

PAKISTAN TELECOMMUNICATION AUTHORITY

PTA Headquarters Building, F-5/1 Islamabad, Pakistan

(www.pta.gov.pk)

License No. LDI-

Date: xxxxxxxx

**LONG DISTANCE INTERNATIONAL (LDI) LICENSE
ISSUED UNDER SECTION 21 OF THE PAKISTAN
TELECOMMUNICATION (RE-ORGANIZATION) ACT, 1996**

The Pakistan Telecommunication Authority ("Authority") hereby grants a non-exclusive license to:

xxxxxxxxxxxxxxxx (Pvt.) Ltd.,

[----- Address-----] (the "Licensee") to provide the Licensed Services in Pakistan and to establish, maintain and operate a Telecommunication System, subject to the terms and conditions contained herein.

or and on behalf the Authority,

For and on behalf of
XXXXXXXXXX (Pvt.) Ltd.
[--- Address of the Company ---]
[--- Address of the Company ---]
(The Recipient)

[---- NAME ----]
Director General (Licensing)

[Name of Signatory]
**Chief Executive Officer or Authorized
Representative**

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ARTICLE 1 - GRANT OF LICENCE

1.1 SCOPE OF THE LICENCE

1.1.1 This License authorizes the Licensee:

- (a) To provide the Long Distance and International Telecommunication Services, and;
- (b) To establish, maintain and operate its Telecommunication System.

1.2 NATURE OF SERVICES

1.2.1 The Licensee shall provide the following Mandatory Services:

- (a) Long Distance and International Public Voice Telephone Service,
- (b) Long Distance and International Public Data Services, and
- (c) Such other Telecommunication Services as the Authority may by Regulations, require.

1.2.2 The Licensee shall notify and obtain a prior written approval of the Authority before:-

- (a) Establishment, maintenance or operation of a terrestrial transmission facility linking Pakistan with another country, including without limitation to a microwave or fiber optic cable transmission facility.
- (b) Establishment, maintenance or operation of an international submarine cable and /or satellite transmission facility linking Pakistan with, and enabling connectivity with, multiple countries.

1.2.3 This License does not authorize the following:

- (a) The Provision of Basic Public Telephone / Data Access Service;
- (b) Distribution of radio or television programming by means of a cable television transmission system;
- (c) Broadcasting of radio or television programming;
- (d) Mobile Communication Service;
- (e) Limited Mobility Communication Service;
- (f) The Establishment, maintenance or operation of a Telecommunications System to provide any Telecommunication Service that is not authorized in this License; and
- (g) Such other activities or Telecommunication services as the Authority may, by Regulation(s), prohibit.

1.2.4 The Licensee shall not provide any Telecommunication Service or establish, maintain

or operate any Telecommunication System that is not authorized in this License, except pursuant to a separate license or other proper authorization from the Authority.

- 1.2.5 The Licensee shall notify and obtain a prior written approval of the Authority at the time that the Licensee begins 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 and the expected date that they will begin to be offered commercially by the Licensee. The Authority shall grant or withhold its approval or reject in accordance with applicable policy, time being in force.
- 1.2.6 Upon being informed by the Authority that an Operator's license from the Authority to provide a Telecommunication Service or to establish, maintain and operate a Telecommunication System, is suspended or terminated, the Licensee shall as promptly as practical in the circumstances, disconnect its Telecommunication System from the Telecommunication System of that Operator, and discontinue using the Telecommunication Service of that Operator, until such time as the Authority informs the Licensee that the Operator's license from the Authority is restored or renewed.
- 1.2.7 For greater certainty, a Licensee that implements carrier pre selection or call- by-call routing with PTCL, is authorized under this License to provide Public Voice Telephone and Data Services that, if such services were provided by PTCL, would constitute NWD calls as specified in PTCL's all routing tables. An NWD call is, in general, a domestic call to a geographic telephone number where the origin and the destination of the call are not in the same Local Calling Area.
- 1.2.8 The Licensee is not authorized under this License to directly connect its transmission facility to the terminal equipment at a customer location in order to provide the customer with Long Distance and International Public Voice Telephone and Data Services. However, the Licensee is authorized under this License to directly connect the Licensee's transmission facility with terminal equipment at a customer location in order to provide the customer with a Private Circuit between the customer's location in Pakistan and another location of the customer that is located (a) more than 15 kilometers from the first location, (b) in a different Telecom Region from the first location, or (c) outside Pakistan. For greater certainty, the Licensee shall not authorize or permit a customer to use, whether directly or indirectly, a Private Circuit to access the Public Switched Network inside or outside Pakistan, unless the prior approval of the Authority is obtained.
- 1.2.9 For greater certainty, where the Licensee provides prepaid Long Distance and International Public Voice Telephone and Data Services that are accessed by the customer dialing a 800 or other similar non-geographic number, the Licensee may terminate the call on behalf of the customer at any location in Pakistan.
- 1.2.10 Notwithstanding sections 1.1.3(d), the Licensee is permitted to provide GMPCS Service, provided that the Licensee first obtains authorization from the Authority to provide such GMPCS Service, and provided further that the Licensee complies with such terms and conditions as the Authority may decide, including but not limited to fulfilling National Security requirements.

1.3 EFFECTIVE DATE AND TERM OF THE LICENCE

- 1.3.1 This License shall come into force on the Effective Date and shall be valid for a term of 20 (twenty) years. At the expiration of term, this License may be renewed for any further term. If the Authority decides not to renew this license by a similar or another lesser term, then a written notice must be served to the Licensee before the expiration of the

initial term, inline with Pakistan Telecommunication Rules, 2000.

- 1.3.2 If the Licensee wishes to renew the License at the expiration of the initial term, it shall submit to the Authority a written request to renew the License at least 30 months prior to the expiration of the initial term.
- 1.3.3 Within 06 months after the receipt of the Licensee's notice pursuant to clause 3.2 the Authority shall either:
 - (a) 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
 - (b) Give a written notice to the Licensee stating that the Authority may not renew the License and provide reasons thereof, which may include the Licensee's repeated, grave or continuing violations of the terms and conditions of this License, the Act, Rules or Regulations during the initial term of the License. The Licensee shall be given 60 days to make written representations in response to the Authority's show cause notice. Within 30 days after the conclusion of such 60 day period, the Authority shall hold a hearing at which the Licensee may make representations in response to the Authority's show cause notice. The Licensee may, as part of its representations, 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 15 days, give its determination either:
 - (i) That the Authority has determined not to renew the License at the expiration of the initial 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, or
 - (iii) 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, and including such additional terms as the Authority considers appropriate to reduce the likelihood of continued or further violations of the terms and conditions of this License, the Act, Rules or Regulations.
- 1.3.4 Within 30 days after receiving notice of the Authority's determination to renew the License pursuant to section 3.3(b) (iii), the Licensee shall notify the Authority either accepting or rejecting the renewal. If the Licensee fails to notify the Authority within the 30 days period, or if the Licensee notifies the Authority rejecting the renewal, this License shall expire at the conclusion of the initial term. If the Licensee notifies the Authority accepting the renewal, this License shall expire at the conclusion of the initial term and the renewed license shall take effect thereafter.

ARTICLE 2 - RIGHTS OF THE LICENSEE

2.1 NUMBERS AND SHORT CODES

- 2.1.1 The Licensee has the right to request non-geographic numbers, as well as applicable short codes, in accordance with the national numbering plan developed by the Authority, for use in the provision of the Licensed Services.

2.2 INTERNATIONAL FACILITIES

- 2.2.1. The Licensee has the right to obtain access to submarine cable systems, subject to reaching agreement with the operators of such systems, and to install earth stations for use with space station transmission facilities orbiting the earth space, subject to reaching agreement with the operators of such facilities. The Licensee shall seek a prior approval of the Authority for such agreements, including but not limited to fulfilling National Security requirements.

2.3 NO IMMEDIATE REQUIREMENTS TO PROVIDE CERTAIN SERVICES

- 2.3.1. If the Authority determines, pursuant to the Rules, that a Licensee possesses SMP in a relevant market, the Licensee shall comply with orders of the Authority that are intended to promote competition in respect of that relevant market or markets ancillary thereto, including without limitation orders to provide access to its ducts, poles, towers, space and collocation in switching centers or other similar facilities for use by other Operators.

2.4 NUMBER PORTABILITY

- 2.4.1. The Licensee is not required to make available number portability (for nongeographic numbers) to its customers or other Operators unless and until the Authority, by Regulation, so requires.

ARTICLES 3 - OBLIGATIONS OF THE LICENSEE

3.1 COMPLIANCE WITH LAW

- 3.1.1. This License is subject to the terms and conditions contained herein and to the Act, Rules, Policies and Regulations respectively. In the event of any conflict or inconsistency between the provisions of this License, and the provisions of the Act, Rules, Policies or Regulations, the provisions of the Act, Rules, Policies and Regulations shall prevail.
- 3.1.2. The Licensee shall establish, maintain and operate its Licensed System to provide the Licensed Services, in compliance with the laws of Pakistan.
- 3.1.3. The Licensee shall at all times cooperate with the Authority and its authorized representatives in the exercise of the powers, functions and responsibilities assigned to the Authority under the Act. The Licensee shall comply with all orders, determinations, directions and decisions of the Authority.
- 3.1.4. The Licensee shall not enter into any contract, agreement or other arrangement which is, in any way, inconsistent with any obligations of this License or requirements placed upon the Licensee under this License, the Act, Policies, the Rules or the Regulations. Any such contract agreement or other arrangement shall, to that extent, be void.

