching or reception of any intelligence within or into, or from, Pakistan, whether or not that intelligence is subjected to re-arrangement, computation or any other process in the course of operation of the system, and includes a cable transmission system, a cable television transmission system and terminal equipment.

“Terminal Equipment” means equipment which is directly or indirectly connected to any Network Termination Point and which is used directly by users in order to access Telecommunications Services.

“Third Party Service Provider (TPSP(s))” mean(s) a Class Applications Service Provider for technical support of mobile banking services, licensed by PTA and authorized by SBP to provide technical services for channeling, routing, and switching transactions for branchless/mobile banking only;

(Note: TPSP shall be for interoperability purpose within branchless banking domain, whereas Payment System Operators (PSOs) and Payment Service Providers (PSPs) shall provide an electronic platform for clearing, processing, routing and switching of electronic transactions under Rules for PSOs and PSPs issued and as amended by State Bank of Pakistan from time to time.)

“Technical Services” means the technical platform / setup that facilitates end-to-end connectivity and system integration for mobile banking services (transactions channeling, routing and switching) with proper IT facilities, infrastructure and systems under formal SLA among AFIs, telecom operator(s) and TPSP(s);

“Telecom Operators” means for the purpose of these regulations, mobile cellular licensees;

“WAP/ Mobile Application Response Time” means time taken to establish a secure internet connection against respective request;

“USSD Success Rate” means the probability that the USSD is delivered successfully end-to-end when requested and display of the relevant information on the mobile equipment;

“USSD Response Time” means time taken by USSD Gateway to respond back to the sender (A-Party);

“WAP/ Mobile Application Service Accessibility” means availability of Internet Connection on Mobile Device (WiFi, Mobile Broadband data).

“WAP/ Mobile Application Set-up Time” means time period needed to access the services successfully from starting the connection to the point of time when the content is sent or received.

“WAP/ Mobile Application Session Successful Rate” means the probability that the WAP Session is completed successfully end-to-end when requested and display of the relevant information on the mobile equipment.

ACCEPTANCE

The Terms and Conditions of the License along with all its appendices are hereby accepted.

For and on behalf of
TPSP (Private) Limited
(The Licensee)

Signature : _____
Name : _____
Designation : _____
(Official Stamp)

Third Party Service Provider (TPSP) Licensing

Appendix - II

Quality of Service (QoS) Parameters

During each calendar month, Licensee shall meet or exceed the Quality of Service standards of Table-1 (except for causes attributable to another Telecom Operator). The licensee shall submit by 10th of each month the QoS monthly report for each preceding month:

Table-1 – QoS KPIs for TPSP License

<u>Key Performance Indicators</u>	<u>Benchmark</u>
Interactive Voice Response (IVR)	
IVR Response Time	<= 20 seconds
Call Completion Ratio	> 99.99%
Short Messaging Service (SMS)	
SMS Response Time	<= 10 seconds
SMS Success Rate	>99.999%
SMS End to End Delivery Time	<=12 Seconds
SMS delivery receipt Time	<=12 Seconds
Unstructured Supplementary Service Data (USSD)	
USSD Success Rate	>99.999%
USSD Response Time	<= 5 seconds
Wireless Application Protocol (WAP)/ Mobile Application	
WAP/ Mobile Application Response Time	<= 10 seconds
WAP/ Mobile Application Service Accessibility	> 99.999%
WAP/ Mobile Application Set up Time	10 Seconds for 90% 20 Seconds for 100%
WAP/ Mobile Application Session Successful Rate	>99.999%
Complaint Resolution	
Within 24 hours	90%

Third Party Service Provider (TPSP) Licensing

Within 48 hours	95%
Within 72 hours	100%
Network Management & Security	
Mandatory Personal Information Security	Yes
Record of Computerized complaint database	Yes
Network Security	Yes
Redundancy	
End to End Redundancy in Network Elements	Yes

Third Party Service Provider (TPSP) Licensing

Annex J – Affidavit by the Authorized Contact Representative

I, _____ son/daughter resident of _____

State on oath as under:

