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Terms of a License

**INDIVIDUAL MOBILE TELECOMMUNICATIONS LICENSE
GRANTED TO MTC VODAFONE (BAHRAIN) B.S.C. (c) BY THE
TELECOMMUNICATIONS REGULATORY AUTHORITY UNDER
SECTION 25, SECTION 29 AND SECTION 39(b) (1) OF THE
LEGISLATIVE DECREE 48 OF 2002 WITH RESPECT TO
TELECOMMUNICATIONS on 22nd April, 2003**



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Telecommunications
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Purpose: Publication of the terms of a licence to operate a second mobile network in The Kingdom of Bahrain that was granted on 22nd April, 2003.

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INDIVIDUAL MOBILE TELECOMMUNICATIONS LICENSE GRANTED TO MTC VODAFONE (BAHRAIN) B.S.C. (c) BY THE TELECOMMUNICATIONS REGULATORY AUTHORITY

1. GRANT OF LICENSE

- 1.1 The Telecommunications Regulatory Authority (the “**Regulator**”) hereby grants MTC Vodafone (Bahrain) B.S.C. (c) Registration number 50603 (the “**licensee**”) this license under section 25, section 29 and section 39(b)(1) of the Telecommunication Law promulgated by Legislative Decree No. 48 of 2002, by virtue of which the licensee is authorized to install, operate and manage a mobile telecommunications network described herein and to provide the telecommunications services described herein in the licensed area set out herein (the “**license**”).
- 1.2 This license shall be subject to the provisions herein stated, the Telecommunications Law and any regulations issued thereunder.

2. DEFINITIONS

2.1 For the purposes of this license:

- a) A meaning or definition provided for any word, phrase or expression under the Telecommunications Law shall also be applicable to such word, phrase or expression in this license, unless the context requires otherwise.
- b) The following terms and expressions shall have the following meanings unless the context requires otherwise:

“**Affiliate**” means, as used with respect to any person, any other person directly or indirectly controlling, controlled by, or under common control with, that person. In the case where one person owns, directly or indirectly, 50% or more of the share capital, voting rights, securities or other ownership interest of another person, both such persons shall be deemed an affiliate;

“**Basic data service**” means a telecommunications service, including mobile radiocommunications, that consists of the conveyance of messages, but excluding:

- a) any additional service having been provided in respect of the conveyance of those messages;
- b) any deliberate removal or addition to the information content of those messages;
- c) two-way real-time speech;

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“**Basic voice service**” means a telecommunications service, including mobile radiocommunications, involving the transmission of two-way real-time speech, but excluding:

- (a) any additional service having been provided in respect of the real-time two-way speech conversation;
- (b) any deliberate removal or addition to the information content of that real-time two-way speech conversation;

“**Call**” includes any communication conveying voice and data:

- (a) whether between persons and persons, things and things or persons and things;
- (b) whether in the form of speech, music or other sounds;
- (c) whether in the form of data;
- (d) whether in the form of text;
- (e) whether in the form of visual images (animated or otherwise);
- (f) whether in the form of signals; and
- (g) whether in any combination of the foregoing forms;

“**Commercial launch date**” means the first date on which the licensee offers a licensed service to a subscriber on a commercial basis. For the avoidance of doubt, where the licensee is offering a licensed service on a trial basis and is not charging for that service, such offering shall not constitute the commercial launch date;

“**Control**” means, as applied to any person, the possession, directly or indirectly, of the power to direct or cause the direction of the management of that person, whether through ownership, voting, securities or other means and “**controlling**” and “**controlled**” shall be construed accordingly;

“**Effective date**” means the date referred to in section 27.1;

“**Emergency organisation**” means in respect of any locality, the relevant competent body public police, fire, ambulance and coastguard services for that locality;

“**Force majeure**” means any event beyond the reasonable control of the licensee, including but not limited to fire, storm earthquake, flood or other extreme weather conditions, acts of God, failure or shortage of power supplies, lightning, war, military operations, acts of terrorism or riot;

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“**International telecommunications service**” means the provision of telecommunications services between the Kingdom of Bahrain and countries or territories outside the Kingdom of Bahrain, or vice versa;

“**Internet**” means an integrated computer network through which users are connected to each other by means of the TCP/IP family of protocols;

“**Licensed area**” means the territory of the Kingdom of Bahrain;

“**Licensed services**” means all telecommunications services described in section 3.1;

“**Mobile subscriber**” means any subscriber for the licensed services;

“**Mobile telecommunications network**” means a public telecommunications network which facilitates the conveyance by whatever means of signals between network termination points within the licensed area and which significantly comprises telecommunications equipment designed or adapted for use for mobile radiocommunications;

“**Mobile telecommunications service**” means any basic data service or basic voice service (and for as long as the licensee is the holder of a value added services license, value added service reasonably related to the foregoing) provided by means of GSM mobile radiocommunications (including international telecommunications service) and shall also include the provision of third generation services;

“**Mobile terminal equipment**” means any appliance, apparatus or accessory connected to the mobile telecommunications network to enable reception and transmission of telecommunications services;

“**Operator assistance service**” means a telecommunications service by means of which a mobile subscriber using mobile terminal equipment may, at any time, request to be connected to another person by means of mobile terminal equipment which is lawfully connected to a mobile telecommunications network and which is capable of transmitting and receiving unrestricted two-way voice telephony services;

“**Public emergency call service**” means a telecommunications service by means of which any member of the public may, at any time and without incurring any charge or use any coin or other token, by means of any mobile terminal equipment which is lawfully connected to a mobile telecommunications network and which is capable of transmitting and receiving unrestricted two-way voice telephony services, communicate with any of the emergency organisations for the purpose of notifying such organization of an emergency;

“**Resale services**” means licensed end-to-end retail telecommunications services offered to its subscribers by a licensed operator that are, subject to section 58 of the Telecommunications Law, purchased from the licensee by another licensed operator for on-sale by such operator to end-users or other licensed operators, either alone or, together with such additional services as the other licensed operators may provide. For the avoidance of

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doubt, resale services shall exclude licensed services involving interconnection with the licensee's mobile telecommunications network;

“**Structural separation**” means the division of an integrated telecommunications business of a licensee into two or more separate legal entities so that each entity independently performs distinct licensed telecommunications activities and owns and has day-to-day control of the assets and operational capabilities, including employees, by means of which such activities are carried out;

“**Third generation services**” means the telecommunications services associated from time to time with a mobile telecommunications network complying with the 3GPP specification adopted by the Regulator.

“**Value added services**” means enhanced or value added telecommunications data and/or voice services that act on the format, content, code or protocol of information in order to provide the user with additional or different information or that involve mobile subscriber interaction with stored information, including computer and data processing services, data information and exchange services, credit card verification services but excluding those transmission services to or over the internet that require an internet service provider license.

3. LICENSED NETWORKS AND SERVICES

- 3.1 The licensee is authorised, on a non-exclusive basis, to provide by means of its mobile telecommunications network the mobile telecommunications services in the licensed area.
- 3.2 The licensee may, with the prior written approval of the Regulator, provide any or all of the licensed services through an affiliate or sub-contract the provision of any or all of the licensed services to another person; provided, however, that the licensee shall continue to be fully liable for any obligation arising in relation to the provision of such licensed services. The Regulator may revoke its approval at any time by providing reasonable advance notice to the licensee in writing. The prior written approval of the Regulator shall not be required if such affiliate is and remains wholly-owned by the licensee, provided always that the Regulator shall be notified of such arrangement.

4. COVERAGE REQUIREMENTS

- 4.1 Using its mobile telecommunications network, the licensee shall offer licensed services on or before December 31, 2003, with coverage of at least 95% of the population in the licensed area.
- 4.2 With the exception of the period of domestic roaming described in section 19 of this license and without derogating from section 57(e) of the Telecommunications Law, but subject to any regulation regarding the sharing of telecommunications facilities

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and section 17.2, the licensee shall ensure that coverage is primarily provided through its mobile telecommunications network.

5. PROVISION OF PUBLIC EMERGENCY CALL SERVICE

- 5.1 The licensee shall ensure, by means of its mobile telecommunications network, that any end-user using mobile terminal equipment connected to the licensee's mobile telecommunications network shall have access to a public emergency call service.
- 5.2 The licensee shall ensure that "999" or such other numbers as are designated by the Regulator as public emergency call service numbers are continuously available without restriction so that any end-user using mobile terminal equipment connected to the licensee's mobile telecommunications network dialling such number is provided with a public emergency call service at any time.

6. PROVISION OF DIRECTORY INFORMATION SERVICES

- 6.1 The licensee shall update directory information promptly and shall provide directory information services upon request to any end-user using mobile terminal equipment connected to the licensee's mobile telecommunications network, and the tariff, if any, charged therefor shall be approved in writing in advance by the Regulator. The obligation to provide directory information shall not apply in respect of any subscriber who has requested the licensee not to provide directory information in relation to such subscriber.
- 6.2 The licensee shall provide any licensed operator access to the licensee's directory information on request, in such form as may be determined by the Regulator, on reasonable and fair terms, including reimbursement of the licensee's direct costs reasonably incurred in granting access, provided that:
- a) the licensed operator undertakes to use the information only to provide directory information services or for the routing of calls;
 - b) the licensed operator undertakes that it will not give its subscribers directory information services in respect of any subscriber who has requested the licensee not to provide such information in relation to such subscriber;
 - c) the licensed operator provides access to the licensee to its own directory information on a similar basis or if the licensed operator is not yet fully operational, provides reasonable undertakings to provide such information; and
 - d) the provision by the licensee to the licensed operator of the information is not unlawful.

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- 6.3 The licensee shall use all reasonable efforts to provide its mobile subscribers, upon request, with access to directory information services available in other countries to which the licensee provides telecommunications services. Any tariff charged for access to such services shall be subject to the prior written approval of the Regulator.

7. PROVISION OF OPERATOR ASSISTANCE SERVICES

- 7.1 The licensee shall provide, or provide access to, operator assistance services to its subscribers, upon request, by means of its mobile telecommunications network.
- 7.2 The tariff, if any, charged by the licensee for operator assistance services shall be approved by the Regulator.

8. RELATIONS WITH SUBSCRIBERS

- 8.1 Without derogating from section 55 and section 56 of the Telecommunications Law, the licensee shall publish a code of practice on subscriber affairs approved in writing by the Regulator, giving guidance to the licensee's mobile subscribers in respect of any disputes and complaints relating to the provision by the licensee of the licensed services.
- 8.2 The licensee shall prepare an initial draft of the code of practice on subscriber affairs and submit it for review by the Regulator within three (3) months of the effective date.
- 8.3 The code of practice on subscriber affairs shall contain guidelines on the following issues:
- a) complaints;
 - b) dispute settlement;
 - c) location of customer service departments;
 - d) quality of service;
 - e) provision of ancillary services;
 - f) other matters dealt with in the terms of service of the standard subscriber agreement referred to in section 8.5; and
 - g) guidelines on service termination.
- 8.4 After approval of the code of practice by the Regulator, the licensee shall report to the Regulator on an annual basis (within one (1) month of the end of the licensee's

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accounting period) on the performance of the licensee in meeting the guidelines set out in the code of practice on subscriber affairs, and on the progress made in implementing the guidelines.

- 8.5 At least two (2) months prior to the commercial launch date, the licensee shall submit to the Regulator for its review a form of standard agreement containing the terms for the provision of licensed services to mobile subscribers (the “**standard subscriber agreement**”). The licensee may submit a different standard subscriber agreement for use by similarly situated mobile subscribers of a specific category, provided that all such categories shall be objectively justified and do not result in undue discrimination. The Regulator may raise objections and require the introduction of such modifications as the Regulator deems necessary. If no objections are raised or modifications required by the Regulator within thirty (30) days of the submission of such form, such form may be used by the licensee.
- 8.6 Any modifications to such agreement also are subject to the foregoing provisions. In addition, the Regulator may subsequently order the introduction of any modification to such agreement after it becomes aware of any fact or circumstance which requires such modification in order to safeguard the interests of subscribers.

9. QUALITY OF SERVICE REQUIREMENTS

- 9.1 The licensee shall provide the licensed services twenty-four hours per day, seven days per week. Over any ninety (90) day period, the mobile telecommunications service shall be available at least 98% of the time.
- 9.2 The mobile telecommunications network shall maintain a busy hour call completion rate of at least 95% averaged over any ninety (90) day period.
- 9.3 The licensee shall meet the additional quality of service requirements determined from time to time by the Regulator pursuant to a regulation (the “**quality of service requirements**”).
- 9.4 The licensee shall ensure that it maintains information records in a form to be approved by the Regulator within two (2) months of the commercial launch date for the purposes of satisfying the Regulator that the licensee is meeting the quality of service requirements and the licensee shall provide quarterly updates to the Regulator concerning such requirements.

10. INTERRUPTIONS TO THE LICENSED SERVICES

- 10.1 The licensee shall not intentionally interrupt or suspend the operation of its mobile telecommunications network (or any part thereof) in the normal course of business, nor may it in the normal course of business suspend the provision of any type of licensed service without having first obtained the approval of the Regulator in writing (including approval of a scheduled service outage plan) and provided

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reasonable advance notice to persons to be affected by such interruption or suspension.

- 10.2 The licensee may suspend or interrupt the operation of its mobile telecommunications network (or part thereof) without prior notice, but only for the shortest period practicable under the circumstances, where:
- a) it has been directed to suspend or interrupt service by a Court, regulator or other relevant authority;
 - b) it is necessary to do so in order to prevent imminent risk of danger, damage or injury to persons or property (including the security or integrity of any telecommunications network).

11. TARIFFS OF LICENSED SERVICES

11.1 For as long as the licensee has significant market power:

- a) The licensee's tariffs for the provision of licensed services shall be subject to section 58(a) of the Telecommunications Law and any regulation made thereunder.
- b) Within three (3) months of the effective date, the licensee shall file, in a form to be agreed with the Regulator, the tariffs and the terms upon which it proposes to offer the licensed services to its subscribers and others in accordance with this license. Until such tariffs and terms have been approved in accordance with this license, the licensee's prevailing tariffs and terms shall remain in effect.
- c) If the licensee wishes subsequently to change the tariffs for a licensed service, it must, unless otherwise directed by the Regulator, file the proposed change with the Regulator at least forty-five (45) days prior to the date on which it is proposing that the change is to come into effect.
- d) The Regulator must approve or disapprove in writing the tariffs of the licensed services within thirty (30) days from the date on which they are filed with the Regulator and in the case of disapproval, it shall notify the licensee of such disapproval stating the reasons therefor within such period. The Regulator may disapprove the proposed tariffs only if:
 - (i) the calculations are incomplete, lack sufficient supporting documents or contain mathematical errors; or
 - (ii) the tariffs violate any other provision of this license, any regulation on tariff controls or any applicable law.

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- e) If the Regulator disapproves the tariffs filed in accordance with section 11.1(b) and 11.1(c), the licensee may re-file the tariffs for that licensed service with the Regulator in which case the procedure specified in section 11.1(d) shall apply.
- 11.2 The licensee's tariffs for the provision of licensed services shall be subject to section 58(b) of the Telecommunications Law and any regulation made thereunder.
- 11.3 The licensee shall ensure that it publishes in accordance with the standard subscriber agreement and keeps updated a list of applicable retail tariffs, and makes that list available on its website, at its place of business, and to any person who requests a copy.

12. PROVISION OF ACCESS

- 12.1 Subject to section 12.3, if the Regulator determines the licensee to be a public telecommunications operator in a dominant position:
 - a) The licensee shall provide access to its mobile telecommunications network on the reasonable request of any licensed operator in accordance with section 57 of the Telecommunications Law.
 - b) Access shall be provided in a manner that is non-discriminatory and at a point or level within such network that is determined by the Regulator to be technically feasible and consistent with the most efficient delivery of telecommunications services to the ultimate consumer of such services.
- 12.2 The licensee shall provide the access within a maximum period from the date of request as shall from time to time be determined by the Regulator or set forth in the regulations.
- 12.3 The licensee shall not be required to provide such access where in the Regulator's view it is not reasonable to require the licensee to provide access, including, but not limited to, where it would expose any person engaged in provision of the access to undue risk to health or safety.
- 12.4 The Regulator may determine all tariffs to be made for the provision by the licensee of access. In determining such tariffs the Regulator may consider international benchmark charging levels for a similar service and conditions prevailing within the licensed area, including scale, but, in any event, shall ensure that such tariffs are:
 - a) cost oriented and sufficiently unbundled so that the acquirer of access services does not pay for network components or facilities that it does not require; and
 - b) in all cases reasonable and, with respect to similarly situated users, non-discriminatory.

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13. PROVISION OF SERVICES FOR RESALE

- 13.1 Subject to any regulations on interconnection and to the provisions of this section 13, the licensee shall, within six (6) weeks of a request by a licensed operator, enter into a written agreement with the licensed operator to provide such licensed services as are reasonably requested to enable that licensed operator to provide resale services. Where the licensee and such licensed operator cannot agree the terms of such agreement within such period of time, either party may refer the matter to the Regulator in writing for determination of such terms within thirty (30) days from referral.
- 13.2 The licensee shall not be required to enter into an agreement under section 13.1 where to do so would, in its reasonable opinion and with the agreement of the Regulator:
- a) cause or would be likely to cause danger, damage or injury to any person or to any property; or
 - b) interfere with the operation of its mobile telecommunications network or the provision of telecommunications services over such network.
- 13.3 The licensee shall ensure that the agreement referred to in section 13.1 above is offered on terms and in accordance with tariffs approved or determined by the Regulator and shall provide the Regulator with a copy of each such agreement within three (3) days of its signing.

14. INTERCONNECTION WITH OTHER PUBLIC TELECOMMUNICATIONS OPERATORS

- 14.1 For as long as the licensee is a public telecommunications operator in a dominant position, it shall provide interconnection to other public telecommunications operators in accordance with section 57 of the Telecommunications Law.

15. BILLING

- 15.1 The licensee shall upon issuing any bill in respect of any licensed service ensure that every amount stated as due in the bill is no higher than the amount that represents the true extent of any such service lawfully provided by the licensee to the mobile subscriber in question.
- 15.2 The licensee shall, no later than three (3) months from the commercial launch date, establish a procedure to ensure the accuracy of its billing system in accordance with section 15.1 above which must be submitted for prior written approval to the Regulator within two (2) months from the commercial launch date. The Regulator shall issue its decision with respect to such procedure within one (1) month of such submission.

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- 15.3 The licensee shall keep such records as may be necessary or may be determined by the Regulator to be necessary for the purpose of satisfying the Regulator that the billing process has the characteristics required above and the licensee shall for the purposes of this license retain all records for at least two (2) years from the date on which they came into being.
- 15.4 For the purpose of giving the Regulator assurance from time to time that the billing process meets the requirements of section 15.1, the licensee shall:
- a) furnish the Regulator with any information it requires;
 - b) on reasonable notice, allow the Regulator (or any person authorised by the Regulator) access to any relevant premises of the licensee during normal business hours; and
 - c) on reasonable notice, allow the Regulator (or any person authorised by the Regulator) to examine or test the whole or any part of the billing process.
- 15.5 The licensee shall, no later than the commercial launch date, provide itemised billing information to any mobile subscriber upon request in respect of the tariffs for any telecommunications services provided to such subscriber. If the Regulator permits the licensee to charge for itemised billing information, any such charge is subject to the prior written approval of the Regulator.

16. NUMBERING

- 16.1 If the national numbering plan is not finalized within two (2) months prior to the commercial launch date, the licensee shall obtain the prior written approval for codes and the blocks of numbers it uses, and thereafter the Regulator shall, at the request of the licensee from time to time and in accordance with the national numbering plan, allocate to it:
- a) such quantity of codes and numbers as it may reasonably require; and
 - b) such specific codes and numbers as it may request for such purposes as the Regulator may approve and which the Regulator is satisfied are not required for other purposes.
- 16.2 The licensee shall prepare a numbering plan for the codes and numbers allocated to it by the Regulator in accordance with the national numbering plan for written approval by the Regulator. The licensee shall furnish details of its numbering plan to the Regulator and keep the Regulator informed of material changes to its numbering plan as they occur. If the licensee's numbering plan is not consistent with the national numbering plan, the Regulator may direct the licensee to adopt and furnish the Regulator for its written approval with a new numbering plan or to take such other reasonable remedial action which does not cause undue

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inconvenience to the licensee's mobile subscribers, as may be necessary to ensure consistency.

