

---

## **The Terms and Conditions Needed For the Award of A License To Provide VSAT Services (VSAT Service Provider) 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 companies..... (the Licensees) a licence to provide VSAT services 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 Required Terms and Conditions for Licence Award:**

- **The Company's Previous Experience:**
  - The company should have previous experience in the field of provision of VSAT Services.

- The company should 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 operator of satellite telecom services that it is required to work with (or obtain the operator's written approval to work with the company applying for the award of 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 VSAT services provision 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.

- A list of the 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.
  - 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:** five years from the signing date of the license, renewable for other term(s).
- 2) **The Main 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 five hundred thousand Egyptian pounds (EGP 500,000) to be paid once upon signing the licence.
  - b) **Annual License Fees:** the licensee shall pay an annual license fee amounting to 3% (three percent) of the total annual revenues for the licensed service at a minimum of two hundred and fifty thousand Egyptian pounds (EGP 250,000).
  - c) **Frequency Spectrum Usage Fees:**
    - The licensee shall pay frequency spectrum usage fees, on an annual basis throughout the license term, a sum of money amounting to six hundred Egyptian pounds (EGP 600) for every 1 Megahertz (MHz) in each of the uplink and downlink independently for each satellite in the KU-Band.
    - The licensee shall pay frequency spectrum usage fees, on an annual basis throughout the license term, a sum of money

amounting to one thousand, six hundred and twenty-five Egyptian pounds (EGP 1625) for every 1 Megahertz (MHz) in each of the uplink and downlink independently for each satellite in the C-Band..

- d) License burdens fees:** the licensee shall pay to the licensor a sum of money, amounting to twenty thousand Egyptian pounds (EGP 20,000) 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.
- e) Performance Bond:** the company will deposit, upon signing the license, an amount in cash of five hundred thousand Egyptian pounds (EGP 500,000) 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, the Service Provision Rules and Conditions that the License Stipulates:**

- 1- The licensee shall, pursuant to the license, construct and operate a local network via VSAT by using its satellites and the frequency band allocated to it.
- 2- The licensee shall obtain the licensor's prior written approval in case it uses satellites or additional capacities other than those stipulated and determined by the NTRA.
- 3- The licensee shall use the central sub-station it owns subsidiary in the satellite station to provide VSAT services licensed, pursuant to this license. In case the central sub-station is changed or another central sub-station is constructed, the licensee shall obtain the licensor's prior written approval before construction and using it.

- 
- 4- The licensee shall provide the following services to the consumer throughout the Arab Republic of Egypt by using its infrastructure, VSAT satellite network, and the pre-determined frequency band:
    - a) Voice, video and data services in the Arab Republic of Egypt except for radio and TV broadcasting services.
    - b) Voice services from VSAT terminal stations of the customers inside the Arab Republic of Egypt to abroad and from abroad to the customers inside the Arab Republic of Egypt, as per the rules and conditions set forth in the license.
    - c) Data and video services from the Arab Republic of Egypt to abroad and from abroad to the Arab Republic of Egypt as per the rules and conditions set forth in the license.
    - d) Connectivity services with the Internet as per the rules and conditions set forth in the license.
  - 5- The licensee shall obtain the licensor's prior approval in case it uses any new service that is not mentioned in the license before providing it.
  - 6- The licensee shall provide the licensed services pursuant to the license throughout the Arab Republic of Egypt and provide them to every customer requesting them.
  - 7- The licensee shall enter into an interconnection agreement with Telecom Egypt or any other licensee licensed to provide fixed telephone services in the Arab Republic of Egypt, in order to transmit voice calls among its customers in the Arab Republic of Egypt and customers of other licensees licensed to provide fixed telephone services in the Arab Republic of Egypt, provided that the agreement is submitted to the licensor to approve it before its implementation.
  - 8- The licensee shall enter into an interconnection agreement with Telecom Egypt or any other licensee licensed to provide international voice services to third parties in the Arab Republic of Egypt, in order to transmit voice calls among its customers inside the Arab Republic of Egypt to abroad and from abroad to its customers inside the Arab

---

Republic of Egypt, provided that the agreement is submitted to the licensor to approve it before its implementation.

- 9- The licensee is entitled to use leased local circuits from Telecom Egypt or any other licensee licensed to lease local circuits to third parties in order to connect the components of its network, provided that the licensee enters into an agreement with those licensees and that agreement should be submitted to the licensor to approve it before its implementation.
- 10- The licensee shall connect its network internationally by using international circuits leased from Telecom Egypt or any other licensee licensed to lease international circuits to third parties provided that the licensee enters into an agreement with those licensee and that agreement should be submitted to the licensor to approve it before its implementation. The licensee is entitled to lease capacities via satellites to connect its network internationally, after obtaining the licensor's prior written approval and as per the rules and conditions set by the licensor.
- 11- The licensee shall construct a Network Management System (NMS) that allows it to monitor the efficiency and performance level of the service, under scope of the license, and enables it know the data of the network customers, and be notified of the occurrence of any failure or drop during the internet connectivity or be informed of the seamlessness of the satellite service.
- 12- The licensee shall sell or lease terminal devices (VSAT stations) directly to the customer in case the latter intends to, and it shall, also, announce the technical specifications of the terminal devices (VSAT stations) to the customers to use them in purchasing the terminal devices they need.
- 13- The licensee shall provide the VSAT Services without discrimination for any reason, and it is not entitled to refrain from providing the service

---

without giving reasons that should be subject to the Licensor's decision in its sole discretion.

- 14- The licensee is entitled to obtain fees from the customers contracting therewith for the provision of the VSAT services, under scope of this license, and it shall obtain the licensor's prior written approval for the proposed fees and the collection methods.