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**Memorandum on the License for the Third Mobile Operator and
Amendments to the Existing Mobile Licenses in Jordan**

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Introduction

The purpose of this memo is to provide options on the terms and conditions that should be incorporated into the license for the third mobile operator in Jordan. The memo reviews current provisions of the telecommunications licenses of Fastlink and MobileCom, then recommends whether or not they should be changed, and proposes how they could be changed in light of international best practices. For purposes of ease of reading, the reader should also look through the draft license found in Annex 1, which includes the text of this memo but not the international best practices.

1. Type of legal instrument granting authorization to use frequencies and operate the service

Status: Currently, Fastlink and MobileCom are authorized to provide mobile services through a License Agreement and Operating License, (Appendix 1 of the License Agreement). The use of spectrum requires a Spectrum License (Appendix 2 of the Agreement).

International Best Practices

Countries such as Argentina, Australia, Bahrain, Hong Kong, Morocco, Peru, Singapore, United Kingdom, the United States and Venezuela, have chosen to issue a legal authorization for the right to use spectrum and one for the provision of the service.

Recommendation

We recommend maintaining the same basic legal instruments used with the incumbent Licensees to grant authorizations to use frequencies and operate the service. We suggest that authorizations to operate a telecommunications service and to use the required radio spectrum be granted at the same time. In addition, there should be no delays or risks of inconsistent requirements between the two types of authorizations.

2. Technology neutrality

Status: Section 4.8 of the license agreement specifies that the Licensee shall install, operate and manage GSM 900 technology.

International Best Practices

Countries such as: Argentina, Australia, Bahrain, Brazil, Canada, Honduras, Hong Kong, Mexico, Peru, Singapore, the United Kingdom, the United States and Venezuela, have all adopted a technology neutral licensing approach; Europe, however, usually specifies which technology will be used in particular spectrum bands.

Recommendation

We suggest that the license be technology neutral since regulation should relate to services as they are perceived by the user, not to the technologies or infrastructures that support them. Mandating technology has many risks, such as failure of the technology to be widely deployed as well as requiring the regulator to make decisions best made by operators. Therefore, we recommend that the license contain a provision specifically stating that the Licensee will be allowed to use any digital technology feasible for the provision of the service.

Suggested language to replace current Section 4.8 is as follows: “ In order to promote the development and use of new and advanced services, networks and technologies, the licensee shall install, operate and manage the service using the technology it considers appropriate for the service to be rendered.” The following language should also be added “The use of digital technology is required and the standard must be an internationally approved standard.”

3. Build out and coverage requirements

Status: Section 4.5 of the license requires mobile Licensees to provide services nationally in three rollout phases central, north and south.

International Best Practices

Most countries specify the coverage requirements of the operator in the license. The coverage area and service obligations vary based on the needs of the particular country.

Peru

Peru requires licensees of public telecommunications services to comply with a minimum expansion plan in a 5 year timeframe beginning on the date of initiation of the service. The plan includes a schedule with yearly goals of mandatory compliance. The first quarter of every year the operator must submit to the Ministry of Communications information on the progress of the expansion plan during the previous year. The plan can be modified with the approval of the Ministry of Communications.

Recommendation

We recommend maintaining the same service coverage area obligations as included in the current licenses. However, we suggest incorporating into the license or TRC’s rules an objective method to verify compliance with build-out or coverage area obligations (i.e., the submission of yearly or quarterly reports to the TRC). In order to enforce compliance with build out obligations, some countries (e.g., Venezuela) use performance bonds, under such bonds when the provider does not comply with the build out requirements, the government has the right to keep the bond.

4. Fees

Status: Article 3 of the mobile license agreements requires mobile operators to pay the following fees:

- Operating license fee, based on TRC's regulatory costs, excluding radio spectrum management costs, which shall not exceed 1% of the gross revenue of the licensee.
- Spectrum license fee, which is a fixed amount per MHz.
- Payment of a revenue sharing fee of 10% of the licensee's operational revenue.

International Best Practices

European Union

Directive 2002/20/EC provides the following recommendation concerning the imposition of fees on licensees:

“Administrative charges may be imposed on providers of electronic communications services in order to finance the activities of the national regulatory authority in managing the authorization system and for the granting of rights of use. Such charges should be limited to cover the actual administrative costs for those activities. For this purpose transparency should be created in the income and expenditure of national regulatory authorities by means of annual reporting about the total sum of charges collected and the administrative costs incurred. This will allow the undertakings to verify that administrative costs and charges are in balance. Administrative charges should not act as a barrier to market entry. Such charges should therefore be distributed in proportion to the turnover on the relevant services of the undertaking concerned as calculated over the accounting year preceding the year of the administrative charge. Small and medium sized undertakings should not be required to pay administrative charges. In addition to administrative charges, usage fees may be levied for the use of radio frequencies and numbers as an instrument to ensure the optimal use of such resources. Such fees should not hinder the development of innovative services and competition in the market.”

Australia

Application Fee: \$10,000 (one time fee due when application is made)

Annual Charge Fee: \$10,000 (fixed) + variable amount based on annual market share figures.

Universal Service Regime Levy: determined by annual market share figures.

Bahrain

Initial License Fee – BD 100,000 (US \$ 265,251.97); one payment to be made effective during first year of license.

Annual Renewal License Fee – (starting second year of license) equivalent to 1% of the gross annual turnover the licensee has acquired from licensed services.

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Canada

- A. Radio license (which has a one year term) fees for each transmit or receive frequency at a site.
- B. A fee for each 10 MHz assigned block of transmit or receive frequencies at each site.
- C. With payment of winning bids, no other fees or payments for these licenses will be required during duration of license term.

Hong Kong

Mobile Carrier Licenses – Annual Fees of: HK \$1000 per base station (#1-50); HK \$500 per base station (#51-100); \$100 per base station (#100+); \$6000 for 1st 200 mobile stations or less; \$3000 per each additional 100 mobile stations or less; \$50 for every kHz of frequency assigned by the license
Spectrum Utilization Fee: for the first five Royalty years (50,000 HK\$); each year, 5% multiplied by the network turnover or revised network turnover.
Performance Bond: remains in force throughout duration of the license

Morocco

Financial Compensation Fee: for Medi Telecom, fixed at 10.836 million Dirhams (US \$ 1,158,581.12) to be paid within 3 days of being notified that license had been awarded.
Frequency License Fee: annual fee amount determined according to existing regulations.
Fees for town/country planning and protection of the environment: not to exceed 2% of turnover (excluding taxes) of previous year.
Fees for research & development and training: not to exceed 1% of turnover (excluding taxes) of previous year.
Fee for universal service: for 1999, the fee was fixed at 4% of turnover (excluding taxes).

Peru

- a) Commercial provision of the public telecommunications service: 0.5 % of the gross revenues received and invoiced on an annual basis.
- b) Contribution for the use of the radio electric spectrum. Calculated by applying certain percentages to the tax unit in force on January 1 of the year in which the corresponding payment is to be made.
- c) Concession rights, payment of a one time duty:
 - 1) An amount equivalent to 810 tax units,¹ in the event exclusive rights are granted as to the use of the spectrum segment assigned.
 - 2) An amount equivalent to 540 tax units, in the event no exclusive rights have been granted with regards to the use of the spectrum segment assigned.

¹ The value of 1 tax unit changes according to inflation, as of October 2003, 1 UIT = US \$ 900.00

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3) FITEL fee for Telecommunications Investment Fund: Public telecommunications service providers must pay 1% of the annual gross revenues invoiced and received during each year, after deducting the taxes.

4) OSIPTEL's supervision fee of 0.5% of annual gross income applicable on the total amount of invoiced gross income, after deduction of all taxes.

Singapore

Facilities Based Operators: In general, an annual fee of 1% Annual Gross Turnover subject to a minimum amount that differs depending on the services offered; no initial fee.

Administrative Fee: \$1,000

Other relevant license fees: e.g., for public cellular mobile telephone services – fees will be specified with the approach to award via either a comparative selection and/or an auction.

Performance Bond: 5% of licensee's total budgeted capital investment as committed in its application.

United Kingdom

Initial Fee: £40,000

Annual Renewal Fee: £3,000 (or a fair proportional amount, as determined by the Director)

Special Annual Fee: of a proportion determined by the Director

Renewal Fee plus Special Fee should not exceed £3,000 or 0.08% of the "relevant turnover," whichever is greater.

United States

- New License - \$325
- Minor Modification - \$85
- Request for Extension of Time to Complete Construction - \$50
- Renewal of License - \$50

The fees listed above are regulatory fees and do not reflect the price for the spectrum, which is usually done through a competitive bidding situation, nor does it reflect any contributions made by the operators to the universal service fund.

Venezuela

- Spectrum management fee, which shall not exceed 0.5% of gross income.
- All telecommunications providers shall pay a special contribution of 0.5% of gross income derived from the provision of such services.
- Universal Service Fund of 1% of gross income to be paid annually during first quarter of each year.
- Fund for research and development of telecommunications: 0.5% of gross income.
- Processing license fee between 100-400 Tax units.

Recommendation

The operating license fee and spectrum license fees currently imposed on mobile operators conform with international best practices. The current operating license fee is based on a cost recovery scheme which should be based on the TRC's regulatory costs. This practice is appropriate.

We agree with the separation of charges into two: operating license fee and spectrum license fee because this improves transparency and makes it easier to determine that administrative charges related to cost recovery are indeed cost based. While we support maintaining the operating license fee as a means for the TRC to recover administrative costs of regulation, such fee should not exceed the demonstrable administrative cost of the TRC and should be an impartial assessment of fees across the industry.

Regarding the spectrum license fee, we support maintaining this fee as well because it is an administrative charge that usually includes cost recovery for spectrum management and is imposed to compensate a regulator for its costs in managing and supervising use of radio spectrum. There is also a fee paid as a premium or "rent" to a government or licensing authority for the right to operate a network, provide a service or use a limited resource such as radio spectrum or numbers. However, we believe that the 10% revenue share condition should be reconsidered since these types of arrangements are considered by investors to be barriers to market entry.

Additionally, in the future, the TRC could impose fees related to universal service goals, when such programs are initiated by the government.

5. Frequency ranges

Status: Appendix 2 which includes the TRC Spectrum License granted in 1999 gives the licensees the right to use the following frequencies (2 x 10 MHz for uplink and downlink frequencies). The 2002 amendment to the license agreement gives the licensee the right to use the following frequencies: 895-905 MHz; 940-950 MHz, for a total of 2 x 12.5 MHz.

Recommendation

The TRC is making available 2 x 15 MHz in either the 1800 MHz or the 1900 MHz bands with the applicant making the choice of which spectrum band it prefers. The applicant must choose the 2 x 15 MHz within the following specific frequency ranges:

1730-1770/1825-1865 MHz
1865-1880/1945-1960 MHz

The license should continue to designate the frequencies that the licensee is authorized to use. The bandwidth that is assigned to the Licensee should be equal to or greater than the current Licensees, who should also have an opportunity to request an additional amount that will equal the third Licensee's bandwidth. The existing Licensees should pay the same per MHz for any additional spectrum, as the new third Licensee.

6. Exclusivity

Status: Article 2.4 of the mobile licenses contains an exclusivity provision for the operators until January 2004.

International Best Practices

Countries such as Argentina, Australia, Bahrain, Brazil, Canada, Hong Kong, Mexico, Peru, United Kingdom and the United States do not grant exclusivity to mobile service providers. However, the granting of licenses is limited by the amount of available spectrum for determined services.

Recommendation

We suggest including the following language in the license: “This license does not give exclusivity to the Licensee for the provision of the service granted. Therefore, the TRC shall be able to grant, according to the telecommunications law and regulations, new licenses for the provision of mobile services.”

7. International Telecommunications Services

Status: Article 2.1.4 of the license agreement does not authorize the licensee to provide international telecommunications services, except by means of the international public telecommunications service provider.

International Best Practices

Most countries that have a liberalized telecommunications services market allow for open competition in the international and long distance telecommunications sectors. Some countries limit the number of competitors in the international long distance market for the first few years of liberalization (e.g., Brazil). However, the approach most commonly taken is to allow existing licensees to apply to provide international services that were previously outside of their authorizations.

Recommendation

In order to maximize the flexibility concerning the ultimate policy regarding the provision of international telecommunications services, we recommend adding a sentence to Section 2.1.4 as follows:

“The License, however, may apply to the TRC to provide international telecommunications services as of January 1, 2005.”

8. Transferability

Status: The existing license agreement, operating licenses and spectrum licenses are personal, cannot be sold, pledged or assigned as a security in whole or in part without TRC’s prior consent. Change of control of the licensee requires prior written approval of the TRC.

International Best Practices

Peru

Mobile concessionaires can transfer the concession contract only after prior written approval from the Ministry of Communications, which can only be denied with justified cause. Justified causes include national security concerns, lack of technical and economic capacity, or sanctions against the applicant.

Argentina

The operator can transfer and assign its license with previous authorization from the authority, which cannot be denied if the service provider who assigns the license:

- a) Has not registered debts with the national government
- b) Has made the required investments, if applicable
- c) Has complied with any commitments it may have assumed with the national government related with the provision of telecommunications services
- d) Has obtained authorization for the transfer of its license
- e) Has obtained authorization for the transfer of the permit to use radiofrequencies.

Brazil

Under the Cellular Mobile Services (SMC) license, the license is transferable after 60 months from the beginning of the service upon authorization by the licensee and a payment of a fee. The personal mobile services (SMP) license is transferable subject to Anatel's approval pursuant to Art. 136 of the General Telecommunications Law.

Recommendation

While approval for transfer of licenses should be given based on objective criteria rather than subjective criteria such as in the TRC's sole discretion, the current version of the license can be maintained. If possible, clarifying the TRC's authority to review the new should also be made clear. Additionally, approval for the transfer of licenses should be given by the TRC provided that the operator "transferee" submitted the appropriate documents that prove its legal, technical and economic capabilities to provide the service.

9. Number Portability

Status: Section 6.6.5 "The Licensee shall cooperate with other networks operators in the specification and development of number portability to allow replacement service without a change of number. Subsequent implementation of number portability is to be subject to operational practicability, commercial viability and the development needs of Jordan."

Best International Practices

Singapore

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All facilities based operators (FBO's) are required to implement and support number portability. Article 23 of the License to provide facilities-based operations for the provision of third generation (3G) mobile communication systems and services states: "2.3 The Licensee shall implement number portability from commencement of service subject to IDA's number portability requirements and charging principles."

Hong Kong

Clause 10.4 of the Hong Kong Mobile Carrier License establishes that: "the licensee shall, in the manner as the Authority may direct, facilitate the portability of numbers assigned to any customer of a mobile carrier license, Public Mobile Radiotelephone Services licensee, Personal Communications Services licensee or MVNO so that any number so assigned may be used by that customer should it cease to be a customer of any such entity and become a customer of any other mobile carrier licensee, Public Mobile Radiotelephone Services licensee, Personal Communications Services licensee or MVNO, as the case may be.

United States

Section 251 (b) 2 of the Telecommunications Act, defines number portability as the duty to provide, to the extent technically feasible, number portability in accordance with the requirements prescribed by the FCC. The Act states that the term "number portability" means the ability of users of telecommunications services to retain, at the same location, existing telecommunications numbers without impairment of quality, reliability, or convenience when switching from one telecommunications carrier to another. The FCC at the end of 1998 ordered the implementation of wireless number portability (cellular, PCS and trunking) with the purpose of obtaining the service for the end of 1999. However the implementation of such order was postponed but mobile number portability was finally mandated by November 24, 2003. The FCC granted the extended period to give time to carriers to resolve implementation issues, including establishing the standard for intelligent wireless network and redesigning network protocols and design systems.

United Kingdom

In the 3G license granted on March 22, 2001, the regulator mandated Mobile Number Portability as follows:

The licensee shall provide Mobile Portability either to any Qualifying operator,² or in the capacity of a Qualifying operator, on reasonable terms in accordance

² Qualifying operator means an Operator which:

- a) Has notified the licensee in writing that it requests the provision of Portability from the licensee specifying the type or types and Extent or Portability so requested; and
- b) Is able and willing to provide on reasonable terms and in accordance with the Functional Specification and these provisions the same type or types and Extent of Portability to the Licensee as it has sought. And the licensee shall be deemed to be acting in the capacity of a Qualifying Operator where the Licensee has requested in writing the provision of portability from a Public Operator and has offered Portability to that Public Operator.

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with the Functional specification and with the following provisions, provided that any charges made to operators for provision of such Portability shall be made by the Licensee in accordance with the following principles:

- a) Subject always to the requirement of reasonableness, charges shall be based on the incremental costs of providing portability, unless
 - i) The Donor and Recipient Operators shall have agreed another basis for charges, or
 - ii) The Director shall have determined, following an application by either or both Operators, that another basis for charges should be used.
- b) The Donor Operator shall make no charge in relation to System Set Up costs
- c) The Recipient Operator shall pay charges other than the annual fee or charges for ongoing costs related to registration of a ported Number or of a Subscriber, based on the reasonable costs incurred by the Donor operator in providing portability with respect to each number, which, subject to sub-paragraph 68.1 (d) may be paid by way of specific elements of the provision of the facility
- d) The Donor Operator shall make no specific charge based on Additional conveyance costs.”

Recommendation

Number portability requires the implementation of a series of technical adjustments and upgrades to the local exchange carrier’s network as well as interconnection agreements between public telephony operators. It also requires choosing the technical method that will allow portability (i.e., most common methods include call forwarding, data base consultation, query on release, etc.). Consequently the implementation of number portability usually takes place in phases, beginning with the portability in the fixed telephony networks. The TRC should develop a national number portability policy and prescribe the requirements that the local exchange carrier must meet to accomplish number portability. However, number portability should be included as an obligation to be performed by the third mobile licensee from the time the network is deployed.

We suggest deleting the following language from Section 6.6.5: “Subsequent implementation of number portability is to be subject to operational practicability, commercial viability and the development needs of Jordan.” Instead, we suggest incorporating the following language into the third mobile operator’s license:

“The Licensee shall implement number portability from commencement of service, according to the TRC’s requirements and guidelines when they become available and enforceable.” In addition, the existing Licenses will also need to be amended to reflect any new TRC regulations implementing number portability.

10. Roaming

Status: Article 6.5 of the mobile licenses establishes that Licensees have the obligation to “cooperate subject to operational practicability and commercial viability, with other licensed providers to establish and maintain technical and billing arrangements to permit its customers to use their wireless terminal equipment in the

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service areas of such other service providers and vice versa.” **Domestic roaming** is subject to commercial negotiations. There is an obligation only to file agreements with the TRC.

International Best Practices

Ireland:

The GSM Mobile Service License granted to Vodafone in 1996 provides that: “The licensee shall not act on foot of any agreement providing for a national roaming capability made between the Licensee and any other provider of a GSM mobile telephony service in the State unless and until the Director has approved the terms of the agreement.

The Licensee shall establish and maintain as part of the Licensed Mobile Services an international roaming capability for its customers that is as wide and comprehensive as is practicable.”

Portugal: The UMTS license to TELECEL provides for nationwide roaming subject to the following obligations:

- Maintain nationwide roaming for 5 years from the date of the license, unless the entity to whom the service is offered becomes an operator with significant market power.
- The conditions of roaming services will be reevaluated by the ICP [Portugal Institute of Communications – the Portuguese regulator] in 2 years from the date the license is issued.
- Make available all the services and facilities while operating GSM/DCS to its users guaranteeing the same quality of service.
- The terms of the agreements on nationwide roaming made by the licensee shall be communicated to the ICP within 15 days of the agreement.

Recommendation

We suggest maintaining the current language and including the following language into the new mobile license: “The unjustified denial for the provision of facilities for roaming or discriminatory practices will be sanctioned by the TRC.” In addition, if necessary, further additions may need to be made to the license to be consistent with the roaming and infrastructure sharing proceeding when it is finalized.

11. Ownership Restrictions

Status: Section 4.3 of the license agreement establishes that the Licensee cannot own directly or indirectly more than 10% in another public telecommunications provider licensed to provide the service in Jordan.

International Best Practices

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Countries such as Argentina, Bahrain, Honduras, Morocco, Peru, Singapore, United Kingdom, United States, Venezuela, have chosen not to impose ownership restrictions among public telecommunications service providers (with the exception of broadcasting). However, often antitrust laws and other laws (such as foreign ownership) will apply.

Portugal

Changes in the arrangement and title of stock is allowed only by authorization of the ICP.

Brazil

Changes in the stock ownership of the licensee is subject to Anatel approval. The same licensee or its co-owner or subsidiary may not offer SMP or SMC or both services through more than one license within the same region of coverage.

Recommendation

We recommend maintaining the existing conditions listed in Article 10. This provision of the license is consistent with the Statement of Policy for the mobile telecommunications sub-sector, which states that “the licensing program must be established with the goal that suppliers within the sub-sector will ultimately comprise at least three infrastructure-based operators that are under different ownership (in addition to the operators in the trunking sub-sector or other radio telecommunications services).

12. Customer Contracts

Status: Article 5 of the mobile licenses agreements requires that standard terms of the customer contracts be approved by the TRC. Section 5.3 of the license lists the contents of terms and conditions that all customer contracts must contain. Such terms are: deposits and alternative methods of providing security for payment, confidentiality of customer information, refunds and rebates, payment terms, customer and licensee rights of termination and method of settlement of customer complaints. Amendments to customer contracts require approval of the TRC and come into force 30 days after the earlier of announcement in the media or delivery of a written copy to the applicable customer. If amendments are needed there must be a filing of the amended draft with TRC for approval.

Best International Practices

Brazil: Although not specifically for mobile services, the Brazil license (SCM (Multimedia Service License)³ provides some good guidance for customer contracts:

a. Together with the contract, the licensee must provide the customer with a SMC manual containing, at a minimum:

³ The SCM service is defined as “A fixed service of collective interest, provided nationally or internationally, which makes possible the offer of network capacity, the emission or receiving multimedia information, by using any means within a determined area assigned for the provision of the service.”

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- Regulations regarding the service
 - Information necessary for the good usage of the service
 - Basic Service Plan offered
 - Details on how the cost of the service is calculated
 - Explanation on the billing for services
- b. The customer contract may be cancelled at any time pursuant to the customer's request, or by the licensee upon a finding of the customer's breach of contract and/or regulations.

Peru:

OSIPTTEL, the Peruvian regulator, has implemented a system whereby general terms and conditions of contracting applicable to all public telecommunications service providers are included in a special regulation. These rules also include the general framework that guides the relationship between users and companies. According to the regulations, the contract will be formed by general clauses of contracting that have been previously approved by OSIPTTEL. These general clauses provide minimum thresholds with which all public telecommunications service providers must comply. Operators shall submit a model of the service contracts to OSIPTTEL before using the contract. The model contract is submitted only once. Subsequent modifications can be made and do not require filing with the regulator as long as they do not contradict and are consistent with OSIPTTEL regulations and General Conditions of Contracting. The burden of proof is on the operator who will be held responsible if it is determined that the contract is inconsistent with OSIPTTEL regulations.

Ireland

Article 13.1 of the Pro-forma Mobile License (November 1999) establishes the following obligations on Licensees designated as having Significant Market Power:

13.1 The Licensee shall deliver to the Director, who may publish and consult on the same, copies of all standard-form contracts from time to time issued by the Licensee in connection with the provision of any Licensed Mobile Service provided within the Relevant Market, and shall supply a true and complete copy of any particular contract within five days of any written request from the Director.

13.2 The Director may, on her own initiative or at the request of a body of the kind referred to in Condition 16, and acting in an objective and proportionate manner and in order to protect the rights of the Licensee's customers, direct that the Licensee alter its standard-form contracts and/or compensation or refund schemes offered to customers or prospective customers."

Bahrain

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The individual mobile license in Section 8.5 establishes that:

“At least two months prior to the commercial launch date, the licensee shall submit to the Regulator for its review a form standard agreement containing the terms for the provision of licensed services to mobile subscribers (“the standard subscriber agreement”). The licensee may submit a different standard subscriber agreement for use by similarly situated mobile subscribers of a specific category, provided that all such categories shall be objectively justified and do not result in undue discrimination. The Regulator may raise objections and require the introduction of such modifications as the Regulator deems necessary. If no objections are raised or modifications required by the Regulator within thirty (30) days of the submission of such form, such form may be used by the licensee.

Any modifications to such agreement are also subject to the foregoing provisions. In addition, the Regulator may subsequently order the introduction of any modification to such agreement after it becomes aware of any fact or circumstance which requires such modification in order to safeguard the interests of subscribers.

Czech Republic

All providers of public telecommunications services are obliged to draft a contract proposal for providing public telecommunications services and, before commencing to provide services, publicize the proposal in all of its places of business, the Telecommunication Gazette, and file it with the regulator. The content of the public contract proposal shall consist of the General Conditions of Public Telecommunications Services which shall contain:

- Methods of enforcement liability for faults in the provision of services, including information on where to submit claims
- Types of services to be provided, including information where reclamation is possible,
- Geographic areas where the service will be provided,
- Pricing, billing and payment methods,
- Breakdown and terms of repairs,
- Customer rights.

General conditions can include further conditions, under which the telecommunications service is provided. The provider of public telecommunications service is obliged to inform the subscriber of the service at least three months in advance of the change in general conditions.

Recommendation

We recommend maintaining the current provision concerning customer contracts. We suggest adding a paragraph into the article which makes it an obligation that mobile operators include in their website the model contracts for services offered. We also suggest that a paragraph be added stating that the following mechanisms of contracting be allowed: 1) written contract, 2) audio or video, 3) electronic or digital

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means, 4) dial up (once number portability is implemented). All public mobile operators shall have the obligation to inform the TRC what methods will be used.

In the long term, we suggest that the TRC issue a regulation on Minimum Conditions of Contracting that all public telecommunications carriers can refer to and include in their contracts. The Minimum Conditions of Contracting would establish the general terms and conditions which that should be included in all customer contracts.

13. Invoices

Status: Section 5.7 of the mobile licenses requires the mobile Licensee to provide invoices in a timely, clear, and concise manner, typed in choice of English or Arabic. The Licensee shall make available to all customers full details of their customer bill should the customer request this service in advance and pay the applicable fees.

Best International Practices

Ireland: The 1996 Vodafone GSM Mobile Services License includes mandatory service standards. In relation to billing, the Licensee shall, unless agreed otherwise with individual customers, comply with the appropriate standard requirements specified in the following table:

Billing Aspects	Standard Requirements	Options and Alternatives
Billing Frequency	Monthly	Alternative frequency or flexible frequency subject to agreement with customer
Billing Itemization	All billable calls and services	Customized bill layouts with or without summary itemization subject to agreement with customer
Billing Medium	Paper	Delivery of bills on computer media or on-line subject to agreement with customer
Billing Method	Per Second Billing	

An itemized bill shall contain, at least, the following information with respect to each billable call: the date of the call, the start time of the call, the number called, the duration of the call, the price of the call.

Billing Accuracy and Fraud Detection

The Licensee shall incorporate where possible in its billing system and otherwise shall adopt:

- i. measures to ensure that each call record is an accurate record of the actual call and that the correct accumulated call records are applied to generate each customer's bill, and

- ii. measures to detect cases of possible fraud including measures to identify rapidly abnormal calling patterns.

Recommendation

We suggest making it a requirement for Licensees to make available to all customers detailed customer bills, without the customer's prior request and at no additional cost. We recommend the following change to 5.7.2:

5.7.2 The Licensee shall make available to all Customers full details of their Customer bill including the following minimum information:

- The date of the call
- The start time of the call
- The number called
- The duration of the call
- The price of the call

14. Pricing provisions

Status: Section 4.7 of the mobile license establishes that “The prices which the Licensee may charge its customers in connection with the service are subject to regulation by the TRC on the basis determined by the TRC in accordance with the Telecommunications Law following consultation with the Licensee and other interested parties.”

International Best Practices

Singapore

The license to provide facilities-based operations for the provision of 3G Mobile Communications Systems and services establishes the following:

“IDA reserves the right to establish price control arrangements and quality of service standards for the services provided by the Licensee with which the Licensee shall comply. IDA reserves the right to require the licensee to file its schemes of service including non price terms and conditions for the provisioning of services and price schemes with IDA before commercial launch or announcement of such services.”

United Kingdom

Section 54.5 of the 3G license establishes that the licensee shall only implement changes to its tariffs 28 days after publication of such charges in accordance with paragraph 54.6 below, except where the Director has consented in writing to a shorter notice period.

Section 54.6 states that the licensee shall:

- a) Place a copy of such changes in a publicly accessible part of every major office of the Licensee in such manner and in such place that is readily

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- available for inspection free of charge by members of the general public during such hours as the Secretary of State may by order prescribe that the register of Licenses and final and provisional orders is to be open for public inspection under section 19 (4) of the Act, or in the absence of any such order having been made by the Secretary of State, during normal office hours; and
- b) Send a copy of such information or such part or parts thereof as are appropriate to any Consumer who may request such a copy.

Section 54.9 establishes that “the Licensee shall ensure that discount schemes offered by the Licensee to its subscribers, including Consumers, are fully transparent and shall be published in the same manner set out in paragraph 54.6.”

Section 54.10 provides that “ the Licensee shall ensure that, with respect to the application of the discount schemes referred to in 54.9, the Licensee does not show undue preference to, or exercise undue discrimination against, a particular person or persons of any class or description.”

Hong Kong

The Mobile Carrier License granted to CSL Limited in Hong Kong on October 22, 2001, includes the following provisions concerning pricing:

14.4. The Licensee shall not offer any discount to its published tariffs for a particular service or customer equipment subject to Special Condition 14.3 (other than a discount calculated in accordance with a formula or methodology approved by the Authority in advance of the relevant service and customer equipment being offered and published together with its tariffs) if, in the opinion of the Authority, the licensee is in a dominant position in any market for or which includes that service.

14.5. The Licensee shall not, without the approval of the Authority, bundle a number of services into a single tariff without also offering each of the constituent services under separate tariffs.

Tariff revisions in Hong Kong require that:

15.1. The Licensee may propose any revision to the tariffs that it has published by submitting details of the proposed revision to the Authority in writing in a form approved by the Authority.

15.2. Subject to special condition 15.5, the Licensee may only publish the revised tariffs after the authority has given his approval in writing.

Tariffs for new services

16.1. If the licensee proposes to introduce any new service and charge which is not contained in its published tariffs and conditions of service, it shall notify the authority of such a proposal. The notification shall be in a written form approved by the Authority.

Recommendation

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The language of the pricing clause should be modified, specifically the sentence “following consultation with the Licensee and other interested parties.” We recommend including an obligation similar to that of Singapore, “to file price changes with the TRC before commercial launch.” We suggest incorporating the language of clauses 54.6, 54.9 and 54.10 of the UK’s license into the terms of the Jordanian license, specifically clauses concerning the application of discount schemes that will avoid anticompetitive pricing practices such as on-net pricing.

15. Ancillary services

Status: Section 5.8 of the mobile license requires the Licensee to provide the following services: directory assistance service; free three-digit calling for police, ambulance and other emergency purposes, etc.

International Best Practices

Portugal

The licensee has to make available special packages and services to low-income customers, customers with special needs, customers in rural areas and socially beneficial institutions such as schools, libraries and hospitals.

Brazil

The licensee may choose to offer additional services such as: call transfer, call waiting, call blocking, conferencing, encryption, and voice mail.

United States

In the United States, 911 is dialed for emergency services. The FCC has established a program requiring wireless telephone carriers to provide enhanced 911 capability, which will provide the precise location of 911 calls from wireless phones.

United Kingdom

The 3G license, clauses 2.1-2.9 refer to the requirement to provide directory services. Particularly 2.6 states that the directories referred to in this condition may be produced by the licensee or by another person and shall be in a form approved by the Director, whether printed, electronic or both and shall be updated on a regular basis.

Recommendation

We suggest maintaining the current language and simply adding language to ensure that directories can be accessed by customers either electronically or printed.

16. Infrastructure Facilities

Status: Section 2.13 of the mobile licenses authorizes Licensees to construct and operate all telecommunications apparatus or facilities including transmission links

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(radiocommunication, fiber optic cables, etc.). Radio based transmission links require a spectrum license issued by the TRC. The Licensee may supply its own telecommunications links by leasing transmission capacity from another public telecommunications service provider or sharing such capacity with it. The mobile sector policy statement states that “the licensing program must provide for transparent operational arrangements that permit additional licensees to make use of the infrastructures, facilities and services of existing licenses, on cost based terms that are determined by the TRC, prior to, and in addition to, availability of their own infrastructure and facilities. In addition, the TRC has issued a public notice on infrastructure sharing and roaming and will soon issue new guidelines.

These guidelines will be consistent with Section 6.2.1.4 of the mobile licenses regarding interconnection which already provides that: “the licensee shall agree to: lease to such other service providers, on a non-discriminatory basis, facilities (rooms, towers, ducts, cable, etc.) under the control of the Licensee and required for use by such others, it being understood that the Licensee shall not be required to construct new facilities for lease to such other service providers hereunder.”

Recommendation

We recommend maintaining Section 2.13 that recognizes the right of the Licensee to be a facility-based operator. In addition, the licenses need to be consistent with the ongoing infrastructure sharing proceeding.

17. Interconnection Provisions

Status: Section 6.2.1.3 of the mobile license agreement requires Licensees to provide interconnection “at cost based rates,” however, the TRC’s Interconnection Guidelines establish that “it is TRC policy to move to a charging system based on Long Run Average Incremental Costs.” While the licenses require cost-based rates, the Guidelines and Explanatory Memorandum state that cost based rates are the long term goal, but that in the interim, rates may be based on a fully allocated costing methodology or another methodology.

International Best Practices

Canada: The Canadian Radio Television and Telecommunications Commission (CRTC) has adopted a forward looking long run incremental costing methodology as the basis of setting rates for essential services and facilities, including network interconnection. This incremental costing methodology – referred to as “Phase II” – includes all forward looking incremental causal direct, indirect and variable common costs, based on the most efficient technology in current use. Under this approach, fixed costs are not included and, therefore, must be recovered through a “mark up” that has been set at a level of 25% by the CRTC. Consequently, the rating formula relied on to set rates for interconnection services is Phase II incremental costs plus a 25% mark up.

Chile: the rules on interconnection establish that costs used for the pricing of interconnection should be based on long run incremental costs.

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United States: The forward looking economic costing model preferred by the FCC is a Total Element Long Run Incremental Cost based model (TELRIC). TELRIC is a forward-looking economic costing methodology that reflects the additional cost a firm will incur in the future to produce an additional quantity of a good. Prices in this system are based on physical elements, and it uses the most efficient technology currently in use. A TELRIC based model includes forward looking, risk adjusted cost of capital.

Hong Kong: Article 6.2 of the Mobile Carrier License (Hong Kong CSL Limited) establishes the following: "...the licensee shall use all reasonable endeavors to ensure that interconnection is done promptly, efficiently and at charges which are based on reasonable relevant costs incurred by the licensee so as to fairly compensate the licensee for those costs."

Recommendation

When there is enough competition so that no supplier is dominant, commercially negotiated interconnection prices are preferred. However in markets where a major supplier has market power or control over bottleneck facilities, regulations are necessary to prevent the major supplier from exploiting its market power over other carriers. If in order to encourage competition, interconnection is mandated, then interconnection pricing should be consistent with what would prevail in a competitive market. In a competitive market a producer charges the customer a price that is close to cost, otherwise another producer will offer the same product at a lower price. A lower cost service provider has the advantage in a competitive market because rates are driven towards cost and the low cost provider can price its services lower. In addition, when making an investment decision, firms predict what the market will be like in the future. Thus, forward looking cost-based pricing reflects not only a competitive market condition, but also the conditions of an efficient company.

