

## **The Terms & Conditions Needed for The Award of License To Construct Infrastructure for the Provision of Peering Services with ISPs, Data and Content Services Providers (Global Peering) In A.R.E.**

### **Preamble**

**Whereas** the National Telecommunication Regulatory Authority (NTRA) (the Licensor), is, pursuant to Telecommunication Regulation Law No. 10 of 2003, the only national authority competent to regulate the telecommunications sector in the Arab Republic of Egypt (A.R.E.) through the implementation of the approved policies set forth to enhance and deploy telecommunication services in compliance with the most advanced technological means, and in a way that guarantees the satisfaction of the needs of the users (whether they are individuals, corporates, companies or any of the State's productive, economic, administrative or service sectors at the most appropriate prices;

**WHEREAS** the NTRA (the licensor) is the only authority competent to grant licenses and permits to companies or corporates that intend to provide or operate telecommunication services or work in the ICT sector in the Arab Republic of Egypt, monitoring and following up on their performance, drafting general terms and conditions that guarantee fair and free competition between them;

**Therefore** the NTRA (the licensor) has decided to grant the applying company..... (the licensee) a license to construct infrastructure to provide Global Peering services in the Arab Republic of Egypt with ISPs, Data and Content Services Providers as per the provisions of the Telecommunications Regulation Law No. 10/2003 and the following terms and conditions:

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

- The company should have relevant previous experience in the field of the construction of infrastructure to provide Global Peering services in the Arab Republic of Egypt with ISPs, Data and Content Services Providers.
- The Company should have adequate financial capacity and solvency to carry out all the terms, conditions and obligations set forth in the license.

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

- Detailed information about the company (in particular): (names of shareholders and percentage of their ownership, the company's address, the authorized person, telephone, fax, etc.....).
- **The Company's Previous Experience:**
  - The company's previous experience in the field of provision of telecom services especially the construction of infrastructure to provide Global Peering services in the Arab Republic of Egypt with ISPs, Data and Content Services Providers, 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 financing methods (in the past and the present).
- **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.
- An all-inclusive marketing plan, including the expected sales volume, the percentage of sales to all sales in the market, the proposed marketing methods, of various types, the volume of sales related to each type, and a list of the proposed prices for all services.
- An all-inclusive operational plan that includes the quality of service provided, the technical relationship between other licensees, security affairs, maintenance issues, customer service, the technical solutions to face any emergency cases in addition to 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- The license term:** five years from the license signature date, renewable for consecutive term(s), each of five years.

**2- The Main Financial Obligations:**

a) **Licensing Charges:** none.

b) **Annual fees:** a sum of money amounting to 3% of the total annual revenues for the licensed service, at a minimum of one hundred thousand Egyptian pounds (EGP 100,000).

- c) **License burdens fees:** the licensee shall pay to the licensor a sum of money amounting to only ten thousand Egyptian pounds (EGP 10,000) for the works, burdens and services provided and borne by the licensor for the licensee, pursuant to the license, annually, knowing that this sum can be adjusted upon license renewal.
- d) **Performance Bond:** the company will deposit, upon signing the license, an amount in cash of two hundred thousand Egyptian pounds (EGP200,000) 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 Licensee

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

- 1- The Licensee shall construct the infrastructure for the telecom networks needed to provide Global Peering services in the Arab Republic of Egypt between the licensees licensed to provide the internet services (Class A); or the licensees licensed to provide Data services and the licensees licensed to provide e-content services, or DNS services providers or Data Center services inside the Arab Republic of Egypt only, provided that this takes place in the licensee's content hosting center, or in other sites in the exchanges of Telecom Egypt after obtaining the licensor's written approval for these sites.
- 2- The licensee is entitled, through the infrastructure it constructs, to provide content hosting services to online content service providers in order to host their own content in the Arab Republic of Egypt, provided that the licensee concludes with these service providers contracts, that stipulate the legal liability for the content provided and that the necessary approvals should be obtained from the relevant competent authorities.

These contracts must stipulate as well that the licensor and the licensee will not bear any responsibility for this content. The licensee shall obtain the licensor's approval for each "content service provider" before contracting with him.

- 3- The licensee shall, through the infrastructure it constructs to provide and allow the provision of Global Peering services in the Arab Republic of Egypt between the licensees licensed to provide the internet services (Class A); or the licensees licensed to provide Data services and the networks of the following categories:
  - a) The online content providers, provided that the licensee ensures, in the contracts it enters with the online content service providers, that they are obligated to abide by the rules and conditions of the content hosting services provision issued by the NTRA.
  - b) The Domain name registration services providers, after obtaining the NTRA's approval and as per the rules and conditions adopted by the NTRA.
  - c) **The Data Centers**, after obtaining the NTRA's approval and the rules and conditions adopted by the NTRA.
- 4- In case the hosted content is abused, the licensee shall implement the decisions issued by the NTRA in this regard.
- 5- The licensee is entitled to enter a contract with Telecom Egypt in order to:
  - Rent sites in Telecom Egypt's exchanges to put its devices needed for the provision of its licensed services, and all other necessary services for leasing the infrastructure, including, but not limited to, electricity, air-conditioning, etc.
  - Rent local transmission circuits to connect the licensee's hosting centers to the sites it rents in Telecom Egypt's exchanges.
- 6- The licensee shall obtain the licensor's prior written approval for the sites where the peering services are provided between the networks of the licensees licensed to provide the internet services (Class A) or the licensees licensed to provide data services and the licensees licensed to provide online content services or the licensees licensed to provide Domain Name Registration services or Data Centers.

- 7- The licensee may not provide peering services between the licensees licensed to provide data services and internet services (Class A and B) except after obtaining the licensor's prior written approval.
- 8- The licensee shall, throughout the license term, operate the infrastructure needed for the provision of the services licensed, pursuant to this license. It shall also maintain, secure and protect it against any hazards that hinder its implementation of its obligations.
- 9- The licensee shall, pursuant to this license, lease sites in its infrastructure to be allocated to any of its designated customers, in case the customer wishes, in order to install and operate the telecom devices of their networks. It is entitled as well to lease to them the devices and equipment needed to provide services, under scope of this license.
- 10- The licensee is entitled to rent from third parties or possess the equipment needed to provide the services, under scope of this license.
- 11- The licensee shall, in all cases, obtain the licensor's prior written approval for the technologies used in the devices and equipment that operate the service, under the scope of this license. It shall also ensure that the above-mentioned devices and equipment used are type approved by the licensor.
- 12- The licensee may not use its infrastructure, under scope of this license, to connect, operate or facilitate any illegal or unlicensed services in the Arab Republic of Egypt, including the provision of the voice services or its network or other licensees by using VoIP technologies or any other technologies, unless it obtains the licensor's prior written approval for this. It may not as well provide IP Telephone Exchange services, nor connectivity with the international gateway for the configuration of the international telephony network in which it acts as the international operator.

- 13- The licensee has the right to get fees from its contracted customers for the provision of the services, under scope of the license (including hosting, peering and connection). The licensee shall obtain a prior written approval of the licensor for the pricing structure and the fees proposed for its services in addition to the payment methods as per the rules and conditions that the licensor adopts and issues in this regard and which the licensee will comply with.