

Application Guidelines for Class II (A) Telecom License for
The Provision of Public Telecommunication Services that Depend
On Using the Capacity of Telecommunication Network of Class1 Licensees

• **Application Submission**

1. In order to be considered for the award of a Class II (A) License, Applicants shall:
 - a) Submit an Application to TRA in the prescribed manner;
 - b) Pay the application examination fee of (RO 2000) Two Thousands Rial Omani during ten days of submission of the application, failure to pay the application fee within the time frame would make the application ineligible and fresh application would be required for reconsideration.

Applicants who submit an Application to TRA and pay the application examination fee will be issued with a confirmation of receipt by the Authority.

2. The Applicant shall submit four printed copies of its application under a confidential cover with the title clearly marked "Application for Class II (A) License". Each submission shall also include a CD or DVD containing the application in electronic format. The application should be delivered by person to TRA or by mail at the following address:

HE The Chairman
Telecommunications Regulatory Authority
P.O.Box 579 Ruwi
Postal Code 112
Sultanate of Oman

3. Each application shall include a prescribed completed Application Form, a contents page, an executive summary highlighting the main points and salient features of the application, any other information and documents specifically required by these Guidelines and any other documentation the Applicant considers necessary to support the application
4. TRA may publish the identities, including the composition in the case of consortia, of the Applicant, unless the Applicant specifically requests otherwise with acceptable reasons; TRA reserves the right to disclose any information submitted by Applicant which TRA deems necessary for purposes of clarifying the licenses awarded. All other information will be treated in confidence.
5. Clarifications/queries submitted in relation to these and TRA's corresponding replies may be published on the TRA website, unless the information is deemed to be commercially sensitive by the inquiring party and justified accordingly to TRA.
6. By virtue of having submitted an application, the Applicant shall be bound by all terms, commitments, offers, presentations, proposals, plans and obligations stated in their application. It is the sole responsibility of the Applicant to ensure that the information and representations submitted in their applications are accurate in all aspects.
7. Any change in the information contained in the application form, and subsequent information provided to TRA, shall be immediately notified to TRA. If in its sole discretion

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the TRA considers the change in the information to be significant, or to have been received at a late stage, the TRA reserves the right to reject the Application in its entirety.

8. Successful applicants will be required to launch the commercial services proposed in their applications.
9. Class II (A) licence is issued by the Minister of Transport and communications. Upon approval of the Minister and before the licence is issued, applicant shall be required to:
 - a) Establish an Omani company (where one does not already exist) with adequate and relevant capital to carry out its business plan;
 - b) Pay the licence Initial Fee.

• **Services Launch and Performance Bond**

TRA will require the licensee to rollout their networks and provide services in accordance with their offers and proposals as stated in their applications. Each licensee shall provide TRA with a performance bond for a sum amounting to 7% of its total budgeted capital investment as committed in its application, in accordance with the specimen Banker's Guarantee specified in Annexe, and made in favour of TRA. The performance bond shall cover the material obligations of rollout, service provision and commitments as well as obligations in compliance with any directions issued by TRA.

• **Information required**

- a) The Applicant shall provide the TRA with evidence that demonstrates clear compliance with the criteria. This evidence shall include the documentation listed below and any further documentation listed in the Annexes in relation to specific license types or to a competitive award process. Where the Application is a consortium, the Applicant shall clearly identify which specific consortium member(s) satisfies each relevant criterion.
- b) TRA may seek additional information from the Applicant arising from an application.

