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ROYAL DECREE NO 40/2013

CLASS (I) LICENCE

FOR CONNECT ARABIA INTERNATIONAL COMPANY (LLC)
FOR INSTALLATION AND OPERATION OF THE PROVISION OF
INTERNATIONAL PUBLIC TELECOMMUNICATIONS SERVICES

**Royal Decree No 09/2013
ISSUANCE CLASS (I) LICENSE**

**CONNECT ARABIA INTERNATIONAL COMPANY (LLC) FOR INSTALLATION
AND OPERATION OF THE PROVISION OF INTERNATIONAL PUBLIC
TELECOMMUNICATIONS SERVICES**

We, Qaboos Bin Said

Sultan of Oman

Pursuant to the state statutes promulgated by Royal Decree No. 101/96
And the Telecommunications Regulatory Act issued by Royal Decree No. 30/2002
Based on the exigencies of the public interest;

We declare the following:

Article 1:

Class I license shall be awarded for CONNECT ARABIA INTERNATIONAL COMPANY (LLC) FOR INSTALLATION AND OPERATION OF THE PROVISION OF INTERNATIONAL PUBLIC TELECOMMUNICATIONS SERVICES for 15 years according to the attached.

Article2:

This Royal Decree shall be published in the Gazette and shall become operative from the date of its issuance.

Issued on: 28TH Shaban 1434 A.H

Corresponding: 7th July 2013

**Qaboos Bin Said
Sultan of Oman**

CONTENTS

PART I - DEFINITIONS AND GENERAL PROVISIONS

- ARTICLE (1) : DEFINITIONS.
- ARTICLE (2) : SCOPE.
- ARTICLE (3) : CONNECTION.
- ARTICLE (4) : ROYALTIES AND LICENCE FEES.
- ARTICLE (5) : DURATION.
- ARTICLE (6) : MODIFICATION.
- ARTICLE (7) : TERMINATION.
- ARTICLE (8) : EXPIRATION.
- ARTICLE (9) : COMPLIANCE.
- ARTICLE (10) : NOTICES.

PART II - CONDITIONS AND ANNEXES

FIRST: CONDITIONS:

- 1. LICENSED SERVICES**
- 2. ROLLOUT OBLIGATION & CAPITAL INVESTMENT COMMITMENTS**
- 3. PROVISION OF ACCESS TO OPERATOR ASSISTANCE SERVICES**
- 4. PROVISION OF EMERGENCY & NATIONAL SECURITY**
- 5. INTERNATIONAL TELECOMMUNICATIONS SERVICES**
- 6. LICENSEE'S OBLIGATIONS TOWARDS BENEFICIARIES**
- 7. QUALITY OF SERVICE REQUIREMENTS**
- 8. PROVISION OF MAINTENANCE SERVICES**
- 9. INTERRUPTIONS TO THE LICENSED SERVICES**
- 10. CHARGES, TERMS AND CONDITIONS**
- 11. PROVISION OF ACCESS SERVICES**

- 12. PROVISION OF RESALE SERVICES**
- 13. THIRD PARTY SERVICE PROVISION**
- 14. INTERCONNECTION**
- 15. INTEROPERABILITY AND TECHNICAL STANDARDS**
- 16. INTERNCONNECTION OF TERMINAL EQUIPMENT**
- 17. BILLING**
- 18. NUMBERING**
- 19. RADIOTRANSMISSIONS AND FREQUENCY ALLOCATION**
- 20. LICENSEE`S OBLIGATION IN RELATION TO RECRUITMENT**
- 21. LICENSEE`S OBLIGATION IN RELATION TO PRIVACY AND CONFIDENTIALITY**
- 22. PROHIBITION OF UNFAIR CROSS-SUBSIDIES**
- 23. PROHIBITION OF UNDUE DISCRIMINATION AND ANTI-COMPETITIVE PRACTICES**
- 24. ACCOUNTING REQUIREMENTS**
- 25. REQUIREMENT TO PROVIDE INFORMATION**
- 26. PRE-NOTIFICATION OF CHANGE IN SHAREHOLDING**
- 27. LICENCE FEES**
- 28. TRANSFERS OF RIGHTS OR OBLIGATIONS**
- 29. DISPUTES**
- 30. PENALTIES**
- 31. CARRIER SELECTION**

SECOND: ANNEXES:

ANNEX (A)	- LICENSED TELECOMMUNICATIONS SYSTEMS
ANNEX (B)	- CAPITAL INVESTMENT COMMITMENTS
ANNEX (C)	- OMANIZATION

PART I - DEFINITIONS AND GENERAL PROVISIONS

ARTICLE (1)

Definitions

In the application of the provisions of this Licence and its annexes, the following terms and expressions shall have the meanings assigned to each of them unless the text otherwise requires:

1. **"The Minister"** means *the Minister of Transport and Communications*;
2. **"The Authority"** means *the Telecommunications Regulatory Authority set out in the Telecommunications Regulatory Act*;
3. **"Settling Accounts and Reconciliations Price"** means *all amounts and reconciliation whether for the licensee or against are duly paid as per the international agreements in returns of the provision of international call access*;
4. **"International Correspondent Agreements"** means *any written agreement, in whatever form, between the Licensee and another International Telecommunications Operator for the termination or transit of international calls*;
5. **"International Telecommunications Operator"** means *any telecommunications operator in another country or territory who is authorised to run an international Telecommunications System for the provision of Telecommunications Services*;
6. **"Affiliate"** means *any natural or juristic person directly or indirectly controlled by another natural or juristic person*;
7. **"Control"** means *direct or indirect power to direct or cause the direction of the management of a natural or juristic person, whether through ownership of shares, voting, securities, partnership or other ownership interest, from whatever source*;
8. **"Effective Date"** means *the operative date of the Royal Decree issuing this Licence*;
9. **"Licensed Area"** means *the territory of the Sultanate of Oman*

10. "Licensed Operator" means any natural or juristic person granted a Class-One Licence to operate infrastructure for a public telecommunications system or provide public telecommunications services through utilising class 1 public telecommunications networks capacity, according to the provisions of the Telecommunications Regulatory Act.

11. "Service Provider" means any natural or juristic person licensed to provide Additional Public Telecommunications services according to the provisions of the Telecommunications Regulatory Act.

12. "Licensee Gross Revenues" means all revenues realised by the Licensee during a year resulting from selling or leasing Licensed Services including all revenues from the supply of any Licensed Services, or payments receivable by the Licensee from other Licensed Operators or Service Providers (for interconnection or Access Services), after deducting cost of Interconnection paid to other Licensed Operators, but excluding selling and leasing of Terminal Equipment;

13. "Public Data Service" means a Telecommunications Service permitting the transmission or reception of information in electronic form, to or between members of the public, by means of the Licensee's own Telecommunications System and shall not include Basic Voice Services;

14. "Global Mobile Personal Communications Services" means a Telecommunications Service permitting the emission, transmission or reception of radio electronic impulses within the designated bandwidth by Radiocommunications via a satellite Telecommunications System to moving subscribers;

15. "Private International Telecommunications Services" means those Telecommunications Services connecting a Telecommunications System in the Sultanate with an outside Telecommunications System with or without the provision of Telecommunications Services via this system to other countries;

16. "Information Service" means a service providing a capability for generating, acquiring, storing, transforming, processing, retrieving, utilising or making available any information via a Telecommunications System, including Internet access and related content services, Telegraph Service and Telex Service, but not including Basic Voice Services.

17. "**Telex Service**" means script positing direct contact between the user terminal device with a telecommunications system.

18. "**Radio Broadcasting Service**" means transmitting and distributing signals and radio & Television programmes with exemption to radio broadcasting

19. "**Calling Card Service**" means a service whereby the Licensee provides Beneficiaries with a debit, prepaid or credit card for the charging or payment of Telecommunications Services;

20. "**Satellite Telecommunications Service**" means a Telecommunications Service provided through connections from earth stations to the INTELSAT, INMARSAT, ARABSAT or other public or private satellite Telecommunications System (but excludes Global Mobile Personal Communications Service);

21. "**Satellite**" means an earth orbiting Telecommunications apparatus;

22. "**Force Majeure**" means any action outside of the control of the Licensee that cannot be anticipated or avoided;

23. "**Performance Bond**" means a Bank Guarantee issued under the Authority's name of a value of (7%) of the proposed total capital expenditure (CAPEX) invested in the project to guarantee satisfactory performance.

24. "**Service Area**" means the area within the Licensed Area where the Licensee has established his Telecommunications System and is generally able to offer Telecommunications Services on request to any person in that area.

25. "**International Cable Landing Station**" means a Telecommunications Service permitting the emission, transmission or reception of radio electronic impulses within the designated bandwidth by Radiocommunications via a satellite Telecommunications System to moving subscribers.

26. "**Special Concession**" An exclusive arrangement involving services, facilities, or functions on the foreign end of a Sultanate international route that are necessary to land, connect, or operate submarine cables, where the arrangement is not offered to similarly situated Oman submarine cable owners.

27. "International Telecommunications Services" means the provision of Telecommunications Services between Sultanate of Oman and other countries;

ARTICLE (2)

Scope

This Licence has been granted to **CONNECT ARABIA INTERNATIONAL COMPANY (LLC)** for installation and operation of the provision of international public telecommunications services in accordance with the Terms and Conditions set out in this Licence and its Annexes.

ARTICLE (3)

Connection

The Licensee is authorised to connect the Licensed Systems to:

1. Any Telecommunications System licensed in accordance with Article (21) of the Telecommunications Regulatory Act;
2. Any telecommunications system outside the Sultanate;
3. Any satellite in accordance to requirements and applicable rules;
4. Any Telecommunications Equipment approved for interconnection in accordance with the Telecommunications Regulatory Act or applicable Regulations, or other technical specifications identified or approved by the Authority.

ARTICLE (4)

Royalties and Licence Fees

1. The Licensee shall pay to the government of the Sultanate of Oman a Royalty of (7%) of the Licensee Gross Revenues each year during the License Term, with each annual Royalty calculated on the basis of revenues realised through 31 December of the relevant year and paid before 30 January of the following year. The Royalty shall be proportionately calculated with respect to the first year of this license.
2. The Licensee shall pay the license fees determined by the Authority pursuant to Condition 27 of this License.

ARTICLE (5)

Duration

This Licence is granted for a period of fifteen (15) years as of the Effective Date.

ARTICLE (6)

Modification

1. The Authority and the Licensee may agree in writing to modify the License.
2. The Authority may modify the License in accordance to the Telecommunications Regulatory Act.

ARTICLE (7)

Termination

1. The Authority may by a justified decision terminate the Licence or any rights granted hereunder in their entirety with respect to particular services in accordance with the provisions of the Telecommunications Regulatory Act.
2. The Authority may terminate the license in case the licensee did not commence the operation of his services within 12 months of the Effective Date.

ARTICLE (8)

Expiration

1. The Licence terminates upon expiry of the Licence Term if it is not renewed in accordance with the Telecommunications Regulatory Act.
2. It also terminates if the Licensee is dissolved, or enters into liquidation, bankruptcy or equivalent proceedings or makes a general assignment for the benefit of creditors or due to any other similar reason.

ARTICLE (9)

Compliance

1. The Licensee shall, in addition to complying with the Conditions identified in this License, comply with the provisions of the Telecommunications Regulatory Act, Executive Regulations, Regulations, code of practices, guidelines and all relevant decisions, orders of the Authority and all other relative laws.

2. The Licensee shall make 40% of its shares in the company capital available for public subscription in Muscat Securities Market within five years of the Effective Date.
3. Without violating the obligation of the Licensee's Chief President /CEO to execute the terms and conditions of this License, the Licensee shall, where necessary, designate a senior manager not below the grade of senior managers of the Authority to liaise with the Authority and follow up the full implementation of its decisions.

ARTICLE (10)

Notices

All notices required to be given to the Licensee by the Authority shall be satisfied by serving the document by post or by hand on the Licensee at the Licensee's registered office and their receipt shall be acknowledged.

PART II – CONDITIONS

1. LICENSED SERVICES

- 1-1. The licensee is entitled of the provision of the international telecommunications services in the Sultanate on a non-exclusive basis by the means of the Licensed Systems and the network connections.
- 1-2. The Licensee may, with the written prior approval of the Authority, provide through a separate subsidiary or Affiliate or sub-contract any or all of the Licensed Services. In any of these cases, the Licensee shall not provide such services by itself.
- 1-3. The licensee may provide international prepaid cards services after obtaining the Authority approval and paying the Bank Guarantee specified by the Authority.

2- LICENSED SYSTEM & CAPITAL INVESTMENT COMMITMENTS

- 2-1. The licensee shall establish the licensed system in accordance in Annex (A) and the implementation of the capital investment plan approved by the Authority in Annex (B), and in the case of any change in the system or the plan, the prior approval of the Authority must be obtained by the licensee.

2-2. Without prejudice to Condition (25), the Licensee shall ensure that it maintains information records in a form to be agreed with the Regulatory Authority within three (3) months from the Effective Date for the purposes of satisfying the Authority that the Licensee is meeting the System Expansion and Coverage Requirements. The Licensee shall also comply with any special information disclosure or reporting requirements in accordance with Telecom Act, the Licence, Regulations or orders of the Authority.

2-3. If the Licensee fails in any of the years to achieve the target obligations in relation to the capital investment plan, it will be in breach of the Licence Conditions and the Authority may deduct the mount as per stipulated in Annex (B) of the value of the performance bond and it may impose any of the penalties in accordance to the Act & license condition.

3- PROVISION OF ACCESS TO OPERATOR ASSISTANCE SERVICES:

The Licensee shall provide an operator-assisted voice telephony service to any Beneficiary upon request against a reasonable tariff as approved by the Regulatory Authority.

4- PUBLIC EMERGENCIES AND NATIONAL SECURITY

4-1. The Licensee shall undertake to provide, at his/its own cost, all the technical facilities such as telecommunications equipment, apparatus, systems and programs within its licensed telecommunications network which enable the security bodies to access its network in realization of National security requirements. The provision of services should evolve time with the technological advancement. The licensee shall, in case of changing its network systems, incur the cost of upgrading the equipment used by the security bodies affected by such change pursuant to the decisions issued by the Authority in accordance with the provisions of the prevailing laws.

4-2. In case of a natural disaster or exceptional public emergency accidents, the Minister may call upon all the telecommunications services and networks of any Licensee, and its employees who operate and maintain these services and networks, for the purpose of combating such disasters and accidents. Within twelve (12) months of the Effective Date, the Licensee shall submit to the Authority its plan for the procedures and operations the Licensee will follow in the event of any such emergency (the "Emergency Plan") and shall update the Emergency Plan upon request from the Authority.

4-3. If the emergency accidents or the crisis are related to the national security, the Licensee shall cooperate with the security bodies determined by the Authority and shall implement the Emergency Plan as per the instructions of the Authority.

5. INTERNATIONAL SERVICES

5-1. The Licensee shall obtain the Authority prior approval before enter into agreement with other international telecommunication operators for the provision of the international telecommunications services, where the licensee shall notify the Authority with the condition in respect to settling accounts and reconciliations price agreed with operators, and shall provide the Authority on request with all information related to the source, route and end of the international telecommunication services on or within the Sultanate, assist the Authority in fulfilling its obligations in respect of any international telecommunications body.

5-2. The licensee is entitled to enter into interconnection agreement with international telecommunications operators and shall be committed to the international agreement in which the Sultanate is part of and shall committed to all rules adopted by the Authority from time to time in respect to interconnection agreements between international operators.

5-3. the licensee shall not enter into agreements with international telecommunications operators contradicting the settling accounts and reconciliations price or the frameworks issued by the Authority or anti-competitive to other international telecommunications from or to Sultanate operator or service provider, in such case all agreements shall be null and void.

6. LICENSEE'S OBLIGATIONS TOWARDS BENEFICIARIES

6-1. The Licensee shall establish and maintain an efficient information and customer service system to assist Customers with queries relating to the Licensed Services, including installation services and directory assistance.

6-2. In the provision of Licensed Services, the Licensee shall provide equal opportunity for access to the same type and quality of Licensed Services to all Customers in the Licensed Areas at substantially the same tariff, limiting variations to available or appropriate technologies required to serve specific categories of Customers.

6-3. The Licensee shall provide at least twelve (12) months written notice to the Authority:

- a. Regarding any termination of an existing Licensed Service; or
- b. Any change to a Licensed Service which would render any Customer equipment obsolete. As part of its written notification the Licensee shall identify appropriate service transition and customer migration arrangements to the new service.

6-4. Within three (3) months following the Effective Date, the Licensee shall submit to the Authority for its approval a form of standard customer agreement containing the terms and conditions for the provision of Licensed Services to Customers (the "Standard Customer Agreement").

6-5. The Standard Customer Agreement form shall become effective if the Authority did not object to it within thirty (30) days of its receipt or of a later date specified for its execution. If the Authority has objected to the Standard Customer Agreement form during such period, the Authority shall notify the Licensee in writing of the reasons for this objection and the Licensee shall accordingly modify the Customer Agreement form and present it to the Authority within fifteen (15) days of its receipt of such objection. This shall be applicable to the modified Standard Customer agreement form.

6-6. The Licensee may from time to time modify the Standard Customer Agreement. This modification shall be subject to the provisions of (Clause 6-5).

6-7. The Licensee shall notify all Customers of the terms and conditions of the Standard Customer Agreement and any modifications thereto and shall thereafter provide Licensed Services based upon the Standard Customer Agreement.

6-8. The Licensee shall, no later than three (3) months after the Effective Date, prepare a regulation containing efficient procedures for the resolution of disputes with Customers in respect of the provision of Telecommunications Services. The Regulatory Authority shall determine the method to be followed for the publication of this regulation or its perusal and the Licensee shall resolve disputes promptly and in accordance with this regulation and any decisions, orders or guidelines published by the Regulatory Authority.

6-9. The licensee undertakes to refund the amounts due to customers or others during the term specified by the Authority in the event of cancellation, non-renewal of the Licence or cessation of the provision of any Licensed Service.

7- QUALITY OF SERVICE REQUIREMENTS

Without prejudice to the Article (51) Repeated of the Telecommunications Act, the Licensee shall

- 7-1. Meet the quality of service requirements and comply with regulations and framework issued from time to time in this regard by the Authority. Failure to meet the quality of service requirements may result in penalties.
- 7-2. Maintain information records in a form to be agreed with the Authority within six (6) months of the Effective Date for the purposes of satisfying the Authority that the Licensee is meeting the Quality of Service Requirements. The Licensee shall also comply with the requirement to disclose any additional information requested by the Authority and publish Quality of Service Indicators in the media in accordance to Clause (25).

8- PROVISION OF MAINTENANCE SERVICES:

- 8-1. The Licensee shall ensure the provision of maintenance services, on the reasonable request of any person to whom it provides any Licensed Services, in respect of both the Licensed System, and approved Telecommunications Equipment supplied by the Licensee and which is under that person's control.
- 8-2. (Condition 8-1) shall not apply in the following circumstances:
 - a. In relation to any relevant system or apparatus which is beyond economic repair or to the extent that the necessary components are no longer available; or
 - b. In the event that it is not, in the Authority's view, reasonable to require the Licensee to provide the service requested by means of the Licensed Systems in the particular circumstances, including, but not limited to circumstances:
 - a) Beyond the Licensee's control;

- b) Where the provision of the service would expose any person engaged in its provision to undue risk to health or safety; or
- c) Where it is not reasonably practicable.

9 INTERRUPTIONS TO THE LICENSED SERVICES:

- 9-1 The Licensee shall not intentionally interrupt the operation of the Licensed Systems (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 notified the Authority in writing and having provided reasonable advance notice to persons affected by such interruption or suspension.
- 9-2 (Condition 9-1) shall not apply if:
 - a. The interruption or suspension is due to an emergency, such as an event of Force Majeure; or
 - b. The interruption or suspension is to a Licensed Service supplied by the Licensee to a person whose Telecommunications System is endangering the integrity of the Licensed Systems.

10 CHARGES, TERMS AND CONDITIONS:

- 10-1 The Licensee shall file, in a form to be agreed with the Authority within three (3) months of the Effective Date, the charges and the terms and conditions upon which it proposes to offer the Licensed Services at least thirty (30) working days prior to the date on which it is proposing they are to come into effect.
- 10-2 The Authority must approve or disapprove the charges, terms and conditions of the Licensed Services set out in (Condition 10-1) within fifteen (15) working days from the date on which they were filed with the Authority. The Authority shall disapprove the proposed charges, terms and conditions if the calculations contain mathematical errors or violate Pricing Control Regulations, or are unfair or unreasonable or violate applicable laws and Regulations or Licence Conditions.
- 10-3 In the event the Authority disapproves the charges, terms and conditions of the Licensed Services, it shall notify the Licensee of its disapproval and state its objections within fifteen (15) working days. Within fifteen (15)

working days of receipt of the Regulatory Authority's notice of disapproval, the Licensee may submit revised charges, terms and conditions for approval by the Regulatory Authority.

10-4 If the Authority has not notified the Licensee of its objections and disapproval within fifteen (15) working days, the proposed charges, terms and conditions shall take effect on the earlier of the expiry of the fifteen working day period or the effective date proposed by the Licensee.

11 PROVISION OF ACCESS SERVICES:

11-1 Without prejudice to the provisions of the Telecommunication Regulatory Act and its executive regulations The Licensee shall provide access to the Licensed Systems on the reasonable request of any Service Provider or Licensed Operator (the "Access Services").

11-2 Access Services shall be provided in accordance with the applicable recommendations of the International Telecommunication Union and other international entities, and all applicable decisions, orders and guidelines published by the Authority.

11-3 The Licensee shall provide the Access Services within a maximum period of three (3) months from the date of request. In the event that the Licensee and the requesting Service Provider or Licensed Operator do not conclude an agreement for the requested Access Services within three months, the matters in dispute shall be referred to the Authority for resolution.

11-4 The Licensee shall not be required to provide Access Services where in the Authority's view it is not reasonable to require the Licensee to provide Access Services including, but not limited to the following circumstances:

- a. Where it is beyond the Licensee's control;
- b. Where it would cause or would be likely to cause danger, damage or injury to any person or to any property;
- c. Where it would cause damage or otherwise interfere with the running of the Licensed Systems or the provision over those Licensed Systems of Telecommunications Services; or
- d. Where it is not reasonably practicable.

12 PROVISION OF RESALE SERVICES:

12-1 Subject to any Regulations on interconnection, the Licensee shall, within thirty (30) working days of a request by a Service Provider, enter with the Service Provider into an agreement with reasonable terms and conditions including terms and conditions in relation to charges to provide such Telecommunications Services as are reasonably requested to enable that Service Provider to provide Resale Services.

12-2 **The Licensee, after obtaining the Authority approval, shall not be required to enter into an agreement set forth in clause (12.1) in any of the following cases::**

12-2-1.Cause or would be likely to cause danger, damage or injury to any person or to any property;

12-2-2.Cause damage or otherwise interfere with the running of the Licensed Systems or delay the provision over those Licensed Systems of Telecommunications Services; or

12-2-3.Not be reasonably practicable in light of any of the Conditions of this Licence and the System Expansion Requirements, or would be inappropriate on a technical or economic basis.

13 THIRD-PARTY SERVICE PROVISION

13-1 The Licensee shall permit any Licensed Operator or service provider to connect its licensed Telecommunications System to the Licensed Systems so as to enable such Licensed Operator to provide Telecommunications Services by means of the Licensed Systems.

13-2 (Condition 13.1) shall not be applicable if it is not, in the Authority's view, reasonable to require the Licensee to provide such services, including, but not limited to the following circumstances:

- a. Where it is beyond the Licensee's control;
- b. Where it would cause or would be likely to cause danger, damage or injury to any person or to any property;
- c. Where it would cause damage or otherwise interfere with the running of the Licensed Systems or delay the provision over those Licensed Systems of Telecommunications Services; or

- d. Where it is not reasonably practicable.

14 INTERCONNECTION

Without prejudice to the provisions of the interconnection stated in the Act and its executive regulations, the licensee shall,

14.1. Interconnection Agreements:-

14-1-1. within three (3) months of a request by a Public Telecommunications Operator or service provider, enter into an agreement with the Public Telecommunications Operator or service provider in accordance with the limits and controls set out in Condition (14-1-3) to connect and keep connected to the Licensed Systems the Telecommunications System run by the Public Telecommunications Operator at technically feasible points of connection and provide such other Telecommunications Services as are reasonably necessary in order for the Public Telecommunications Operator to provide Telecommunication Services to its customers.

In the event that the Licensee and the requesting Public Telecommunications Operator do not conclude an interconnection agreement within the specified period, the matters in dispute shall be referred to the Authority under Condition (Error! Reference source not found..

14-1-2. (Condition 14-1-1) shall not be applicable **where to do so, in the point of view is** reasonable; with the agreement of the Authority **achieve any of the following:**

- a. Be contrary to the Telecommunications Regulatory Act, other applicable law or Regulations or decisions, orders or guidelines issued by the Authority;
- b. Cause or would be likely to cause danger any person or to any property;
- c. Cause damage or otherwise interfere with the running of the Licensed Systems or delay the provision over the Licensed Systems of Telecommunications Services; or
- d. Not be reasonably practicable in light of the System Expansion Requirements or would be inappropriate on a technical or economic basis.

14-1-3. The Licensee shall ensure that any agreement offered in response to a request made under Condition (14-1-1) shall be transparent, non-discriminatory and objective and be suited to reasonable terms and conditions and shall include the following:

- (a) The method required to establish and maintain connections;
- (b) The number of points of connection to be established;
- (c) Access to necessary premises or lands for use in support of interconnection;
- (d) The dates or periods for which interconnection is required;
- (e) The transmission capacity necessary to permit effective interconnection;
- (f) The form in which signals must be transmitted (including numbering and signalling methods) provisions for contingencies by the parties as a result of the interconnection; and
- (g) Provisions for contingencies by the parties as a result of the interconnection; and
- (h) Provisions required for payment of charges and rates.
- (i) Maintaining service quality levels between end to end points including remedy to failures in meeting service levels and system maintenance.
- (j) Billing settlement procedures.
- (k) Procedures for request, forecast, provision, inspection, testing and traffic management.
- (l) Transmitting signal of calling number identification.
- (m) number shifting procedures.
- (n) Provision of network data and dealing with such data and their confidentiality.
- (o) Formal dispute settlement procedures.

14-1-4. Any agreement made in accordance with Condition (14-1-1) shall not be valid unless it was forwarded by the Licensee to the Authority to obtain its approval. The Authority shall take its decision within three (3) months of receiving the Agreement. If the Agreement is agreeable to the Authority, it shall notify the Licensee in writing and in the event of rejecting the Agreement it shall notify the Licensee of the justified rejection decision and the Licensee shall modify the Agreement in accordance with the decision.

14-1-5. In case of any modification of the Agreement, it shall not be valid unless it is forwarded to the Authority for approval. The Authority shall take its decision within thirty (30) working days and inform the Licensee in writing. The Licensee shall make the required modification in order to comply with the Authority's decision.

14-1-6. The Licensee shall provide to the Authority all such technical, operational and accounting information as the Authority may reasonably require in order to ensure that the requirements of this Condition are met. The Authority shall ensure that any information provided to it in accordance with this Condition which is expressed to be confidential is maintained as such.

14-1-7. The Authority shall from time to time publish or ensure that there is published adequate and up to date information on interconnection agreements between Public Licensed Operators and/or service providers. Where the Licensee has entered into an interconnection agreement with another Public Licensed Operators or service provider, the Licensee shall make that agreement publicly available to all interested parties.

14-1-8. The Licensee shall comply with any decisions, orders and guidelines published by the Authority regarding the sharing of facilities or infrastructures by other Licensed Operators or service provider in relation to the Public telecommunications Network.

14-2. PRINCIPLES FOR INTERCONNECTION RATES

14-2-1 The Licensee shall ensure that the charges to be made for the provision of Telecommunications Services by it are in accordance with Condition (14-1-1), shall be cost-oriented and fully justified, such charges to be calculated based on a reasonable assessment of the costs associated with establishing interconnection and of providing the telecommunication services requested by the Public Telecommunications Operator or service provider.

14-2-2 In establishing rates and charges for interconnection, the Licensee shall adhere to the following principles:

- a. The charges for interconnection service and facilities should in all cases be reasonable and, with respect to similarly situated users, non-discriminatory;
- b. The charges for each type of service requiring interconnection shall be such that they ensure the Licensee a reasonable return, taking into account the Licensee's costs of operating the Licensed System and providing the Licensed Services;
- c. The terms of interconnection should be designed to prevent uneconomic or non-cost based bypass of the Licensed Systems by other Telecommunications Systems, including by providing for interconnection which is sufficiently unbundled so that the interconnecting operator is not required to pay for services or facilities that it does not require;
- d. The division of revenues from traffic carried between the Licensed Systems and the Telecommunications System operated by the Public Telecommunications Operator or service provider requesting interconnection should take account of the relative use made of each of the interconnecting operators' plant and equipment by the service in question;
- e. Long-run incremental cost (LRIC) estimates shall be used as the initial basis for calculation of the costs of universal service stipulated in Condition of the Licence after two (2) years of the Effective Date;
- f. Where the charges for interconnection are to be based on the standard charges for the provision of a similar service to the Licensee's Customers, those charges should be adjusted to take account of any cost savings associated with providing service to the interconnecting Public Telecommunications Operator; and
- g. The Licensee may not impose any delay penalties except in accordance with the Conditions of the Agreement set out in Condition 14-1-1) and after obtaining the Authority's approval.

14-3. RESOLUTION FOR INTERCONNECTION DISPUTES

14-3-1. Without violating the regulations issued in accordance with Article (46) of the Telecommunications Regulatory Act, if an agreement cannot be reached according to Condition (14.1.1) within three (3) months, the Licensee or the Licensed Operator may refer the matter to the Regulatory Authority. The Regulatory Authority shall make such determination, including the imposition of reasonable terms and conditions, as it considers necessary in all the circumstances within six (6) months of the reference, such determination to be final.

14-3-2. Where a dispute arises between the parties under the agreement or in relation to a related matter, either party may refer the matter to the Regulatory Authority for determination in accordance with Condition (14.3.1.)

14-3-3. The party referring any matter to the Regulatory Authority shall provide all the necessary information to the Regulatory Authority so as to enable it to determine the nature of the matter being referred. The other party may make such submissions in relation to the matter being referred as he considers necessary. The Regulatory Authority may require the provision of further information from either party and may specify the period of time within which such information must be provided. The Regulatory Authority shall notify the parties in writing of its determination. The Licensee shall do whatever is necessary to give effect to the determination.

15. INTEROPERABILITY AND TECHNICAL STANDARDS

15.1. The Licensee shall comply with any Regulations, technical specifications and rules issued by the Authority as are applicable and appropriate in order to ensure interoperability of the Licensed Services and Licensed Systems with Telecommunications Services and Telecommunications Systems provided by other Licensed Operators to the extent technically and economically feasible.

15.2. The Licensee shall ensure that all the equipment comprised in (and connected to) the Licensed Systems and used in the provision of the Licensed Services is approved in accordance with the provisions of the Telecommunications Regulatory Act or applicable Regulations, or

otherwise complies with technical specifications identified or approved by the Authority.

16. INTERCONNECTION OF TERMINAL EQUIPMENT

The Licensee shall connect and shall permit to be connected to the Licensee's Telecommunications System any Terminal Equipment which has been approved pursuant to the Telecommunications Regulatory Act or applicable Regulations or otherwise complies with reasonable technical specifications adopted by the Licensee.

17. BILLING

- 17.1. The Licensee shall not render any bill in respect of any Licensed Service unless every amount stated as due in the bill represents the true extent of any such service actually provided by the Licensee.
- 17.2. The Licensee shall, no later than three (3) months from the Effective Date, establish a procedure to ensure the accuracy of its billing system in accordance with Condition (17.1) above which must be submitted for prior approval to the Authority.
- 17.3. The Licensee shall keep such records as may be necessary or may be determined by the Authority to be necessary for the purpose of satisfying the Authority that the billing process has the characteristics required in the procedure set out in Condition (17.2) and shall retain billing records for at least two (2) years from the date on which they came into being.
- 17.4. The Licensee shall furnish the Authority from time to time with any information it reasonably requires for the purpose of giving the Authority an independent quality assurance that the billing process meets the requirements of billing and shall allow any person authorised by the Authority access to any relevant premises of the Licensee to examine or test the whole or any part of the billing process.
- 17.5. The Licensee shall, no later than one (1) month from the Effective Date, provide itemised billing information to any Customer upon request in respect of the charges for any Telecommunications Services provided to such Customer, and any tariff charged for itemised billing shall be reasonable and approved by the Authority.

18. NUMBERING

The Licensee shall comply with the Numbering Plan and all related decisions, orders or guidelines published by the Regulatory Authority.

19. RADIOTRANSMISSIONS AND FREQUENCY ALLOCATION:

19-1. The Authority shall allocate from time to time to the Licensee such radio frequencies or frequency bands under a Radio Licence as is necessary and to the extent consistent with the National Frequency Plan, in the reasonable opinion of the Authority, to enable the Licensee to exercise its rights and to perform its obligations hereunder provided that the Licensee shall comply with the following:

- a. The Licensee shall ensure that the Radiotransmissions Equipment comprised in its Radio Stations is designed and constructed, used and maintained, so as not to cause any undue interference when in use.
- b. The Licensee shall not permit any person to use the Radiotransmissions Equipment comprised in its Radio Stations unless the person is under the control of, and authorised by, the Licensee.
- c. The Licensee shall ensure that all persons using the Radiotransmissions Equipment comprised in its Radio Stations are made aware of the terms of this Licence and comply with them.
- d. The Licensee shall permit a person authorised by the Authority to have access to its Radio Stations and to inspect or test its Radiotransmissions Equipment at any time or when an emergency situation exists, for the purpose of verifying compliance with the terms of the Licence, or investigating sources of radio interference.
- e. The Licensee shall restrict the operation of, or close down and cease to operate, its Radio Station or any of its Radiotransmissions Equipment immediately in accordance with the demand of a person authorised by the Authority in accordance with the provisions of the Telecommunications Regulatory Act and in case the licensee violates any of license conditions of the radio license or in case of violating of condition (4,5) of Article (9) or Article (30) of the violation of the Telecommunications Regulatory Act.

20. LICENSEE'S OBLIGATIONS IN RELATION TO RECRUITMENT

20.1. The Licensee shall take all reasonable steps to train Omani nationals to man positions at all levels in the Licensee's administrative and technical organization structure and to achieve the percentage of Omanisation set out in Annex (C). The Authority may impose a penalty in the event of non-compliance to such percentage.

20.2. The Licensee may recruit foreign experts for the installation, operation, maintenance and exploitation of the Telecommunications Systems and provision of Licensed Services in accordance with the relative rules, regulations and decisions provided that the Authority is furnished with the resume of each one of them for approval prior to recruitment. The Licensee shall reduce the number of such experts according to a timetable agreed upon with the Authority.

21. LICENSEE'S OBLIGATIONS IN RELATION TO PRIVACY AND CONFIDENTIALITY

Without prejudice to the provisions of the Telecommunications Regulatory Act and its executive regulations and applicable laws:

- 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 confidentiality of such information subject to any requirement under law.
- 21.2. The Licensee shall maintain sufficient information on its confidentiality procedures to satisfy the Authority, at its reasonable request, that the requirements of Condition (21.1) are being met.
- 21.3. The Licensee shall not use or allow to be used any apparatus comprised in the Licensed Systems which is capable of recording, silently monitoring, or intruding into live speech telephone calls or data transmitted over the network unless it is in accordance with the Law and the stipulated procedures and after obtaining approval of the Security Authorities.
- 21.4. The Licensee may request the Security Authorities to record calls based on a Customer's request to prove that the Customer has made the call or for

operational reasons having obtained the Customer's approval. The Licensee shall in either cases notify the Customer whose calls are to be recorded, and shall maintain a record of the means by which the parties have been informed that the call is to be or may be recorded. The Licensee shall furnish to the Authority such information on request.

22. PROHIBITION OF UNFAIR CROSS-SUBSIDIES

- 22-1. The Licensee shall not unfairly cross-subsidize or unfairly subsidize its Businesses or those of its Affiliates in relation to the provision of:
 - a) Basic Voice Service
 - b) Calling Card Service;
 - c) Value Added Services;
- 22-2. The Licensee shall maintain such records as are necessary in order to evidence material transfers between the Businesses set out in Condition (22.1.).
- 22-3. Where it appears to the Regulatory Authority that the Licensee has violated Condition (22.1), it shall take such steps as the Regulatory Authority may direct in order to remedy the situation while considering whether any cross-subsidy has been made for the purpose of satisfying any obligation imposed by it under this License.

23. PROHIBITION OF UNDUE DISCRIMINATION AND ANTI-COMPETITIVE PRACTICES

- 23.1. The Licensee shall not (whether in respect of the rates or other terms and conditions applied or otherwise) show undue preference to, or exercise undue discrimination against, particular persons or persons of any class or description as respects the provision of the Licensed Services. The Licensee may be deemed to have shown such undue discrimination if it unfairly favours to a material extent a business carried on by it in relation to the provision of the Licensed Services so as to place at a significant competitive disadvantage persons competing with that business.

23.2. The Licensee shall not engage in any other anti-competitive practices and, in particular, shall not:

- a. abuse any dominant position in any Telecommunications Service market;
- b. enter into agreements with any other Licensed Operator or Service Provider which have as their purpose or effect the fixing of prices, allocation of beneficiaries or specific service markets or other improper restraint on competition; or
- c. use information provided by other Licensed Operators or Service Providers for anti-competitive purposes.

Any question relating to whether any act done or course of conduct is contrary to this Condition shall be determined by the Authority and the measures deemed necessary to remedy this situation shall be taken by it.

24. ACCOUNTING REQUIREMENTS

- 24.1. Within five (5) months of the end of each fiscal year of the Licensee, the Licensee shall deliver to the Authority the balance sheet of the Licensee as at the end of such fiscal year and the related statements of operations, equity and cash flows of Licensee, in each case accompanied by a report thereon of independent auditors stating that such financial statements fairly present the financial position of the Licensee at the dates indicated and were prepared in accordance with accounting principles generally accepted in the Sultanate of Oman.
- 24.2. The Licensee shall submit to the Authority within three (3) months of the Effective Date a proposal for an accounting system which allows the recording of investments, expenses and revenues in accordance with accounting principles generally accepted in the Sultanate of Oman. In particular, such accounting systems shall identify cost elements in sufficient detail so that cost-based interconnection prices can be established. The Authority shall approve or disapprove the proposed accounting system within three (3) months of its submission.
- 24.3. The Authority may, in case of disapproval of the accounting system under Condition (24.2) or, if the Authority considers during the Licence Term that a modification is required, propose modifications or order the Licensee to adopt a prescribed accounting system within a reasonable time period.

- 24.4. The Authority may request the Licensee to submit other accounting information it may require in order to effectively supervise and enforce the terms of this Licence and the Licensee shall provide such information within a period of time determined by the Authority.
- 24.5. If the Licensee fails to comply with its obligations under Condition (24.2) above or if the accounting system established by the Licensee fails to achieve the objectives set forth in that subsection; and the Authority deems it necessary and appropriate to supervise compliance with the provisions of Condition (22), it may order the Licensee to provide certain Licensed Services through a separate division or divisions, a separate branch or branches or a separate subsidiary or subsidiaries.

25. REQUIREMENT TO PROVIDE INFORMATION

- 25.1. The Licensee is required to maintain and provide such information as will enable the Authority to carry out its functions under the Telecommunications Regulatory Act in such manner and at such times as the Authority may request. The Authority shall have the right to request the Licensee to submit periodic reports, statistics or any other data.
- 25.2. In making a request for information, the Authority will ensure that no undue burden is imposed on the Licensee in procuring and furnishing such information, unless the Authority considers such information is essential to enable it to exercise its duties and functions under the Telecommunications Regulatory Act.
- 25.3. The Licensee shall provide the Authority or its authorised representatives with access, during normal business hours, to all equipment, facilities, books and records of the Licensee relevant to the implementation of the Licence Conditions.

26. PRE-NOTIFICATION OF CHANGE IN SHAREHOLDING:

- 26.1. The Licensee shall notify the Authority of any acquisition of shares by or change in shareholding of any person only if, by reason of that acquisition or change, the total number of shares in that Relevant Company held by that person together with any shares known by the Licensee to be held by any nominee or trustee for that person immediately after the change or acquisition exceeds any of the following percentages:

1. 5 %;
2. 10 %;
3. 20 %;
4. 33.3 %;
5. 50 %;
6. 66.6 %.

26.2. Within thirty (30) working days of each anniversary of the Effective Date, the Licensee shall notify the Authority of the name of each shareholder of each Relevant Company, and the total number of shares held by each such person as at the date of the relevant anniversary of the Effective Date where the "Relevant Company" means the Licensee or any natural or juristic person with more than a (50 %) shareholding in the Licensee.

27. LICENCE FEES

The Licensee shall pay to the Authority the following fees:

- a) **Fees for issuing the Licence for the first time amounting to RO 20.000/- Twenty Thousand Omani Rials.**
- b) The licensee's share in the annual fee that does not exceed 1% of the licensee annual revenue of each fiscal year to the Authority according to its estimated budget for the coming year. The applicable annual licence fee shall be paid to the Authority in advance no later than 1 January of each year thereafter. In case of delay, the Licensee shall incur a proportion for each day of delay equal to the annual interest on loans of commercial banks as published from time to time by the Central Bank of Oman.

28. TRANSFERS OF RIGHTS OR OBLIGATIONS

- 28.1. The Licensee may not assign or otherwise transfer any of the licensed services to another person without the prior written approval of the Authority.
- 28.2. Any natural or juristic person that becomes a duly authorised successor or assign to the Licensee through affiliation, assignment, transfer of control, merger, liquidation, reorganisation or otherwise, shall, as a condition to such succession or assignment, be required to execute such documents as the Authority deems appropriate.

29. DISPUTES

The Authority may consider the disputes that arise between the Licensee and the Licensed, the other Service Providers or Customers and resolve them in accordance with the Telecommunications Regulatory Act and the applicable regulations and TRA decisions in this regard. The decisions of the Authority shall be binding to all parties whereas the Authority may with the agreement of the parties to the dispute refer the dispute to arbitration.

30. PENALTIES

Without prejudice to the penalties or fines stipulated in this License, any penalties set forth in the Telecommunications Regulatory Act, other laws, regulations or decisions issued in execution thereof, the following shall apply:

30-1. Failure by the Licensee to remedy non-compliance with any requirement of this Licence may result in the Authority imposing a penalty not exceeding double the costs necessary to remedying the default

30-2. The Authority shall deliver written notice identifying the specific default to be remedied by the Licensee. The Licensee shall have fifteen (15) working days to propose a specific plan for remedying the identified default within an identified time period. The Authority may approve the plan and notify the Licensee to implement it.

30-3. If the plan was not approved by the Authority, or if the Licensee fails to implement the plan within the specified period, a penalty shall be imposed on the Licensee according to Condition (30-1).

31. CARRIER SELECTION:

The licensee shall be required to implement in its network call by call carrier selection and carrier pre- selection.

ANNEX A – TELECOMMUNICATION LICENSED SYSTEMS:

1. Land station for satellite telecommunications to connect the Sultanate internationally.
2. International Gateway

ANNEX B – CAPITAL INVESTMENTS COMMITMENTS:

The amount of Capital Expenditure within the first six (6) years :

Region	First Year	Second year	Third Year	Fourth Year	Five Year	Six Year
Total Capital Expenditure (Cumulative Amount Rials)	1.007.204	152.708	106.607	133.754	106.607	106.607

If the licensee fails in any year to fulfill the targeted commitments in relation to coverage and capital investment plan, the Authority is entitled to deduct the amount of performance bond.

ANNEX A – OMANISATION

The Licensee shall undertake to realize the total Omanisation percentages for each year as given in this Annex.

Level	Since Effective Date	12 months from Effective Date	24 months from Effective Date	36 months from Effective Date	48 months from Effective Date
Executive Officer	17%	33%	33%	50%	50%
Director	13%	37%	50%	50%	50%
Department Head	54%	60%	70%	70%	70%
Section Head	70%	72%	75%	77%	87%
Professional	80%	82%	87%	90%	91%
Support Staff	76%	84%	92%	94%	94%
Total	68%	79%	86%	88%	90%

In the event of not achieving any of the Omanisation percentages at each level for each stage, penalties would be imposed on the Licensee at the discretion of the Authority and as per Condition (20.1)