Since the Jordan Telecom license (fixed operator) specifies in Section 6.2.1.3 that "cost-based rates means rates comprised of the long run incremental costs of providing interconnection plus a reasonable share of the common cost of the Licensee's operations" and the mobile licenses do not include this language, we recommend that the JT license be amended to conform with the terms of the mobile licenses and that the licenses be limited to include reference to "cost-based rates," leaving reference to the costing methodology (either LRIC, TELRIC, etc.) to the interconnection regulations.

18. Publicly Available Interconnection Documents

Status: Section 6.2.3 of the JT and mobile licenses specify that "the Licensee will make publicly available either its interconnection agreements or reference interconnection offers." The Interconnection Guidelines contemplate that the RIO will be a publicly available document. The Explanatory Memorandum references a requirement to publish a RIO, quoting Article 4 of the Interconnection Guidelines.

International Best Practices

United Kingdom

Article 46.1 of the 3G license establishes that: “Except where the determination referred to in Condition 44.1 has been made only in respect of the networks and services described in Part III (mobile networks and services) of Schedule 1 of the Interconnection Regulations, the Licensee shall publish a reference interconnection offer within 3 months of having been determined by the Director as having Significant Market Power, and every 6 months from the date of the previous publication. Publication may be effected by:

- a) sending copy thereof to the Director
- b) except to the extent that the Director may consent to an alternative location or to an alternative method of publication, placing as soon as practicable thereafter a copy thereof in a publicly accessible part of every major office of the licensee in such a manner and in such a place that it is readily available for inspection free of charge by members of the general public during such hours as the Secretary of State may by order prescribe that the register of Licenses and final and provisional orders is to be open for public inspection under section 19(4) of the Act, or in the absence of any such order having been made by the Secretary of State during normal office hours; and
- c) sending a copy thereof to any person who may request such a copy.

Recommendation

We recommend an amendment to Section 6.2.3 that currently gives to the Licensee the option to make publicly available “either” interconnection agreements or the reference interconnection offer. We suggest including instead a specific obligation for the Licensee to publish a Reference Interconnection Offer (RIO), and to make publicly available the non-commercially sensitive terms of the interconnection agreements with other public operators. The TRC should be in charge of publishing the interconnection agreements via its website. All other provisions regarding interconnection not referred to in this memo are appropriate and should remain unchanged.

19. Modification

Status: Article 7.1 of the mobile licenses provides that the license agreement and the license may be modified in accordance with the provisions of the Telecommunications Law⁴ no modification shall be done without the prior written

⁴ Article 39 of the Jordanian Telecommunications Law provides:

- a) Subject to the provisions of paragraph b of this article, the Board may decide to amend one or more of the licensing conditions. The amendment shall be according to the following procedure:
 1. The Board shall notify the licensee in writing of the amendment, its reasons and the period set for its implementation. The licensee may object to that amendment within the period set by the Board.
 2. The Board shall invite the objector to discuss and hear the reasons of his objection; it consequently may decide either to approve the amendment or postpone its enforcement or accept the objection.
- b) The amendment of the licensing conditions shall not be restricted to a single licensee with the exclusion of others, if the reasons calling for such amendment are available too in the licensing conditions of the other licensees.

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agreement of the Licensee to the following: Section 2.4 (exclusivity provision), Section 3.3 (revenue share provision), Section 2 of Appendix 3 (operating license fee) and appendix 4 (section service roll out and quality of service).

International Best Practices

Peru: Article 16 of the concession contract for trunking services states “the parties may agree in writing to the modification or change of the contract, according to the laws and regulations in force. Any modification and/ or change of this Contract must be communicated to OSIPTEL.”

Singapore: Section 3.6.1 of the license to provide facilities based mobile services provides that “Pursuant to Section 7(1) of the Act, IDA may vary or amend any of the terms of this license by giving the licensee at least one month’s notice in writing.”

Recommendation

We suggest modifying Section 7.1 of the mobile licenses that requires written prior approval of the Licensee for the clauses specified above. Instead we suggest that the amendment procedure be subject to the provisions of the Telecommunications Law in this regard. Article 39 of the Telecommunications Law provides sufficient safeguards to ensure fairness for the licensee in the modification of the terms of the license.

20. Renewal

Status: Section 7.2 of the mobile license agreement provides that “terms of renewal shall be subject to negotiations.” Such negotiations will be called for by either party two years before May 8, 2014. The license shall always be renewed if the Licensee has operated successfully and in accordance with the laws and there are no reasons to refuse the renewal after successful negotiations.” Additionally, Article 38 of the Jordanian Telecommunications Law establishes that “a specific period of validity shall be set for the public telecommunications network license or the license for the use of frequencies, and shall be renewed pursuant to instructions issued by the Commission.”

International Best Practices

Peru

Regarding renewal of the concession, the concessionaire can elect between the following:

Total renewal: For an additional term of 20 years counted from the expiration of the term of the concession.

Gradual renewal: For periods of up to 5 additional years to the concession term. The renewal shall be agreed every 5 years, counted from the date of signature, as long as the total of the periods does not exceed 20 years.

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The company can opt for either of the 2 methods of renewal; the method of gradual renewal can only be used during the first five years of the contract. Once the company has chosen one method of renewal it cannot opt for another one.

Evaluation report: The Ministry will request OSIPTEL (the regulator) to issue an evaluation report, which shall state that the concessionaire, during the concession term, has complied with the following:

- i) Payment of fees (supervision fee, universal service fee)
- ii) Essential conditions established in the contract
- iii) Orders and regulations established by OSIPTEL
- iv) Competition rules established in the concession contract
- v) Provision of service according to the law and regulations.

Procedure for renewal:

- The request for renewal shall be presented to the Ministry of Communications, two years before the expiration of the concession term and request for partial renewal shall be presented 180 days before the expiration of the 5 years
- The Ministry, for the purpose of approving the renewal request of the concessionaire, will request a favorable determination from OSIPTEL, contained in the evaluation report.
- After receiving the request of renewal, within 30 days this will be published in the Official Gazette so parties with legitimate interest can object during a period of 30-60 days. The Ministry, if it considers it necessary, will hold a public hearing which shall take place within a timeframe of between 30 days and 45 calendar days, counted from the expiration of the timeframes for the presentation of objections and comments by persons with legitimate interest.
- The Ministry, based on the report issued by OSIPTEL and if applicable, on the comments or objections made in writing during the public hearing held for this purpose, may decide whether to:
 - a) Renew the concession for an additional period of 20 years
 - b) Renew the concession for less than 20 years (if the request was for partial renewal)
 - c) Not to renew the concession, because of the concessionaire's repeated failure to comply with its legal and contractual obligations, or due to the existence of sufficient reasons that show the concessionaire will not be in a position to comply with said obligations in the future, unless the concessionaire can prove that the appraisal of the events or assumptions that supported such a decision are mistaken.

Recommendation

We suggest incorporating an objective and more transparent license renewal method. In that regard, we recommend that the article concerning renewal be modified by including a provision stating that the license shall be renewed for an additional term, provided the Licensee has complied with the essential conditions of the contract (the TRC should define such condition) including build out and coverage area obligations. Additionally, the TRC should publish the Licensee's request for renewal so interested

parties can present their comments on the renewal of the license. The TRC will also issue an Evaluation Report that will state that the Licensee during the License term has complied with the essential conditions of the contract. Based on the evaluation report, the TRC will decide whether to renew the License for an additional term, or not to renew the License because of the Licensee's repeated failure to comply with its legal and contractual obligations.

21. Termination

Status: Section 7.3 states that the license agreement may be terminated and the operating license and spectrum license may be revoked only in the event of a material breach by the Licensee. For this purpose a material breach means any act or omission or series of acts or omissions that constitute grounds for the revocation of a license under the Telecommunications Law and that (i) seriously jeopardize the provision of an adequate level of the service at reasonable prices to a significant group of customers in Jordan, or (ii) seriously impair the ability of the TRC to perform its lawful functions in a reasonable manner.

Section 7.4 "Termination Procedure" states that the TRC shall not amend, modify, revoke or terminate the license agreement of the operating license or the spectrum license without first giving the Licensee notice and giving the Licensee an opportunity to show cause (within no less than 30 days) and to correct the alleged material breach to the satisfaction of the TRC. The TRC shall allow the Licensee sufficient time, as is reasonable in the circumstances, to remedy any breach that gave rise to the notice and which remains outstanding.

International Best Practices

Peru: Clause 17.01 of the concession contract states that:

"This contract will terminate and therefore will have no further force and effect in the following cases:

- a) Upon expiration of the concession period, to the extent the concessionaire has not requested its renewal in the manner and within the term set forth in clause five or, having requested such extension, it was denied by the Ministry of Communications.
 - b) By written agreements between the parties.
 - c) At the request of the concessionaire, in which case the corresponding request must be made in writing and six months in advance.
 - d) In the event of a death or declaration of insolvency of the concessionaire, if it is an individual or in the case of legal entities, by extinction or declaration of insolvency by the company, except in the case of business reorganization.
- The Ministry must inform OSIPTEL of the termination of this contract".

Singapore

Clause 39.1 of the license to provide facilities based operations for the provision of 3G Mobile Communications Systems and Services states that "in the event the Licensee desires to terminate this license or any of the services it operates, the Licensee must obtain IDA's approval in writing at least six months in advance."

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Clause 38.2 provides that “No termination of this license shall take effect until IDA’s approval is obtained under Condition 38.1.”

Recommendation

The provisions currently included in the license are consistent with article 40 of the Jordanian Telecommunications Law.⁵ If the opportunity arises, specifically enumerating the cases in which termination can occur (i.e., material breach by the Licensee, mutual written agreement, termination upon request of the licensee) would be advantageous but is not necessary.

22. Advanced Communications Services

Status: Current licenses do not contain terms concerning the provision of advanced communications services.

Recommendation

The policy for the Mobile Telecommunications Sub-Sector requires that Jordan attain a mobile communications environment that is technologically advanced and at least comparable, and preferably superior, to those of its peer states. Consistent with these goals, the TRC has stated that it encourages applicants to choose state of the art technology for their networks to ensure the deployment of advanced wireless services.

Based on the foregoing, we recommend including a section facilitating value added innovation with the goal of enabling the Licensee to provide advanced wireless services under the terms of its mobile license. In that regard, we suggest incorporating the following text at the end of Section 4.8 of the License:

“The Licensee is authorized to implement technology to ensure the deployment of advanced mobile services, including high data rate services, that enable the availability of a variety of advanced services such as high speed internet access, videotelephony, position location commercial applications, e-payment services/solutions, etc.”

23. Submission of reports, books of accounts and other information

Status: Sections 4.11, 4.12, 4.13, and 4.14 of the license agreement include provisions which require the Licensee to submit reports, statistics, and any other information as well as inspect premises, archives (physical or electronic) documents and request any other additional information.

Specifically these sections include provisions that require the Licensee to:

⁵ Article 40 of the Telecommunications Law provides that “ The Board shall have the right to cancel the License altogether or for a specific service or in a specific area if the Licensee commits a violation of the License conditions or the provisions of this Law or bylaws issued pursuant thereto, or the instructions of the Board, or causes harm to third parties and fails to correct his violation or his practice within 30 days of a written warning by the Chairperson, or if he exceeds 30 days in carrying out the Commission’s instructions or enforcement orders without a reason that is acceptable to the Board.”

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Section 4.11 Keep books of accounts according to Jordanian GAAP and provides that the TRC shall have access to books on request during normal business hours and according to the Telecommunications Law.

Section 4.12 Submit annual reports and annual financial statements (including information on roll out or upgrading of the service during the past fiscal year) and provide an explanation for the reasons of shortfalls (if any), information on terminal equipment with type approval references, and other information the TRC deems convenient.

Section 4.13 Submit all the required information in either or both Arabic or English and signed by a senior officer of the Licensee.

Section 4.14 Furnish information as required by the TRC periodically according to the Telecommunications Law and in making these requests, the TRC shall ensure that no undue burden is placed on the Licensee in furnishing that information and the Licensee shall not be required to furnish information that would not normally be available to it.

International Best Practices

United Kingdom: Condition 33 of the mobile license for 3G operators requires that the licensee furnish information in the form of documents, accounts, estimates, returns and such other information that may reasonably be required for the purpose of verifying that the licensee is complying with these conditions. In making such a request, the Director shall ensure that no undue burden is imposed on the licensee in procuring and furnishing information.

European Union: Directive 2002/21/EC of March 7, 2002, states that “National regulatory authorities need to gather information from market players in order to carry out their tasks effectively. Such information may also need to be gathered on behalf of the Commission, to allow it to fulfill its obligations under Community law. Requests for information should be proportionate and not impose an undue burden on undertakings. Information gathered by national regulatory authorities should be publicly available, except in so far as it is confidential in accordance with national rules on public access to information and subject to Community and national law on business confidentiality.”

Recommendation

Since the provisions included in the license are adequate and conform with international best practices concerning inspections, annual reports, submission of reports, etc. we recommend maintaining them as they are currently included in the license.

24. Supervision and Compliance

Status: Sections 4.16, 4.17 and 4.18, include provisions that require the Licensee to:

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- 4.16 Give access to all premises in accordance with the Telecommunications Law.
4.17 Cooperate with the TRC making its facilities available for the implementation of judicial, security and administrative orders.
4.18 Subject to applicable law and international obligations of Jordan: maximize the use of Jordanian human and material resources in the installation, operation and management of the services.

International Best Practices

Bahrain: Article 10 of the frequency license granted to B.S.C by the TRA for the provision of mobile telephony services, establishes the following: “the licensee shall permit a person authorized by the Regulator to have access to any of its radio communications stations and to inspect or test its radio communications equipment at any reasonable time or whenever an emergency situation exists, at any time, for the purpose of verifying compliance with the terms of this frequency license, or investigating sources of harmful radio communications interference.”

Peru: Article 6.10 of the concession contract for trunking services establishes that “OSIPTEL will have the right to inspect or instruct accountants, technical personnel and other authorized professionals with the purpose of reviewing archives and other registers of the concessionaire with the purpose of enforcing the terms of the concession contract.”

Recommendation

Since the provisions included in the license are adequate and conform with international best practices we recommend maintaining the provisions concerning inspections, annual reports, submission of reports as they are currently included in the license. Additionally, we suggest complementing the provisions of the license with specific regulations on the issue of inspections which would provide guidelines to TRC’s personnel on inspection procedures, etc.

25. Anti-Competitive Practices

Status: Article 4.19 addresses anticompetitive practices by prohibiting the licensee to:
engage in anti-competitive cross-subsidization;
engage in abuse of its dominant position, if any;
enter into agreements that have as their objective or affect the fixing of prices or any restraint on competition; and
engage in anti-competitive tied or linked practices, provided that the Licensee may bundle services, so long as the bundled services are also available separately.

International Best Practices

Peru: Article 7.01 of the concession contract for trunking services includes a provision on supervision and compliance with competition regulations that gives OSIPTEL the authority to request from the concessionaire periodic reports, statistics and any other information as well as to conduct inspections with the purpose of

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enforcing competition rules. OSIPTEL is also empowered to issue corrective measures and resolutions in this regard.

This article also requires the concessionaire not to:

- a) Perform any act that implies an abuse of dominant position in the market
- b) Engage in restrictive practices against competition
- c) Perform acts of disloyal competition

For purposes of the legal interpretation of the acts described above the Peruvian regulations on competition issues will be applicable.

Bahrain: Article 9 addresses anti-competitive practices, specifying that the licensee shall not:

- (g) (whether in respect of the tariffs or other terms applied or otherwise) show undue discrimination against a particular person or persons of any class or description as respect to the provision of any licensed service.

Recommendation

We recommend including a section in the License addressing the TRC’s authority to act on competition matters in the telecommunications sector. This is necessary because although the Telecommunications Law in Article 6 (e)⁶ makes reference to the authority of the TRC on competition matters, if specific wording was included in the license it would reinforce the TRC’s jurisdiction on competition matters. Additionally, to the extent the concepts of the General Jordanian Competition Law are applicable in telecommunications matters, a statement should also be included stating that competition regulations are applicable to the telecommunications sector and giving the TRC the jurisdiction to make use of such regulations when adjudicating competition-related cases.

Section 4.6.2 of the mobile license provides that it is unlawful to discriminate between two similarly situated customers and Section 6.1.2 on interconnection obligations bars the Licensee from discriminating between other public telecommunications service providers. However, there is currently no provision addressing discriminatory acts in general with regards to other telecommunications service providers. Thus, we recommend including a broad provision as a new 4.19.8 that states: “The Licensee shall not (whether in respect of the tariffs or other terms applied or otherwise) show undue discrimination against particular person or persons of any class or description.”

⁶ Article 6 (e) of the Telecommunications Law states: “the Commission shall undertake the following duties and responsibilities: “stimulate competition in the telecommunications and information technology sectors, relying on market forces, and so regulating them as to ensure the effective provision of telecommunications and information technology services and to ensure that its regulations are effective and efficient to forbid anti-competitive behavior or practices; to forbid actions by any person to abuse a dominant position in the sector, and to take all necessary actions in this regard”.

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Furthermore, we recommend including a clause in the license addressing the TRC's authority to act on competition matters in the telecommunications sector as follows: "In accordance with Article 6(e) of the Telecommunications Law, the TRC has the responsibility to interpret and enforce competition regulations issued by the TRC or another competent body."

We recommend that Section 4.19.1 be amended as follows to ensure that separate accounting by service is made available for TRC review.

"4.19.1 not engage in any anti-competitive cross-subsidization and must also keep separate accounting by services, according to business lines and guidelines issued by the TRC for such purpose."

ANNEX 1 TO MEMO

**THE HASHEMITE KINGDOM OF JORDAN
TELECOMMUNICATIONS REGULATORY COMMISSION**

JORDAN TELECOMMUNICATIONS COMPANY

**AMENDED AND RESTATED
PUBLIC MOBILE TELEPHONE (CELLULAR) LICENSE AGREEMENT**

Issued at Amman, January, 2004

Memorandum on the License for the Third Mobile Operator and Amendments to the Existing Mobile Licenses in Jordan

PUBLIC MOBILE TELEPHONE (CELLULAR) LICENSE AGREEMENT

THIS AMENDED AND RESTATED LICENSE AGREEMENT made the day of

BETWEEN:

**TELECOMMUNICATIONS REGULATORY COMMISSION
of the Hashemite Kingdom of Jordan ("TRC")**

OF THE FIRST PART

and

NAME

a Jordanian company established under the *Companies Law* (Law No. 1 of 1989) and registered at the Ministry of Trade and Industry under the number on (the "Licensee")

OF THE SECOND PART

WITNESSES THAT WHEREAS:

A. The Telecommunications Corporation (TCC) was entitled to establish, operate and regulate all kinds of telecommunications networks and services in Jordan in accordance with Law No. 29 of 1971;

B. In accordance with the *Telecommunications Law*, as defined herein, the TRC has been established as an independent regulator and the legal successor to the Telecommunications Corporation in all matters relating to the regulation of the telecommunications sector in Jordan;

3rd. Also in accordance with the *Telecommunications Law* and certain decrees and decisions of the Council of Ministers, the Licensee has been established as the legal successor to all of the rights and obligations of the Telecommunications Corporation in its capacity as operator of telecommunications networks and services in Jordan;

4th. As contemplated by Articles 87 and 88 of the *Telecommunications Law*, the Licensee and the TRC entered into a License Agreement dated which recorded the terms and conditions upon which the Licensee is entitled to be Licensed to install, operate and manage Public Mobile Telephone (cellular) Services in Jordan;

5th. Pursuant to article 7 of the License agreement and in accordance with the *Telecommunications Law* the TRC and Licensee have agreed to amend and restate this License agreement as set out below with effect as of [appropriate date]; and

6th. The Licensee has paid to the TRC a License Acquisition Fee in the amount of xxxxxx Million Jordanian Dinars (JD xxxxxxxx);

NOW, THEREFORE, TRC and the Licensee agree as follows:

Memorandum on the License for the Third Mobile Operator and Amendments to the Existing Mobile Licenses in Jordan

ARTICLE 1 - INTERPRETATION

1.1 Definitions

PUBLIC MOBILE TELEPHONE (CELLULAR) LICENSE AGREEMENT

THIS AMENDED AND RESTATED LICENSE AGREEMENT made the day of

BETWEEN:

**TELECOMMUNICATIONS REGULATORY COMMISSION
of the Hashemite Kingdom of Jordan ("TRC")**

OF THE FIRST PART

and

NAME

a Jordanian company established under the *Companies Law* (Law No. 1 of 1989) and registered at the Ministry of Trade and Industry under the number on (the "Licensee")

OF THE SECOND PART

WITNESSES THAT WHEREAS:

A. The Telecommunications Corporation (TCC) was entitled to establish, operate and regulate all kinds of telecommunications networks and services in Jordan in accordance with Law No. 29 of 1971;

B. In accordance with the *Telecommunications Law*, as defined herein, the TRC has been established as an independent regulator and the legal successor to the Telecommunications Corporation in all matters relating to the regulation of the telecommunications sector in Jordan;

7th. Also in accordance with the *Telecommunications Law* and certain decrees and decisions of the Council of Ministers, the Licensee has been established as the legal successor to all of the rights and obligations of the Telecommunications Corporation in its capacity as operator of telecommunications networks and services in Jordan;

8th. As contemplated by Articles 87 and 88 of the Telecommunications Law, the Licensee and the TRC entered into a License Agreement dated which recorded the terms and conditions upon which the Licensee is entitled to be Licensed to install, operate and manage Public Mobile Telephone (cellular) Services in Jordan;

9th. Pursuant to article 7 of the License agreement and in accordance with the Telecommunications Law the TRC and Licensee have agreed to amend and restate this License agreement as set out below with effect as of [appropriate date]; and

10th. The Licensee has paid to the TRC a License Acquisition Fee in the amount of xxxxxx Million Jordanian Dinars (JD xxxxxxxx);

NOW, THEREFORE, TRC and the Licensee agree as follows:

ARTICLE 1 - INTERPRETATION

1.1 Definitions

In this License Agreement, unless the subject matter or context otherwise requires, the following capitalized terms shall have the following meanings:

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- 1.1.1 “Affiliate” means, in relation to any one Person, any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person.
- 1.1.2 “Control” means the ownership of more than fifty percent (50%) of the voting interests in the subject Person and/or the ability to control in fact the business and affairs of the subject Person, whether by ownership, contract or otherwise.
- 1.1.3 “Customer” means any Person who has indicated willingness to the Licensee to receive Services from the Licensee on the Licensee’s terms and conditions, or has entered into a contract with the Licensee for the provision of such Services.
- 1.1.4 “Effective Date” means.
- 1.1.5 “Frequencies” means the radio frequencies allocated to the Licensee for use in the operation of the Service as specified in Appendix 2, as amended or modified in accordance with the terms hereof.
- 1.1.6 “License Agreement” means this amended and restated license agreement and all appendices attached hereto, as amended, modified or supplemented in accordance with Section 7.1 or Section 8.5.
- 1.1.7 “Operating License” means the public telecommunications operating license issued to the Licensee in respect of the Service under Section 2.1 and attached as Appendix 1 hereto, as amended, modified or supplemented in accordance with the terms hereof.
- 1.1.8 “Person” means any individual, company, corporation, partnership, joint venture, consortium, government or governmental entity.
- 1.1.9 “Public Telecommunications Service Provider” means any Person licensed to operate a Public Telecommunications Network, as defined in the *Telecommunications Law*.
- 1.1.10 “Public Mobile Telephone Service” means a public Radiocommunication service composed of multiple cells of Radiocommunication transceivers, configured so as to permit full mobility of customer terminals (radio stations), with hand-off between adjacent cells and frequency re-use throughout the various cells, and that permits a customer to conduct two-way communications on a fully duplexed basis between the customer’s radio station and other similar radio stations, as well as with any apparatus, station or service connected to the Public Switched Telephone Network (PSTN) in Jordan.
- 1.1.11 “Radiocommunication” means the transmission, emission or reception of signs, signals, writing, images, sounds or intelligence by any nature by means of electromagnetic waves of frequencies lower than 3,000 GHz propagated in space without artificial guide. (NOTE: no change to original)
- 1.1.12 “[We recommend that this paragraph be deleted since “service” is already defined in 1.1.10, especially since the intent is to make the License technology neutral.] “Spectrum License” means the spectrum license issued to the Licensee pursuant to Section 2.1 and attached as Appendix 2 hereto, as amended, modified or supplemented in accordance with the terms hereof.
- 1.1.14 “Telecommunications” means any conveyance, emission, reception, or transmission of signs, signals, sounds, images and intelligence of any nature by means of wire, radio, optical or other electronic systems.
- 1.1.15 “Telecommunications Facilities” means any transmission facility or other facility, apparatus or other thing that is used or is capable of being used for

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Telecommunications or for any operation directly connected with Telecommunications.

- 1.1.16 “Telecommunications Law” means the Telecommunications Law (Law No. 13 of 1995) of Jordan, as amended.

1.2 Appendices

The following Appendices annexed hereto form part of this License Agreement and are subject to all the terms and conditions set out herein:

- | | | |
|------------|---|--|
| Appendix 1 | - | Operating License |
| Appendix 2 | - | Spectrum License |
| Appendix 3 | - | Operating License Fees |
| Appendix 4 | - | Service Roll Out, Coverage and Quality |
| Appendix 5 | - | Schedule of Spectrum License Fees |

ARTICLE 2 - LICENSE

2.1 Grant of License

- 2.1.1 In accordance with the *Telecommunications Law* and upon and subject to the terms and conditions set out herein, the TRC hereby grants to the Licensee:
- 2.1.1.1 the Operating License to install, operate and manage the Service in the form set out in Appendix 1; and
- 2.1.1.2 the Spectrum License to use the Frequencies in the operation of the Service, in the form set out in Appendix 2.
- 2.1.2 The Operating License authorizes the Licensee to install, operate and manage the Service only and does not authorize the Licensee to install, operate or manage any other public or private telecommunications service in Jordan, including any fixed telecommunications service.
- 2.1.3 This License Agreement authorizes the Licensee to construct and operate all telecommunications apparatus or facilities that are used to provide the Service in accordance with this License Agreement. Such apparatus and facilities include transmission links. Transmission links are Radiocommunication and other Telecommunications Facilities such as fibre optic cables used to link the facilities (radio based station sites, switches, etc.) of the Licensee with each other or with the facilities of another Public Telecommunications Service Provider. However, radio based transmission links shall not be used except pursuant to a spectrum license issued by the TRC. The TRC cannot guarantee that suitable radio frequencies will be available for all transmission links, but will use best efforts to make suitable frequencies available upon request. The Licensee may supply its own telecommunications links by leasing transmission capacity from another Public Telecommunications Service Provider or sharing such capacity with it.

Recommendation:

We recommend maintaining the language of Section 2.1.3, which recognizes the right of the Licensee to be a facility-based operator.

- 2.1.4 The Operating License does not authorize the Licensee to provide international Telecommunications Services, except by means of the services of an international Public Telecommunications Service Provider licensed to provide international services by the TRC. The Licensee, however, may apply to the TRC to provide international telecommunications services as of January 1, 2005.

Memorandum on the License for the Third Mobile Operator and Amendments to the Existing Mobile Licenses in Jordan

Recommendation

We suggest adding the following language to Section 2.1.4 so that the TRC can determine whether the mobile Licensee can enter the international telecommunications services market when full liberalization occurs on January 1, 2005:

“The Licensee, however, may apply to the TRC to provide international telecommunications services as of January 1, 2005.”

2.1.5 The Spectrum License authorizes the use of the Frequencies by the Licensee in the operation of the Service only. The Licensee is not authorized to use the Frequencies for any other purpose.

2.2 Effective Date

The Operating License and the Spectrum License shall take effect and this License Agreement shall come into full force and effect, on the Effective Date.

2.3 Term

Subject to Article 7, the Operating License and the Spectrum License shall continue in full force and effect until the expiration of the respective license terms specified in Appendix 1 or Appendix 2, as the case may be.

2.4 Exclusivity

2.4.1 This License does not give exclusivity to the Licensee for the provision of the Service granted.

Recommendation on exclusivity:

Concerning Section 2.4 of the mobile licenses which contains an exclusivity provision for the operators until January 2004, we suggest replacing the current Sections 2.4.1 – 2.4.3 with the following language: “This license does not give exclusivity to the Licensee for the provision of the Service granted.”

2.5 License Parity

To the extent required to ensure fair competition, all future licenses issued by the TRC authorizing the operation of a Service in Jordan will contain terms and conditions equivalent to those applicable to the Licensee and in accordance with the Telecommunications Law.

ARTICLE 3 - FEES

3.1 Operating License Fee

The Licensee shall pay to TRC an annual Operating License fee in an amount intended to represent the Licensee's proportionate share of the budgeted annual costs of TRC incurred in regulatory operations related to the Service, excluding radio spectrum management costs. This fee will be payable annually on quarterly basis on the dates and in the amounts determined in accordance with Appendix 3.

3.2 Spectrum License Fee

3.2.1 In addition to the fees payable in respect of the Operating License under Section 3.1, the Licensee shall pay to the TRC Spectrum License Fee in an amount of JD 21000 / 1 MHz pair for (5+5) MHz until _____;

3.2.2 The Licensee shall pay the Spectrum License Fee for any additional MHz, in accordance with the fees determined by the TRC as in Appendix 5 which will apply until _____; and

An annual frequency fee of JD 1000 / allocated MW bearer (hop).

3.2.3 After _____ the Licensee shall pay the Spectrum License Fee in accordance with the fees determined by TRC and applicable to all similar Licensees.

3.3 Revenue Share

The Licensee shall pay to the TRC annually in arrears on each anniversary of the Effective Date 10% of his operational revenues from its Public Mobile Telephone Service (calculated and payable as stipulated in 3.4, and as amended, modified or replaced by TRC.

3.4 Operating Revenue

The operational revenues shall be net of Service Tax and calculated after the deduction of the balance amounts due to other interconnected Public Telecommunications Service Providers in respect of interconnecting traffic between the Licensee and these operators and in accordance with the following formula:

Operating Revenue = A + (B - C), where

A: Total annual sales of cellular services to the Licensee's subscribers.

B: The annual aggregate receivables from other interconnected Public Telecommunications Service Providers for the traffic originated from their subscribers and destined to subscribers in the Licensee's network.

C: The annual aggregate payables by the Licensee to other interconnected Public Telecommunications Service Providers for the traffic originating from the Licensee's network to the subscribers of the other Public Telecommunications Service Providers.

3.5 Fees related to universal service

The Licensee shall pay to the TRC any required fees related to universal service goals, if necessary, when such a program is initiated by the Government of Jordan.

Recommendation:

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We suggest maintaining the operating license fee and spectrum license fees currently imposed on mobile operators as they conform with international best practices. It should be noted that the 10% revenue share condition should be consistent with the policy decision on what the exact number will be. However, it should be kept in mind that these types of arrangements are considered by investors to be barriers to market entry. Additionally, in the future, the TRC could impose fees related to universal service goals if such a program is initiated by the government, so we recommend adding language to ensure that the Licensee is aware of this possibility.

ARTICLE 4 - CONDITIONS OF LICENSE

4.1 General

The Licensee shall ensure that it complies with each of the terms and conditions set out in this License Agreement at all times during the term of the Operating License and the Spectrum License. The Licensee acknowledges that failure to comply with any such terms or conditions may constitute grounds for termination of this License Agreement, revocation of the Operating License or Spectrum License or the imposition of fines or penalties in accordance with the *Telecommunications Law* and the terms hereof.

4.2 Eligibility

The Licensee shall be a Jordanian company established and in good standing under the *Companies Law*, as the same may be amended or replaced from time to time.

4.3 Ownership and Control

4.3.1 The Licensee shall not Control or own, directly or indirectly, any ownership interest in any other Public Telecommunications Service Provider which is licensed to provide the Service in Jordan, provided however that no breach of this license condition will result from the ownership, directly or indirectly, by the Licensee of less than ten percent (10%) of the shares of a public company which owns, directly or indirectly, any ownership interest in a Public Telecommunications Service Provider which is licensed to provide the Service in Jordan.

4.3.2 No Person shall Control or own, directly or indirectly, any ownership interest in the Licensee if such Person Controls or owns, directly or indirectly, any ownership interest in any other Public Telecommunications Service Provider which is licensed to provide Public Mobile Telephone (Cellular) Service in Jordan, provided however that no breach of this license condition will result from the ownership, directly or indirectly, by any such Person of less than (10%) of the shares of a public company, which owns, directly or indirectly, any ownership interest in the Licensee or any other Public Telecommunications Service Provider.

Any change in Control of the Licensee shall require the prior written approval of the TRC.

4.4 Standard of Conduct

The Licensee shall not use or knowingly permit the use of its Service for any purpose that violates applicable law. The Licensee shall endeavor to take all action within its control to ensure that its Service is not used for any such purposes. The Licensee shall include this same provision precluding the use of its Service for illegal purposes in its contracts with its Customers.

4.5 Service Roll-Out, Coverage and Quality

The Licensee shall roll out the Service and provide and maintain service coverage and quality in accordance with the requirements set out in Appendix 4. With the purpose of obtaining the License, the Licensee shall post a bond to guarantee the compliance with its service roll out and coverage obligations, according to the amount specified in Appendix 4. Once the coverage area obligations are met the bond will be canceled.

Recommendation on build out and coverage requirements

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We recommend maintaining the same service coverage area obligations as included in the current licenses, but we suggest incorporating into the license an objective method to verify compliance with build-out or coverage area obligations (e.g., the submission of yearly or quarterly reports to the TRC). In order to enforce compliance with build out obligations, some countries (i.e., Venezuela) use performance bonds, under such bonds if the provider does not comply with the build out required the government has the right to cash the bond. We recommend this approach, which is consistent with the TRC Program for Further Licensing within the Mobile Telecommunications Sub-sector of October 31, 2004, which states that “the TRC will include a requirement in the Public Telecommunications license to verify compliance with build out or coverage area obligations in an objective method using international best practices.”

We suggest incorporating into Section 4.5 the following language:

“With the purpose of obtaining the License, the Licensee shall post a bond to guarantee the compliance with its service roll out and coverage obligations, according to the amount specified in Appendix 4. Once the coverage area obligations are met the bond will be canceled.”

4.6 Service Obligation

4.6.1 In all areas required to be served, the Licensee shall provide its Services to any Person wishing to obtain them and willing to pay the Licensee’s published prices and abide by other generally applicable terms and conditions established by the Licensee in accordance with this License Agreement.

4.6.2 Except as otherwise permitted by the *Telecommunications Law* or this License Agreement, the Licensee shall comply with Section 29(h) of the *Telecommunications Law* and shall not unduly discriminate in the provision of its Service or in the charging of its rates for its Service between similarly situated Customers or groups of Customers or grant any undue preferences between them, provided that nothing herein shall prevent the Licensee from engaging in marketing practices, such as the offering of free or subsidized handsets, or promotional or volume discounts, to the extent such practices do not constitute undue preferences or undue discrimination.

4.6.3 Notwithstanding Section 4.6.2, to meet national security requirements, the Licensee may propose discriminatory or preferential service offerings that fall within the exceptions provided for in Article 29(h) of the *Telecommunications Law*. Any such proposals shall be made in writing to the TRC which shall then determine whether such proposed discriminatory or preferential offerings are due and lawful. The Licensee shall not implement any such proposal without the prior written approval of the TRC. The cost to the Licensee of providing exceptional service offerings in accordance with Article 29(h) of the *Telecommunications Law* shall not exceed two percent (2%) of the gross revenues of the Licensee in the fiscal year during which such exceptional service offerings are provided.

4.7 Price Regulation

The prices which the Licensee may charge its Customers in connection with the Service are subject to regulation by the TRC on the basis determined by the TRC in accordance with the *Telecommunications Law*. The Licensee shall file price changes with the TRC before making such rates available to customer.

Recommendation on pricing provisions:

The language of Section 4.7 should be modified, specifically the phrase “following consultation with the Licensee and other interested parties” should be deleted. We recommend including instead the following language: “The licensee shall file price changes with the TRC before making such rates available to customers.”

Additionally, we suggest adding the following articles on pricing:

4.7.1 The Licensee shall:

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- c) Place a copy of such changes in a publicly accessible part of every major office of the Licensee in such manner and in such place that is readily available for inspection free of charge by members of the general public during normal office hours; and
- d) Send a copy of such information or such part or parts thereof as are appropriate to any Customer who may request such a copy.

4.7.2 The Licensee shall ensure that discount schemes offered by the Licensee to its subscribers, including customers, are fully transparent and shall be published in the manner prescribed by the TRC.

4.7.3 The Licensee shall ensure that, with respect to the application of the discount schemes the Licensee does not show undue preference to, or exercise undue discrimination against, a particular person or persons of any class or description.

4.8 Specifications

In order to promote the development and use of new and advanced services, networks and technologies, the Licensee shall install, operate and manage the service using the technology it considers appropriate for the service to be rendered. The use of digital technology is required and the standard must be an internationally approved standard. The Licensee is authorized to implement appropriate technology to ensure the deployment of advanced mobile services, including high data rate services, and that enable the availability of a variety of advanced services such as high speed Internet access, videotelephony, position location applications, e-payment services/solutions, etc.

Recommendation regarding technology neutrality:

We suggest replacing Section 4.8 by the following sentence: “In order to promote the development and use of new and advanced services, networks and technologies, the Licensee shall install, operate and manage the service using the technology it considers appropriate for the service to be rendered. The use of digital technology is required and the standard must be an internationally approved standard.”

Recommendation on advanced communications services:

We recommend including the following text at the end of the new Section 4.8 in order to facilitate value-added innovation with the goal of enabling the Licensee to provide advanced wireless services under the terms of its mobile license. In that regard, we suggest incorporating the following clause into the License:

“The Licensee is authorized to implement appropriate technology to ensure the deployment of advanced mobile services, including high data rate services, and that enable the availability of a variety of advanced services such as high speed Internet access, videotelephony, position location applications, e-payment services/solutions, etc.”

Equipment

Terminal equipment used by the Licensee or provided by the Licensee to its Customers must be type approved by TRC. The Licensee shall permit its Customers to purchase or lease TRC type approved terminal equipment from the Licensee or any third party.

4.10 Frequencies

4.10.1 The Licensee acknowledges that other countries may authorize or permit the use of their radio frequencies in a manner that interferes with the Licensee’s use of the Frequencies and that it is the responsibility of Licensee to report such interference as soon as practicable, in order that the TRC may take measures to deal with such interference. Licensee shall use the Frequencies in compliance with all regional inter-governmental arrangements in effect that are designed to reduce radio interference among service providers. TRC shall defend the rights of the Licensee under the Spectrum License in accordance with the *Telecommunications Law*.

4.10.2 The Licensee may apply to the TRC for the right to use additional frequencies in connection with the Service. The TRC may license additional frequencies to the Licensee pursuant to the Spectrum License subject to availability and based on demonstrated existing or reasonable

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projected subscriber demand and an assessment of whether or not the Frequencies are being utilized efficiently. At all times the Licensee shall implement all commercially reasonable measures to optimize the efficiency and effectiveness of its use of the Frequencies.

- 4.10.3 The TRC may, in order to comply with international spectrum coordination requirements, ITU-R assignments or reassignments, or generally in the course of regulating the radio spectrum in the best interests of Jordan, reassign radio frequencies used by the Licensee or require the Licensee to surrender its rights in respect of radio frequencies which are not required for the operation of the Service. In such cases, the TRC and the Licensee shall consult with each other before any such action is taken and the TRC shall provide the Licensee with adequate time and, where applicable, assign appropriate alternative frequencies, to permit the Licensee to carry on its business without unreasonable costs or disruptions.
- 4.10.4 The Licensee shall obtain approvals from the TRC in respect of each of its radio transmission sites. The TRC shall make a decision in respect of any such approvals as soon as possible, but in any event within 30 days, after receipt of an application by the Licensee, setting out the geographic location co-ordinates, radiated power, frequency assignments and any other specifications deemed necessary by the TRC. The Licensee shall comply at all times with all applicable construction and other permit requirements and standards applicable to its business under Jordanian law.

4.11 Books of Account

- 4.11.1 The Licensee shall at all times keep at its principal place of business within Jordan, all proper books of account accurate and up-to-date in accordance with Jordanian generally accepted accounting principles (GAAP) and good business practices. All financial information submitted by the Licensee to the TRC for any purpose shall be prepared and presented in accordance with GAAP or as the TRC shall direct, provided that such direction does not result in any unreasonable additional costs being incurred by the Licensee.
- 4.11.2 On request, the TRC shall have access during normal business hours to the books and records of the Licensee in accordance with the *Telecommunications Law*.

4.12 Annual Reports

Within four (4) months of the end of each fiscal year of the Licensee, the Licensee shall file with the TRC seven (7) copies of the annual report and annual financial statements (audited when available). This annual report shall include detailed information in respect of the following:

- 4.12.1 the roll-out or upgrading of the Service achieved during the past fiscal year;
- 4.12.2 an explanation of the reason for any shortfall in the required or anticipated roll-out or upgrading, together with an estimate of when the shortfall will be remedied. If the shortfall is alleged to be caused by a third party, the Licensee shall include any relevant documentation reasonably obtainable from that third party;
- 4.12.3 all material instances in which, as far as the Licensee is aware, the Licensee's obligations under any provisions of this License Agreement have not been met, together with an explanation for such failure;
- 4.12.4 a list of all types of terminal equipment, including handsets, used by the Licensee in providing the Service together with TRC type approval references; and
- 4.12.5 any other information deemed relevant by the Licensee or requested by TRC in writing.

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4.13 Submission of Reports

Any information or reports provided to TRC pursuant to this License Agreement shall be in either or both the Arabic language or the English language and signed by a senior officer of the Licensee who shall certify, so far as the Licensee is aware, the completeness and accuracy of the report or information. In the event of any inconsistency between an Arabic language document and an English language document, the Arabic language text shall prevail.

4.14 Other Information

The Licensee shall furnish to TRC such further or other information as required periodically and from time to time for the purpose of exercising the functions assigned to it under the *Telecommunications Law*. Such information shall be furnished at the time and in the format reasonably requested by TRC in writing. In making these requests, the TRC shall ensure that no undue burden is placed on the Licensee in furnishing that information and, in particular, the Licensee shall not be required to furnish information which would not normally be available to it.

4.15 Confidentiality

4.15.1 All information furnished by the Licensee to TRC and marked "confidential" shall be held in confidence by TRC. Such information may be released by TRC to the extent it becomes publicly available through no fault of TRC or to the extent its release is required by any applicable law or order, provided that the TRC gives the Licensee prior notice of that release. This requirement of confidentiality shall survive any termination or expiry of this License Agreement or revocation of the Operating License or the Spectrum License. The Licensee acknowledges that confidentiality will not apply to any information supplied to the TRC regarding the Licensee's compliance with its obligations hereunder including the obligations set out in Appendix 4, which information shall be made public by the TRC.

4.15.2 TRC will endeavor to ensure that documents for which confidential treatment is requested are treated confidentially. Nothing in this Section 4.15.2 shall limit the availability of any remedy otherwise available to the Licensee under Jordanian law and which the Licensee may seek from any private party that receives or uses confidential information as the result of a failure of TRC to protect that information.

4.16 Access to Licensee Premises

The TRC shall have access to all premises of the Licensee in accordance with the *Telecommunications Law*.

4.17 Co-operation with TRC

4.17.1 The Licensee shall at all times co-operate with TRC and its authorized representatives in the exercise of the functions assigned to TRC under the *Telecommunications Law* and shall make its facilities available for the implementation of judicial, security and administrative orders relevant to the tracing of telecommunications transmissions as specified in such orders.

4.17.2 The Licensee acknowledges that the TRC is in the process of establishing a general regime for the regulation of the telecommunications sector in accordance with the *Telecommunications Law*. The Licensee will be subject to that regime in respect of the Service as and when it comes into force to the same extent it applies to all Public Telecommunications Service Providers licensed to provide the Service. Without limiting any rights or powers of the TRC hereunder or under applicable law, the TRC agrees to establish and comply with open, fair and transparent practices and procedures in the exercise of its regulatory operations and, in particular, agrees, except in emergency situations and subject to its obligations of confidentiality, to issue all its rules, decisions and instructions publicly and in writing following appropriate consultation with interested parties.

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4.18 Use of Jordanian Resources

Subject to applicable law and international obligations of Jordan, the Licensee shall maximize the use of Jordanian human and material resources in the installation, operation and management of the Services to the extent reasonably possible in the circumstances and provided that such resources are available.

Recommendation

Since sections 4.16, 4.17, and 4.18 included in the License are adequate and conform with international best practices we recommend maintaining the provisions concerning inspections, annual reports, submission of reports as they are currently included in the license.

Note: Additionally, we suggest complementing the provisions of the License with specific TRC's regulations on the issue of regulatory inspections that would provide guidelines for TRC's personnel on inspection procedures, etc.

4.19 Anti-Competitive Practices

The Licensee will not alone or together with others, engage in or continue or knowingly acquiesce in any anti-competitive practices and, in particular, the Licensee shall:

4.19.1 not engage in any anti-competitive cross-subsidization and must also keep separate accounting by services, according to business lines and guidelines issued by the TRC for such purpose.
;

4.19.2 not engage in the abuse of its dominant position, if any;

4.19.3 not enter into any exclusive arrangements with third parties for the location of its facilities that are acquired to provide the Service;

4.19.4 not enter into any agreements, arrangements or undertakings with any Person, including any supplier of services that compete with the Service which have as their objective or effect the fixing of prices or any other restraint on competition;

4.19.5 not engage in any anti-competitive tied or linked sales practices, provided that the Licensee may bundle services so long as the bundled services are also available separately;

4.19.6 not use information obtained from competitors if the object or effect of such use is anti-competitive; and

4.19.7 Cooperate with other Licensees in order to facilitate the provision of public telecommunications services.

Recommendation: We recommend including a broad article on non-discrimination. Article 4.6.2 of the mobile license provides that it is unlawful to discriminate between two similarly situated customers and article 6.1.2 on interconnection obligations, bars the licensee from discriminating between other public telecommunications service providers. However, there is currently no provision addressing discriminatory acts in general with regards to other telecommunications service providers. Thus, we recommend including a broad provision as follows:

4.19.8 The Licensee shall not (whether in respect of the tariffs or other terms applied or otherwise) show undue discrimination against particular person or persons of any class or description.

Recommendation: We recommend including a clause in the license addressing the TRC's authority to act on competition matters in the telecommunications sector as follows:

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“In accordance with Article 6(e) of the Telecommunications Law, the TRC has the responsibility to interpret and enforce competition regulations issued by the TRC or another competent body.”

4.20 Segregation of Services

The TRC may issue decisions or instructions directing the Licensee to operate the Service through an affiliated company, established under the Companies Law (the “Cellular Company”). The purpose of such decisions or instructions shall be to segregate the Service from other services provided by the Licensee, and to ensure that the Licensee does not engage in anti-competitive practices of the type described in Section 4.19. The TRC shall monitor compliance with the decisions or instructions, and may issue such further decisions or instructions as it considers necessary to achieve compliance with Section 4.19. If the TRC considers it appropriate, it may instruct the Licensee to transfer the License to the Cellular Company pursuant to Article 47 of the Telecommunications Law. The Licensee shall comply with all decisions or instructions issued pursuant to this Article.