• **Organisational structure / financial capability and strength**

- 1) the nature and structure of the applicant (for consortium members or single entity) in terms of whether:
 - i. It has any subsidiary or associated companies, joint ventures and trusts;
 - ii. It is a private or public commercial entity; and
 - iii. If it is a public shareholding company, detail of a list of shareholders should be provided to the TRA;
- 2) the corporate and shareholding structure of the applicant clearly indicating the ultimate ownership, both direct and indirect;
- 3) details of the composition of the Board of Directors and management structure;

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- 4) details of principal contractors;
 - 5) Applicants shall submit the following documents:
 - i. Name, registered office, date and place of incorporation;
 - ii. The place of domicile and, if they are not the same, the location of the registered office and the seat of management;
 - iii. A copy of the current Memorandum and Articles of Association;
 - iv. Full names and addresses of the company secretary and all directors identifying executive and non-executive positions;
 - v. Authorised, issued and paid-up capital and relevant certificates indicating the amounts; and
 - vi. Bankers' confirmation of deposits and/or available credit facilities;
 - 6) Disclosure of any criminal record or personal bankruptcy of any person listed above;
 - 7) Details of any common ownership or commercial relationships with any other organisation with interests or activities in the Omani telecommunications sector;
 - 8) Copies of detailed audited accounts of the applicants (i.e. profit and loss accounts, balance sheets, cash flow statements and auditor's reports) for the last three financial years.
 - 9) latest interim results of the applicant;
 - 10) budgeted projections of the applicant for the next three years(i.e. profit and loss accounts, balance sheets and cash flow statements) ;
 - 11) a schedule of financial debts, obligations and contingent liabilities of the applicant for the next three years.
- **The applicant shall submit its business, financial and funding plans of its proposed investment for the first five years of operations, including;**
 1. Detailed business plans, including the profit and loss accounts, balance sheets and cash flow statements. All assumptions used (e.g. asset depreciation policy, subscriber projections, annual increase/decrease in operating expenditure) shall be clearly explained.
 2. Financial ratios including return on assets return on equity, operating profit margin, net profit margin, current ratio, quick ratio and debt-equity ratio. The formula used in computing each ratio should also be provided.
 3. Forecasts of the internal rate of return, net present value and payback period of the investment. In addition, the net present value at 10% and corresponding payback period shall be computed. The rate of return normally required by the applicant for capital invested shall also be provided (i.e. the hurdle rate);
 4. A detailed plan of all capital expenditure and working capital requirement for the first 5 years of operation;
 5. Details of the proposed financing plan, including:
 - i. The proposed sources of funds and the amounts from each source;

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- ii. Timing of funding initiatives and injection of funds;
- iii. Planned repayment terms and schedule for loans, loan stock and debentures;
- iv. Credit facilities available;
- v. Provisions made for contingent sources of fund. Where relevant, letters of intent, guarantor letter and other documents shall be provided to substantiate the financing and loan/credit facilities.
6. Where the Applicant is a consortium, the above evidence shall be required for each member of the consortium, Omani or foreign.

• **Company registration:**

The Applicant shall provide the TRA with evidence of registration as required by the Ministry of Commerce and Industry and the Chamber of Commerce and Industry in the Sultanate. Registration evidence shall include the sponsor's details –if applicable - and authorized commercial activities.

In the case that the Applicant is not an Omani company the Applicant shall undertake to complete registration procedures and establish an Omani company/enterprise immediately upon approval of the Minister for issuing the license.

• **Experience in the provision of telecommunications services in a competitive market**

The Applicant shall provide the TRA with evidence of experience in the provision of telecommunications services in a competitive market, including:

- a) a description of their activities;
- b) the size of each market;
- c) the number of subscribers;
- d) financial performance;
- e) size of network/facility;
- f) Complexity of physical environment (and any similarity to Oman).

• **Competition strategies for the provision of services:**

The applicant shall describe in detail all the services it intends to provide, including the timing, and the competition strategies it will use to compete in Oman's telecommunication market and how its operations will contribute to the Sultanate of Oman achievement of its vision. The applicant shall provide details:

- a) Of the track record of the consortium partners and/or other relevant parties; and

- b) On how it will apply and leverage on any relevant experience and expertise from consortium partners or other parties which it commits to the Sultanate of Oman; highlighting how these will give it a strategic or competitive advantage.

• **Technical plan and capability**

1) Network Configuration :

The overall infrastructure and components of the international and national networks to enable the provision of the telecommunication services. The description shall include the network management capabilities, routing plan, signalling plan and diversity plans.

2) Network Facilities:

3) The planned locations and technical details of its network as applicable. Network Coverage and Capacity:

The planned geographical coverage of the network upon launch of services and the network capacity expansion plans for the 5 years of operation; and commitments for improvements to infrastructure facilities for the next five years.

4) Network Interconnection:

Technical proposals for interconnection with Class 1 Licensees (including signalling, transmission and synchronization requirements as applicable), covering the interconnection configuration, point of interconnection interface requirements and diversity arrangements.

5) Network Code of Practice, Security and Protection:

- i. Network performance with an indication of the minimum standards; and
- ii. Details of network security, IT/system security and physical network protection.

6) The applicant shall demonstrate its technical experience and capability in the relevant technical areas and/or access to such expertise and experience, including managerial expertise.

- The Applicant shall submit a financial comfort letter from an Omani bank or from a recognised international bank in a form satisfactory to the TRA, indicating availability of financing for the first three years of the Applicant's business plan.

• **Criteria for Approval of Application**

- a) The TRA will assess an application based on its merits. TRA will take into account the following in its evaluation of the merits of the applicant's proposal:
 - 1) vision of the applicant
 - 2) organizational structure and financial capability and strength of the applicant;
 - 3) competition strategy of the applicant for the provision of services; technical soundness of the applicant's plans and technical capability to implement the plans;

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- 4) commitments of the applicant in fulfilling its vision and plans;
 - 5) technical plan and capability of the applicant; and
 - 6) any other information provided by the applicant.
- b) TRA will also consider the benefits that will be brought by the applicant to the telecommunications industry, consumers and the Omani economy as a whole in terms of the investments in Oman; enhancement of the telecommunication infrastructure, capacity, capability and connectivity; level of technological and service innovation and responsiveness; range and choice of products and services offerings; competitive pricing; level of quality of service and level of customer service support; and resource limitations and physical constraints, before awarding a license to an applicant.

- **Rejection**

The TRA may reject an application for any of the following reasons:

- a) The services to be provided by the applicant depend on using scarce resources, where these scarce resources not available.
- b) The Applicant does not provide adequate evidence of compliance with the criteria for license award set forth by the TRA;
- c) The Applicant does not provide the reasonable required information as per these Guidelines or fails to provide clarification and/or documentation to TRA at TRA's request;
- d) The Applicant holds or has held a telecommunications license in the Sultanate of Oman or other markets, or any of its Significant Shareholders have held such licenses, and have been found to be materially or repeatedly non-compliant with the legal and regulatory system in which they were operating;
- e) The Applicant includes entities that either directly or indirectly participate, control, or are controlled by Persons that are in the situation referred in paragraph above;
- f) The Applicant or any of their Significant Shareholders is prohibited under the Telecommunications Law or any other law of the Sultanate of Oman from holding a public telecommunications service license in Oman or otherwise carrying on business in Oman;
- g) Where, following appropriate notification, an outstanding license fee or any other fees are owed by the Applicant or a Significant Shareholder to the TRA;
- h) Where TRA decides that participation of a particular Applicant would lead to an anti competitive environment in the market; or
- i) Where the Applicant has otherwise failed to meet the legal, financial, or technical criteria set forth in this Guidelines
- j) When facts presented to the TRA as a part of the Application demonstrate that the Applicant does not possess the minimum required capital, the financial competence for the required investment or the experience or relevant know-how which ensures correct implementation of the roll out and other licence terms for the award of the Class II(A) License;

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Annexes

Annex 1 Variations to Application Guidelines for Class II (A) License for NLD

Annex 2 Specimen Banker's Guarantee

Annex 1

Variations to Application Guidelines for Class II (A) License for NLD

- 1) Application Guidelines for the submission of all Class II (A) License Applications shall apply to Class II (A) licenses for NLD except as described below:
- 2) The evidence that the Applicant shall provide to the TRA regarding the adequacy of its Technical Plan shall include in addition to the items specified in these rules and procedures:
 - a) The equipment to be deployed at Points of Presence and major network nodes;
 - b) The proposed access mechanism by which an end-users will be connected to the Points of Presence;
 - c) Planned use of other party networks and infrastructure (i.e. radio infrastructure, leased lines, etc.).