- 16.3 The licensee shall install, maintain and adjust its mobile telecommunications network so that such network routes messages and otherwise operates in accordance with the licensee's numbering plan and the national numbering plan. The licensee shall not use numbers other than those allocated to it from the national numbering plan or if the national numbering plan has not been finalized, in accordance with section 16.1.
- 16.4 The licensee may, where necessary and with the Regulator's prior written approval, levy reasonable tariffs in relation to allocation of codes or numbers to its mobile subscribers, but shall not be entitled to transfer or sell codes or numbers to other licensed operators other than in accordance with the national numbering plan and following written approval from the Regulator.
- 16.5 Where required for the efficient use of codes and numbers, the Regulator may require the licensee to return individual codes or numbers or blocks of codes or numbers.
- 16.6 Without derogating from section 40(3) of the Telecommunications Law, if directed by the Regulator or required by a regulation, the licensee shall provide number portability to any qualifying operator on tariffs and terms to be determined by the Regulator so as to enable the efficient implementation and utilisation of number portability.
- 16.7 Before issuing any direction for the purpose of section 16.6, the Regulator shall consult with the licensee, the relevant qualifying operators and interested parties and shall take into account all representations made.
- 16.8 Until such time as the licensee offers the facility of number portability on request to any of its mobile subscribers, the licensee shall ensure that, with regard to any such subscriber, for a reasonable period after that subscriber has changed to a different supplier of mobile telecommunications services either a telephone call to that subscriber's previous number can be re-routed to his or her new number for a reasonable fee, or callers are given an indication of that subscriber's new number without charge.
- 16.9 In this section "**qualifying operator**" means a public telecommunications operator holding a mobile telecommunications license that (a) has notified the licensee in writing that it requests the provision of number portability in relation to such public telecommunications operator's mobile telecommunications network from the licensee specifying the type or types and extent of number portability so requested, and (b) is able and willing to provide the same type or types and extent of number portability in relation to its mobile telecommunications network to the licensee on reasonable terms and in accordance with any specifications published from time to

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time by the Regulator intended to enable the efficient implementation and utilisation of number portability.

17. ACCESS TO LAND AND SHARING OF FACILITIES

- 17.1 The licensee shall be entitled to use all public and private properties in accordance with the provisions of Chapter XIII of the Telecommunications Law.
- 17.2 The licensee may enter into agreements with other mobile licensees for the sharing of telecommunications facilities, provided that:
- a) the Regulator is satisfied that any such agreement is efficient; and
 - b) each party substantively retains its own network identity from both a commercial and technical perspective.

18. RADIOCOMMUNICATIONS AND FREQUENCY ALLOCATION

- 18.1 The licensee may apply to the Regulator for the right to use frequencies or frequency bands in accordance with a frequency license to be granted under section 44 of the Telecommunications Law.
- 18.2 The licensee shall ensure that the radiocommunications equipment comprised in any of its radiocommunications stations is designed and constructed, used and maintained, so as not to cause any undue interference even when in use in compliance with the rules from time to time established by the Regulator.
- 18.3 The licensee shall not permit or suffer any person to use its radiocommunications equipment comprised in any of its radiocommunications stations unless the person is under the control of, and authorised by, the licensee.
- 18.4 The licensee shall ensure that all persons using its radiocommunications equipment comprised in any of its radiocommunications stations are made aware of the relevant terms of this license and other applicable license and comply with such terms.
- 18.5 Without derogating from section 77 of the Telecommunications Law, the licensee shall permit any person authorised by the Regulator to have access to any of its radiocommunications stations and to inspect or test its radiocommunications equipment at any reasonable time or whenever an emergency situation exists, at any time, for the purpose of verifying compliance with the terms of the license, the provisions of the Telecommunications Law and regulations issued thereunder or for the purpose of investigating sources of radiocommunications interference.

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19. DOMESTIC ROAMING WITH BATELCO

19.1 The licensee may enter into an agreement with Batelco for the provision of domestic roaming within three (3) months of the effective date (and shall negotiate in good faith), failing which the Regulator shall determine the terms of such agreement within thirty (30) days of the earlier of the end of such three (3) month period and the date on which the parties inform the Regulator that no agreement can be reached. Such agreement shall be effective for a period of one (1) year from the date on which such agreement is effective or such longer period as the Regulator may determine based on:

- a) compliance by Batelco with section 47 of the Telecommunications Law; and
- b) any actions or omissions by Batelco which delay the prompt build-out of the network of the licensee.

20. INTEROPERABILITY AND TECHNICAL STANDARDS

20.1 The licensee shall comply with relevant regulations and technical specifications issued by the Regulator as in order to ensure interoperability of the licensed services and its mobile telecommunications network with telecommunications services and telecommunications networks provided by other licensed operators to the extent technically feasible.

21. PRIVACY AND CONFIDENTIALITY

21.1 The licensee shall use all reasonable endeavours to ensure the privacy and confidentiality of information and business secrets obtained in the course of its business from any person to whom it provides the licensed services by establishing and implementing reasonable procedures for maintaining privacy and confidentiality of such information subject to any requirement under law.

21.2 The licensee shall maintain sufficient information on its privacy and confidentiality procedures to satisfy the Regulator, at its reasonable request, that the requirements of section 21.1 are being met.

21.3 The licensee shall not use or allow to be used any apparatus comprised in the mobile telecommunications network which is capable of recording, silently monitoring, or intruding into calls unless it complies with applicable law.

22. ANTI-COMPETITIVE PRACTICES

22.1 Without derogating from section 65 of the Telecommunications Law, the licensee shall not, alone or together with others, engage in or continue or knowingly acquiesce in any anti-competitive practices and, in particular, the licensee shall:

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- a) not engage in anti-competitive cross-subsidisation;
- b) if applicable, not abuse its dominant position;
- c) not enter into exclusive arrangements with third parties for the location of its facilities that are required to provide any of the licensed services;
- d) not enter into any agreements, arrangements or undertakings with any person, including any supplier of services that compete with any of the licensed services, which have as their objective or cause the fixing of prices or other restraint on competition;
- e) not use information obtained from competitors if the objective or effect of such use is anti-competitive;
- f) to the extent required by applicable law and this license, make available to other licensed operators on a timely basis technical information about essential facilities and other commercially relevant information that is necessary for them to provide telecommunication service; and
- g) not (whether in respect of the tariffs, charges or other terms applied or otherwise) show undue discrimination against particular persons or persons of any class or description as respects the provision of any licensed service.

23. ACCOUNTING REQUIREMENTS

- 23.1 Within three (3) months of the commercial launch date and on an ongoing basis, the licensee shall in a manner to be approved in writing in advance of the Regulator, keep, draw up, submit to independent audit by an external auditor approved by the Regulator and present in written form, separate accounts for the licensed telecommunications activities, to the extent that would be required if the licensed telecommunications activities in question were carried out by legally independent companies, so as to identify all elements of cost and revenue, with the basis of their calculation and the detailed attribution methods used, related to such licensed telecommunications activities, and the accounts shall include an itemised breakdown of fixed assets.
- 23.2 The Regulator may request the licensee to submit other accounting information it may require in order to effectively supervise and enforce the terms of this license and the provisions of the Telecommunications Law.
- 23.3 If the licensee fails to comply with its obligations under sections 23.1 and 23.2 above or if the accounting system presented by the licensee fails to achieve the objectives set forth in these subsections and the Regulator deems it necessary and appropriate in accordance with the provisions of section 3(c) of the Telecommunications Law, it may order the licensee to implement structural separation within a period to be determined by the Regulator.

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24. REQUIREMENT TO PROVIDE INFORMATION AND INSPECTION

24.1 Without derogating from section 53 and section 77 of the Telecommunications Law, the licensee is required to maintain such information as will enable the Regulator to carry out its functions under the Telecommunications Law in such manner as the Regulator may from time to time request. The Regulator shall have the right to request the licensee to submit periodic reports, statistics and other data as well as request additional information in order to effectively supervise and enforce the terms of this license, the provisions of the Telecommunications Law and the regulations issued thereunder.

25. OTHER OBLIGATIONS

25.1 Without derogating from any other obligation of the licensee under the Telecommunications Law or this license, the licensee shall:

- a) Ensure that the commercial launch date shall be on date that is on or before December 31, 2003.
- b) Be capitalized, in the form of cash received from its shareholders:
 - (i) Upon incorporation of the licensee, in an amount of not less than BD7,250,000 and within three months of incorporation, in an aggregate amount of BD 10,000,000;
 - (ii) On or before the second anniversary of the date of incorporation of the licensee, in an amount of not less than BD20,000,000.
- c) Until the third anniversary of the commercial launch date, cause the shareholders providing the cash referred to in the previous paragraph, not to withdraw, convert, reduce, exchange or otherwise decrease the capital referred to in such paragraph.
- d) Not, at any time, cause its equity to debt ratio to exceed 1:0.75. For purposes of this paragraph, "equity to debt ratio" shall mean the ratio of (i) the sum of all equity of the licensee (determined in accordance with international accounting standards) to (ii) the aggregate outstanding and unpaid indebtedness (including vendor finance, leasing arrangements and contingent obligations) of the licensee.
- e) At all times, cause its shareholders to comply with all regulations applicable to ownership in the licensee.
- f) On or before December 31, 2003, commence formal training of its Bahraini staff in accordance with international best practice.

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- g) On or before December 31, 2007, cause at least 75% of its staff to be Bahraini nationals.
- h) Comply with all the requirements of Annex A¹.