3.2 NETWORK ROLLOUT OBLIGATIONS

- 3.2.1 The Licensee shall establish and maintain Point of Presence/ Switching Offices in any of Telecom Region that shall be capable to handle all necessary National Security requirements, detailed at paragraph 6.3 and 6.7 prior to commercial commencement of Licensed Services.
- 3.2.2 The Licensee shall establish at least one Network Connection Point (NCP) in each Telecom Region and commence the provision of Mandatory Services in such Telecom Regions within timelines as specified below:-

| S. No. | Deadline (Months from Effective Date) | Network Rollout Obligation - NCP |
|---------------|--|---|
| a. | Twelve (12) Months | Any of Five (05) Telecom Regions |
| b. | Twenty Four (24) Months | Any of Ten (10) Telecom Regions |
| c. | Thirty Six (36) Months | All Telecom Regions |

- 3.2.3 The Licensee shall maintain all such NCPs with appropriate functionality and adequate capacity in all such Telecom Regions for the term of this License.
- 3.2.4 By not later than the deadline indicated below, the Licensee shall own, as part of its Telecommunication System, the following proportion of the transmission facilities located in Pakistan that connect Licensee's Point of Presence/ Switching Offices in Pakistan to the NCP referred to in clause 3.2.2.

| S. No. | Deadline (Months from Effective Date) | Minimal Ownership |
|--------|--|-------------------|
| a. | 12 | 10% |
| b. | 24 | 30% |
| c. | 36 | 50% |

3.2.5 In performing the calculations to determine compliance with the requirements of clause 3.2.4, the following factors shall apply:

- A lease of transmission facilities from another party or a lease of dedicated transmission capacity on the transmission facilities of another party shall be considered equivalent to ownership if the lease is five years or more.
- Only transmission facilities between Licensee Point of Presence/ Switching Offices, and between Licensee Point of Presence/ Switching Offices and the Network Connection Points referred to in clause 3.2.1 and 3.2.2 of this License, shall be considered.
- Transmission facilities shall be measured by multiplying the number of kilometers of each circuit by the number of megabits/second of transmission capacity of the circuit, as installed by the Licensee at the time that the measurement takes place.
- Dark fiber transmission capacity shall be measured by determining the maximum potential transmission capacity using commercially widely used terminating equipment. Dark fiber transmission capacity shall only be considered to a maximum of 50% of the transmission capacity of all of the Licensee's transmission facilities.
- The calculation shall be performed during the last month of the relevant time period.

3.2.6 Licensee shall be under an obligation for following roll out, as provided in sub-clause (a), (b) or (c), based on the description in the Licensee's application for this License previously submitted to the Authority and at a level of quality and reliability that is consistent with international industry best practices:-

- For Licensees whose Technical and Financial Plan is Terrestrial Based (Optical Fiber Cable Network (OFCN)).** Licensee shall establish, maintain and operate its **own** exclusive Long Distance optical fiber cable network for backhaul connectivity (including connectivity to Telecom Towers) covering at least a total length of 1500 kms Optical Fiber Cable (irrespective of number of pairs in optical fiber cable laid) of geographic area within Pakistan within six (06) years from the Effective Date, as per:-

| S. No. | Deadline (Month from Effective Date) | Minimal Optical Fiber Cable Deployment (Kms) |
|--------------|---|--|
| (i) | 24 | 300 |
| (ii) | 36 | 600 |
| (iii) | 48 | 900 |
| (iv) | 60 | 1200 |
| (v) | 72 | 1500 |
| Total | | 1500 (After 06 years) |

Provided that for the purpose of this clause, ownership shall also include lease of Optical Fiber Cable from another LDI or a TIP licensee and shall be considered equivalent to ownership only if the lease is for the term of this License.

(b) **For Licensees whose Technical and Financial Plan is Satellite Based**

- (i) Licensee shall establish its **own** minimum of one (01) Gateway Earth Station(s) anywhere within Pakistan for exclusive Long Distance satellite network within two (02) years from the Effective Date. Thereafter, the Licensee shall maintain Gateway Earth Station(s) with appropriate functionality and adequate capacity in accordance with the applicable policy of the Federal Government, time being in force, and considering the fulfillment of technical and National Security requirements for entire term of this License.

Provided that for the purpose of this clause, ownership shall also include lease of Gateway Earth Station(s) from another LDI or a TIP licensee and shall be considered equivalent to ownership only if the lease is for the term of this License.

- (ii) Licensee shall satisfy the Authority by evidencing that it has established, maintained and operated the Licensed System and provided Licensed Services at a level of quality and reliability that is consistent with international best practices and in compliance with ITU Radio Regulations.
- (iii) Licensee shall seek prior approval of the Authority to establish, maintain and operate an Earth Station(s) within Pakistan, prior to its installation. Licensee shall be under an obligation to share, including but not limited to, all relevant technical details for the earth station(s) as and when required by the Authority. The Authority shall grant or withhold its approval or reject in accordance with applicable policy time being in force and considering the fulfillment of National Security requirements.

(c) **For Licensees whose Technical and Financial Plan is Submarine Cable Landing Station (SCLS) Based.**

- (i) Licensee shall establish, maintain and operate its **own** minimum of one (01) exclusive Submarine Cable Landing Station(s) for international connectivity within Pakistan within six (06) years from the Effective Date, as per: -

| S. No. | Deadline (Month from Effective Date) | Milestones |
|--------|--|---|
| (i) | 12 | Request for Permit in Principle (PiP) for Establishment of SCLS |
| (ii) | 48 | Establishment of SCLS and Request for Commencement Certificate |
| (iii) | 72 | Operations of SCLS |

Provided that for the purpose of this clause, ownership shall also include lease of Submarine Cable Landing Station(s) (SCLS) from another LDI or a TIP licensee and shall be considered equivalent to ownership only if the lease is for the term of this License.

Explanation - I: For the purpose of compliance of clause 3.2.6 (a), (b) and (c), including lease arrangements, above, only such Optical Fiber Cable/Gateway Earth Station(s)/Submarine Cable Landing Station(s) (SCLS) shall be considered that is deployed, established or laid after Effective Date of this License. In addition, sub-lease of Optical Fiber Cable/Gateway Earth Station(s)/Submarine Cable Landing Station(s) (SCLS) shall not be permissible.

Explanation - II. In case of renewal of license, Optical Fiber Cable/Gateway Earth Station(s)/Submarine Cable Landing Station(s) (SCLS) that is already established, deployed or laid will be counted against the requirement as provided in clause 3.2.6 (a), (b) or (c) above and they will be required to meet the differential requirement of rollout obligation, if any, subject to the following: -

i. The Existing Optical Fiber Cable/Gateway Earth Station(s)/Submarine Cable Landing Station(s) (SCLS) is technically operational with appropriate functionality and adequate capacity for the term of this License.

ii. The Authority shall carry out periodic inspections on the quality of the Optical Fiber Cable/Gateway Earth Station(s)/ Submarine Cable Landing Station(s) (SCLS) and the Licensee shall extend full co-operation and assistance for the purpose including provision of test instruments and equipment.

3.2.7 In addition to the sanctions available under the Act, if the Licensee fails to comply with any of the requirements of clause 3.2.1 and 3.2.2 herein, the Authority may demand payment under any Performance Bank Guarantee (PBG) issued in favor of the Authority in connection with any such failure to comply by the Licensee. All funds received by the Authority shall be irrevocably forfeited to the Authority.

3.2.8 If the Authority receives notice or otherwise becomes aware that the PBG will expire, will not be renewed, or is otherwise at risk of not being honored, the Authority may demand payment under the PBG. The Authority shall hold the funds received thereby until such time as:-

- (a) The Authority receives a replacement PBG that is acceptable to the Authority, or
- (b) The Authority is satisfied that the licensee has met the performance requirements in clause 3.2.1 and 3.2.2, in which event the Licensee shall be entitled to the return of funds from the Authority, or
- (c) The Authority determines that the Licensee fails to comply with any of the requirements of clause 3.2.1, 3.2.2, 3.2.3 or 3.2.4 herein, in which event the funds shall be irrevocably forfeited to the Authority.

3.3 SECURITY FOR PERFORMANCE

3.3.1 As continuing security for the performance of Licensee's obligations in clause 3.2.2 and 3.2.4 herein, the Licensee shall deliver to the Authority phase-wise, as applicable, irrevocable Performance Bank Guarantee (PBG) acceptable to the Authority in the amount of US \$ 10 Million or its equivalent in Pakistan Rupees, in following manner: -

| S.No. | Deadline (Month from Effective Date) | PBG | Roll Out Obligation Requirements |
|--------------|---|------------------------|--|
| i. | 12 | US\$ 5 Million | clause 3.2.1 and clause 3.2.2 (a) with clause 3.2.4 |
| ii. | 24 | US\$ 3 Million | clause 3.2.2 (b) with clause 3.2.4 |
| iii. | 36 | US\$ 2 Million | clause 3.2.2 (c) with clause 3.2.4 |
| Total | | US\$ 10 Million | |

3.3.2 Subject to completion of Deadline(s) for rollout obligation(s) as provided in table at clause 3.3.1 above, from the Effective Date of this License, the Licensee shall be entitled to release of the irrevocable PBG against the respective Network Rollout Obligation(s), upon receipt of evidence and satisfaction to the Authority, that the Licensee has met the rollout obligation performance requirements.

3.4 ACCESS PROMOTION CONTRIBUTION

3.4.1 The sharing of revenues from incoming International calls, between operators shall be determined through a formula specified by the Authority from time to time, in accordance with the Access Promotion Contribution Rules, and with which the Licensee shall comply.

3.4.2 The APC derived from the formula would be reviewed.

3.4.3 The APC shall be the PTA approved Total Accounting Rate (TAR) minus LDI share which shall not be changed without prior written approval of the Authority.

3.5 ALTERATION OF NETWORK AND CHANGES TO NETWORK

3.5.1 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 Licensed System in order to comply with the requirements of law or any applicable policy.

3.5.2 The Licensee must give adequate notice of any changes in the specification or performance of any part of the Licensed System which would require changes to apparatus or systems attached to or interconnected with the Licensed System or which would have the effect of making such connections inoperable. All such changes shall be approved by the Authority. Changes must be published in a reasonable manner and time scale approved by the Authority.

3.6 THE PROHIBITION ON CROSS-SUBSIDIES

3.6.1 The Licensee shall not cross subsidize the business under the License through financial resources acquired by him through other licenses held by it in Pakistan and/ or AJ&K and/ or GB, by any person controlling it, controlled by it, or under direct or indirect common control with it. This clause is aimed at preventing any anti-competitive behavior in the market.

3.6.2 If the Authority, after allowing the Licensee a proper opportunity to respond to any

concerns expressed by it, is satisfied that the Licensee is unfairly cross-subsidizing any separately priced Licensed Service by any other Licensed Service, the Authority may serve a written notice on the Licensee requiring it to remedy the situation within the time period specified in the notice.

- 3.6.3 If other licenses are held by the Licensee in Pakistan and/ or AJ&K and/ or GB, by any person controlling it, controlled by it, or under direct or indirect common control with it, the licensee shall maintain and submit to the Authority the separate accounts for each license and for separate areas of business activities under each license in accordance with relevant regulations and guidelines.

3.7 NO UNDUE PREFERENCE

- 3.7.1 The Licensee shall not show undue preference to, or exercise undue discrimination against, particular persons or persons of any class or description in respect of:-

- (a) the provision of any Telecommunication Services in accordance with any obligations imposed by this License;
- (b) the granting of permission to connect any other Operator's Telecommunication System with the Licensed System; and
- (c) the quality of any Interconnection Services and International bandwidth provided by the Licensee to another Operator under any agreement between them.

- 3.7.2 The Licensee shall be deemed to have shown undue preference or undue discrimination as described in clause 3.7.1 if it unfairly favours to a material extent any business carried on by it so as to place at a significant competitive disadvantage persons lawfully competing with that business.

- 3.7.3 Clause 3.7.1 shall not prevent the Licensee from:-

- (a) where it supplies as part of the same transaction, or related series of transactions, two or more Telecommunication Services which are of a similar type (or so related as to permit economies of scale where they are provided together), or two or more items of Telecommunication Apparatus, offering quantity discounts or more favourable terms and conditions in respect of quantity in relation to those Telecommunication Services or Telecommunication Apparatus; and
- (b) imposing any other conditions with respect to the provision or supply of the Telecommunication Services or Telecommunication Apparatus, or connection of the Telecommunication System or Telecommunication Apparatus, referred to in clause 3.7.3 as are reasonably incidental to that provision, supply or connection or as may otherwise be agreed by the Authority.

ARTICLE 4 – FEES AND CONTRIBUTIONS

4.1 PAYMENT OF FEES

4.1.1. The Licensee shall pay the following initial fees to the Authority prior to the Effective Date:

- (a) As Initial License Fees (ILF), US \$ 500,000/- or its equivalent in Pakistan Rupees, and
- (b) As Initial Spectrum Fees (ISF) (if any, determined by the competent Authority).

4.1.2. The Licensee shall pay the following annual regulatory fees to the Authority:

- (a) Annual License Fee (ALF) to the Authority in an amount equivalent to 0.5% of the Licensee's Annual Gross Revenue from Licensed Services for the relevant Financial Year, minus inter-operator costs and related PTA/FAB mandated payments. In the case of PTA/FAB mandated payments including contributions, this deduction will be allowed only if these amounts have actually been paid and not on an accrual basis. However, payment of ILF and ISF, any amount paid/payable to foreign carriers, lease charges, collection charges, Late Payment Additional Fee, penalties and other expenses imposed by the Authority, if any, shall not be deducted from the Gross Revenue.
- (b) The amount of the annual fees referred to in Appendix 1 annexed hereto, and
- (c) The Licensee shall pay the amount for all the number(s) allocated to it, in accordance with Numbering Allocation and Administration Regulations issued by the Authority from time to time.

4.1.3. The Licensee shall pay an Annual Research and Development (R&D) Fund Contribution, an amount equivalent to 0.5% of the Licensee's Gross Revenue from Licensed Services for the relevant Financial Year, minus inter-operator costs and related PTA / FAB mandated payments. In the case of PTA/FAB mandated payments including contributions, this deduction will be allowed only if these amounts have actually been paid and not on an accrual basis. However, payment of ILF and ISF, any amount paid/payable to foreign carriers, lease charges, collection charges, Late Payment Additional Fee, penalties and other expenses imposed by the Authority, if any, shall not be deducted from the Gross Revenue.

4.1.4. R&D Fund Contribution shall be deposited in designated Public Accounts.

4.1.5. The Licensee shall pay a Universal Service Fund (USF) Contribution, an amount equivalent to 1.5% of the Licensee's Annual Gross Revenue from Licensed Services for the relevant Financial Year, minus inter-operator costs and related PTA/FAB mandated payments. In the case of PTA/FAB mandated payments including contributions, this deduction will be allowed only if these amounts have actually been paid and not on an accrual basis. However, payment of ILF and ISF, any amount paid/payable to foreign carriers, lease charges, collection charges, Late Payment Additional Fee, penalties and other expenses imposed by the Authority, if any shall not be deducted from the Gross Revenue.

- 4.1.6. The Licensee shall be eligible to apply for subsidy from the Universal Service Fund in order to cover rural, unserved and underserved areas as per Rules/ Policies / Regulations, to be notified from time to time, for utilization of Universal Service Fund.
- 4.1.7. USF Contribution shall be deposited in designated Pubic Accounts.
- 4.1.8. In addition to the fees payable hereunder, the Licensee shall pay to the Authority all fees required to be paid under the Act, Rules and Regulations.

4.2 GENERAL CONDITIONS CONCERNING FEES AND CONTRIBUTIONS

- 4.2.1. The Licensee shall pay all annual fees to the Authority within 120 days of the end of the Financial Year to which such fees relate.
- 4.2.2. In addition to any other remedies available to the Authority, late payment of any amounts due under this License, including the Initial License Fee, Initial Spectrum Fee and all regulatory fees, contributions and charges under clause 4.1, shall incur an additional fee calculated at the rate of 2% per month on the outstanding amount, for each month or part thereof from the due date until paid.
- 4.2.3. Further, the outstanding amount shall be recovered as arrears of land revenue in addition to any other penalties or remedies to which the Licensee may be liable under the Act, Rules, Regulations and terms and conditions of this License.
- 4.2.4. The Licensee shall annually submit to the Authority its annual audited financial statements, auditors' certificate, other information in the form and manner as may be required, to the satisfaction of Authority, in support of its calculations of all regulatory fees, contributions and charges payable pursuant to Article 4 of this License, within 120 days of the end of financial year to which such fee relate.
- 4.2.5. If the Licensee disputes any outstanding amounts due under this License as decided by the Authority, the Licensee shall either deposit 50% of the disputed amount in an escrow account opened by the Authority and on terms specified by the Authority or furnish unconditional and continuing bank guarantee, to the satisfaction of the Authority, in favor of the Authority equal to 50% of the disputed amount. Upon resolution of dispute, the amount deposited in escrow account shall accordingly be paid to the Authority or refunded to the Licensee along with bank profit accrued thereon during the period amount deposited in escrow account. In case of bank guarantee, the same shall accordingly be encashed or returned to the Licensee. Late Payment Additional Fee (LPAF) shall not apply to the extent of amount deposited in escrow account, however, in case of submission of Bank Guarantee, LPAF shall continue to apply on total outstanding dues from due date till date of payment.
- 4.2.6. This License shall be suspended / terminated in accordance with the law or Rules or Regulations, in case the Licensee fails to make the payment of any outstanding dues i.e. annual fees, contributions, charges, late payment additional fee, penalties etc. on due dates.
- 4.2.7. Where the Licensee is required, under the License, to make any payment to the Authority that is denominated in a currency other than Pakistan Rupees, the Licensee may make such payment in the equivalent amount of Pakistan Rupees. The rate of exchange for determining the equivalent amount of Pakistan Rupees shall be the TT selling rate of National Bank of Pakistan prevailing at the business day preceding the date of payment.

ARTICLES 5- RADIO FREQUENCY SPECTRUM

5.1 RADIO FREQUENCY SPECTRUM ASSIGNED TO THE LICENSEE

- 5.1.1. From the Effective Date, the radio frequency spectrum described in Appendix 1 is assigned to the Licensee. In relation to the radio frequency spectrum so assigned to the Licensee, the Licensee shall comply with the terms and conditions of this License, and any technical parameters, terms and conditions appearing in Appendix 1.
- 5.1.2. Notwithstanding section 1.3, the assignment of radio frequency spectrum to the Licensee shall terminate upon the expiry of a period of 20 years from the Effective Date, unless earlier terminated pursuant to this license or pursuant to the requirements of law. Upon termination of the assignment, neither the Board nor the Authority shall be under an obligation to effect any extension.
- 5.1.3. Upon the expiry of the period of 20 years referred to in clause 5.1.2, the assignment of radio frequency spectrum to the Licensee may be extended for a period of time, and on such terms and conditions, as are consistent with the policy of the Federal Government at that time. However, neither the Board nor the Authority shall be under an obligation to effect such an extension.
- 5.1.4. Upon termination of the assignment to the Licensee of radio frequency spectrum, the licensee shall cease using any apparatus or device that emits or receives any radio communication in the band of that radio frequency spectrum, and shall cause its customers to discontinue using any such apparatus or device.

5.2 USE OF SPECTRUM

- 5.2.1. The Licensee shall comply with the following terms and conditions relating to radio frequency spectrum assigned to the Licensee:
 - (a) The Licensee shall report to the Board such information as the Board may require concerning the assigned radio frequency spectrum and its use.
 - (b) The Licensee shall only use the assigned radio frequency spectrum in its own operations, and it shall not lease, sub-license, allocate, assign by way of creating charge, mortgage or otherwise make available the use of the assigned radio frequency spectrum to another Operator, any other person including financial institution, except as may be permitted by the Authority.
 - (c) If, in the opinion of the Board, the Licensee is not efficiently using the full capacity of the assigned radio frequency spectrum, the Licensee shall, upon request of the Board, share use of assigned radio frequency spectrum with one or more other Operators designated by the Board on terms and conditions as the Board may designate. Where the assignment of radio frequency spectrum to the Licensee has occurred pursuant to an auction in which the Licensee paid in respect of initial fees hereunder and referred to in Appendix 1, more than the minimum reserved amount for the right to the assignment of the radio frequency spectrum, the Licensee will not be required to comply with the foregoing provision of this clause (c) during an initial term of 10 (ten) years after the assignment of the radio frequency spectrum to Licensee.
 - (d) The Board shall have the right, exercisable at any time, to terminate the

assignment to the Licensee of the radio frequency spectrum described in Appendix 1 if the Board determines that the Licensee is not complying with the requirements applicable to such radio frequency spectrum and which are set forth in section 1.2 and 1.3 of Appendix 2. Upon such termination by the Board, any rights granted to the Licensee hereunder to use the radio frequency spectrum shall also terminate.

- (e) The Licensee shall use assigned radio frequency spectrum in compliance with all national, regional, intergovernmental and international arrangements in effect from time to time, and all directions from the Board, that are designed or intended to reduce radio interference among service providers.
- (f) At all times, the Licensee shall implement all commercially reasonable measures to optimize the efficiency and effectiveness of its use of the radio frequency spectrum assigned to it pursuant to approval by the Board and the Authority.

5.3 REASSIGNMENT OF FREQUENCIES SPECTRUM

5.3.1. The Board may, in order to comply with International radio frequency spectrum coordination requirements, ITU assignments or reassignments, in order to implement a Policy Directive of the Federal Government under section 8 of the Act, or for requirements of national security, reassign radio frequency spectrum assigned to the Licensee or require the Licensee to surrender the assignment of radio frequency spectrum assigned to it and which is not reasonably required for the continued operation of the Licensed Services. In such cases, the Licensee shall be entitled to consult with the Board before any such action is taken and the Licensee shall be entitled to reasonable time and, where available, the assignment of appropriate alternative radio frequency spectrum, to permit the Licensee to carry on its business without unreasonable costs or disruptions.

5.3.2. If, pursuant to clause 5.3.1, the Board requires that the Licensee change the radio frequency spectrum assigned to it, or surrender its rights in respect of radio frequency spectrum assigned to it, and the Board re-assigns the radio frequency spectrum to another Operator within three years after the date established by the Board as the last date that the Licensee may use any apparatus or device that emits or receives any radio communication in the band of the radio frequency spectrum, the Board shall require the other Operator to compensate the Licensee for:

- (a) its reasonable costs incurred as a result of such change or surrender, as determined by the Board, and
- (b) for radio frequency spectrum referred to in Appendix 1, the fraction of the initial fees referred to in Appendix 1 in respect of the re-assigned radio frequency spectrum, where the fraction is calculated by the following formula: $(20 - TT)$ divided by 20, where TT is the period of time, expressed in years, between the Effective Date and the date established by the Authority as the last date on which the Licensee may use any apparatus or device that emits or receives any radio communication in the band of the radio frequency spectrum.

5.3.3. At such time as the Licensee changes or surrenders radio frequency spectrum, or is required by the Board to do so, pursuant to this section 5.3, the assignment by the Board of the radio frequency spectrum to the Licensee shall terminate. Upon such termination by the Board, any rights granted to the Licensee hereunder to use the radio frequency spectrum shall also terminate.

5.4 RADIO APPARATUS

- 5.4.1. The Licensee shall operate radio communication apparatus and devices in compliance with all requirements of the Board pertaining to emissions, frequencies of operation, technical characteristics, power and aerial characteristics.

ARTICLE 6 – GENERAL CONDITIONS

6.1 OPERATION OF LICENSED SERVICES

- 6.1.1. The Licensee shall ensure that its Licensed System and the Licensed Services do not cause any damage to, or interference with, any Licensed System or Licensed Services of any other Operator.
- 6.1.2. Licensee shall conduct its operations and shall establish and maintain its Licensed Systems in a manner so that it is not a safety hazard and is not in contravention of any law, rule or regulation.
- 6.1.3. Except in the ordinary course of business and in cases where the asset disposed of is unnecessary or is replaced by another asset, providing equivalent or better functionality, the Licensee shall not, without the approval of the Authority, sell, transfer or dispose of any asset employed in running part of the Licensed System by which the Licensed Service is provided or purport or threaten to do so.
- 6.1.4. Licensee shall register and seek prior authorization of the Authority for establishing, maintaining and operating space stations in any orbit for its network. Licensee shall be under an obligation to share, including but not limited to, all relevant technical details for the space station(s) required by the Authority such as:-
 - (a) Number of space stations for the entire network with an estimated lifetime and deployed orbital altitude.
 - (b) The system is able to maintain orbital tolerances and disclose the accuracy with which orbital parameters shall be maintained, including apogee, perigee, inclination, and the right ascension of the ascending node(s).
 - (c) The maneuvering capabilities sufficient to perform collision avoidance. The total probability of a collision between the space station(s) and any other large object (10 cm or larger in diameter) during the orbital lifetime of the space station(s).
 - (d) (unique) Telemetry, tracking, and command links are fully functional.
- 6.1.5. Licensee shall ensure that the licensed facilities are properly secured against unauthorized access or use whenever an operator is not present at the transmitter. For space station operations, this includes securing satellite commands against unauthorized access and use.
- 6.1.6. Licensee shall be under an obligation to comply with all requirements for establishment, maintenance and operation of Licensed Systems and provision of Licensed Services as specified in ITU Radio Regulations.
- 6.1.7. Licensee shall be under an obligation to adhere to the Satellite Policy Framework as and when issued by the Federal Government, in letter and spirit, and fulfill the specific conditions imposed on it under any such policy.
- 6.1.8. For ensuring operational continuity of its Licensed Services, the Licensee shall take necessary steps including those conveyed by the Authority from time to time.

6.2 DISCONTINUATION OF SERVICES

6.2.1. The Licensee shall not discontinue providing a category of Licensed Services unless:

- a. The Licensee gives the Authority and affected customers at least 90 days prior written notice of such discontinuation, and
- b. Authority's prior written approval to such discontinuation is obtained. The Authority will not give its written approval to such discontinuation if the Licensee is in arrears of any fees and contributions.

6.3 MONITORING OF LICENSED SERVICE PROVISION

6.3.1. The Licensee shall establish, maintain, upgrade , provide and extend, at its own cost, state-of-the-art system(s) (equipment hardware, firmware, software) at premises designated by the Authority and ensure its upgrading, updating, security and safety in best possible order to measure and record traffic, billing, call detail records, IP data records, voice over IP, grey traffic analysis and mitigation, network threat detection, malware analysis, critical information protection, web analysis, web content filtering, IP consumer trend and OTT applications visibility and quality of service in a manner specified by the Authority. The Licensee shall provide the Authority with access to such system, and the information generated by such system/ equipment, and shall extend full co-operation and assistance to the Authority in connection with the Authority's exercise of these service provision and quality monitoring. The Licensee shall also be obliged to appear before the Authority, when called upon to do so, to answer any query on these matters put by the Authority.

6.3.2. The Authority shall have the full right to visit, inspect any premises or facility including hardware and software of the Licensee.

6.4 PROVISION OF INFORMATION

6.4.1. The Licensee shall furnish to the Authority such information as the Authority may require regarding the Licensee's network plan, network and terminal standards, links utilized, network audits and penetration tests from an Accredited technical auditor(s), financial information, costs and accounts or any such other information as the Authority may from time to time require in connection with its functions, powers and responsibilities.

6.4.2. The Licensee shall maintain such systems of financial records and books of accounts 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 requirements imposed by the Authority. Upon request by the Authority, the Licensee shall make its books and records available for inspection by the Authority.

6.4.3. The Licensee shall maintain financial records and books of accounts in accordance with applicable laws in Pakistan. The Licensee shall submit audited financial statements, including at a minimum Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows along with related notes to the Authority within 120 days of the closing date of Financial Year of the Licensee.

6.4.4. The Authority shall take reasonable steps to maintain the confidentiality of information that is disclosed to it by the Licensee and which is clearly indicated as confidential,

except that the Authority may disclose information where the Authority determines that the public interest in disclosure outweighs the Licensee's interest in maintaining the confidentiality of such information.

- 6.4.5. The Licensee shall provide the Authority with any information, documents, accounts, reports, estimates and returns it may require to enable it to carry out its functions.
- 6.4.6. The Authority may also require the Licensee to establish arrangements for separate audited accounting for certain activities in order to permit effective monitoring of the Conditions of this License. (e.g. with regard to predatory pricing).

6.5 MONITORING OF QUALITY OF SERVICE

- 6.5.1. The Licensee shall at all times meet or exceed the quality of service standards described in Appendix 2 and such other quality of service standards as the Authority may, by Regulation, require. The Licensee shall maintain records of its performance in meeting these qualities of service standards, and shall submit them to the Authority on a monthly basis in such format as the Authority may require. The Licensee shall maintain supporting records for inspection and technical audit as and when required by the Authority. The Licensee shall maintain all such records for a period of three years.
- 6.5.2. The Authority may carry out tests on the quality of the Licensed Services and the Licensee's Telecommunication System and the Licensee shall extend full co-operation and assistance for the purpose including provision of test instruments and equipment.

6.6 INSPECTION

- 6.6.1. The Licensee shall allow inspection of any premises or Telecommunications Equipment, wherever situated, by a representative of the Authority at any time and furnish to the representative such information as may be required by the Authority.

6.7 NATIONAL SECURITY

- 6.7.1. 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.
- 6.7.2. It shall be open to the Authority to restrict the Licensee from operating in any unauthorized area defined by the Federal Government from the National Security point of view.
- 6.7.3. The Licensee shall not transfer user information and CDRs/IPDRs (except pertaining to foreign subscribers on operator's network while roaming) to any person/place outside Pakistan including AJ&K and GB.
- 6.7.4. No local/Long Distance traffic (mobile, fixed line and satellite) destined for Pakistan shall be hauled outside Pakistan.
- 6.7.5. No remote access shall be provided to any unauthorized person/place outside Pakistan for any maintenance/ repairs/ databases/ facility.
- 6.7.6. Microwave terminals shall be installed in such a way that signal strength of the signal fades away and no communication takes place across the International Borders.

- 6.7.7. No ciphering equipment or software shall be used by the service provider or user without obtaining necessary permissions from the concerned authorities.
- 6.7.8. The Licensee shall ensure to implement Equipment Identity Register (EIR) or related module in the network or as directed by the Authority.
- 6.7.9. Every User Equipment (UE) shall have a unique subscriber identity number.
- 6.7.10. The Licensee shall establish, maintain, upgrade, provide and extend at its own cost state-of-the-art equipment at premises designated by the Authority in consultation with the Designated Agency in order to monitor the communication for the purpose of National Security and shall ensure its upgrading, security and safety. The System must be compliant with ETSI Lawful Interception (LI) and other related security standards of communications security and must be ready to be extended as desired by the Authority.
- 6.7.11. The Lawful Interception (LI) System shall be available prior to launch of commercial operation and support all services provided by the Licensee.
- 6.7.12. The Licensee shall block website(s), or /web content(s) (on best effort basis) or other services as and when directed by the Authority.

6.8 PROVISION OF CALL RECORDS

- 6.8.1. The Licensee shall maintain call records including called and calling numbers, date, duration, time and location details, with regard to the communications made on its Licensed System for a period of at least one year for scrutiny by or as directed by the Authority or required by security agencies under law.
- 6.8.2. The Licensee shall record/store data session logs/info along with IP address for one year for scrutiny by or as directed by the Authority or required by security agencies under law.

6.9 NETWORK STANDARDS AND NETWORK SECURITY

- 6.9.1. The Licensee shall use any type of Licensed System/ Telecommunication Equipment that meet the relevant ITU or other Telecommunication Standards recognized by the Authority.
- 6.9.2. The Licensee shall ensure that its network is at all times interoperable and interconnectable with the networks of other Licensed Operators. 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 interconnectability with the then-existing interconnected networks of other Licensed Operators.
- 6.9.3. The Licensee shall ensure that it's Licensed Systems and Licensed Services at all times fulfils the traits of Confidentiality, Integrity and Availability, as per standards recommended by ITU-T and NIST.
- 6.9.4. The Licensee shall ensure deployment of state-of-the-art equipment/ solutions, in an effort of adopting defensive measures, for securing and protecting its Licensed Systems, network data and Licensed Services from accidental and malicious cyber risks/ threats.

- 6.9.5. Licensee shall provide technical report(s) to the extent that its Licensed System(s) has been established, maintained and is being operated in harmony with international best practices, ITU/ ETSI standards and any other standards as prescribed by the Authority from time to time.

6.10 TYPE APPROVAL OF TERMINAL EQUIPMENT

- 6.10.1. The Licensee shall not install or connect, or permit the installation or connection of, any Terminal Equipment in its Licensed System unless the Terminal Equipment is type approved, or otherwise permitted by the Authority. The Licensee shall not install or connect, or permit the installation or connection of, any Terminal Equipment or type of Terminal Equipment prohibited by the Authority.
- 6.10.2. Licensee shall provide an automated mechanism for traceability of any Terminal Equipment, including but not limited to Terminal Earth Station(s), connected to its Licensed System.

6.11 COMMENCEMENT CERTIFICATE

- 6.11.1. The Licensee shall not provide any Licensed Services to customers, or accept any payment from customers in respect of Licensed Services to be provided by the Licensee, until the Licensee has obtained from the Authority a commencement certificate evidencing that the Authority is satisfied that the Licensee has established its Licensed System, and is able to provide the Licensed Services including Mandatory Services, in accordance with the description in the Licensee's application for this License previously submitted to the Authority and at a level of quality and reliability that is consistent with international industry best practices.
- 6.11.2. The Licensee shall give 30 days prior written notice to the Authority of the date on which the Licensee intends to commence providing Mandatory Services to customers. The Licensee shall cooperate with the Authority in its investigation of its Licensed System and the Licensed Services in connection with the issuance by the Authority of a commencement certificate.

6.12 INTERNATIONAL TELEPHONY SERVICE

- 6.12.1. The Licensee shall not, without the prior approval of the Authority, give effect to any agreement or arrangement respecting International Telephony Service whether oral or written, with a service provider that originates or terminates, or arranges for the origination or termination of, International Telephony Service outside of Pakistan.
- 6.12.2. The Licensee may be allowed to enter into international transit agreements with operators from other countries, subject to approval by the Authority on a case by case. If traffic through the bilateral link is to be transited out of Pakistan both on forward and reverse link, clear declaration of the entry and exit points and the size/capacity of the interfaces at such entry and exit points, is required to be made available by the Licensee.

The Authority shall grant or withhold its approval or reject in accordance with the policy directives of the Federal Government under Section 8 of the Act. The Authority may impose any further Conditions on the Licensee in the furtherance of its function under Sub-sections (c), (d), (e) and (g) of Section 4(1) of the Act.

- 6.12.3. The Licensee shall not translate, alter or delete the telephone number or other

identification associated with the calling party of an International Telephony Service call.

- 6.12.4. The Licensee shall not translate, alter or delete the signaling or other data associated with an International Telephony Service call to disguise the identification of the service provider of the calling party or the identification of the country of origin of the call.
- 6.12.5. The Licensee shall not assist, or cooperate with, any person to violate clause 6.12.2, 6.12.3 or 6.12.4 above.
- 6.12.6. The licensee shall ensure that switching hub shall be located within Pakistan for routing of traffic and no international telephony traffic shall be sent to any switching hub located outside Pakistan to be routed there-from.
- 6.12.7. The Licensee shall take all reasonable steps to provide International telephony service necessary to satisfy all reasonable demands thereof. The Licensee shall submit to the Authority on as required basis, any changes or modifications to their existing plan. These modifications will be implemented after these have been approved by the Authority.