Annex 2

SPECIMEN COPY OF BANKER’S GUARANTEE

Dated { }

{Name of Bank}

{Address of Bank}

To: Telecommunication Regulatory Authority of Sultanate of Oman

P. O .Box 579, P. C 112

Ruwi

Sultanate of Oman

Chairman of Telecommunications Regulatory Authority (TRA)

Subject: letter of bank guarantee issued to satisfy the Class II (A) requirements.

Dear Sir

This Banker’s Guarantee (“Guarantee”) is issued pursuant to [Guidelines for the application form of ClassII (A) license] to provide [the proposed service] (“Licence”) granted to {Name of Licensee} of registered address {Address of Licensee} under Section 21 of the Telecommunications Regulatory Act.

We, **{Name of Bank}** whose registered office is at **{Address of Bank}** (the “Bank”) understand that the Telecommunication Regulatory Authority of Sultanate of Oman (“TRA”) has on **{Date of License}** agreed to issue the License to **{Name of Licensee}** to be a **[ClassII (A) Licensee]** in Sultanate of Oman.

Pursuant to **[Guidelines for the application form of ClassII (A) license]**, the Bank hereby issues this Guarantee to secure the due performance of **{Name of Licensee’s}** commitments with respect to **[its proposed plans to provide the facilities as stated in the License.]**

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The Bank hereby guarantees and undertakes to pay to TRA up to the sum of [**amounting to 7% of the Licensee's total budgeted capital investment**] ("Guaranteed Amount"), in accordance with the terms and conditions hereinafter contained, if {**Name of Licensee**} fails to [execute the respective commitments made in the License].

If {**Name of Licensee**}, in TRA's sole and absolute opinion, fails to meet its commitments as stated [in its License], the Bank guarantees to pay TRA unconditionally on TRA's written demand, the relevant sum of the Guaranteed Amount without any notice, reference or further enquiry from {Name of Licensee} or any other party and without requiring or obtaining any evidence or proof that TRA is entitled to the Guaranteed Amount.

Any such demand made by TRA shall be conclusive and binding on the Bank notwithstanding any difference between TRA and {**Name of Licensee**} or any dispute pending before any court, tribunal arbitrator, or any other authority.

Each demand by TRA shall be accompanied by a certificate signed by an authorised officer(s) of TRA substantially in the form as set out in the Schedule. The authorised officer(s) shall be any person who is appointed as such by TRA and shall be subject to such change(s) as deemed necessary by TRA from time to time. TRA may not make a demand in any other manner except as expressly provided in this Guarantee.

All payments by the Bank to TRA shall be by way of a Omani Rial crossed cheque, drawn on a bank in Sultanate of Oman and made in favour of the "Telecommunications Regulatory Authority".

The Bank shall pay TRA within five (5) business days after the date on which TRA makes a demand of a relevant sum of the Guaranteed Amount on the Bank, failing which the Bank shall pay interest to TRA at the prevailing prime rate of the bank. The term "Business Day" means a day (other than a Friday, a Saturday or a public holiday in Sultanate of Oman) on which commercial banks are open for business in Sultanate of Oman.

The Bank shall not revoke this Guarantee during its currency without TRA's prior written consent and further agrees that the guarantee herein shall be enforceable until TRA discharges this Guarantee.

This Guarantee shall take effect on the date of the License, {**Date of License**} and shall remain in force up to and including {**Due date for completion of commitments**} ("Guarantee Validity Period"). TRA may serve its demand on the Bank at any time after the expiration of the Guarantee Validity Period but prior to the expiration of one (1) month after the Guarantee Validity Period.

A person who is not a party to this Guarantee has no right under the Contracts (Rights of Third Parties) Telecommunications Regulatory Authority to enforce any terms of this Guarantee.

This Guarantee shall be governed by and construed in accordance with the laws of Sultanate of Oman and both parties hereto shall submit to the exclusive jurisdiction of the courts of Sultanate of Oman.

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The bank:

The authorized signatories: