



**Article 35 Order No. 2 of 2016 2Connect's breach of Articles 24(b), 53 and 78  
of the Telecommunications Law  
and of its Licence Terms**

- 1 For the reasons set out in the reasoning of this Order, the Telecommunications Regulatory Authority (the "**Authority**") considers that 2Connect W.L.L ("**2Connect**") has:
  - 1.1 provided to the Authority misleading, inaccurate and incomplete information in the detail it requested pursuant to an Article 53 Request for Information dated 18 November 2014 (ref: CSD/1114/002) (the "**Article 53 Request**") and in addition has subsequently provided further information that was also inaccurate or otherwise incomplete, including in its reply dated 22 November 2015 to the Draft Order issued by the Authority on 22 October 2015, in breach of Article 53 of the Telecommunications Law, Article 15 of its International Telecommunications Facilities Licence ("**IFL Licence**"), Article 12 of its Internet Service Provider Licence ("**ISP Licence**"), Article 16 of its International Telecommunications Services Licence ("**ISL Licence**"), Article 25 of its National Fixed Services Licence ("**NFS Licence**") and Article 10 of its Value Added Services Licence ("**VAS Licence**");
  - 1.2 connected a Telecommunications Network licensed under the Telecommunications Law to a Telecommunications Network or Telecommunications Equipment that is not licensed by the Authority or otherwise authorised under Article 38 of the Telecommunications Law in breach of Article 24 (b) of the Telecommunications Law, Article 3.2 of its IFL Licence, Article 4.2 of its ISL Licence;
  - 1.3 failed to comply with its obligations regarding national security and in doing so breached Article 4(1) of the Lawful Access Regulation and Article 78 of the Telecommunications Law and in addition, by failing to "submit a Lawful Access Capability Plan to TRA for written approval...", breached Article 6(1) of the Lawful Access Regulation;



- 1.4 failed to provide the Authority with accurate Regulatory Accounts in breach of Article 1.1 of the Accounting Separation Regulation 2004<sup>1</sup> and Article 14 of its IFL Licence, Article 11 of its ISP Licence, Article 15 of its ISL Licence, Article 24 of its NFS Licence and Article 9 of its VAS Licence and Article 53 of the Telecommunications Law; and
  - 1.5 almost certainly failed to pay the Authority the correct Licence Fees in breach of Article 13.2 of its ISP License, Article 16.2 of its IFL Licence, Article 17.2 of its ISL Licence, Article 26.2 of its NFS Licence and Article 11.2 of its VAS Licence.
  - 1.6 The Authority notes that the breaches identified in this Order have resulted in the unjust enrichment of (at least at the time of the draft order) a director (and the former CEO) of 2Connect and that further investigations relating to the circumstances that facilitated that enrichment may be required.
- 2 Finally, the Authority notes the criminal penalties for breaches of Articles 24(a) and 24(b) of the Telecommunications Law that may be attached to individuals as prescribed by Article 73 of the Law which the Authority may be obliged to refer to the appropriate Authorities irrespective of the outcome of this Article 35 Order procedure.
- 3 **THEREFORE 2CONNECT IS ORDERED TO**
- 3.1 Provide the Authority, within 7 calendar days from the date of this Order, with sufficient information to show that all of the breaches set out in the Order have been remedied or rectified by 2Connect.
- 4 **FINES**
- 4.1 2Connect is ordered to pay a fine of BD 1,700,000<sup>2</sup> within 7 calendar days from the date of this Order.
  - 4.2 2Connect shall pay the fines set out in Article 4 of this Order in the form of a certified cheque, from one of the accredited local banks, addressed to the Telecommunications Regulatory Authority.

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<sup>1</sup> Especially in relation to the obligation to abide by "good practice principles related to financial reporting".

<sup>2</sup> The Authority has increased the amount of the fine to be paid by 2Connect for the reasons set out below and in Annex A.



## 5 COMPLIANCE

- 5.1 In terms of Article 35(d)(3) of the Telecommunications Law, failure by 2Connect to abide by Article 3 and Article 4 of this Order (including the payment of the fine) may lead to the revocation of 2Connect's Telecommunications Licences including, for the avoidance of doubt, 2Connect's (i) ISP Licence; (ii) ISL Licence; (iii) VAS Licence (iv) NFS Licence and (v) IFL Licence.
- 5.2 For the avoidance of doubt, in view of the seriousness of 2Connect's breaches of its regulatory obligations, the Authority's present intention is to revoke 2Connect's Telecommunications Licences should 2Connect fail to comply with Article 3 and Article 4 of this Order.



Mohamed Hamad Bubashait

General Director

For and on behalf of the Telecommunications Regulatory Authority

04 February 2016