26. LICENSE FEES

- 26.1 The initial license fee for the period from the effective date until the end of the calendar year in which the licensee is awarded shall be BD100,000.
- 26.2 The annual renewal license fee for each subsequent year shall be one (1)% of the gross annual turnover of the licensee attributable to the licensed services, payable in advance using the gross annual turnover of the previous year (or in the case of the advance payment in relation to the first full calendar year after the award of this License, BD100,000) and adjusted for any change when the gross annual turnover for the current year becomes available.
- 26.3 The applicable license fee shall be paid to the Regulator in Bahraini dinars:
 - a) on or before the effective date, for the period from the effective year until the end of the calendar year during which the licensed is awarded; and
 - b) annually in advance no later than 31 January of each calendar year thereafter.

27. DURATION AND RENEWAL

- 27.1 The effective date of this license is April 22, 2003 (the “**effective date**”). This license shall be valid for a term of fifteen (15) years.
- 27.2 The Regulator shall renew the license upon request by the licensee for additional terms of ten (10) years upon expiration of the current license term, provided that the licensee is not, and has not been, in material breach of the license (in which case, the Regulator may veto renewal in accordance with section 30 of the Telecommunications Law).

28. MODIFICATION, REVOCATION AND TERMINATION

- 28.1 The license may be modified in any of the following ways at any time:
 - a) Written agreement between the Regulator and the licensee.

¹ Annex A is confidential and contains commercially sensitive information that formed part of the licensee’s license application.

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- b) By the Regulator if the Regulator determines that such modification is necessary to make the conditions of the licence consistent with terms being imposed generally in respect of all licences issued in the same category, for the purpose of ensuring fair competition between licensees in that category or to the extent necessitated by technological development, provided that the Regulator shall have:
 - (i) given the licensee six (6) months written notice of the proposed modification; and
 - (ii) consulted with the licensee;
- c) an order of modification by the Regulator in accordance with section 35 of the Telecommunications Law.

28.2 The license may be revoked in any of the following ways at any time:

- a) Written agreement between the Regulator and the licensee.
- b) An order of revocation by the Regulator in accordance with section 35 of the Telecommunications Law.
- c) If the licensee is dissolved, or enters into liquidation, bankruptcy or equivalent proceedings or makes a general assignment for the benefit of creditors.

28.3 The license shall automatically terminate upon the expiry of its term if it is not renewed in accordance with section 27.2 above.

29. FORCE MAJEURE

29.1 If the licensee is prevented from performing any of its obligations under this license because of force majeure the licensee shall notify the Regulator of the obligations it is prevented from performing and the reason why as soon as practicable after it becomes aware or reasonably should become aware of such force majeure.

29.2 The Regulator shall suspend those obligations referred to under section 29.1 and the licensee will not be liable to perform those obligations, for so long as the force majeure continues, only if and to the extent that the inability to perform could not have been prevented by taking steps specifically required under this license or other reasonable precautions and the inability cannot reasonably be circumvented by the licensee at its expense through the use of alternate sources, work-around plans or other means.

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30. DISPUTE RESOLUTION

- 30.1 All disputes between the licensee and the Regulator arising out of this license shall be resolved in accordance with the provisions of Chapter XVI of the Telecommunications Law.
- 30.2 The courts of the Kingdom of Bahrain shall have jurisdiction over disputes between the licensee and other licensees in connection with telecommunications activities which they are licensed to conduct, provided, however, that a party to such dispute may require the dispute to be referred to arbitration, in which case, unless the parties agree otherwise and provided that such agreement is not contrary to Chapter VII of the Civil & Commercial Procedural Law of 1971, the provisions of sections 67 to 71 of the Telecommunications Law shall apply *mutatis mutandis*.

31. NOTICES

- 31.1 All notices from the licensee to the Regulator and vice versa shall be in writing and sent by registered mail with acknowledgement of delivery to the following address:
- If sent to the Regulator: PO Box 10353, Manama, Kingdom of Bahrain
- If sent to the licensee: Building 315, Road 1705, Block 317, Manama Town, Kingdom of Bahrain.
- 31.2 Either party may change his above address by notifying the other party in writing at least fifteen (15) days before such change takes effect.

Signed by Dr Mohammed J. K. Alghatam

General Director of the Telecommunications Regulatory Authority

22nd April, 2003