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**RULES AND CONDITIONS FOR CLASS III LICENSE FOR THE PROVISION OF
PRIVATE TELECOMMUNICATIONS SERVICES NOT CONNECTED TO THE
PUBLIC NETWORK**

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PART I – DEFINITIONS AND GENERAL PROVISIONS

ARTICLE (1) DEFINITIONS:

1-1 Any word or phrase used in the decision shall have the same meaning as set out in the Telecommunications Regulatory Act issued by Royal Decree No. 30/2002 and its Executive Regulation issued by Ministerial Decision No. 10/2007, unless the context requires otherwise.

1. **The Act:** means the Telecommunications Regulatory Act referred to.
2. **The Executive Regulation:** Executive Regulation of the above Act.
3. **The Minister:** Minister of Transport and Communications.
4. **The Authority:** Telecommunications Regulatory Authority set out in the Telecommunications Regulatory Act.
5. **Effective Date:** The date when the Authority Decision issuing the License comes into force.
6. **Realized Gross Revenues:** means all revenues realized by the licensee within one year resulting from selling or leasing Licensed Services including all revenues from the supply of any licensed services, after deduction of cost of leasing a telecommunication capacity (if any) payable to Licensed Operators excluding selling and leasing of Terminal Equipment.

ARTICLE (2) SCOPE:

2-1 The Licensee shall be permitted to provide the service identified in the License and its annexes, subject to the terms and conditions contained in the Act, this decision and the other regulations and guidelines.

2-2 The License shall be limited to the provision of the service identified in the decision issuing the license, and the Licensee shall not provide any other telecommunications services that are not identified in this license.

2-3 The Licensee shall not connect private networks together or request to connect or access from or to the public telecommunications network.

ARTICLE (3) ROYALTIES AND LICENCE FEES

3-1 The Licensee shall pay to the government of the Sultanate of Oman a royalty of seven percent (7%) of the Licensee Gross Revenues each year during the license term, with each annual Royalty calculated on the basis of revenues realized 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.

3-2 The Licensee shall pay to the Authority the following fees:

- a) An Initial License Fee of Two Thousand Five Hundred (2500) Omani Rials shall be paid to the Authority immediately upon the issuance of the Authority decision to grant the License and prior to its receipt. Failure to pay the fees within thirty days from the date of notification on final approval of the License will deem the License revoked without any need to take further procedures.
- b) The applicable Annual License Fee shall be paid to the Authority in cases where the licensee's gross annual turnover exceeds 1 million Omani Riyals commencing from the Effective Date. The fee shall be a percentage of this gross turnover and no higher than necessary to meet the Authority's expected costs and expenses for each financial year according to its projected budget. The Licensee shall be notified of its share before the end of October each year and the Annual Fee shall be paid no later than 1st 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 published from time to time by the Central Bank of Oman.

ARTICLE (4) DURATION:

This License is granted for a period of five (5) years as of the effective date and can be renewed in accordance with the provisions of the Act.

ARTICLE (5) MODIFICATION AND TERMINATION:

The Authority may by a substantiated decision based on the exigencies of the public interest modify or terminate the License. This includes termination of the License due to the Licensee's failure to execute the Licensed Service within six months of the date specified to start execution as set out in the annex/ annexes.

ARTICLE (6) EXPIRATION:

1. The License terminates upon expiry of the license term if it is not renewed in accordance with the provisions of the Act.
2. The License also terminates if the Licensee is dissolved, or the licensee 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 (7) 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) PUBLIC EMERGENCIES AND NATIONAL SECURITY:

- 1.1 The Licensee shall comply with the requirement of public emergencies according to the provisions of the law.
- 1.2 In the event of a situation of a natural catastrophe or exceptional public emergencies, the Minister may call the entire Telecommunications services and networks of the Licensee and all its employees in charge of the operation and the maintenance of such services and networks.

2) CUSTOMER OBLIGATIONS:

- 2-1 The Licensee shall comply with all the regulations, decisions, orders and guidelines issued by the Authority in relation to the provision of the licensed services to the customers.
- 2-2 The licensee shall refund the amounts due to customers or others during the term specified by the Regulatory Authority in the event of cancellation, non-renewal of the License or cessation of the provision of any Licensed Service.

3) TYPE APPROVAL OF USED SYSTEMS AND EQUIPMENT:

- 3.1 The Licensee shall comply with any Regulations, technical specifications, guidelines or rules issued by the Regulatory Authority for Licensed Systems or Services.
- 3.2 The Licensee shall ensure that the equipment and the systems used cause no damage or interference with the running of the other Telecommunications Services.
- 3.3 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 type-approved in accordance with the Act and applicable Regulations, and complies with technical specifications identified or approved by the Regulatory Authority.
- 3.4 The Licensee shall notify the Authority in the event of making any change to the systems; equipment, premises or programmes used for the provision of Licensed Services, and shall obtain the approval of the Authority in the event of making any change to the Licensed Systems or Licensed Service.
- 3.5 The Licensee shall ensure the safety of the operators and users of licensed private networks at all times and shall repair any fault that might affect the use of telecommunications equipment immediately.

4) RADIOCOMMUNICATIONS AND FREQUENCY ALLOCATION:

The Regulatory Authority shall allocate from time to time, based on a request from the Licensee and in accordance with the provisions of the Act, such radio frequencies or frequency bands under a separate Radio License as is necessary in the reasonable opinion of the Regulatory Authority, to enable the Licensee to exercise its rights and to perform its obligations pursuant to this License and subject to the radio frequency registration and usage fees set out in the decisions issued in this respect provided that the Licensee shall comply with the following:

- 4.1 The Licensee shall ensure that the Radiocommunications Equipment comprised in its Radio Stations is designed and constructed, used and maintained, so as not to cause any undue interference in excess of the limits permitted internationally when in use.
- 4.2 The Licensee shall not permit any person to use the Radiocommunications Equipment comprised in its Radio Stations unless the person is under the control of, and authorized by, the Licensee.
- 4.3 The Licensee shall ensure that all persons using the Radiocommunications Equipment comprised in its Radio Stations are made aware of the terms of this License and are compliant with them.
- 4.4 The Licensee shall permit all persons of the Regulatory Authority having judicial authority to have access to its Radio Stations and to inspect or test its Radiocommunications Equipment at any reasonable time or when an emergency situation exists, at any time, for the purpose of verifying compliance with the terms of the License, or investigating sources of radio interference.
- 4.5 The Licensee shall restrict the operation of, or close down and cease to operate, its Radio Station or any of its Radiocommunications Equipment immediately in accordance with the demand of a person authorized by the Regulatory Authority and for the period specified in the demand in case of the Licensee's violation of any Condition of the Radio License.

5) EMPLOYEES OBLIGATIONS:

- 5-1 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 up to the total number for each phase as set out in the annexes of the license. In the event of the licensee's non-compliance with such percentages, the penalty estimated by the Regulatory Authority shall be imposed.
- 5-2 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.

6) PRIVACY AND CONFIDENTIALITY:

- 6-1 The Licensee shall use all reasonable endeavors 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.

- 6-2 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 agreed by the Customer or in accordance with the Law and the stipulated procedures.

7) RULES OF COMPETITION:

The licensee shall not engage in any conduct, do an act or omit to do an act that could prevent or restrict competition in relation to any commercial activity connected to telecommunications, if he engaged in a conduct, do an act or omitted to do an act in the course of providing telecommunications services or operating telecommunications system, and that act or the omission therefrom was connected to the provision of the telecommunications services or the operation of the telecommunications system in accordance with the provisions of the Act.

8) ACCOUNTING REQUIREMENTS:

The Licensee shall maintain financial records and books of accounts in accordance with the laws and the accounting principles of Oman. The Licensee shall submit to the Authority within three (3) months of the closing of the year audited financial statements and summary of accounts that show the following information about the Licensed Services:

1. Gross revenue;
2. Gross profit, operating profit, profit before and after tax, carried forward profit or loss;
3. Description of an amount of fees paid and payable to the Authority.

9) PROVISION OF INFORMATION:

9-1 The Licensee is required to maintain and provide such information 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 and other data and additional information as required with a view to supervise and enforce effectively the terms of this License.

9-2 The Licensee shall provide the Regulatory Authority's employees, who are empowered with judicial authority, with access, during normal business hours, to all equipment, facilities, books and records of the Licensee relevant to the performance of the License.

9-3 The Licensee shall provide at least six (6) months written notice to the Regulatory Authority:

- (1) Regarding any termination of an existing Licensed Service; or
- (2) Any change to a Licensed Service, which would render any Beneficiary equipment obsolete.

10) PRE-NOTIFICATION OF CHANGE IN SHAREHOLDING

- 10-1 The Licensee shall obtain prior written approval from the Authority for any change in the acquisition of shares by any person in the share capital invested only if by reason of that change, the voting rights or 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 exceed (10%).
- 10-2 The Licensed Operator of Class I or Class III may not own more than (5%) of the Licensee's shares.

11) EASEMENT RIGHTS

Easement rights which may be necessary to execute the License Conditions, shall be granted in accordance with the provisions contained in the Act and the regulations issued by the Regulatory Authority.

12) TRANSFERS OF RIGHTS OR OBLIGATIONS:

- 12-1 The Licensee may not assign or otherwise transfer the License to another person without the prior written approval of the Regulatory Authority.
- 12.2 Any natural or juristic person that becomes a duly authorized successor or assigned to the Licensee through affiliation, assignment, transfer of control, merger, liquidation, reorganization or otherwise, shall, as a condition to such succession or assignment, be required to execute such documents as the Regulatory Authority deems appropriate.

13) INVESTIGATION OF COMPLAINTS:

The Regulatory Authority may investigate the complaints filed by the beneficiaries, the Licensees or any other competent person and take the necessary measures accordingly.

14) VIOLATIONS:

In the event of violating the License, The Regulatory Authority shall implement the procedures stipulated in the Act and its Executive Regulation.