

PAKISTAN TELECOMMUNICATION AUTHORITY

PTA Headquarters, F-5/1 Islamabad, Pakistan

(www.pta.gov.pk)

License No. LDI -XX-XXXX

Dated: XXXXXXXX

LONG DISTANCE INTERNATIONAL (LDI) LICENCE
ISSUED UNDER SECTION 21 OF THE PAKISTAN
TELECOMMUNICATION (RE-ORGANIZATION) ACT, 1996

The Pakistan Telecommunication Authority ("Authority") hereby grants a non-exclusive license to:

_____ (the "Licensee") to provide the Licensed Services in Pakistan and to establish, maintain and operate a Telecommunication System, subject to the terms and conditions contained herein.

For and on behalf of the Authority,

DIRECTOR GENERAL (Licensing)

For and on behalf of

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ARTICLE 1 – GRANT OF LICENCE

1.1. SCOPE OF THE LICENCE

1.1.1. This License authorizes the Licensee:

- (a) to provide the Licensed Services, and
- (b) to establish, maintain and operate its Telecommunication System.

1.1.2. The Licensee shall provide the following Mandatory Services:

- (a) Long Distance And International Public Voice Telephone Services, and
- (b) such other Telecommunication Services as the Authority may by Regulations, require.

1.1.3. This License does not authorize the following:

- (a) the provision of Basic Public Telephone Access Service;
- (b) Distribution of radio or television programming by means of a cable television transmission system;
- (c) Broadcasting of radio or television programming;
- (d) Mobile Communication Service;
- (e) Limited Mobility Communication Service;
- (f) the establishment, maintenance or operation of a Telecommunications System to provide any Telecommunication Service that is not authorized in this License;
- (g) the establishment, maintenance or operation of a terrestrial transmission facility linking Pakistan with another country, including without limitation a microwave or fiber optic cable transmission facility linking Pakistan without prior approval of the Authority, except that, for greater certainty, the Licensee is permitted to establish, maintain and operate an international submarine cable and/or satellite transmission facility linking Pakistan with, and enabling connectivity with, multiple countries, and
- (h) such other activities or Telecommunication services as the Authority may, by Regulation(s), prohibit.

1.1.4. The Licensee shall not provide any Telecommunication Service or establish, maintain or operate any Telecommunication System that is not authorized in this License, except pursuant to a separate license or other proper authorization from the Authority.

1.1.5. The Licensee shall notify the Authority at the time that the Licensee begins to offer a new category of Licensed Services not previously offered by the Licensee. In its notice,

the Licensee shall describe the new category of Licensed Services and the expected date that they will begin to be offered commercially by the Licensee.

- 1.1.6. Upon being informed by the Authority that an Operator's license from the Authority to provide a Telecommunication Service or to establish, maintain and operate a Telecommunication System, is suspended or terminated, the Licensee shall as promptly as practical in the circumstances, disconnect its Telecommunication System from the Telecommunication System of that Operator, and discontinue using the Telecommunication Service of that Operator, until such time as the Authority informs the Licensee that the Operator's license from the Authority is restored or renewed.
- 1.1.7. For greater certainty, a Licensee that implements carrier pre selection or call-by-call routing with PTCL is authorized under this License to provide Public Voice Telephone Services that, if such services were provided by PTCL, would constitute NWD calls as specified in PTCL's call routing tables. An NWD call is, in general, a domestic call to a geographic telephone number where the origin and the destination of the call are not in the same Local Calling Area.
- 1.1.8. The Licensee is not authorized under this License to directly connect its transmission facility to the terminal equipment at a customer location in order to provide the customer with Long Distance and International Public Voice Telephone Services. However, the Licensee is authorized under this License to directly connect the Licensee's transmission facility with terminal equipment at a customer location in order to provide the customer with a Private Circuit between the customer's location in Pakistan and another location of the customer that is located (a) more than 15 kilometers from the first location, (b) in a different Region from the first location, or (c) outside Pakistan. For greater certainty, the Licensee shall not authorize or permit a customer to use, whether directly or indirectly, a Private Circuit to access the Public Switched Network inside or outside Pakistan, unless the prior approval of the Authority is obtained.
- 1.1.9. For greater certainty, where the Licensee provides prepaid Long Distance and International Public Voice Telephone Services that are accessed by the customer dialing a 800 or other similar non-geographic number, the Licensee may terminate the call on behalf of the customer at any location in Pakistan.
- 1.1.10. Notwithstanding sections 1.1.3(d), the Licensee is permitted to provide GMPCS Service, provided that the Licensee first obtains authorization from the Authority to provide such GMPCS Service, and provided further that the Licensee complies with such terms and conditions as the Authority may decide.

1.2. EFFECTIVE DATE AND TERM OF THE LICENCE

- 1.2.1. This License shall come into force on the Effective Date and shall be valid for a term of 20 (twenty) years.
- 1.2.2. If the Licensee wishes to renew the License at the expiration of the initial term, it shall submit to the Authority a written request to renew the License at least 30 months prior to the expiration of the initial term.
- 1.2.3. Within 3 months after the receipt of the Licensee's notice pursuant to section 1.2.2, the

Authority shall either:

- (a) renew the License on such terms and conditions as are consistent with the policy of the Federal Government at that time, to come into effect at the conclusion of the initial term, or
- (b) give a written notice to the Licensee stating that the Authority may not renew the License and provide reasons thereof, which may include the Licensee's repeated, grave or continuing violations of the terms and conditions of this License, the Act, Rules or Regulations during the initial term of the License. The Licensee shall be given 60 days to make written representations in response to the Authority's show cause notice. Within 30 days after the conclusion of such 60 day period, the Authority shall hold a hearing at which the Licensee may make representations in response to the Authority's show cause notice. The Licensee may, as part of its representations, indicate the further license conditions it is prepared to accept to reduce the likelihood of continued or further violations of the terms and conditions of this License, the Act, Rules or Regulations. Following such hearing, the Authority shall, within 15 days, give its determination either:
 - (i) that the Authority has determined not to renew the License at the expiration of the initial term, and provide its reasons for making such a determination, or
 - (ii) to renew the License on such terms and conditions as are consistent with the policy of the Federal Government at that time, to come into effect at the conclusion of the initial term, or
 - (iii) to renew the License on such terms and conditions as are consistent with the policy of the Federal Government at that time, to come into effect at the conclusion of the initial term, and including such additional terms as the Authority considers appropriate to reduce the likelihood of continued or further violations of the terms and conditions of this License, the Act, Rules or Regulations.

- 1.2.4. Within 30 days after receiving notice of the Authority's determination to renew the License pursuant to section 1.2.3(b)(iii), the Licensee shall notify the Authority either accepting or rejecting the renewal. If the Licensee fails to notify the Authority within the 30 days period, or if the Licensee notifies the Authority rejecting the renewal, this License shall expire at the conclusion of the initial term. If the Licensee notifies the Authority accepting the renewal, this License shall expire at the conclusion of the initial term and the renewed license shall take effect thereafter.

ARTICLE 2 – RIGHTS OF THE LICENSEE

2.1. NUMBERS AND SHORT CODES

- 2.1.1. The Licensee has the right to request non-geographic numbers, as well as applicable

short codes, in accordance with the national numbering plan developed by the Authority, for use in the provision of the Licensed Services.

2.2. INTERNATIONAL FACILITIES

- 2.2.1. The Licensee has the right to obtain access to submarine cable systems, subject to reaching agreement with the operators of such systems, and to install earth stations for use with space station transmission facilities orbiting the earth space, subject to reaching agreement with the operators of such facilities.

2.3. NO IMMEDIATE REQUIREMENTS TO PROVIDE CERTAIN SERVICES

- 2.3.1. If the Authority determines, pursuant to the Rules, that a Licensee possesses SMP in a relevant market, the Licensee shall comply with orders of the Authority that are intended to promote competition in respect of that relevant market or markets ancillary thereto, including without limitation orders to provide access to its ducts, poles, towers, space and collocation in switching centers or other similar facilities for use by other Operators.

2.4. NUMBER PORTABILITY

- 2.4.1. The Licensee is not required to make available number portability (for non-geographic numbers) to its customers or other Operators unless and until the Authority, by Regulation, so requires.

ARTICLES 3 – OBLIGATIONS OF THE LICENSEE

3.1. COMPLIANCE WITH LAW

- 3.1.1. This License is subject to the terms and conditions contained herein and to the Act, Rules and Regulations respectively. In the event of any conflict or inconsistency between the provisions of this License, and the provisions of the Act, Rules or Regulations, the provisions of the Act, Rules and Regulations shall prevail.
- 3.1.2. The Licensee shall establish and operate its Telecommunication System to provide the Licensed Services, in compliance with the laws of Pakistan.
- 3.1.3. The Licensee shall at all times co-operate with the Authority and its authorized representatives in the exercise of the powers, functions and responsibilities assigned to the Authority under the Act. The Licensee shall comply with all orders, determinations, directions and decisions of the Authority.

3.2. NETWORK ROLLOUT

- 3.2.1. The Licensee shall establish at least one Network Connection Point in each of any five Regions and commence the provision of Mandatory Services in each such Region within twelve (12) months from the Effective Date. Thereafter, the Licensee shall maintain Network Connection Points with appropriate functionality and adequate capacity in all such

Regions for the term of this License.

- 3.2.2. The Licensee shall establish at least one Network Connection Point in each of any ten (10) Regions and commence the provision of Mandatory Services in each such Region within twenty-four (24) months from the Effective Date. Thereafter, the licensee shall maintain Network Connection Points with appropriate functionality and adequate capacity in all such Regions for the term of this license.
- 3.2.3. The Licensee shall establish Network Connection Points in all Regions and commence the provision of Mandatory Services in all Regions within thirty six (36) months from the Effective Date. Thereafter, the licensee shall maintain Network Connection Points with appropriate functionality and adequate capacity in all Regions, and all additional Regions that the Authority may designate from time to time, for the term of this license.
- 3.2.4. By not later than the deadline indicated below, the Licensee shall own, as part of its Telecommunication System, the following proportion of the transmission facilities located in Pakistan that connect Licensee's switching offices in Pakistan to the Network Connection Points referred to in sections 3.2.1, 3.2.2 and 3.2.3.

Deadline (months from Effective Date)	Minimal ownership
12	10%
24	30%
36	50%

- 3.2.5. In performing the calculations to determine compliance with the requirements of section 3.2.4, the following factors shall apply:
 - (a) A lease of transmission facilities from another party or a lease of dedicated transmission capacity on the transmission facilities of another party shall be considered equivalent to ownership if the lease is five years or more.
 - (b) Only transmission facilities between Licensee switching offices, and between licensee switching offices and the Network Connection Points referred to in sections 3.2.1, 3.2.2 and 3.2.3, shall be considered.
 - (c) Transmission facilities shall be measured by multiplying the number of kilometers of each circuit by the number of kilobits/second of transmission capacity of the circuit, as installed by the Licensee at the time that the measurement takes place.
 - (d) Dark fiber transmission capacity shall be measured by determining the maximum potential transmission capacity using commercially widely used terminating equipment. Dark fiber transmission capacity shall only be considered to a maximum of 50% of the transmission capacity of all of the Licensee's transmission facilities.
 - (e) The calculation shall be performed during the last month of the relevant time

period.

- 3.2.6. In addition to the sanctions available under the Act, if the Licensee fails to comply with any of the requirements of section 3.2.1, 3.2.2, 3.2.3 or 3.2.4 herein, the Authority may demand payment under any standby letter of credit issued in favor of the Authority in connection with any such failure to comply by the Licensee. All funds received by the Authority shall be irrevocably forfeited to the Authority.
- 3.2.7. If the Authority receives notice or otherwise becomes aware that the standby letter of credit will expire, will not be renewed, or is otherwise at risk of not being honored, the Authority may demand payment under the standby letter of credit. The Authority shall hold the funds received thereby until such time as
- (a) The Authority receives a replacement standby letter of credit that is acceptable to the Authority,
 - (b) the Authority is satisfied that the licensee has met the performance requirements in sections 3.2.1, 3.2.2, 3.2.3 and 3.2.4, in which event the Licensee shall be entitled to the return of the funds from the Authority, or
 - (c) the Authority determines that the Licensee fails to comply with any of the requirements of section 3.2.1, 3.2.2, 3.2.3 and 3.2.4 herein, in which event the funds shall be irrevocably forfeited to the Authority.

3.3. SECURITY FOR PERFORMANCE

- 3.3.1. As continuing security for the performance of Licensee's obligations in sections 3.2.1, 3.2.2, 3.2.3 and 3.2.4 herein, the Licensee shall deliver to the Authority an irrevocable standby letter of credit acceptable to the Authority in the amount of US \$ 10 Million or Pakistan Rupees 1,072000000/-.
- 3.3.2. Prior to the end of 12 months from the Effective Date, the Licensee shall be entitled to exchange the irrevocable standby letter of credit in section 3.3.1 herein for an irrevocable standby letter of credit acceptable to the Authority in the amount of US \$ 5 Million or Pakistan Rupees 536000000/- if the Authority receives evidence satisfactory to the Authority that the Licensee meet all of the performance requirements in section 3.2.1 and 3.2.4 above that are required to be met by no later than 12 months after the Effective Date.
- 3.3.3. Prior to the end of 24 months from the Effective Date, the Licensee shall be entitled to exchange the irrevocable standby letter of credit in section 3.3.2 herein for an irrevocable standby letter of credit acceptable to the Authority in the amount of US \$ 3 Million or Pakistan Rupees 321600000/- if the Authority receives evidence satisfactory to the Authority that the Licensee meet all of the performance requirements in section 3.2.2 and 3.2.4 above that are required to be met by no later than 24 months after the Effective Date.
- 3.3.4. Prior to the end of 36 months from the Effective Date, the Licensee shall be entitled to have any outstanding irrevocable standby letter of credit issued to the Authority under this section 3.3 returned to Licensee upon receipt by the Authority of evidence satisfactory to the Authority that the Licensee meet all of the performance requirements in section 3.2.3

and 3.2.4 herein that are required to be met by no later than 36 months after the Effective Date.

3.4. RESEARCH AND DEVELOPMENT FUND CONTRIBUTION

3.4.1. In any Financial Year of the Licensee, the Licensee shall make a contribution to the Research and Development Fund established by the Federal Government in the amount calculated on the basis of 0.5% of the Licensee's annual gross revenue from Licensed Services for the most recently completed Financial Year of the Licensee minus inter-operator payments and related PTA/FAB mandated payments. However initial license fee and initial spectrum fee shall not be deducted from the gross revenue.

3.5. ACCESS PROMOTION CONTRIBUTION

3.5.1. The sharing of revenues from incoming international calls, between LDI/LL licensees shall be termination through a formula specified by the Authority from time to time, however for the period up to the policy review the Licensee is permitted to retain a fixed share (upto 6 US cents per minute) of termination charge paid by international carriers for termination of international incoming calls. The remaining amount called "Access Promotion Contribution" (APC) shall be passed on to local loop licensees.

3.5.2. The APC derived from the formula would be reviewed and notified at least once every six months.

3.5.3. The APC shall be the PTA approved Total Accounting Rate (TAR) minus six (06) cent which shall not be changed without prior written approval of the Authority.

3.6. UNIVERSAL SERVICE FUND CONTRIBUTION

3.6.1. In addition to the contribution under 3.4.1, the Licensee shall contribute to the Universal Service Fund in an amount calculated on the basis of 1.5% (or such lesser amount as determined by the Rules) of the Licensee's annual gross revenue from Licensed Services for the most recently completed Financial Year of the Licensee minus inter-operator payments and related PTA/FAB mandated payments. However, initial license fee and initial spectrum fee shall not be deducted from the gross revenue.

3.7. ALTERATION OF NETWORK

3.7.1. The Licensee shall, within such reasonable time and in such manner as may be directed by the Authority, and at its own expense, alter the course, depth, position or mode of attachment of any apparatus forming part of its Telecommunication System.

ARTICLE 4 – FEES

4.1. PAYMENT OF FEES

4.1.1. The Licensee shall pay the following initial fees to the Authority prior to the Effective Date:

- (a) As initial license fees, US \$ 500,000/- or equivalent in Pak Rupees, and
- (b) As initial spectrum fees, the amount specified in Appendix 1 annexed hereto.

4.1.2. The Licensee shall pay the following annual regulatory fees to the Authority:

- (a) Calculated on the basis of 0.5% (or such lesser amount as the Authority may, by Regulations, determine) of the Licensee's annual gross revenue from Licensed Services for the most recently completed Financial Year of the Licensee minus inter-operator payments and related PTA/FAB mandated payments. However, initial license fee and initial spectrum fee shall not be deducted from the gross revenue.
- (b) The amount of the annual fees referred to in Appendix 1 annexed hereto, and
- (c) The licensee shall pay the Annual Number Charges as per the provisions of Numbering Allocation & Administration Regulations, 2011 and its amended versions which the Authority may issue from time to time.

4.1.3. In addition to the fees payable hereunder, the Licensee shall pay to the Authority all fees required to be paid under the Act, Rules and Regulations including, without limitation, under the Access Promotion Rules, 2004.

4.2. GENERAL CONDITIONS CONCERNING FEES

4.2.1. The Licensee shall pay all annual fees to the Authority and make contributions to the Funds within 120 days of the end of the Financial Year to which such fees relate.

4.2.2. The Licensee shall make all contributions referred to in sections 3.4.1 and 3.5.1 within 120 days of the end of the Financial Year to which such contributions relate.

4.2.3. In addition to any other remedies available to the Authority, late payment of fees & contributions shall incur an additional fee calculated at the rate of 2% per month on the outstanding amount, for each month or part thereof from the due date until paid.

4.2.4. The Licensee shall annually submit to the Authority audited financial statements in support of its calculations of annual fees and contributions payable pursuant to this Article 4. The Authority shall have the right to audit such statements at any time.

ARTICLES 5 – RADIO FREQUENCY SPECTRUM

5.1. RADIO FREQUENCY SPECTRUM ASSIGNED TO THE LICENSEE

5.1.1. From the Effective Date, the radio frequency spectrum described in Appendix 1 is assigned to the Licensee. In relation to the radio frequency spectrum so assigned to the Licensee, the Licensee shall comply with the terms and conditions of this License, and any technical parameters, terms and conditions appearing in Appendix 1.

- 5.1.2. Notwithstanding section 1.2, the assignment of radio frequency spectrum to the Licensee shall terminate upon the expiry of a period of 20 years from the Effective Date, unless earlier terminated pursuant to this license or pursuant to the requirements of law.
- 5.1.3. Upon the expiry of the period of 20 years referred to in section 5.1.2, the assignment of radio frequency spectrum to the Licensee may be extended for a period of time, and on such terms and conditions, as are consistent with the policy of the Federal Government at that time. However, neither the Board nor the Authority shall be under an obligation to effect such an extension.
- 5.1.4. Upon termination of the assignment to the Licensee of radio frequency spectrum, the Licensee shall cease using any apparatus or device that emits or receives any radio communication in the band of that radio frequency spectrum, and shall cause its customers to discontinue using any such apparatus or device.

5.2. USE OF SPECTRUM

- 5.2.1. The Licensee shall comply with the following terms and conditions relating to radio frequency spectrum assigned to the Licensee:
 - (a) The Licensee shall report to the Board such information as the Board may require concerning the assigned radio frequency spectrum and its use.
 - (b) The Licensee shall only use the assigned radio frequency spectrum in its own operations, and it shall not lease, sub-license, allocate, assign or otherwise make available the use of the assigned radio frequency spectrum to another Operator.
 - (c) If, in the opinion of the Board, the Licensee is not efficiently using the full capacity of the assigned radio frequency spectrum, the Licensee shall, upon request of the Board, share use of assigned radio frequency spectrum with one or more other Operators designated by the Board on terms and conditions as the Board may designate. Where the assignment of radio frequency spectrum to the Licensee has occurred pursuant to an auction in which the Licensee paid in respect of initial fees hereunder and referred to in Appendix 1, more than the minimum reserved amount for the right to the assignment of the radio frequency spectrum, the Licensee will not be required to comply with the foregoing provision of this clause (c) during an initial term of 10 (ten) years after the assignment of the radio frequency spectrum to Licensee.
 - (d) The Board shall have the right, exercisable at any time, to terminate the assignment to the Licensee of the radio frequency spectrum described in Appendix 1 if the Board determines that the Licensee is not complying with the requirements applicable to such radio frequency spectrum and which are set forth in section 1.2 and 1.3 of Appendix 2. Upon such termination by the Board, any rights granted to the Licensee hereunder to use the radio frequency spectrum shall also terminate.
 - (e) The Licensee shall use assigned radio frequency spectrum in compliance with all

national, regional, intergovernmental and international arrangements in effect from time to time, and all directions from the Board, that are designed or intended to reduce radio interference among service providers.

- (f) At all times, the Licensee shall implement all commercially reasonable measures to optimize the efficiency and effectiveness of its use of the radio frequency spectrum assigned to it.

5.3. REASSIGNMENT OF FREQUENCIES

5.3.1. The Board may, in order to comply with international radio frequency spectrum coordination requirements, ITU assignments or reassignments, or generally in the course of regulating the radio frequency spectrum in the best interests of Pakistan, reassign radio frequency spectrum assigned to the Licensee or require the Licensee to surrender the assignment of radio frequency spectrum assigned to it and which is not reasonably required for the continued operation of the Licensed Services. In such cases, the Licensee shall be entitled to consult with the Board before any such action is taken and the Licensee shall be entitled to reasonable time and, where applicable, the assignment of appropriate alternative radio frequency spectrum, to permit the Licensee to carry on its business without unreasonable costs or disruptions.

5.3.2. If, pursuant to section 5.3.1, the Board requires that the Licensee change the radio frequency spectrum assigned to it, or surrender its rights in respect of radio frequency spectrum assigned to it, and the Board re-assigns the radio frequency spectrum to another Operator within three years after the date established by the Board as the last date that the Licensee may use any apparatus or device that emits or receives any radio communication in the band of the radio frequency spectrum, the Board shall require the other Operator to compensate the Licensee for

- (a) its reasonable costs incurred as a result of such change or surrender, as determined by the Board, and
- (b) for radio frequency spectrum referred to in Appendix 1, the fraction of the initial fees referred to in Appendix 1 in respect of the re-assigned radio frequency spectrum, where the fraction is calculated by the following formula: $(20 - TT)$ divided by 20, where TT is the period of time, expressed in years, between the Effective Date and the date established by the Authority as the last date on which the Licensee may use any apparatus or device that emits or receives any radio communication in the band of the radio frequency spectrum.

5.3.3. At such time as the Licensee changes or surrenders radio frequency spectrum, or is required by the Board to do so, pursuant to this section 5.3, the assignment by the Board of the radio frequency spectrum to the Licensee shall terminate. Upon such termination by the Board, any rights granted to the Licensee hereunder to use the radio frequency spectrum shall also terminate.

5.4. RADIO APPARATUS

- 5.4.1. The Licensee shall operate radio communication apparatus and devices in compliance with all requirements of the Board pertaining to emissions, frequencies of operation, technical characteristics, power and aerial characteristics.

ARTICLE 6 – GENERAL CONDITIONS

6.1. OPERATION OF LICENSED SERVICES

- 6.1.1. The Licensee shall ensure that its Telecommunication System and the Licensed Services do not cause any damage to, or interference with, any Telecommunication System or Telecommunications Services of any other Operator.
- 6.1.2. Licensee shall conduct its operations and shall establish its Telecommunication System in a manner so that it is not a safety *hazard* and is not in contravention of any law, rule or regulation.

6.2. DISCONTINUATION OF SERVICES

- 6.2.1. The Licensee shall not discontinue providing a category of Licensed Services unless (a) the Licensee gives the Authority and affected customers at least 90 days prior written notice of such discontinuation, and (b) Authority's prior written approval to such discontinuation is obtained.

6.3. MONITORING

- 6.3.1. The Licensee shall provide, at its own cost, suitable equipment at premises designated by the Authority, in order to monitor the communications for the purpose of national security; measure and record traffic; call detail records; and quality of service in a manner specified by the Authority. The Licensee shall provide the Authority/concerned security agencies with access to such equipment, and the information generated by such equipment.

6.4. INFORMATION

- 6.4.1. The Licensee shall furnish to the Authority such information as the Authority may request regarding the Licensee's network plan, network and terminal standards, links utilized, financial information, costs and accounts or any such other information as the Authority may from time to time require in connection with its responsibilities.
- 6.4.2. The Licensee shall maintain such books and records as the Authority may require. The Authority shall give the Licensee a reasonable period of time, not to exceed 120 days, to implement appropriate routines and systems to comply with any such requirements imposed by the Authority. Upon request by the Authority, the Licensee shall make its books and records available for inspection by the Authority.
- 6.4.3. The Licensee shall maintain financial records and books of accounts in accordance with the laws of Pakistan. The Licensee shall submit audited (if available) or certified financial statements, including at a minimum statements of profit and loss and assets and liabilities, to the Authority within 120 days of the closing date of Financial Year of the Licensee.

- 6.4.4. The Authority shall take reasonable steps to maintain the confidentiality of information in writing that is disclosed to it by the Licensee and which is clearly indicated as confidential, except that the Authority may disclose information where the Authority determines that the public interest in disclosure outweighs the Licensee's interest in maintaining the confidentiality of such information.

6.5. QUALITY OF SERVICE

- 6.5.1. The Licensee shall at all times meet or exceed the quality of service standards described in Appendix 2 and such other quality of service standards as the Authority may, by Regulation, require. The Licensee shall maintain records of its performance in meeting these qualities of service standards, and shall submit them to the Authority on a monthly basis in such format as the Authority may require. The Licensee shall maintain supporting records for inspection and technical audit as and when required by the Authority. The Licensee shall maintain all such records for a period of three years.
- 6.5.2. The Authority may carry out tests on the quality of the Licensed Services and the Licensee's Telecommunication System and the Licensee shall extend full co-operation and assistance for the purpose including provision of test instruments and equipment.

6.6. INSPECTION

- 6.6.1. The Licensee shall allow inspection of any premises by an authorized representative of the Authority or the Board at any time and furnish to the representative such information as may be required by such representative.

6.7. NATIONAL SECURITY

- 6.7.1. The Licensee shall comply with the national security and other requirements of section 54 of the Act and any other national security requirements under any other law.

6.8. CALL RECORDS

- 6.8.1. The Licensee shall maintain call records including called and calling numbers, date, duration and time, with regard to the communications made on its Telecommunication System for a period of at least one year for scrutiny by or as directed by the Authority or required by security agencies under law.

6.9. NETWORK STANDARDS

- 6.9.1. The Licensee shall use any type of network equipment, including circuit and/or packet switches that meet the relevant ITU or other telecommunication standards recognized by the Authority.
- 6.9.2. The Licensee shall ensure that its network is at all times interoperable and inter-connectable with the networks of other Operators. If the Licensee implements any new equipment or protocols in its network, the Licensee shall bear the cost of any modifications

to its network to maintain such interoperability and inter-connectivity with the networks of other Operators.

6.10. TYPE APPROVAL OF TERMINAL EQUIPMENT

6.10.1. The Licensee shall not install, or permit the installation of, any Terminal Equipment in its Telecommunication System which is not (a) type approved, or otherwise permitted by the Authority, or (b) type approved by a recognized telecommunications equipment type approval agency or a recognized telecommunications equipment testing laboratory in a member country of the Organization of Economic Cooperation and Development (OECD). The Licensee shall not install or connect, or permit the installation or connection of, any Terminal Equipment or type of Terminal Equipment prohibited by the Authority.

6.11. COMMENCEMENT CERTIFICATE

6.11.1. The Licensee shall not provide any Licensed Services to customers, or accept any payment from customers in respect of Licensed Services to be provided by the Licensee, until the Licensee has obtained from the Authority a commencement certificate evidencing that the Authority is satisfied that the Licensee has established its Telecommunication System, and is able to provide the Licensed Services including Mandatory Services, in accordance with the description in the Licensee's application for this License previously submitted to the Authority and at a level of quality and reliability that is consistent with international industry best practices.

6.11.2. The Licensee shall give 30 days prior written notice to the Authority of the date on which the Licensee intends to commence providing Mandatory Services to customers. The Licensee shall cooperate with the Authority in its investigation of its Telecommunication System and the Licensed Services in connection with the issuance by the Authority of a commencement certificate.

6.12. INTERNATIONAL TELEPHONY SERVICE

6.12.1. The Licensee shall not, without the prior approval of the Authority, give effect to any agreement or arrangement respecting International Telephony Service, whether oral or written, with a service provider that originates or terminates, or arranges for the origination or termination of, International Telephony Service outside of Pakistan.

6.12.2. The Licensee shall not translate, alter or delete the telephone number or other identification associated with the calling party of an International Telephony Service call.

6.12.3. The Licensee shall not translate, alter or delete the signaling or other data associated with an International Telephony Service call to disguise the identification of the service provider of the calling party or the identification of the country of origin of the call.

6.12.4. The Licensee shall not assist, or cooperate with, any person to violate section 6.12.2 or 6.12.3.

6.12.5. The licensee shall ensure that switching hub shall be located within Pakistan for routing of traffic and no international telephony traffic shall be sent to any switching hub locate outside Pakistan to be routed there-from.

ARTICLE 7 – RELATIONS WITH CUSTOMERS

7.1. STANDARD CONTRACT OF SERVICE

- 7.1.1. The Licensee shall prepare a standard contract of service for use with individual customers. The Licensee shall file the standard contract, and amendments thereto from time to time, with the Authority for its approval. The Authority shall approve the standard contract if it contains the terms and conditions described in section 7.2.1, and it contains terms and conditions that are not unduly burdensome.
- 7.1.2. The standard contract, as approved by the Authority, shall apply to all individual customers that obtain Long Distance and International Public Voice Telephone Services from the Licensee.
- 7.1.3. Prior to providing Long Distance and International Public Voice Telephone Services to individual customers, the Licensee shall enter into a contract with such individual customers in accordance with the standard form contract approved by the Authority.
- 7.1.4. Upon application by the Licensee, the Authority may waive compliance by the Licensee with the provisions of section 7.1.3 herein subject to such terms and conditions as the Authority may require.
- 7.1.5. The Licensee may enter into agreements with corporate customers for the provision of Licensed Services on terms that are negotiated between the Licensee and such customers.

7.2. CONTENTS OF THE STANDARD CONTRACT OF SERVICE

The standard contract shall include, at a minimum, the following terms and conditions:

- (a) Deposits and alternative methods of providing security for payment where reasonably required, provided that in no circumstances may such deposits or security exceed the charges reasonably anticipated to be incurred by the customer within a three (3) month period,
- (b) Pricing or mechanisms by which prices are determined;
- (c) Privacy of Communications;
- (d) Confidentiality of customer information;
- (e) Refunds or other rebates for service problems or over-billing;
- (f) Payment terms, including any applicable interest or administration charges;
- (g) Minimum contract period; and

- (h) Customer and Licensee rights of termination.

7.3. COMPLAINT SYSTEM

- 7.3.1. The Licensee shall establish an efficient and easy-to-use system to promptly receive, process and respond to complaints, claims or suggestions by customers of Licensed Services.
- 7.3.2. The Licensee shall make all reasonable efforts to resolve customer complaints or disputes without delay and without recourse to the Authority.
- 7.3.3. If a dispute is filed with the Authority in connection with any dispute between the Licensee and a customer regarding any activity that is the subject of this License, the Authority may settle the dispute. Without prejudice to the appeal rights established in section 7 of the Act, the Licensee shall abide by decision of the Authority.

7.4. CONTENT AND FORMAT OF BILLS

- 7.4.1. The Licensee may determine the contents and format of its bills to customers provided that:
 - (a) in relation to a customer, the bill reflects the types of service and the units for which charges are made including, at a minimum (but only to the extent requested by the customer), the starting time of each connection, the number called and the duration and number of units for each call; and
 - (b) the licensee retains in its records information sufficient:
 - (i) to identify for customers the basis of the amount charged for use of its Telecommunication Services; and
 - (ii) to provide the Authority with an independent quality assurance that the billing process complies with the requirements set out above.
- 7.4.2. The Licensee shall maintain appropriate billing processes to enable the Licensee to comply with the billing requirements in this section 7.4.

7.5. CODE OF COMMERCIAL PRACTICE

- 7.5.1. The Licensee shall publish within six months of the Effective Date, a code of commercial practices approved by the Authority. Once approved by the Authority, the code of commercial practice shall be binding on the Licensee. The code of practice shall include, at a minimum, provisions covering the following issues:
 - (a) A commitment to take steps to remedy service interruptions as soon as reasonably possible and to provide reasonable credits to customers for lengthy outages;
 - (b) Protection of the privacy of information transmitted over the Telecommunication System;

- (c) Maintenance by Licensee of the confidentiality of customer information;
- (d) Procedures for resolving complaints between Licensee and customers; and
- (e) Availability to customers of information concerning their accounts with the Licensee.

7.6. PRIVACY OF COMMUNICATIONS

- 7.6.1. The Licensee shall not monitor or disclose the contents of any communication conveyed over its telecommunications network except to the extent necessary for the purpose of maintaining or repairing any part of the Telecommunication System or monitoring the Licensee's quality of service, or except as required by law.
- 7.6.2. The Licensee shall take reasonable measures to safeguard its Telecommunication System from unauthorized interception of communication carried on the Telecommunication System.

7.7. CONFIDENTIALITY OF CUSTOMER INFORMATION

- 7.7.1. Except as permitted below, the Licensee shall take all reasonable measures to prevent information about its customers, including information about their business, other than directory information, from being disclosed to third parties, including the Licensee's own subsidiaries, affiliates and associated companies, except information which is required:
 - (a) for the process of collection of debts owed to the Licensee;
 - (b) by another Operator in relation to the provision of services to the customer, and provided that the information is disclosed in confidence to that Operator;
 - (c) by the Licensee's auditors for the purpose of auditing the Licensee's accounts; or
 - (d) for the prevention or detection of crime or the apprehension or prosecution of offenders or as may otherwise be authorized by or under any law of Pakistan.
- 7.7.2. A Licensee shall be permitted to disclose confidential information about a customer where the Licensee has clearly explained to a customer (a) the nature of the information to be disclosed, (b) the recipients of the information to be disclosed and (c) the purpose for the disclosure, and the customer has provided Licensee with consent to such disclosure.

7.8. HARASSING, OFFENSIVE OR ILLEGAL CALLS

- 7.8.1. The Licensee shall take all reasonable steps to track and locate the source of harassing, offensive or illegal calls. For that purpose:
 - (a) Any customer of the Licensee may request that the Authority or other duly authorized authority in Pakistan authorize a Licensee to monitor calls to the customer's telephone.

- (b) The Authority or other duly authorized authority in Pakistan may direct a Licensee to monitor calls to and from the said customer's telephone.
- (c) The Licensee shall provide to the Authority the information resulting from the monitoring of the call to and from the customer's telephone, including the telephone numbers that are the source of harassing, offensive or illegal calls and the dates of occurrence of such calls and their frequency; and
- (d) The Authority may undertake any appropriate action to protect the public from harassing, offensive or illegal calls and, if necessary, refer the matter to the competent authorities for further action.

ARTICLE 8 – TARIFFS

8.1. NO REGULATION OF PRICES

- 8.1.1. Except as otherwise provided in this License or as required by law, the Licensee is free to set prices for the Licensed Services as it may deem fit.
- 8.1.2. If the Authority determines that the Licensee's prices for any Licensed Services are unfair and unreasonable to individual customers, the Authority may regulate Licensee's prices, terms and conditions for those Licensed Services. The Licensee shall comply with the Authority's orders and determinations relating to the Licensee's prices, terms and conditions for those Licensed Services.

8.2. PRICE REGULATION OF OPERATORS WITH SMP

- 8.2.1. If the Authority determines that the Licensee possesses SMP in a relevant market, the Authority may regulate Licensee's prices, terms and conditions, for those Licensed Services where the Licensee possesses SMP and any Licensed Services incidental thereto as determined by the Authority. The method of regulation shall be determined by the Authority, subject to compliance with any applicable provisions of the Rules and Regulations, and may include a requirement for prior Authority approval of any price, term or condition, or the maximum or minimum price, or both, for the Licensed Services.

8.3. PUBLICATION OF TARIFFS, NOTIFICATIONS AND DISPLAY OF INFORMATION

- 8.3.1. The Licensee shall comply with all requirements regarding publication of prices, terms and conditions, notifications and display of information, as established by the Authority from time to time.

ARTICLE 9 – RELATIONS WITH OTHER OPERATORS

9.1. INTERCONNECTION

- 9.1.1. Interconnection between the Telecommunication System of the Licensee and the Telecommunication Systems of other Operators is governed by the Interconnection Rules.
- 9.1.2. The Telecommunication System is deemed to be a Connectable System for the purposes of the Interconnection Rules.
- 9.1.3. The Licensee shall comply with the Access Promotion Rules 2004, including without limitation any requirement to make payments to another Operator in respect of International Telephony Service carried by the Licensee and terminated on the Telecommunication System of the other Operator.

ARTICLE 10 – INFRACTIONS AND SANCTIONS

11.1. SANCTIONS FOR VIOLATIONS OF THE LICENCE

- 10.1.1. In addition to the sanctions available under the Act, if the Authority determines that the Licensee has violated a provision of this License or the Act, Rules or Regulations, the Authority may by order impose one or more of the following sanctions, which the Licensee shall promptly comply with:
 - (a) The Authority may issue an order to the Licensee requiring the Licensee to cease any continuation of the violation,
 - (b) The Authority may require the Licensee to remedy the effects of the violation, in a manner determined by the Authority,
 - (c) The Licensee shall issue a public apology for its violation, in wording acceptable to the Authority, that the Licensee arranges to have prominently published, at its cost, in a newspaper of general circulation for two (2) consecutive days,
 - (d) The Authority may suspend one or more of the rights granted to Licensee under the License, for so long as the Authority considers appropriate in the circumstances.

ARTICLE 11 – TERMINATION AND AMENDMENT

11.1. TERMINATION OF THE LICENCE

- 11.1.1. The License shall remain in force until it is terminated by one of the following events:
 - (a) The term of the License expires without renewal;

- (b) The Licensee agrees to the termination of this License; or
- (c) The License is suspended, terminated or revoked in accordance with the Act, Rules or Regulations, or the provisions of this License.

11.2. AMENDMENT

- 11.2.1. This License may be amended by written agreement between the Licensee and Authority, or pursuant to the revisions of the Act and the Rules.

ARTICLE 12 – GENERAL

12.1. NO LIABILITY BY THE AUTHORITY

- 12.1.1. Without prejudice to the rights of the Licensee under section 7 of the Act, no suit, prosecution or other legal proceeding shall lie against the Authority or the Board any member or employee of the Authority or Board in respect of anything done or intended to be done by the Authority or Board in the good faith exercise of its powers.

12.2. FORCE MAJEURE

- 12.2.1. Notwithstanding anything contrary to the one contained in this License, if the Licensee shall be rendered unable to carry out the whole or any parts of its obligations under this License for any reason beyond the control of the Licensee, including but not limited, to acts of God, strikes, war, riots etc, then the performance of obligations of the license as it is affected by such cause shall be excused during the continuance of an inability so caused, provided that the Licensee has taken all appropriate precautions and reasonable measures to fulfill its obligation and that it shall within 14 days of its first occurrence notify to the Authority the same and cause of such inability and its effects to remove such cause and remedy its consequences.

12.3. COMMUNICATION WITH THE LICENSEE

- 12.3.1. The Licensee shall maintain on file with the Authority a current address for the Licensee, including telephone number, fax number and email address, and the name and title of a contact person, for the purposes of receiving communications from the Authority. Any notice or other communication to the Licensee permitted under this License may be given by hand delivering the same, or by mail, facsimile, or electronic mail addressed to the Licensee at its most recent address on file with the Authority.

12.4. ASSIGNMENT OF RIGHTS

- 12.4.1. This License granted under the Act and rules shall be personal to the licensee and shall not be assigned, sub-licensed to, transferred, directly or indirectly or held on trust any person, without the prior written approval of the Authority.

ARTICLE 13 – INTERPRETATION AND DEFINITIONS

13.1. INTERPRETATION

- 13.1.1. In this License, words importing the singular shall include the plural and vice versa.
- 13.1.2. Words denoting persons shall include body corporate and unincorporated associations of persons and *vice versa*.
- 13.1.3. The headings in this License shall not affect its interpretation.
- 13.1.4. Any reference, express or implied, to any legislation (including rules and regulations issued pursuant to that legislation) includes references to that legislation (and rules and regulations) as it may be amended or modified from time to time.

13.2. DEFINITIONS

- 13.2.1. Unless the context otherwise requires, capitalized words and expressions in this License that are not otherwise defined in this License, shall be defined in the same manner as these words and expressions are defined in the Act and the Rules.
- 13.2.2. Unless the context otherwise requires, the following terms used in this License shall have the meanings indicated below:

"Act" means the Pakistan Telecommunication (Re-organization) Act, 1996.

"Authority" means the Pakistan Telecommunication Authority established under section 3 of the Act.

"Basic Public Telephone Access Service" means a Local Loop Telecommunication Service providing access to the Public Switched Network and comprised of technical features which permit the establishing of a telephony channel capable of allowing users to make and receive local, long distance and international real time voice telephone calls.

"Board" means the Frequency Allocation Board or any successor thereto.

"Effective Date" means the date on which this License is issued by the Authority.

"Federal Government" means the Federal Government of Pakistan.

"Financial Year" means the period of twelve (12) months from July 1st to June 30th in respect of which the Licensee is required to make up its Annual Report and Audited Accounts.

"Freephone Service" means the service of routing a telephone call with a non-geographic number, with no charge to the calling party.

"GMPCS Service" or **"Global Mobile Personal Communications Service"** means the provision of Telecommunication Services directly to end users from a constellation of satellites and though the use of mobile Terminal Equipment.

"Interconnection Rules" means the Rules relating to interconnection.

"ITU" means the International Telecommunications Union.

"License" means this License, the terms and conditions applicable thereto, and any amendments thereto.

"Licensed Services" means all Mandatory Services and other Telecommunication Services not prohibited under this license.

"Local Loop" means a communication channel, provided with or without a pair of wire(s), from a switching center to a customer's telephone or other Terminal Equipment.

"LL Operator" means a Local Loop operator, including PTCL, which licensed to establish, maintain and operate a public fixed switched network of the provision of local exchange telecommunication service, and includes a person license to provide limited mobility communication service.

"Local Calling Area" means the geographic area in which a call is considered to be a local call under PTCL's published tariffs in effect from time to time, or such other definition as the Authority may specify. As of the Effective Date, PTCL's tariffs specify that, in general, a local call is a call from a customer in the area of a PTCL local exchange to a customer in the area of the same PTCL local exchange, or to a customer in the area of a second PTCL local exchange, where the second exchange is not more than 25 km distant from the first PTCL exchange. In Karachi and Lahore the distance is 35 km, and the reference to "local exchange" should be read to say transit exchange.

"Long Distance" means end to end communication between points (a) that are located in different Regions, (b) that are not in the same Local Calling Area, or (c) between points that re located more than 25 kilometers apart, or such other distance apart as the Authority may, by Regulation, specify.

"Long Distance and International" means Long Distance and end to end communication between points that are located in Pakistan with points that are located outside of Pakistan.

"LDI Operators" means a Long Distance and International operator, including PTCL, which is licensed to establish, maintain and operate a public fixed switched network for the provision of nation-wide long distance and international telephony service.

"Mandatory Services" means the Telecommunication Services that the Licensee must provide under this License, and which are described in section 1.1.2 herein.

"Mobile Communication Service" means a wireless-based Telecommunication Service where the Terminal Equipment maybe connected to the Telecommunication System by wireless means and used while in motion.

"Network Connection Point" is a location at which other Operators can send to or receive from the Licensee voice or data traffic originated by or destined for the Licensee's customers.

"Network Termination Point" means any point of termination on a Telecommunication System at which Terminal Equipment may be connected.

“Non- SMP Operator” means an operator which is not SMP operator.

"Operator" means any person authorized by a license issued by the Authority to provide Telecommunication Services of any kind or to establish, maintain and operate a Telecommunication System.

"Premium Rate Service" means the service of routing a telephone call with a non-geographic number, with a premium rate charged to the calling party, subject to Regulations.

"Private Circuit" means a Telecommunication Service that provides for transmission capacity for dedicated circuits between specific locations and does not enable the user to control the switching functions.

“PTCL” means the Pakistan Telecommunication Company Limited, or any successor thereto.

"Public Voice Telephone Services" means the commercial provision to the public of the transmission and switching of voice in real time between public switched Network Termination Points, enabling any user to use equipment connected to such a Network Termination Point to communicate with a user connected to another Network Termination Point.

"Region" means a telecommunication region as determined by the Authority.

"Regulations" means all or any regulations issued from time to time under the Act.

"Rules" means all or any rules issued from time to time under the Act.

"SMP Operator" means an operator determined by the Authority as significant market power operator in accordance with the provisions of the Rules.

APPENDIX 1 – RADIO FREQUENCY SPECTRUM ASSIGNMENT, TERMS AND CONDITIONS

1.1. RADIO FREQUENCY SPECTRUM ASSIGNED TO LICENSEE

- 1.1.1. Subject to the terms and conditions of this License, the Licensee is assigned the following radio frequency spectrum for use in providing the Licensed Services in the following locations:
[Not Applicable]

1.2. RADIO FREQUENCY SPECTRUM PERFORMANCE REQUIREMENTS

- 1.2.1. Prior to 18 (eighteen) months from the Effective Date the Licensee shall establish, maintain and operate in each location identified in section 1.1.1 of this Appendix 1, as part of its Telecommunication System, the links and radio base stations that operate on the radio frequency spectrum assigned to Licensee and described in this Appendix 1.
- 1.2.2. The assignment to Licensee of radio frequency spectrum with respect to a link or radio base station pursuant to this License shall terminate if at any time the Licensee ceases to use the link or radio base station on a continuous basis as part of its Telecommunication System.

1.3. FEES RELATED TO RADIO FREQUENCY SPECTRUM

- 1.3.1. In addition to any other fees payable by the Licensee under the License, the Licensee shall pay an initial fee to the Authority in the amount of:
[Not Applicable]
- 1.3.2. In addition to any other fees payable by the Licensee under the License, the Licensee shall pay an annual fee to the Authority in the amount of:
[Not Applicable]
- 1.3.3. The annual fees in section 1.3.2 above are subject to revision at any time and from time to time in accordance with the provisions of rules or regulations that may come into effect concerning fees and other charges for radio frequency spectrum.

APPENDIX 2 – QUALITY OF SERVICE STANDARDS

- 1.1. The Licensee shall take reasonable and prudent measures to ensure that its Telecommunication System and Licensed Services are available and operate properly at all times.
- 1.2. Any fault in any component of its Telecommunication System or Licensed Service shall be repaired as early as possible.
- 1.3. During each calendar month, Licensee shall meet or exceed the following quality of service standards (except for causes not attributable to another Operator or a service provider that provides telecommunications services outside of Pakistan):

Quality of Service Indicator	Standard
(a) Maximum call failure rate, where call failure means the failure to establish a connection with a called number, whether or not the called party answers	4.1% for national long distance calls 6.5% for incoming international calls 4.1% for outgoing international calls
(b) Billing errors	0.2 per 100 bills issued