



The Rules & Conditions Of The Award Of Licence To Establish Telecom Networks and Provide Telecom Services In A.R.E.

Preamble

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,

Whereas, in accordance with Law No. 10 of 2003 on the regulation of telecom sector, it is prohibited to establish or operate telecommunications networks, to provide telecommunication services to third parties, to bypass international telephone calls or to advertise any service in this regard, without obtaining a license from the NTRA as per the provisions of this law and the decisions implementing it;

Therefore, the NTRA grants licenses to establish the infrastructure of telecommunication networks and to provide telecom services to the applying companies in accordance with the procedures and conditions set forth in the said Law and those mentioned in this paper.

Firstly: The Current Licensing System:

Licenses include the Licensee's rights and obligations related to the provision of services licensed by NTRA, resulting in different licenses awarded to different licensees for various services. Accordingly, the current licenses can be divided into four main categories depending on the type of service. A number of different licenses is enlisted under each category. These can be identified as follows:

1- Fixed Service Licences:

❖ Landline Services Licences:

- Fixed telephone service provision licence ;
- Fixed virtual telephone service provision licence.

❖ Data Services Licences:

- **Internet Connectivity (Class A) & VOIP Services Provision Licence** (Internet Service Provider – Class A);
- **Internet Connectivity (Class B) Services Provision Licence;**
- **Global Peering Services Infrastructure Construction Licence** (with ISPs, Data & Content Services In A.R.E).
- **Arabic Domain Names (Registrar) Services Provision Licence** (Under International Top-Level Domain (TLD) ".masr") In A.R.E.).

2- Wireless Services Licences:

❖ Mobile Services licences:

- License to construct, operate and manage mobile networks (2G, 3G and 4G Networks);
- Licences to provide Bulk SMS (One to Many) services provision licence in A.R.E.
- Licences to provide Bulk SMS (One to One) services provision licence in A.R.E.
- Licences to provide value-added services (VAS) through mobile operators' networks in A.R.E.

❖ Satellite services licences:

- VSAT services provision licence In A.R.E.
- Global Mobile Personal Communications by Satellite (GMPCS) systems operation licence In A.R.E. (GMPCS System Operator).
- Global Mobile Personal Communications by Satellite (GMPCS) systems provision licence In A.R.E. (GMPCS Service Provider).
- License to provide satellite broadcasting services (Nilesat).

❖ A licence to construct and operate Wireless Trunk services (TETRA).

❖ A licence to provide Automated Vehicle Location (AVL) tracking services.

❖ A permit to provide telecommunications services aboard aircraft and ships (Navigation services (Aviation / Maritime)).

3- International services licences:

- A licence to construct and operate the international telecom gateway.

4- License to construct, operate and lease infrastructure for telecom networks (Infrastructure Leasing):

- A licence to establish, operate, manage and lease infrastructure for telecommunication networks and the usage of frequencies (Telecom Egypt);
- A licence to construct and lease towers (Towers).
- A licence to construct, operate and lease marine cables and infrastructure for international communications.
- A licence to construct and operate access networks within closed urban communities (Access inside Closed Compounds).

Secondly: Procedures for Licence Award:

According to Article 22 of the Telecommunications Regulatory Law No. 10/ 2003, the procedures for obtaining a licence to establish telecommunications networks or to provide any telecommunication services are as follows:

a) Obtaining a Licence Under the Current Licensing System:

The First Step:

Companies or corporations intending to obtain any of the above-mentioned licences shall apply to the National Telecommunications Regulatory Authority (NTRA). The application shall include all data and documents proving the applicant's technical and financial capacities (as specified in "Fourthly" Section).

The Second Step:

The application submitted by the company shall be examined by the National Telecom Regulatory Authority (NTRA) officials. The NTRA shall, through mutual correspondences and meetings to be held with the applicant, inquire about all issues relating to the application and clarify all the rights and obligations set forth in the licence to be obtained.

The Third Step:

NTRA shall examine the application from the regulatory, technical, financial and economic aspects. The NTRA shall also study the availability of scarce resources to be used such as frequencies and numbering in addition to the rights of way for instance, in accordance with the procedures and rules specified in this regard and the approvals required by various committees and bodies.

The Fourth Step:

The NTRA shall inform the applicant of its decision, either approving or refusing its application, within a period not exceeding ninety days from the date the applicant completes all required data and documents.

b) Obtaining a New Licence Beyond the Current Licensing System:**The First Step:**

The companies or corporations intending to obtain a new licence beyond the aforementioned licensing system should apply to the National Telecommunications Regulatory Authority (NTRA).

