
**Terms, Conditions & Requirements
For the Award of A Licence
To Provide Value Added Services (VAS) through Mobile Operators
Networks
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 of Value Added Services (VAS) through Mobile Operators Networks ;

Therefore the NTRA (the Licensor) has agreed to grant the company..... (the Licensee) a license to provide Value Added Services (VAS) through Mobile Operators Networks 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 Required Terms and Conditions for Licence Award:

- 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 Value-Added Services (VAS).
- The company shall have the appropriate financial capacity and solvency to implement the conditions, obligations and duties stipulated in the license.
- The company should have entered into a contract with the mobile service operator it is required to work with it (or have obtained a written approval from one of the mobile service providers to work with the applicant company in order to obtain a licence).

Secondly: Content of the submitted offer:

- **Detailed information about the company:** (names of shareholders and their capital contribution, company address, authorized person, telephone, fax,).
- **Company's Past Experience:**
 - Description of the Company and its activities.
 - The organizational structure of the company.
 - The company's experience in the provision of telecom services, especially VAS and the countries in which it has provided these services.
 - The company's experience in project management.
 - The company's experience in the Egyptian market in general.
- **Company's Financial Position:**
 - The company's approved financial statements for the last three years.
 - The company's (previous and current) financing methods.
- **Company's Five-year integrated feasibility study including:**
 - A study of the Egyptian telecommunications market and the market in which the services will be provided (Industry / Market analysis) detailing:
 - The nature of the services provided and how they are provided to the users.
 - The market size and growth rate, market attractiveness factors and risks, nature of target customers and their different departments
 - The number of competitors, their acquisition ratios and expected competition 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.
- **The Company's integrated financial plan that includes:**

- Financial assumptions.
- The projected balance sheet for each year including the assets and liabilities.
- The expected income statement for each year including all items of expenditure and income.
- Cash flows projection for each year.
- The requisite capital, Internal rate of return (IRR) and the anticipated payback period.
- Funding and its sources.
- Foreseeable risks in this field and how they could be overcome.

Thirdly, the most important conditions and obligations set forth in the licence:

- 1) **License term:** five years from the signing date of the license, renewable for a period or successive periods of five years.
- 2) **Most Significant Financial Obligations:**
 - a) **Upfront royalty fees:** the licensee shall be required to pay a one-time upfront royalty of a sum of money amounting to 3000,000 L.E (only three million Egyptian pounds) to be paid once upon signing the licence, or in installments (plus interest calculated at the interest rate declared by the Central Bank of Egypt) at least prior to the passage of three calendar years from the signing date of this license.
 - b) **License Renewal fees:** the Licensee shall pay an amount of 1000,000 LE (only one million Egyptian Pounds) to be paid upon licence renewal for a new term.
 - c) **Annual License Fees:** the Licensee shall pay an annual licensc fee throughout the license term, and any other renewal terms, amounting to 3% (three percent) of the total annual revenues for the licensed serviceat a minimum of two hundred and fifty thousand Egyptian pounds (250,000 Egyptian pounds).
 - d) **Licence fees and liabilities:** the licensee shall pay to the licensor license fees and liabilities amounting to 20,000 LE (twenty thousand Egyptian Pounds) per annum for the works, burdens and services performed incurred by the licensor, subject to modification upon renewal of the license.
 - e) **Deposit:** Upon signing the license - and as a guarantee for the execution of all the obligations mentioned therein - the licensee shall deposit in the licensor's treasury a sum of money amounting to 500,000 LE (five hundred thousand Egyptian Pounds) as a deposit for the implementation of all the terms and provisions contained therein, pursuant to an official receipt and with no interests. Cheques may be accepted by local banks in case they are certified by the drawee bank. It is permissible also to pay the deposit according to a clean unconditional Letter of Guarantee issued by a recognized local bank or

the bank will acknowledge therein its commitment to pay the deposit or part of it to the licensor on demand regardless of any objection raised by the Licensee.

Fourthly: Value-added Services (VAS) mentioned in the license:

1. Bulk SMS (One to many) service
2. Bulk SMS (One to One) service.
3. Bulk MMS (One to many) service.
4. Bulk MMS (One to One) service.
5. Interactive Voice Response (IVR) service.
6. A Caller Ringback Tone (RBT).
7. Direct carrier billing (DCB) service.
8. USSD service.
9. WAP service.
10. Premium Short codes service.
11. Video streaming service.
12. Personal Premium Numbers (PPN).

Fifthly, the most important conditions, obligations and rights awarded to the licensee:

- 1) The Licensee shall provide the Value-Added Services (VAS) to end-users in accordance with the terms and conditions of the license through the Mobile Operators Networks .
- 2) The Licensee shall enter into contracts with the mobile operators licensed to operate in A.R.E. to provide the services, within the scope of this licence, as per the commercial agreements approved and certified by the licensor before its entry into force.
- 3) The licensee shall obtain the licensor's prior written approval for any of the value-added services (VAS) not included in the license before providing them to the users.
- 4) The licensee shall connect its network with the licensed MNO through Virtual Private Networks (VPN) through one of the companies licensed to provide these services. It is also committed to take all necessary measures to secure the information needed for all parts of its network.

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- 5) The licensee shall take all necessary organizational and technical measures and steps to protect the confidentiality of the information and data of end-users or customers and their messages.
 - 6) The licensee undertakes not to provide any value added service to the end user or to enter any end user in any service without the latter's prior consent even if the service is free.
 - 7) The licensee shall adhere to the terms and regulations issued by the licensor concerning the means of provision of the value-added services, and to comply with any future license issued by the licensor in this regard.
 - 8) The licensee undertakes not to carry the traffic of the value-added services from / to A.R.E. except after obtaining the prior written consent of the licensor.
 - 9) The licensee shall not provide positioning services to the user and it undertakes as well not transfer the data related to the positioning of persons or objects except after obtaining the prior written consent of the licensor.
 - 10) The licensee undertakes not to lease its network or system to a third party objects except after obtaining the prior written consent of the licensor.
 - 11) The licensee shall obtain all licenses, permits, and legal and administrative approvals necessary for the provision of VAS services (including the necessary legal and administrative approvals needed for the messages content) from the competent authorities prior to provision of service.
 - 12) The licensee is entitled to receive a tariff from the end-user and the customers contracting therewith for the provision of the value-added services. The licensee shall obtain the prior written consent from NTRA to the tariffs of these services or any relevant promotions.
 - 13) The licensee shall use any of the following three methods (the premium short codes, periodic subscriptions or direct carrier billing ("DCB")) in order to collect the fees from the customer for the provision of VAS services and in accordance with the terms and conditions set forth in the regulatory framework of the provision of Value-added Services (VAS).