

Unofficial Translation

Class I License Application Guidelines

- **Applicability of these Guidelines**

1. The Guidelines specified below apply to the submission, assessment and award of all Class I License Applications, except as follows:
 - a) The specific aspects of individual Class I licenses may require variations or additions to these Rules and Procedures. Any such variations or additions are defined in the relevant Annexes.
 - b) TRA will not pre-determine the number of Class I licenses. There may however - in accordance with the public interest- be frequency spectrum or other resources and physical constraints that will limit the number of licences available for certain networks and/or services.

In case of limiting the number of licenses, TRA will announce these licences in accordance to procedures set by it at least one month prior to the date fixed for the submission of bids. These procedures shall ensure that any allocation of scarce resources shall be administrated in an objective, timely, transparent and non-discriminatory manner.

- **Application Submission**

1. In order to be considered for the award of a Class I License Applicants shall:
 - a) Submit an Application to TRA in the prescribed manner;
 - b) Pay the application examination fee of (RO 3000) Three Thousands Rial Omani during ten days of submission of the application, Failure to pay the 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 should submit four printed copies of its application under a confidential cover with the title clearly marked "Application for Class I License". Each submission should also include a CD or DVD containing the application in electronic format. The application should be delivered by Courier or by person to TRA at the following address:

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

3. Each application should 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 Rules and Procedures 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 this Guidelines 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 will 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 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 be required to launch the commercial services proposed in their applications
9. Class I licence is issued by a Royal Ddecree. Upon approval of The Minister of the Transport and Telecommunications and before the licence is forwarded for Royal Decree, applicant shall be required to:
 - 1) Establish an Omani company (where one does not already exist) with adequate and relevant capital to carry out its business plan;
 - 2) Pay the license Initial Fee.

• **Services Launch and Performance Bond**

TRA will require the licensees 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 the Annex, 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**

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 proposed 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.

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 entity; and
 - iii. If public, details of public listings;
- 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;
- 4) details of principal contractors;
- 5) Applicants should 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) ; and
- 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;**

- a) 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.
- b) 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.

- c) 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);
 - d) A detailed plan of all capital expenditure and working capital requirement for the first 5 years of operation;
 - e) Details of the proposed financing plan, including:
 - i. The proposed sources of funds and the amounts from each source;
 - 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 should be provided to substantiate the financing and loan/credit facilities.
 - f) Where the Applicant is a consortium, the above evidence shall be required for each member of the consortium, Omani or foreign.
- 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 the approval of the Minister and before the licence is forwarded for the Royal Decree.

- 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 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 Oman; highlighting how these will give it a strategic or competitive advantage.

- **Technical plan and capability**

- a) Network Configuration :

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

- b) Network Facilities:

The planned locations and technical details of its network such as international and national stations and gateways, local/tandem/trunk exchanges, land lines, cable ducts, radio base stations sites and other equipment to be installed and frequency spectrum to be used.

- c) 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.

- d) Network Interconnection:

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

- e) 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.

- f) Network technologies:

Technologies to be employed for the switching, transmission and local access systems to deliver basic, broadband and value-added services, with the rationale for the choice of technologies selected.

- g) The applicant shall submit a broad network rollout plan and its strategy to implement the network rollout plan

- h) The applicant should 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;
 - 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 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) When the particular services for which the Applicant has applied is dependent on use of Scarce Resources and such Scarce Resources are 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 the rules and procedures for Class I License application 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 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 d) 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 the Sultanate or otherwise carrying on business in the Sultanate;

- 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) 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 I License;
- i) Where TRA decides that participation of a particular Applicant would lead to an anti competitive environment in the market; or
- j) Where the Applicant has otherwise failed to meet the legal, financial, or technical criteria set forth by TRA.
- k) 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 license terms for the award of the Class I License;

Annexes

- Annex 1 Variations to Class I License Application Guidelines for International Long distance, Submarine Cable, Submarine landing station).
- Annex 2 Variations to Application Guidelines for Class I License Application Guidelines for ILD Partial Facility.
- Annex 3 Variations to Application Guidelines for Class I License for NLD
- Annex 4 Variations to Application Guidelines for Class I License for ADSL (Broadband)
- Annex 5 Specimen Banker's Guarantee

Annex 1

Variations to Application Guidelines for Class I License for International Long distance, Submarine Cable, Submarine landing station)

- 1) Application Guidelines for the submission, assessment and award of all Class I License Applications shall apply to Class I licenses for International Long Distance, Submarine Cable, and Submarine landing station except as detailed in below.
- 2) In addition to the information requirements in the Applicant shall provide proof that it has obtained approval from other concerned Ministries within Oman of its proposed location and connectivity plans for any international landing point.
- 3) The evidence that the Applicant shall provide to the TRA regarding the adequacy of its Technical Plan, shall include:
 1. Technical specifications and design of the proposed network/facility;
 2. Description and locations of Fixed Earth Station(s) and/or Submarine Cable Landing Station(s);
 3. Description and location of International Gateway Facilities;
 4. Complete diagram and schematic details of all international facilities showing equipment and communication links (domestic/ international, if any) and any changes / upgrades that may be planned for the following three (3) years;
 5. Details of proposed interconnection points, interconnection services and interconnect capacities with other international facility providers;
 6. Spectrum requirements where applicable. Separate applications will be required for the allocation of radio licenses.

Annex 2

Variations to Application Guidelines for Class I License for ILD Partial Facility

- 1) Application Guidelines for the submission, assessment and award of all Class I License Applications shall apply to Class I licenses for ILD Partial Facility except as detailed in below.
- 2) The evidence that the Applicant shall provide to the TRA regarding the adequacy of its Technical Plan, shall include:
 1. Detailed technical specifications and design of the proposed network/facility;
 2. Description and locations of Fixed Earth Station(s) and/or Submarine Cable Landing Station(s);
 3. Description and location of International Gateway Facilities;
 4. Complete diagram and schematic details of all international facilities showing equipment and communication links (domestic/ international, if any) and any changes / upgrades that may be planned for the following three (3) years;
 5. Details of proposed interconnection points, interconnection services and interconnect capacities with other international facility providers;
 6. Spectrum requirements where applicable. Separate applications will be required for the allocation of radio licenses.

Annex 3

Variations to Application Guidelines for Class I License for NLD

- 1) Application Guidelines for the submission, assessment and award of all Class I License Applications shall apply to Class I licenses for NLD except as detailed in 2 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:
 1. the equipment to be deployed at Points of Presence and major network nodes;
 2. the proposed access mechanisms by which an end-user will be connected to the Point of Presence;
 3. planned use of other party networks and infrastructure (i.e. radio infrastructure, leased lines, etc.).

Annex 4

Variations to Application Guidelines for Class I License for ADSL (Broadband)

- 1) Application Guidelines for the submission, assessment and award of all Class I License Applications shall apply to Class I licenses for Broadband with DSL except as detailed in 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 Guidelines:
 1. Technical specification of the DSL equipment the applicant proposes to deploy;
 2. the proposed access mechanisms by which an end-user will be connected to the Point of Presence;
 3. planned use of other party networks and infrastructure (i.e. collocation, unbundled local loop, bitstream services, leased lines etc).

Annex 5

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)

Dear Sir

This Banker's Guarantee ("Guarantee") is issued pursuant to [Guidelines for the application form of ClassI 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 [ClassI Licensee] in Sultanate of Oman.

Pursuant to [Guidelines for the application form of ClassI 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.]

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 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.

The bank:

The authorized signatories: