

ANNEX 2

AMENDED IFL LICENSE

**FORM OF INDIVIDUAL LICENCE FOR INTERNATIONAL
TELECOMMUNICATIONS FACILITIES INTENDED TO BE GRANTED TO [] BY THE
TELECOMMUNICATIONS REGULATORY AUTHORITY**

1. GRANT OF LICENSE

- 1.1 The Telecommunications Regulatory Authority (the “**Regulator**”) hereby grants the Bahrain Telecommunications Company B.S.C. (the “**Licensee**”) this License, under section 80(e) 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 the international telecommunications facilities 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;

“Cable landing station” means the point at which any cable landed in Bahrain connects to another public telecommunications network within the Kingdom of Bahrain, including, but not limited to, buildings, equipment and land necessary to establish and maintain such connection;

“Call” include communications conveying voice and data;

“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 or other means and **“controlling”** and **“controlled”** shall be construed accordingly;

“Effective date” means the date referred to in section 18.1;

“Force Majeure” means any cause affecting the performance by the ~~licensee~~ Licensee of any obligation hereunder arising from acts, events, omissions, happenings or non-happenings beyond its reasonable control including (but without limiting the generality thereof) governmental or States’ acts or regulations, fire, flood, inclement weather, terrorism or any disaster or an industrial dispute (other than relating to the ~~licensee~~ Licensee’s own workforce) affecting the provision of licensed services. Any act, event, omission, happening or non-happening only will be considered Force Majeure if it is not attributable to the wilful act, neglect or failure to take reasonable precautions of the ~~Licensee~~ Licensee, its officers, contractors, sub-contractors, agents, servants or employees;

“International telecommunications facilities” means any other telecommunications facilities used or intended for use in connecting the Kingdom of Bahrain to other countries for the provision of an international telecommunications service;

“International telecommunications services” means the provision of telecommunications services between the Kingdom of Bahrain and other countries;

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

“Licensed Facilities” means the facilities described under section 3.1;

~~“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; and~~

3. LICENSED FACILITIES

3.1 The ~~licensee~~Licensee is authorised on a non-exclusive basis to install, operate and manage its international telecommunications facilities in the licensed area.

3.2 The ~~licensee~~Licensee is authorised to connect its international telecommunications facilities to:

(a) any Fixed Telecommunications Infrastructure Network in line with any agreements entered into with any holder of a Fixed Telecommunications Infrastructure Network License;

~~(a)~~(b) any telecommunications network operated under a telecommunications license; and

~~(b)~~(c) any telecommunications equipment approved for connection in accordance with section 38 of the Telecommunications Law and any regulations issued pursuant to the Telecommunications Law.

3.3 The ~~licensee~~Licensee may, with the prior written approval of the Regulator, conduct any or all of the foregoing activities through an affiliate or sub-contract the conduct of any or all of the foregoing activities to another person; provided, however, that the ~~licensee~~Licensee shall continue to be fully liable for any obligation arising in relation to any such activity. The Regulator may revoke its approval at any time by providing reasonable advance notice to the ~~licensee~~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~~Licensee, provided always that the Regulator shall be notified in writing of such arrangement.

4. LOCATION OF INTERNATIONAL TELECOMMUNICATIONS FACILITIES

4.1 The ~~licensee~~Licensee shall provide the Regulator with a specific description of the location of each cable landing station and fixed earth station, as the case may be, installed, operated or managed by the ~~licensee~~Licensee within the licensed area pursuant to this licence. The description shall include a map showing specific geographic coordinates of any such cable landing station or fixed earth station.

4.2 The ~~licensee~~Licensee shall at all times comply with any requirements of the Kingdom of Bahrain regarding the location and concealment of its international telecommunications facilities for

the purpose of protecting and safeguarding its international telecommunications facilities from damage or destruction.

4.3 The location of any international telecommunications facilities within the licensed area shall be moved or shifted by the ~~licensee~~Licensee at the ~~licensee~~Licensee's expense upon the request of the Regulator, whenever the Regulator considers such course necessary in the public interest, for reasons of national defense or for the maintenance and improvement of harbours for navigational purposes.

