

# **The Terms and Conditions Needed For the Award of A License To Provide Internet Connectivity Services (Class A) and VoIP Services in A.R.E.**

**Whereas** the National Telecommunication Regulatory Authority (NTRA) (the Licensor), pursuant to Telecommunication Regulation Law No. 10 of 2003, is the only authority regulating the Telecommunication sector in the Arab Republic of Egypt (A.R.E.) through the implementation of the approved policies set forth to enhance and deploy services, with their various types and in compliance with the most advanced technologies, in a way that satisfies the users' needs, whether they are individuals, entities, companies or various governmental sectors, comprising productive, economic, administrative and service sectors, at the most appropriate prices;

**Whereas** NTRA encourages investment in the ICT sector on non-monopolistic bases and within free and open competition between the best national and international expertise in a way that guarantees the publicity and transparency of information and ensures the provision of universal service and the protection of Users' rights;

**Whereas** the NTRA (the Licensor) is the only authority competent to grant licenses and permits to companies or corporations that intend to provide or operate telecommunication services or work in ICT sector in the A.R.E., monitoring and following up on their performance, drafting general terms and conditions that guarantee fair and free competition between them, and protecting the rights of the users;

**Therefore** the NTRA (the Licensor) has agreed to grant applying companies (the Licensees) a license to provide Internet Connectivity Services (Class A) and VoIP Services in the A.R.E. pursuant to the terms and conditions of this License and as per the provisions of the Telecommunications Regulation Law No. 10 for the year 2003 and the following terms and conditions:

### **Firstly, The Terms and Requirements Needed to Obtain the License:**

- The applying company should be an Egyptian joint stock company incorporated in accordance with the Egyptian law, provided that it is operating in the field of telecommunications.
- The applying company, some of its shareholders or its subsidiaries should have an eligible previous experience in the field of provision of Internet Services (ISP).
- The company shall have the appropriate financial capacity and solvency to implement the conditions, obligations and duties stipulated in the license.

### **Secondly: the Structure of the Bid**

- **Detailed information about the company:** (names of shareholders and their capital contribution, company address, authorized person, telephone, fax, .....).
- **The Company's Previous Experience:**
  - The company's previous experience in the field of provision of telecom services especially the provision of the Internet Connectivity Services and the countries that provide these services.
  - The Company's experience in the projects management.
  - The Company's experience in the Egyptian market in general.
- **The Company's Financial Position:**
  - The company's approved financial statements for the last three years.
  - The company's (previous and current) financing methods.
- **A five-year integrated feasibility study including:**
  - A study of the Egyptian telecom market/ Industry analysis.
    - The nature of the services provided and how they could be provided to the users.
    - The size of the market its growth rate, the market pull factors and risks, the nature of the prospective customers and various categories.
    - The number of competitors and their acquisition shares, in addition to the competition expected with other licensees.

- A complete marketing plan that includes the expected sales volume and market share, the different proposed marketing techniques and relevant sales volume in addition to a list of the proposed service prices.
- A comprehensive integrated operational plan including quality of service provided, the technical relationship with other licensees, security and maintenance works, customer service, technical solutions for emergency response and any other technical aspects.
- An All-inclusive Financial Plan:
  - The financial assumptions.
  - The balance sheet expected for each year, including the assets and liabilities.
  - A statement of the expected income for each year, including all items of expenditure and income.
  - The Cash flow expected for each year.
  - The requisite capital, Internal rate of return (IRR) and the expected capital recovery period.
  - The financing of the project and its sources.
  - The suspected hazards of this field, and the best practices to overcome them.

### **Thirdly The Main Conditions and Provisions of the License:**

- 1) **License term:** ten years from the signing date of the license, renewable for term(s) each of five years.
- 2) **The Main Financial Obligations:**
  - a) **Annual License Fees:** the Licensee shall pay an annual license fee throughout the license term, and any other renewal terms, amounting to 3% (three percent) of the total annual revenues for the licensed service at a minimum of five hundred thousand Egyptian pounds (EGP 500,000 Egyptian pounds).
  - b) **License fees and liabilities:** the licensee shall pay to the licensor license fees and liabilities amounting to fifty thousand Egyptian Pounds (EGP 50,000) annually for the works, burdens and services performed or borne by the licensor, subject to adjustment upon renewal of the license.

c) **Performance Bond:** the company will deposit, upon signing the license, an amount in cash of two millions Egyptian Pounds (EGP 2,000,000) in the licensor's treasury, as a guarantee for its implementation of all the provisions stipulated therein. No interest will be charged for this amount. It can be made by a certified marked cheque, drawn on one of the accredited local banks. It can be made, as well, by a clean performance bond, otherwise, the bank can acknowledge its commitment to pay the amount, in full, or part thereof, to the licensor, immediately upon request, regardless of any objection on the side of the License.

**Fourthly, the Service Provision Rules and Conditions that the License Stipulates:**

- 1) The licensee shall provide internet connectivity services (other than the voice phone calls) directly to the end users, whether they are individuals, companies, or institutions in addition to the companies that provide the service within the Arab Republic of Egypt.
- 2) The licensee is entitled to provide data connectivity services (other than the voice phone calls) directly to the end users, whether they are individuals, companies, or institutions in addition to the companies that provide the service within the Arab Republic of Egypt.
- 3) The licensee is entitled to provide the services, under scope of this license, by using the dial-up lines through any licensee, licensed to provide fixed services. This requires the licensee to enter with such licensee into an interconnection agreement that should be approved by the licensor in writing.
- 4) The company is entitled to provide the services, under scope of this license, by using the dedicated leased lines, Local Loop Unbundling (LLU) or Bitstream service, or any other means approved by the licensor, in order to provide the licensed services, as per this license, by using fiber optic cables, metal wires, wireless links or VSAT links locally and internationally.

- 5) The Company is entitled to construct, manage and operate the international gateways connected to the internet, provided that the international connectivity lines and the international transmission media (fiber optics and satellites, etc.) are leased from Telecom Egypt or any international telecom company, including the companies licensed in the Arab Republic of Egypt.
- 6) The Company shall lease infrastructure from Telecom Egypt or any other licensee licensed to rent the telecom network infrastructure to third parties, as per the leasing agreements entered with those licensees, and approved by the licensor in writing before their implementation as follows:
  - a) Leasing local transmission links;
  - b) Leasing dedicated leased lines, Local Loop Unbundling (LLU), dial-up lines locally, wireless links and VSAT links.
  - c) Leasing connection links by using Bitstream service to connect the user with the Licensee's sites.
  - d) Leasing areas in the network centers and exchange sites for installing the devices and equipment of the licensee to provide the licensed services, provided that this includes the provision of the power supply and cooling needed for the licensee's devices and equipment, and that the licensee is allowed to manage them on a regular basis.

In case there is no infrastructure is available for lease from Telecom Egypt, or any other licensee licensed to lease telecom network infrastructure to third parties, the licensee is entitled to construct and operate an infrastructure for a telecom network in the Arab Republic of Egypt to provide the services, under scope of this license, after obtaining the licensor's prior written approval.

- 7) The licensee is entitled to provide its services, by using wireless links that it constructs as per the rules, costs and licenses set by the licensor concerning these links and frequency spectrum usage.
- 8) The licensee shall enter into interconnection agreements with the licensees licensed to provide similar services, after taking all needed technical measures that allow the users of the licensee's network to call directly the users of the network of another licensee without needing to bypass the international traffic.

- 9) The licensee shall make the components of its network available for the usage of any other licensee, as per the rules and regulations set by the licensor in this regard.
- 10) The licensee shall obtain the licensor's prior written approval for providing any new service other than those stipulated in this license or any value-added (VAS) service.
- 11) The licensee shall, throughout the license term and any renewal term(s), provide VoIP services by using VPN only to the companies, bodies or institutions in the Arab Republic of Egypt that request them. It may not transmit voice phone calls internationally or transmit VoIP by using VPN to the Arab Republic of Egypt or from abroad.
- 12) The licensee undertakes not to connect the users of its services over the Public Switched Telephone Network (PSTN).
- 13) The licensee shall establish a Network Operation and Monitoring Center at its own expense.
- 14) The licensee shall provide its services to the users without discrimination for any reason, and it may not refrain from providing the service without giving reasons that should be subject to the licensor's decision, at its sole discretion.
- 15) The licensee is entitled to receive fees from the customers contracting therewith for the provision of the main service or value-added services (VASs) to the end user and the companies that provide the service. The licensee shall obtain the licensor's prior written approval for the pricing schedule, the fees proposed for the services it provides under scope of this license, and the fee collection methods.