ARTICLE 7 - RELATIONS WITH CUSTOMERS

7.1 STANDARD CONTRACT OF SERVICE

- 7.1.1. The Licensee shall submit a standard contract of service, for use with individual its customers, for approval by the Authority, before commencement of its Licensed Services. The Licensee shall file the standard contract, and amendments thereto from time to time, with the Authority for its approval. The Authority shall approve the standard contract if it contains the terms and conditions described in sub clause 7.2.1 and if it contains terms and conditions that are not unduly burdensome on customers.
- 7.1.2. The standard contract, as approved by the Authority, shall apply to all customers that obtain Licensed Services from the Licensee.
- 7.1.3. Prior to providing any Licensed Services to its customers, the Licensee shall enter into a contract with customers in accordance with the standard form contract approved by the Authority.
- 7.1.4. The Licensee may enter into agreements with corporate customers for the provision of Licensed Services on terms that are negotiated between the Licensee and such customers.

7.2 CONTENTS OF THE STANDARD CONTRACT OF SERVICE

- 7.2.1. The standard contract shall include, at a minimum, the following terms and conditions:
 - (a) Deposits and alternative methods of providing security for payment where reasonably required, provided that in no circumstances may such deposits or security exceed the charges reasonably anticipated to be incurred by the customer within a three (3) month period,
 - (b) Pricing or mechanisms by which prices are determined;
 - (c) Privacy of Communications;
 - (d) Confidentiality of customer information;
 - (e) Refunds or other rebates for service problems or over-billing;
 - (f) Payment terms, including any applicable interest or administration charges;
 - (g) Minimum contract period; and
 - (h) Customer and Licensee rights of termination.

7.3 COMPLAINT SYSTEM

- 7.3.1. The Licensee shall establish an efficient and easy-to-use system to promptly receive, process and respond to complaints, claims or suggestions by customers of Licensed Services.
- 7.3.2. The Licensee shall make all reasonable efforts to resolve customer complaints or disputes without delay and without recourse to the Authority.

- 7.3.3. If a complaint is filed with the Authority in connection with any dispute between the Licensee and a customer regarding any activity that is the subject of this License, the Authority may settle the dispute. Without prejudice to the appeal provided in section 7 of the Act, the Licensee shall abide by decision of the Authority.

7.4 CONTENT AND FORMAT OF BILLS

- 7.4.1. The Licensee may determine the contents and format of its bills to customers provided that:

- (a) In relation to a customer, the bill reflects the types of service and the units for which charges are made including, at a minimum (but only to the extent requested by the customer), the starting time of each connection, the number called and the duration and number of units for each call; and
- (b) The Licensee retains in its records information sufficient:
 - (i) To identify for customers the basis of the amount charged for use of its telecommunication services; and
 - (ii) To provide the Authority with an independent quality assurance that the billing process complies with the requirements set out at 7.4.1(a).

- 7.4.2. The Licensee shall maintain appropriate billing processes to enable the Licensee to comply with the billing requirements in this clause 7.4.

- 7.4.3. The Licensee shall maintain billing records for a period of at least three years.

7.5 CODE OF COMMERCIAL PRACTICE

- 7.5.1. The Licensee shall publish and submit to the Authority within six months of the Effective Date, a code of commercial practices approved by the Authority. Once approved by the Authority, the code of commercial practice shall be binding on the Licensee. The code of practice shall include, at a minimum, provisions covering the following issues:

- (a) A commitment to take steps to remedy service interruptions as soon as reasonably possible and to provide reasonable credits to customers for lengthy outages;
- (b) Protection of the privacy of information transmitted over the Licensed System;
- (c) Maintenance by Licensee of the confidentiality of customer information;
- (d) Procedures for resolving complaints between Licensee and customers; and
- (e) Availability to customers of information concerning their accounts with the Licensee.
- (f) Commitment by the Licensee to customers in respect of standard and quality of Licensed Services.

7.6 PRIVACY OF COMMUNICATIONS

- 7.6.1. 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 Act, the Rules, Regulations and conditions of this License.
- 7.6.2. The Licensee shall take reasonable measures including those, Authority may convey from time to time to safeguard its Licensed Systems from unauthorized interception of communication carried on the Telecommunication System.
- 7.6.3. The Licensee shall ensure that data retained/stored by Licensee pertaining to its users including real time voice/data communication and any such data/information which is critical for the provision/security of Licensed Services and Licensed Systems are protected from unauthorized access, disclosure, copying, modification, loss and destruction.

7.7 CONFIDENTIALITY OF CUSTOMER INFORMATION

- 7.7.1. Except as permitted below, the Licensee shall take all reasonable measures to prevent information about its customers, including information about their business, other than directory information, from being disclosed to third parties, including the Licensee's own subsidiaries, affiliates and associated companies, except information which is required:
 - (a) For the process of collection of debts owed to the Licensee;
 - (b) By another Operator in relation to the provision of services to the customer, and provided that the information is disclosed in confidence to that Operator;
 - (c) By the Licensee's auditors for the purpose of auditing the Licensee's accounts; or
 - (d) For the prevention or detection of crime or the apprehension or prosecution of offenders or as may otherwise be authorized by or under any law of Pakistan.
- 7.7.2. Licensee shall be permitted to disclose confidential information about a customer where the Licensee has clearly explained to a customer (a) the nature of the information to be disclosed, (b) the recipients of the information to be disclosed and (c) the purpose for the disclosure, and the customer has provided Licensee with consent to such disclosure.

7.8 HARASSING, OFFENSIVE, UNSOLICITED, FRAUDULENT OR UNLAWFUL COMMUNICATION

- 7.8.1. The Licensee shall take all reasonable steps to track and locate the source of harassing, offensive, unsolicited, fraudulent or unlawful communication. For that purpose:
 - (a) Any customer of the Licensee may request that the Authority or other duly authorized authority in Pakistan authorize the Licensee to monitor calls to the customer's telephone.

- (b) The Authority or other duly authorized authority in Pakistan may direct a Licensee to monitor calls to and from the said customer's telephone.
- (c) The Licensee shall provide to the Authority the information resulting from the monitoring of the call to and from the customer's telephone, including the telephone numbers that are the source of harassing, offensive, unsolicited, fraudulent or illegal calls unlawful communication and the dates of occurrence of such communication and their frequency; and
- (d) The Authority may undertake any appropriate action to protect the public from harassing, offensive, unsolicited, fraudulent or unlawful communication and, if necessary, refer the matter to the competent authorities for further action.
- (e) The Licensee shall suspend or terminate service to any customer that is the source of harassing, offensive, unsolicited, fraudulent or unlawful communication.

ARTICLE 8 – TARIFFS

8.1 NO REGULATION OF PRICES

- 8.1.1. Except as otherwise provided in this License or as required by law, the Licensee is free to set prices for the Licensed Services as it may deem fit.
- 8.1.2. If the Authority determines that the Licensee's prices for any Licensed Services are unfair and unreasonable to individual customers, the Authority may regulate Licensee's prices, terms and conditions for those Licensed Services. The Licensee shall comply with the Authority's orders and determinations relating to the Licensee's prices, terms and conditions for those Licensed Services.

8.2 PRICE REGULATION OF OPERATORS WITH SMP

- 8.2.1. If the Authority determines that the Licensee possesses SMP in a relevant market, the Authority may regulate the Licensee's prices, the terms and conditions for those Licensed Services where the Licensee possesses SMP, and any Licensed Services incidental thereto as determined by the Authority. The method of regulation shall determined by the Authority in the Tariff Rules/Regulations, subject to compliance with any applicable provisions of the Rules and the Regulations, and may include a requirement for prior Authority approval of any price, term or condition, or the maximum or minimum price, or both, for the Licensed Services.
- 8.2.2. The Licensee shall notify to the Authority 30 days in advance of any intended increase in the charges under clause 8.2.1. The Authority may, at any time ask for further information to satisfy itself prior to according an approval. The Authority may however, disapprove proposed increase by the Licensee. Under no circumstances the Licensee shall increase charges which are subject to the Tariff Rules and Regulations, without the prior approval of the Authority.

8.3 PUBLICATION OF TARIFFS, NOTIFICATIONS AND DISPLAY OF INFORMATION

- 8.3.1. The Licensee shall comply with all requirements regarding publication of prices, terms and conditions, notifications and display of information, as established by the Authority from time to time in accordance with the Rules and Regulations.

ARTICLE 9- RELATIONS WITH OTHER OPERATORS

9.1 INTERCONNECTION

- 9.1.1. Interconnection between the Licensed System and the Telecommunication Systems of other Operator(s) is governed by the Interconnection Rules and Regulations, Interconnection Guidelines and all relevant determinations, order and directives issued by the Authority from time to time.
- 9.1.2. The Licensed System is deemed to be a Connectable System for the purposes of the Interconnection Rules and Regulations.
- 9.1.3. The Licensee shall comply with the Access Promotion Rules 2004, including without limitation any requirement to make payments to another Operator in respect of International Telephony Service carried by the Licensee and terminated on the Telecommunication System of the other Operator(s).
- 9.1.4. The Licensee shall, within 15 business days of a written request by another licensee, enter into negotiation, in good faith, for an agreement to connect and keep connected the Licensee's Licensed System to the Telecommunications Network run by the requesting Operator at specified points of interconnection.
- 9.1.5. The Licensee may not be required to enter into an agreement as required above under sub clause 9.1.4 where to do so would, in its reasonable opinion and with the consent of the Authority:
 - (a) Cause or would be likely to cause danger, damage or injury to any person or to any property;
 - (b) Cause damage or otherwise interfere with the running of the Licensee's Licensed System or the provision of its Licensed Services over its Licensed System; or
 - (c) Not be technically or economically feasible.
- 9.1.6. The Licensee shall provide the evidence of cost for Interconnection Termination rates within 12 months of Commencement of the services. The rates so provided shall be certified by a practicing Chartered Accountant or Cost and Management Accountant firm of Pakistan.
- 9.1.7. The Licensee shall not unfairly discriminate the terms of interconnection among different operators. The Licensee shall offer same interconnection terms to other Operators as compared to its own similar operations or affiliates.
- 9.1.8. Interconnect capacities or their pricing shall not be used in a manner to impede other Operators' access to the customer of the Licensee.
- 9.1.9. The Licensee shall comply with the Interconnection Rules and Regulations, Interconnection Guidelines and all relevant determinations, order and directives issued by the Authority from time to time.
- 9.1.10. The Licensee shall provide to the Authority all such technical, operational and accounting information as the Authority may reasonably require in order to ensure that the requirements of this condition 9 are met. The Authority shall ensure that any

information provided to it in accordance with this Condition 9 which is expressed to be confidential is maintained as such.

- 9.1.11. 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 shall use its best endeavours to determine the matter within three (3) months of the date of referral. The rates so determined will be binding on both the parties.

ARTICLE 10 - INFRACTIONS AND SANCTIONS

10.1 SANCTIONS FOR VIOLATIONS OF THE LICENCE

10.1.1. In addition to the sanctions available under the Act, if the Authority determines that the Licensee has violated a provision of this License or the Act, Rules or Regulations, the Authority may by order impose one or more of the following sanctions, which the Licensee shall promptly comply with:

- (a) The Authority may issue an order to the Licensee requiring the Licensee to cease any continuation of the violation,
- (b) The Authority may require the Licensee to remedy the effects of the violation, in a manner determined by the Authority,
- (c) The Licensee shall issue a public apology for its violation, in wording acceptable to the Authority, that the Licensee arranges to have prominently published, at its cost, in a newspaper of general circulation for two (2) consecutive days,
- (d) The Authority may suspend one or more of the rights granted to Licensee under the License, for so long as the Authority considers appropriate in the circumstances.

ARTICLE 11 - TERMINATION AND AMENDMENT

11.1 TERMINATION OF THE LICENCE

11.1.1. The License shall remain in force until it is terminated by one of the following events:

- (a) The term of the License expires without renewal;
- (b) The Licensee agrees to the termination of this License; or
- (c) The License is suspended, terminated or revoked in accordance with the Act, Rules or Regulations, or the provisions of this License.

11.2 AMENDMENT

11.2.1. Subject to the provisions of this License, the Authority and the Licensee may, at any time by mutual consent and through written agreement or pursuant to and in accordance with the provisions of this License, the Act, the Rules, the Policy and the Regulations, amend this License.

ARTICLE 12 – GENERAL

12.1 NO LIABILITY BY THE AUTHORITY

- 12.1.1. Without prejudice to the rights of the Licensee under Section 7 of the Act, no suit, prosecution or other legal proceeding shall lie against the Authority or any member or employee of the Authority in respect of anything done or intended to be done by the Authority in good faith in exercise of its powers subject to section 33 of the Act.

12.2 FORCE MAJEURE

- 12.2.1. Licensee shall have no liability for any failure or delay in complying with any provisions of this License if the failure or delay is caused by circumstances that are beyond the reasonable control of the Licensee, such as war, invasion, military operations, earthquakes, volcanoes, riots, and any like event of force majeure, provided that such exemption for liability is limited to a period equivalent to the duration of the force majeure and the Licensee has taken all appropriate precautions and reasonable measures to fulfil its obligation and that it shall within 21 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 its consequences.

12.3 COMMUNICATION WITH THE LICENSEE

- 12.3.1. The Licensee shall maintain on file with the Authority a current address in Pakistan 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.

12.4 ASSIGNMENT OF RIGHTS

- 12.4.1 This 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 any person, without the prior written approval of the Authority.
- 12.4.2 The Licensee shall comply with the Rules, Policies and the Regulations, as regards transfer of this License or ownership of the Licensee.

12.5 OBLIGATION UNDER POLICIES ISSUED BY FEDERAL GOVERNMENT

- 12.5.1. The Licensee shall be obliged to fulfill the specific obligations imposed on it under any policy directive which the Federal Government may issue from time to time under section 8 of the Act.

12.6 DISPUTE RESOLUTION BETWEEN LICENSEE AND A LICENSED OPERATOR

- 12.6.1. The Licensee shall make all reasonable efforts to resolve Licensed Telecommunication Service providers' complaints or disputes without delay and without recourse to the Authority.
- 12.6.2. However, in case of any unsettled dispute the matter shall be referred to the Authority within 30 days of such a dispute. The licensee shall not discontinue or terminate

provision of Licensed Services to Licensed Telecommunication Service providers with whom dispute has arisen, till the decision or approval of the Authority.

- 12.6.3. If a complaint is filed with the Authority in connection with any dispute between the Licensee and other Licensed Telecommunication Service providers regarding any activity that is the subject of this License, the Authority may settle the dispute. Without prejudice to the appeal and revision rights established in section 7 of the Act, both the parties shall abide by any resulting decision of the Authority.

ARTICLE 13- INTERPRETATION AND DEFINITIONS

13.1 INTERPRETATION

- 13.1.1 In this License, words importing the singular shall include the plural and vice versa.
- 13.1.2 Words denoting persons shall include body corporate and unincorporated associations of persons and **vice versa**.
- 13.1.3 The headings in this License shall not affect its interpretation.
- 13.1.4 Any reference, express or implied, to any legislation (including rules and regulations issued pursuant to that legislation) includes references to that legislation (and rules and regulations) as it may be amended or modified from time to time.

13.2 DEFINITIONS

- 13.2.1. Unless the context otherwise requires, capitalized words and expressions in this License that are not otherwise defined in this License, shall be defined in the same manner as these words and expressions are defined in the Act and the Rules.
- 13.2.2. Unless the context otherwise requires, the following terms used in this License shall have the meanings indicated below:
- a. **"Act"** means the Pakistan Telecommunication (Re-organization) Act 1996, including any amendment or modification of the same, or any re-enactment of the same as a law in Pakistan.
 - b. **"Authority"** means the Pakistan Telecommunication Authority established under section 3 of the Act.
 - c. **"Availability"** means ensuring timely and reliable access to and use of information.
 - d. **"Basic Public Telephone Access Service"** means a Local Loop Telecommunication Service providing access to the Public Switched Network and comprised of technical features which permit the establishing of a telephony channel capable of allowing users to make and receive local, long distance and international real time voice telephone calls.
 - e. **"Board or FAB"** means the Frequency Allocation Board established by the Federal Government in accordance with section 43 of the Act.
 - f. **"Cable"** Transmission medium of copper wire or optical fiber wrapped in a protective cover;
 - g. **"Confidentiality"** means preserving authorized restrictions on information access and disclosure, including means for protecting personal privacy and proprietary information.
 - h. **"Connectable System"** means a Licensed Telecommunications System (whether or not a public switched network) the license for which authorizes its connection to the Licensed System.

- i. **“Critical Data”** means data related to the Licensee, its users/customers which is retained by the Licensee and such information which is critical for the operations, confidentiality and security of the Licensed Systems including voice/data communication of its users/customers being handled by the Licensee.
- j. **“Critical Infrastructure”** means telecommunication equipment/assets whether physical or virtual, which are vital for the provision of the Licensed Services and for storing, processing and transferring Critical Data.
- k. **“Earth Station”** means a station located either on the Earth’s surface or within the major portion of the earth’s atmosphere and intended for communication with one or more space stations; or with one or more stations of the same kind by means of one or more reflecting satellites or other objects in space. Any earth station used for access is termed as a Terminal Earth Station.
- l. **“Effective Date”** means the date on which this License is granted by the Authority.
- m. **“Federal Government”** means the Federal Government of Pakistan.
- n. **“Financial Year”** means the period of twelve (12) months in respect of which any financial statement of the Licensee is made up and laid before in general meeting.
- o. **“Freephone Service”** means the service of routing a telephone call with a nongeographic number, with no charge to the calling party.
- p. **“Gateway Earth Station”** is used for an earth station that acts as a gateway to a public network.
- q. **“Gross Revenue”** means the turnover or gross income exclusive of sales tax or any other tax levied by the Government from time to time which is charged and collected by the Licensee at the time of sale and deposited with the tax authorities and trade discount shown on invoices or bills, derived from sale of goods or from rendering or supplying services or benefits or from execution of contracts for Licensed Services or business;
- r. **“GMPCS Service”** or “Global Mobile Personal Communications Service” means the provision of Telecommunication services directly to end users from a constellation of satellites and through the use of mobile Terminal Equipment.
- s. **“Integrity”** means guarding against improper information modification or destruction, and includes ensuring information non-repudiation and authenticity.
- t. **“Intelligence”** means any speech, sound, data, signal, writing, image or video;
- u. **“Interconnection Agreement”** means an agreement between the Licensee and another operator entered into in accordance with Article 9.
- v. **“Interconnection Rules”** means the Rules relating to interconnection.

- w. **"International Telephony Service"** means any direct or indirect telecommunication service, whether or not in digital form, conveyed by any means between a point in Pakistan and a point in another country, other than radio/broadcasting or television broadcasting;
- x. **"ITU"** means the International Telecommunications Union.
- y. **"License"** means this License, the terms and conditions applicable thereto, and any amendments thereto.
- z. **"Licensed Services"** means all Mandatory Services and other Telecommunication Services not prohibited under this license.
- aa. **"Licensed System"** means the Telecommunication Systems for which the Licensee is granted the rights in this License.
- bb. **"Licensed Territory"** means whole territory of Pakistan other than the Gilgit-Baltistan and the territories that lie in Azad Jammu and Kashmir.
- cc. **"Limited Mobility Communication Service"** means a wireless based Telecommunication Service that satisfies all of the following conditions (a) it follows the numbering plan established by the Authority for the public fixed switched network, (b) in which customers cannot authenticate or use their terminal equipment with a Telecommunication System of another licensee, (c) in which a customer's terminal equipment may obtain access to the service using a single pre-defined cell, having maximum radius up to local call charging area, and (d) in which no inter-cell hand over and roaming with other networks is allowed.
- dd. **"Local Calling Area"** means the geographic area that belongs to National Destination Code.
- ee. **"Local Loop"** means a communication channel, provided with or without a pair of wire(s) or cable(s), from a switching center to a customer's telephone or other Terminal Equipment.
- ff. **"LL Operator"** means a Local Loop Operator, including PTCL, which is licensed to establish, maintain and operate a public fixed switched network for the provision of Local Loop service.
- gg. **"Long Distance"** means end to end communication between points (a) that are located in different Telecom Regions, (b) that are not in the same Local Calling Area, or (c) between points that are located more than 25 kilometers apart, or such other distance apart as the Authority may, by Regulation, specify.
- hh. **"Long Distance and International"** means Long Distance and end to end communication between points that are located in Pakistan with points that are located outside of Pakistan.
- ii. **"LDI Operators"** means a Long Distance and International Operator, including PTCL, which is licensed to establish, maintain and operate a public fixed switched network for the provision of nation-wide long distance and international telephony service.

- jj. **"Mandatory Services"** means the Telecommunication Services that the Licensee must provide under this License, and which are described in clause 2.1 herein.
- kk. **"Mobile Communication Service"** means a wireless-based Telecommunication Service where the Terminal Equipment maybe connected to the Telecommunication System by wireless means and used while in motion.
- ll. **"National Destination Code"** identifies geographic area within a country or identifies a subscriber within a particular geographic area in a country.
- mm. **"Network Connection Point"** is a location at which other Operators can send to or receive from the Licensee voice or data traffic originated by or destined for the Licensee's customers.
- nn. **"Network Termination Point"** means any point of termination on a Telecommunication System at which Terminal Equipment may be connected.
- oo. **"NIST"** means National Institute of Standards and Technology.
- pp. **"Number Portability"** means a facility provided by any licensed provider of Telephone Services to another such Licensee which enables any user to whom a telephone number has been assigned to continue to be provided with Services using the same number irrespective of the identity of the service provider providing the service.
- qq. **"Non- SMP Operator"** means an Operator which is not SMP Operator.
- rr. **"NWD"** means Nation Wide Dialing.
- ss. **"Optical Fiber Cable (OFC)"** means a transmission medium in which modulated light wave signals generated by laser or LED, are propagated along a typically glass or plastic medium, and then demodulated to electrical signals by a light-sensitive receiver. It is characterized by high bandwidth, small physical volume and immunity from electromagnetic interference and radiation;
- tt. **"Operator"** means any person authorized by a license issued/ granted by the Authority to provide Telecommunication Services of any kind or to establish, maintain and operate a Telecommunication System
- uu. **"Premium Rate Service"** means the service of routing a telephone call with a non-geographic number with a premium rate charged to the calling party, or such other or further definition as the Authority may, by Regulation, specify.
- vv. **"Private Circuit"** means a telecommunication facility that provides for transmission capacity for dedicated circuits between specific locations and does not enable the user to control the switching functions.
- tt. **"Public Data Services"** means a service established and operated for the specific purpose of providing data communication service to the public over a communication network.

- uu. **"PTCL"** means the Pakistan Telecommunication Company Limited, or any successor thereto.
- vv. **"Public Voice Telephone Services"** means the commercial provision to the public of the transmission and switching of voice in real time between public switched Network Termination Points, enabling any user to use equipment connected to such a Network Termination Point to communicate with a user connected to another Network Termination Point.
- ww. **"Region"** means a Telecommunication Region as determined by the Authority.
- xx. **"Regulations"** means all and any regulations, regulatory orders, guidelines or binding regulatory documents issued by the Authority in accordance with its powers under the Act.
- yy. **"Rules"** means all or any rules issued from time to time under the Act.
- zz. **"SMP"** means significant market power as that term is defined in the Rules.
- aaa. **"SMP Operator"** means an Operator determined by the Authority as significant market power operator in accordance with the provisions of the Rules.
- bbb. **"VSAT"** means very small aperture terminal.
- ccc. **"VSAT Services"** means satellite communications services utilizing very small aperture terminals capable of satellite communications.

APPENDIX 1 - RADIO FREQUENCY SPECTRUM ASSIGNMENT, TERMS AND CONDITIONS

1.1 RADIO FREQUENCY SPECTRUM ASSIGNED TO LICENSEE

- 1.1.1. Subject to the terms and conditions of this License, the Licensee is assigned the following radio frequency spectrum for use in providing the Licensed Services in the following locations:

[Only Applicable when Assigned by FAB/ PTA]

1.2 RADIO FREQUENCY SPECTRUM PERFORMANCE REQUIREMENTS

- 1.2.1. Prior to 18 (eighteen) months from the Effective Date the Licensee shall establish, maintain and operate in each location identified in clause 1.1.1 of this Appendix 1, as part of its Licensed System, the links and radio base stations that operate on the radio frequency spectrum assigned to Licensee and described in this Appendix 1.
- 1.2.2. The assignment to Licensee of radio frequency spectrum with respect to a link or radio base station pursuant to this License shall terminate if at any time the Licensee ceases to use the link or radio base station on a continuous basis as part of its Licensed System.

1.3 FEES RELATED TO RADIO FREQUENCY SPECTRUM

- 1.3.1 In addition to any other fees payable by the Licensee under the License, the Licensee shall pay an initial fee to the Authority in the amount of:
[Only Applicable when Assigned by FAB/ PTA]
- 1.3.2 In addition to any other fees payable by the Licensee under the License, the Licensee shall pay an annual fee to the Authority in the amount of:
[Only Applicable when Assigned by FAB/ PTA]
- 1.3.3 The annual fees in clause 1.3.2 of this Appendix 1 are subject to revision at any time and from time to time in accordance with the provisions of rules or regulations that may come into effect concerning fees and other charges for radio frequency spectrum.

APPENDIX 2 –QUALITY OF SERVICE STANDARDS

- 1.1 The Licensee shall take reasonable and prudent measures to ensure that its Licensed System and Licensed Services are available and operate properly at all times.
- 1.2 Any fault in any component of its Licensed System or Licensed Service shall be repaired as early as possible.
- 1.3 During each calendar month, Licensee shall meet or exceed the following quality of service standards (except for causes not attributable to another Operator or a service provider that provides telecommunications services outside of Pakistan):

| S. No. | Quality of Service Indicator | Standard |
|--------|--|--|
| a. | Maximum call failure rate, where call failure means the failure to establish a connection with a called number, whether or not the called party answers. | 4. 1% for National long distance calls 6.5% for incoming International calls 4.1% for outgoing International calls |
| b. | Billing errors | 0.2 per 100 bills issued |

1.4 MONITORING OF SERVICE PROVISION AND SERVICE QUALITY

- 1.4.1. The Licensee shall furnish the Authority with quarterly reports (and any special ad hoc reports within a reasonable time following a request by the Authority) set out for network expansion and service quality as described in this License. To assist in its evaluation, of the Licensee's compliance with network expansion and service quality targets, the Authority or its authorized representative may inspect the installation and services of the Licensee, and the Licensee shall give the Authority or its authorized representative access to its physical facility and records. The Licensee shall maintain supporting records for inspection and technical audit as and when required by the Authority. The Licensee shall maintain all such records for a period of three years.
- 1.4.2. The Authority shall have the full right to visit, inspect any premises or facility including hardware and software of the Licensee.