5. QUALITY OF SERVICE REQUIREMENTS

5.1 The ~~licensee~~Licensee shall meet the quality of service requirements determined from time to time by the Regulator pursuant to a regulation (the "**quality of service requirements**").

5.2 The ~~licensee~~Licensee shall ensure that it maintains information records in a form to be approved by the Regulator within six (6) months of the effective date for the purposes of satisfying the Regulator that the ~~licensee~~Licensee is meeting the quality of service requirements.

6. INTERRUPTIONS OF LICENSED ACTIVITIES

6.1 The ~~licensee~~Licensee shall not intentionally interrupt or suspend the operation of its international telecommunications facilities (or any part thereof) in the normal course of business, without having first obtained the prior written approval of the Regulator and provided reasonable advance notice to persons to be affected by such interruption or suspension.

7. PROVISION OF ACCESS

7.1 Subject to section 7.3, for as long as the ~~licensee~~Licensee is a public telecommunications operator in a dominant position, the ~~licensee~~Licensee shall provide access to its international telecommunications facilities on the reasonable request of any licensed operator in accordance with section 57 of the Telecommunications Law. 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.

7.2 The ~~licensee~~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 as set forth in the regulations.

7.3 The ~~licensee~~Licensee shall not be required to provide access where in the Regulator's view it is not reasonable to require the ~~licensee~~Licensee to provide access, including, but not limited to, where it would expose any person engaged in provision of the access services to undue risk to health or safety.

7.4 The Regulator may determine all tariffs to be made for the provision by the ~~licensee~~Licensee of access services. In determining such tariffs the Regulator shall 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 of facilities that it does not require; and

(b) in all cases reasonable and, with respect to similarly situated users, non-discriminatory.

8. INTERCONNECTION WITH OTHER PUBLIC TELECOMMUNICATIONS OPERATORS

8.1 For as long as the ~~licensee~~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.

9. BILLING

9.1 The ~~licensee~~Licensee shall upon issuing any bill in respect of the use of its international telecommunications facilities ensure that every amount stated as due in the bill is no higher

than the amount that represents the true extent of any service lawfully provided by the licensee to the licensed operator in question.

9.2 The licensee shall, no later than six (6) months from the effective date, establish a procedure to ensure the accuracy of its billing system in accordance with section 9.1 above which must be submitted for prior written approval to the Regulator within four (4) months from the effective date. The Regulator shall issue its decision with respect to such procedure within two (2) months of such submission.

9.3 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 purposes of this license retain all records for at least two (2) years from the date on which they came into being.

9.4 For the purpose of giving the Regulator assurance from time to time that the billing process meets the requirements of section 9.1, 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; 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.

10. ACCESS TO LAND

10.1 The licensee shall be entitled to use public and private properties in accordance with the provisions of Chapter XIII of the Telecommunications Law.

11. RADIOCOMMUNICATIONS AND FREQUENCY ALLOCATION

- 11.1 The ~~licensee~~Licensee may apply to the Regulator for the right to use telecommunications frequencies or frequency bands in accordance with a frequency license to be granted under section 44 of the Telecommunications Law.
- 11.2 The ~~licensee~~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.
- 11.3 The ~~licensee~~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~~Licensee.
- 11.4 The ~~licensee~~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 together with any applicable license and comply with them.
- 11.5 Without derogating from section 77 of the Telecommunications Law, the ~~licensee~~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 investigat—ing sources of radiocommunications interference.

12. INTEROPERABILITY AND TECHNICAL STANDARDS

- 12.1 The ~~licensee~~Licensee shall comply with relevant regulations and technical specifications issued by the Regulator in order to ensure interoperability of its international telecommunications

facilities with telecommunications services and telecommunications networks provided by other licensed operators to the extent technically feasible.

13. PRIVACY AND CONFIDENTIALITY

13.1 The ~~licensee~~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 user by establishing and implementing reasonable procedures for maintaining privacy and confidentiality of such information subject to any requirement under law.

13.2 The ~~licensee~~Licensee shall maintain sufficient information on its privacy and confidentiality procedures to satisfy the Regulator, at its reasonable request, that the requirements of section 13.1 are being met.

