

# **The Terms & Conditions Needed for The Award of a License to Provide Global Mobile Personal Communications Services (GMPCS, System Operator)**

## **In the 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 companies..... (the Licensees) a license to provide GMPCS in A.R.E. as set forth in the following Articles and pursuant to the provisions of the Telecom Regulation Law No. 10/2003, according to the following rules and conditions:

### **Firstly: the Requirements needed to obtain the license:**

- The company should have relevant previous experience in the field of **provision of Global Mobile Personal Communications Services (GMPCS)**.
- The Company should have adequate financial capacity and solvency to carry out all the terms, conditions and obligations set forth in the licenses.

## Secondly: Structure of the Bid:

- **Detailed information about the company:** (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 Global Mobile Personal Communications Services (GMPCS) 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, security affairs, maintenance issues, customer service, the technical solutions to face any emergency cases in addition to other technical aspects.
  - A list of satellites and frequencies to be used.
  - 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.
    - Financing 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:** four years from the license signature date, renewable for consecutive term(s) each for four years.
- 2- **The Main Financial Obligations:**
  - a) **Licensing Charges:** none.
  - b) **Frequency Spectrum fees:** the licensee shall pay to the licensor an annual amount for each 1 megahertz (MHz) in the uplinks and downlinks for the usage of the frequency spectrum allocated thereto.
  - c) **License burdens fees:** the licensee shall pay to the licensor a sum of money, amounting to EGP 10,000 (only ten thousand Egyptian pounds) for the works, burdens and services provided or borne by the licensor for the licensee, pursuant to the license, annually, knowing this sum can be adjusted upon license renewal.
  - d) **Performance Bond:** the company will deposit, upon signing the license, an amount in cash of **thirty hundred thousand Dollrs (\$30,000)** 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 acknowledges 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, he Service Provision Rules and Conditions that the License Stipulates:**

- 1- The Licensee shall operate the satellite system needed for the provision of the Global Mobile Personal Communications Services (GMPCS), under the scope of this service, in the Arab Republic of Egypt only through its satellite networks and by using the frequency band allocated to it.
- 2- The licensee shall obtain the licensor's written approval for adding any new service before providing it, or adding any frequency bands, or modifying the technical specification of its satellite networks before using them in the Egyptian territories.
- 3- The licensee has the right to enter into contracts with the distributors for the provision of the service, under scope of this license, provided that the licensee be fully responsible and liable for those distributors with whom it has contracted. Any violation committed by any of those distributors will fall on the licensee.
- 4- The Licensee shall ensure that the contracted distributors will enter into contracts only with the companies that obtained licenses from the licensor to provide Global Mobile Personal Communications Services (GMPCS).
- 5- The licensee and its contracted distributors may not provide the services, under scope of this license, to the end user directly. The licensee shall provide the service, under scope of this license, through companies licensed by the licensor as GMPCS Provider.
- 6- The licensee shall comply with all rules, laws, and regulations of the International Telecommunications Union (ITU) and the rules and laws applicable in Egypt, and related to the scope of the license. In addition, the licensee shall comply with all rules and directives set by the licensor in this regard to avoid the occurrence of any interference between other system operating in the same frequency band.

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- 7- The licensee shall provide the service throughout the Arab Republic of Egypt as per the same internationally-acknowledged standards it provides to other countries on the same coverage range, regardless of the location of the end user in the Arab Republic of Egypt.
  - 8- The licensee shall conclude agreements with the licensees licensed to provide the international telecom services by the licensor, to terminate and provide VoIP online calls from/to users in the Arab Republic of Egypt, provided that these agreements were previously approved by the licensor.
  - 9- The licensee shall make all technical information and assistance available to the service providers in order to enable them provide GMPCS services via its satellite system.