The Second Step:

The NTRA's officials will hold meetings with the applicant to inquire about all technical, regulatory and commercial aspects of the services to be licensed. The NTRA will also conduct a detailed study of the practices and experiences of different countries throughout the world concerning the regulation of the provision of such services. Moreover, the NTRA shall, if necessary, conduct consultation with the companies operating in the Egyptian telecom market or the relevant corporations to know the most appropriate regulatory means in this regard.

The Third Step:

The NTRA shall prepare a regulatory framework for the new services to be licensed and issued. This regulatory framework will include the regulatory model of the service, the requirements for applying for the license / permit / approval, in addition to the obligations and rights of the service provider as well as the terms and conditions for the service provision. The companies intending to obtain a license to provide new services shall submit an application to the National Telecommunications Regulatory Authority (NTRA), knowing that the application includes all data and documents proving the applicant's technical and financial capability (as specified in "Fourthly" section).

The Fourth Step:

The NTRA shall examine the application from the technical, financial and economic aspects, as well as the availability of scarce resources to be used such as frequencies, numbering and the rights of way in accordance with the procedures and rules set in this regard.

The Fifth Step:

The NTRA shall notify the applicant of its decision either approving or rejecting its application, within a period not exceeding ninety days from the date of applicant's submittal of all the required complete data and documents. The approval may take a number of different forms as it may be either a license, a permit or a letter according to the type of services to be provided. This approval also includes the terms and conditions thereof that may vary from one service to another.

Thirdly, The Terms and Requirements Needed to Obtain the Licence:

- The company shall have prior relevant experience in the field of provision of telecommunication services, under scope of licence.
- The company shall have the adequate financial capacity and solvency to carry out all the terms, conditions and obligations set forth in the licence.
- Each license has a set of additional terms and conditions that vary depending on the type of telecom service provided.

Fourthly: Documents that should be submitted:

- **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.
 - The company's organizational structure.
 - The company's experience in the provision of telecom services, especially the countries in which it has provided the services, especially those under scope of the licence.
 - 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 will be 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.
 - A list of satellites and frequencies to be used (if any).
 - **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.

Fifthly, the most significant general conditions and obligations set forth in the licence:

The license issued by the NTRA should specify the most significant obligations of the Licensee, pursuant to Article 25 of the Telecom Regulation Law No. 10 of 2003, that could be listed as follows:

1. The type of service and technology used.
2. **License Term:** The license period varies according to the type of service provided. The term of the current licenses varies, ranging from one to twenty years.
3. The geographical limitations for service provision, wireline and wireless coverage plan and implementation stages.
4. Service quality and efficiency standards.
5. The service provider's abidance by the continuity of provision of services and the procedures to be followed in case of service interruption or suspension.
6. Determination of the service price, the method of fees collection and the service provider's obligation to announce it and provide information about it.
7. Provision of services to users indiscriminately
8. The service provider's obligation to abide by the national numbering system set forth by NTRA.
9. The service provider's abidance by the requirements of universal service.
10. The provision of free emergency and relief communication services for free and the directory service, as per the type of service licensed.
11. The service provider's abidance by all obligation to abstain from any affairs that likely to prejudice national security.
12. The service provider's abidance by all obligations related to the technical rules of sanitary, environmental, planning and construction safety, which should be pursued in accordance with the criteria to be established as agreed with the State's concerned ministries and authorities.
13. 9. Contribution to the field of scientific research and training.
14. Compliance with what the fees that NTRA determines in return for the burdens it incurs in order to verify the Licensee's fulfillment of the obligations, as well as the financial insurance and all periodic due payments and receivables.
15. The provision of the information and data required by NTRA relating to the subject matter of the license.
16. Payment of financial penalties and compensations.
17. The provision of services as per **free** and fair **competition rules**.
18. The development of a system to receive and investigate complaints and troubleshooting problems efficiently.

19. The service provider's obligation to abide by the confidentiality of communications and calls of the Licensee's customers and to set the necessary rules to ensure this.

The licence also includes many other obligations that enable the NTRA to attain its objectives stipulated in the Telecommunications Regulatory Law No. 10/ 2003.

Sixthly: Financial Obligations:

Financial obligations set forth in these licences include a number of terms and conditions, most importantly the following:

1. License fees.
2. Licensing annual fees.
3. Licensing burdens.
4. Fees for contributing to the Universal Service.
5. Fees for contribution to scientific research and education and training programs.
6. The amount of insurance to ensure the licensee's performance of its obligations stipulated in the license.
7. The annual charges for the use of wireless devices.
8. The annual charges for the use of spectrum.
9. The annual charges for numbering.

The value of each of the above items varies according to the type of license and the licensed service as well.

Seventhly: Applicable Law:

Unless otherwise specifically provided herein, the provisions of Telecom Regulation Law No. 10 of 2003 will be implemented concerning telecom services regulation, and the administrative decisions issued by NTRA in this regard.