13.3 The ~~licensee~~Licensee shall not use or allow to be used any apparatus comprised in its international telecommunications facilities which is capable of recording, monitoring, or intruding into calls unless it complies with applicable law.

14. ANTI-COMPETITIVE PRACTICES

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

- (a) not engage in anti-competitive cross-subsidization;
- (b) 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 international telecommunications services;
- (d) not enter into any agreements, arrangements or undertakings with any person, including any supplier of services that compete with any of the activities described in this license,

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) 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 telecommunications services; and
- (g) not (whether in respect of the tariffs 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.

15. ACCOUNTING REQUIREMENTS

15.1 Within six (6) months of the effective date and on an ongoing basis, the ~~licensee~~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 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.

15.2 The Regulator may request the ~~licensee~~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 and regulations issued thereunder.

15.3 If the ~~licensee~~Licensee fails to comply with its obligations under section 15.1 or 15.2 or if the accounting system presented by the ~~licensee~~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~~Licensee to implement ~~structural~~ separation within a period to be determined by the Regulator.

16. REQUIREMENT TO PROVIDE INFORMATION AND INSPECTION

16.1 Without derogating from section 53 and 77 of the Telecommunications Law, the ~~licensee~~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~~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.

17. LICENSE FEES

17.1 The annual license fee for the initial year of the license from the effective date shall be BD [●].

17.2 The annual license fee for each subsequent year shall be [●]% of the gross annual turnover of the ~~licensee~~Licensee attributable to the licensed services, payable in advance using the gross annual turnover of the previous year and adjusted for any increase when the gross annual turnover for the current year becomes available.

17.3 The applicable annual license fee shall be paid to the Regulator in dinars:

- (a) Within thirty (30) days of the effective date, for the period from the effective date up to the end of the calendar year during which the license is awarded, to be calculated on a pro rate basis; and
- (b) annually in advance no later than 31 January of each year thereafter.

18. DURATION AND RENEWAL

18.1 The effective date for this license is [●] (the “**effective date**”). It shall be valid for a term of fifteen (15) years.

18.2 The Regulator shall renew the license upon request by the licensee Licensee for additional terms of ten

(10) years upon expiration of the current license term, provided that the licensee 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).

19. MODIFICATION, REVOCATION AND TERMINATION

19.1 The license may be modified in any of the following ways at any time by:

(a) wWritten agreement between the Regulator and the licensee Licensee;

(b) bBy 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 Licensee six (6) months written notice of the proposed modification; and

ii. consulted with the licensee Licensee;

(c) an order of modification by the Regulator in accordance with section 35 of the Telecommunications Law;

~~(d)~~ a determination of the Regulator that such modification(s) is / are necessary to comply with the Telecommunications Law.

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

(a) wWritten agreement between the Regulator and the licensee Licensee;

(b) aAn 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.

19.3 The license shall terminate automatically upon the expiry of its term if it is not renewed in accordance with section 19.2 above.

20. FORCE MAJEURE

20.1 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 as a result as soon as practicable after it becomes aware of such force majeure.

20.2 The Regulator may suspend those obligations referred to under section 20.1 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 the law or 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.

21. DISPUTE RESOLUTION

21.1 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.

21.2 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*.

22. COMPLIANCE

22.1 Without prejudice to the Regulator's powers under the Telecommunications Law and/or any other regulatory instrument, if the Licensee fails to comply with its obligations under this Licence, the Regulator may take such action as it deems necessary and appropriate in accordance with the provisions of Article 3(c), 35 and/or 65 of the Telecommunications Law (as appropriate).

~~21.3 If the licensee fails to comply with its obligations under this license, the Regulator may take such action as it deems necessary and appropriate in accordance with the provisions of Article 3(c), 35 and/or 65 of the Telecommunications Law (as appropriate).~~

22.23. NOTICES

~~22.23.1~~ 23.1 All notices from the licenseeLicensee to the Regulator and vice versa shall be in writing and sent by registered mail with acknowledgement of delivery to the following addresses:

If sent to the Regulator: [*insert address*]

If sent to the licenseeLicensee: [*insert address*].

Either party may change its above address by notifying the other party in writing at least fifteen (15) days before such change takes effect.