1. That I am the _____ [here give the designation of the deponent] and Attorney of _____ [here give full name and address of the Applicant] (hereinafter referred to the "Applicant"), and am fully conversant with all the facts to which I am deposing.
2. That I have been duly authorized to sign on behalf of the Applicant the application for grant of a [here specify the nature of the license] (hereinafter referred to the "Applicant"), and all other documents relating or pertaining thereto on behalf of the Applicant.
3. That all the statements made in the Application are true, correct and complete in all respects. Nothing relevant has been omitted or concealed.
4. That neither the Applicant nor any of its subsidiaries or affiliates, nor any of its major share-holders or directors has ever defaulted in its obligation to any bank or financial institution or to a regulatory body in any part of the world.
5. That the Applicant has at all times complied in all material respects with the terms and conditions of all contracts to which it has been a party, and all licenses, approvals, permits otherwise granted by any public or regulatory authority in Pakistan.
6. That neither the Applicant nor any of its subsidiaries or affiliates, nor any of its major share-holders or directors or the Applicant have been convicted of any offence involving moral turpitude under the laws of Pakistan.
7. That the Applicant has adequate financial resources, technical and management capability and expertise and corporate approvals to comply with the obligations to be imposed by the license applied for by the Applicant.
8. That the Applicant shall comply with all its obligations under the license applied for and shall make payment of fees and other amounts due and payable in accordance with the terms of the license.
9. That the Applicant shall in a timely manner provide all such information and documents as may be required to be so submitted in accordance with the license applied for.
10. That the Applicant shall at all times comply with all the relevant provisions of the Pakistan Telecommunication (Re-organization) Act, 1996, and all rules and regulations framed or promulgated from time to time there-under.
11. That what is stated above is true and correct to the best of my knowledge. If any statement made herein is subsequently found to have been untrue, the Application may be deemed to have been withdrawn by the Applicant and may be dismissed by the Authority as such. If the Application has already been granted, the Licensee may be forthwith terminated by the Authority.

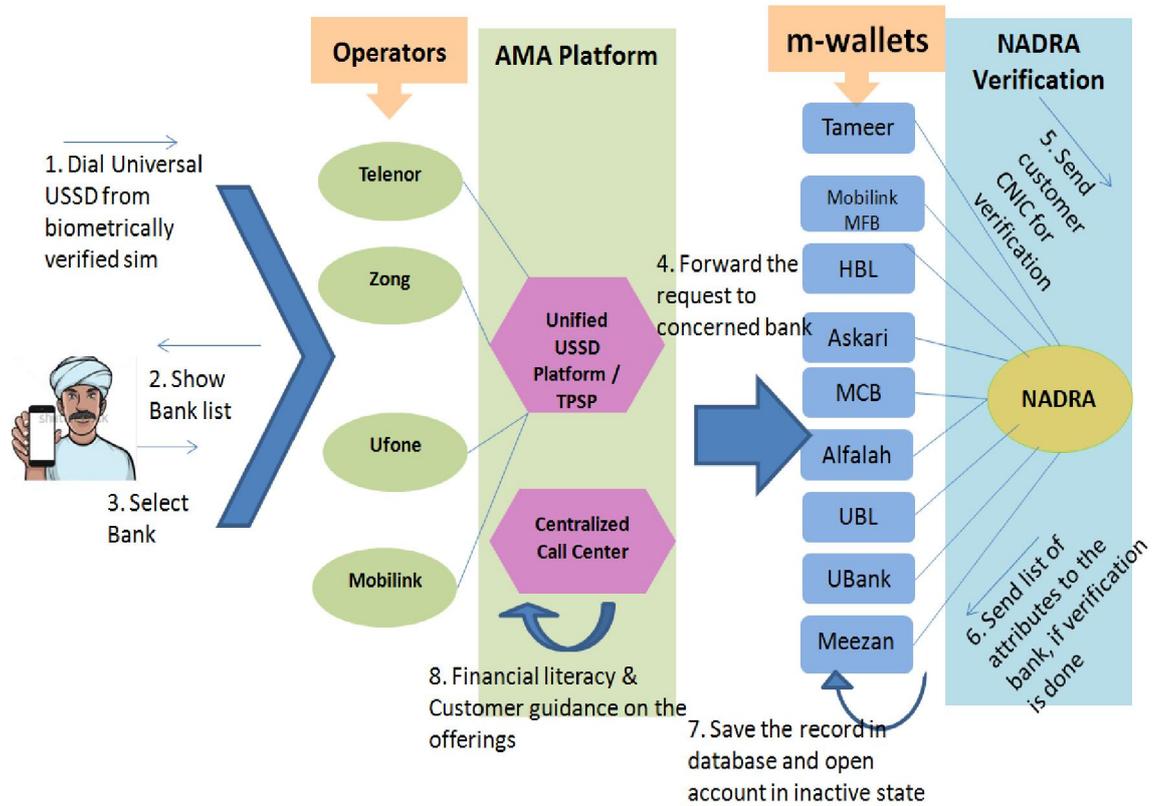
DEPONENT

The affidavit has been sworn by the deponent above-named in my presence on this ____ day of _____ 2017.

OATH COMMISSIONER

Annex K – Unified USSD Channel Platform and Any-to-Any Model

Figure 1: Account Opening through AMA Platform (Unified USSD Channel)



Transaction processing and settlement mechanism to be agreed by the participants

Figure 2: Any to Any Model