4.21 Compliance with Law

The Licensee shall comply with all laws of the Kingdom of Jordan applicable to its operations, including the *Telecommunications Law*, all decisions, rules and instructions of the TRC issued in accordance with Law and all policies of the Government of Jordan. Notwithstanding the foregoing, the TRC shall not impose any regulatory requirements on the Licensee where such action would constitute a breach of this Agreement.

ARTICLE 5 - RELATIONS WITH CUSTOMERS

5.1 Customers Relations

The Licensee shall maintain adequate trained personnel to receive and respond promptly to complaints from Customers. The Licensee shall take all commercially reasonable action to promptly remedy and avoid the recurrence of the cause of all Customer complaints which relate to the quality, availability or delivery of its Service. The Licensee shall also take all commercially reasonable actions necessary to guarantee that amounts due to Customers are paid in full if the Operating License is revoked.

5.2 Customer Contract

Except to the extent the TRC exempts the Licensee from the requirements of this Section 5.2, the relationship between the Licensee and the Customers of the Services shall be governed by the terms of a Customer contract which incorporates standard terms and conditions approved in accordance with this Article 5. The Licensee shall not offer the Service otherwise than pursuant to a Customer contract which incorporates approved standard terms and conditions, without the prior written consent of the TRC.

5.3 Content of Terms and Conditions

5.3.1 The standard Customer contract terms and conditions referred to in Section 5.2 shall include, at a minimum, provisions approved by the TRC in respect of the following matters:

5.3.1.1 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;

5.3.1.2 confidentiality of Customer information;

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- 5.3.1.3 refunds or other rebates for service problems or over billing;
 - 5.3.1.4 payment terms, including any applicable interest or administrative charges;
 - 5.3.1.5 Customer and Licensee rights of termination; and
 - 5.3.1.6 method of settlement of Customer complaints or other disputes, including provision for appeal to the TRC and the courts in the event that a dispute cannot be resolved by the parties.
- 5.3.2 The following mechanisms of contracting are permitted: 1) written contract, 2) audio or video, 3) electronic or digital means, 4) dial up. All public mobile operators shall have the obligation to inform the TRC of what methods will be used.

Recommendation on Customer Contracts:

We recommend maintaining Section 5.3 and adding a paragraph that mandates that mobile operators to include into their corporate website a model contract for services offered. We also suggest that a paragraph be added stating that: “The following mechanisms of contracting are permitted: 1) written contract, 2) audio or video, 3) electronic or digital means, 4) dial up. All public mobile operators shall have the obligation to inform the TRC of what methods will be used.”

5.4 Approval of Terms and Conditions

- 5.4.1 The Licensee shall file with the TRC for approval a proposed draft form of standard terms and conditions as required by Section 5.2. Within sixty (60) days of receipt of a draft TRC shall either approve the draft by notice in writing to the Licensee or advise the Licensee in writing that the draft is not approved. If the TRC does not advise the Licensee that a proposed draft is not approved within the said sixty (60) day period, the draft shall be deemed to be approved as filed.

Recommendation: We suggest that the timeframe for approval of the contract by the TRC be reduced to 30 days because in today’s market companies could be disadvantaged by having to wait so long for TRC approval.

- 5.4.2 If the TRC does not approve a draft submitted under Section 5.4.1, it shall provide a detailed written explanation of the reasons for such non-approval sufficient to permit the Licensee to revise the draft in a manner, which would be approved by the TRC. The Licensee may then file an amended draft for approval and Section 5.4.1 shall again apply.
- 5.4.3 When a form of standard terms and conditions is approved they shall be incorporated by the Licensee in all contracts between the Licensee and its Customers in respect of the Services until such time as amended standard terms and conditions are approved by the TRC under this Article 5. Nothing in any agreement between the Licensee and a Customer shall contradict or modify the applicable standard terms and conditions.

Recommendation: In the long term, we suggest that the TRC implement a regulation on minimum conditions of contracting to establish the general terms and conditions that all public operators should include in all customer contracts.

5.5 Availability of Standard Terms and Conditions

A copy of the approved standard terms and conditions shall be provided to any interested party upon request and, after the Effective Date, to any new Customer prior to commencement of service to, or receipt of any payment or deposit from, such customer. All provisions of any customer contract shall be typed and provided to each Customer in the Customer’s choice of Arabic or English.

5.6 Amendment to Customer Contracts

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5.6.1 Approved standard terms and conditions may be amended with the approval of the TRC at the request of the Licensee. Any requests for amendments by the Licensee shall be made by filing an amended draft with the TRC. The provisions of Section 5.4 shall govern the approval of any such amendment.

5.6.2 Any amendment to a Customer contract shall come into force fifteen (15) days after the earlier of announcement in the media or delivery of a written copy of such amendment to the applicable Customer, unless that Customer objects to such amendment to the TRC or the Licensee in writing before the expiry of that fifteen (15) day period.

Recommendation: We suggest that the timeframe of Section 5.6.2 be reduced to 15 days.5.7
Customer Invoices

5.7.1 All Customer invoices rendered by the Licensee in respect of the Services shall be timely, clear, concise, typed in the customer's choice of Arabic or English and easy to understand.

5.7.2 The Licensee shall make available to all Customers full details of their Customer bill, including the following minimum information: the date of the call, the start time of the call, the number called, the duration of the call, and the price of the call.

Recommendation

We suggest making it a requirement for Licensees to make available to all Customers detailed Customer bills, without previous customer's requirement and at no additional cost to the Customer. An itemized bill should include the following minimum information:

- The date of the call
- The start time of the call
- The number called
- The duration of the call
- The price of the call.

5.8 Provision of Ancillary Services

5.8.1 The Licensee shall provide directory assistance services (including, at least, name and telephone number) to its Customers. This directory assistance service shall include information concerning the Licensee's Customers and, based on the information available to the Licensee, the Customers of other Public Telecommunications Service Providers in Jordan. The Licensee shall cooperate with other Public Telecommunications Service Providers in Jordan so that they may have convenient access to information concerning the Licensee's Customers for inclusion as party of their own directory assistance services. The Licensee shall use any such customer information obtained from other Public Telecommunications Service Providers only for the purpose of offering directory services and for no other purpose. The Licensee shall not be required to disclose Customer information to a competitor or to otherwise cooperate in the provision of directory services with that competitor in accordance with this Section 5.8.1 unless equivalent obligations are also imposed on that competitor.

5.8.2 The Licensee shall implement free three digit calling for police, ambulance and other emergency purposes in accordance with requirements established by the TRC from time to time. The Licensee shall cooperate with emergency organizations in the efficient and prompt handling of emergency calls.

ARTICLE 6 - RELATIONS WITH OTHER OPERATORS

6.1 Interconnection with Other License Holders

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- 6.1.1 The Licensee acknowledges that interconnection between the Licensee's network and other licensed telecommunications networks in Jordan, is governed by Section 29(e) of the *Telecommunications Law*, the provisions of this Article 6 and comparable provisions in the licenses of other network operators and any *Guidance on Interconnection* issued by the TRC from time to time, all as may be amended or replaced from time to time.
- 6.1.2 The Licensee will act fairly and without discrimination in accordance with applicable law and the terms of this License Agreement in all business dealings with other Public Telecommunications Service Providers and shall co-operate with other Public Telecommunications Service Providers to facilitate the provision of telecommunications services to all users throughout Jordan and so as to optimize the use of common facilities in the location of network facilities.
- 6.1.3 Without limiting the generality of the previous section, all dealings between the Licensee's operating division or Affiliate which operates the Service and the other divisions or Affiliates of the Licensee shall be carried out on a basis which does not discriminate unduly against other operators of Public Mobile Telephone (Cellular) Services, or place such other operators in an unjustly disadvantageous position.
- 6.1.4 TRC will endeavor to cause other Public Telecommunications Service Providers to act fairly and without discrimination in accordance with applicable law and applicable terms of license in all business dealings with the Licensee, including interconnection.
- 6.1.5 All interconnection obligations of the Licensee shall be interpreted and enforced by the TRC so as to ensure that so far as is reasonably possible in the circumstances they are competitively neutral and non-discriminatory.

6.2 Principles of Negotiation

- 6.2.1 The Licensee shall interconnect its network with all Public Telecommunications Service Providers in Jordan who request interconnection for purposes of providing their lawful services. Subject to Section 6.1, in negotiating interconnection and other arrangements with other licensed Public Telecommunications Service Providers, the Licensee shall agree to:
- 6.2.1.1 provide interconnection at any technically feasible point in the network, subject to operational practicability and commercial viability;
- 6.2.1.2 provide interconnection under non-discriminatory terms, conditions (including technical standards and specifications) and rates and of a quality no less favorable than that provided for its own like services or for like services provided to other affiliated or non-affiliated service providers;
- 6.2.1.3 provide interconnection in a timely fashion on terms, conditions (including technical standards and specifications) and cost based rates that are transparent, reasonable, having regard to economic feasibility, and sufficiently unbundled so that the interconnecting party does not pay for network components or facilities that it does not require for the service to be provided, it being understood that no unreasonable and unrecoverable costs will be imposed on the Licensee in connection with any unbundling;

Recommendation regarding interconnection:

We recommend that the language of Section 6.2.1.3 be maintained so the mobile License only includes reference to "cost based rates," leaving reference to the costing methodology (either LRAIC, TELRIC, etc) to the interconnection regulations. Note that since Jordan Telecom's license specifies that "cost-based rates means rates comprised of the long run incremental costs of providing interconnection plus a reasonable share of the common cost of the Licensee's operations" and the mobile licenses do not include this language, we recommend that Jordan Telecom's license be amended to conform with the terms of the mobile Licenses.

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- 6.2.1.4 lease to such other service providers, on a non-discriminatory basis, facilities (rooms, towers, ducts, cable etc.) under the control of the Licensee and required for use by such others, it being understood that the Licensee shall not be required to construct new facilities for lease to such other service providers hereunder; 6.2.1.5 allow access to such facilities by such other license holders, upon request, for the purposes of installation, maintenance and repair;
 - 6.2.1.6 provide reasonable notice to such other license holders about any network design, roll-out or up grade plans or changes which may be expected to affect the arrangements between the parties;
 - 6.2.1.7 take steps to protect such other license holders' systems from interference or other harm caused by the facilities and equipment used by the Licensee; and
 - 6.2.1.8 not enter into any arrangements for access to any Service or facility that would preclude the operator of that Service or facility or another license holder from entering into similar arrangements with the operator of that Service or facility.
- 6.2.2 The procedures applicable for interconnection to the Licensee's network shall be made publicly available.
- 6.2.3 The Licensee will make publicly available either its interconnection agreements or reference interconnection offers. Publication shall be effected by:
- a) sending a copy thereof to the TRC;
 - b) placing as soon as practicable thereafter a copy thereof in a publicly accessible part of every major office of the Licensee in such a manner and in such a place that it is readily available for inspection free of charge by members of the general public during normal office hours. The licensee shall also send a copy thereof to any person who may request such a copy.

Recommendation on publicly available interconnection documents:

We recommend an amendment to section 6.2.3 to include a specific obligation for the licensee to publish a Reference Interconnection Offer (RIO), and to make publicly available the non-commercially sensitive terms of the interconnection agreements with other public operators. The TRC should be in charge of publishing the interconnection agreements via its website.

Note: All other provisions regarding interconnection are appropriate and should remain unchanged.

“The Licensee will make publicly available either its interconnection agreements or reference interconnection offers. Publication shall be effected by:

- a) sending a copy thereof to the TRC;
 - b) placing as soon as practicable thereafter a copy thereof in a publicly accessible part of every major office of the Licensee in such a manner and in such a place that it is readily available for inspection free of charge by members of the general public during normal office hours. The licensee shall also send a copy thereof to any person who may request such a copy.
- 6.2.4 The Licensee shall be entitled to require, as a condition of entering into any interconnection agreement, that:
- 6.2.4.1 current generally accepted international engineering principles and practices in the telecommunications sector are adhered to in the provision of any interconnection services;

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6.2.4.2 due account is taken of the needs of the Licensee's Customers and the needs of other Public Telecommunications Service Providers and private network operators, both current and future, that have made or make requests to interconnect with the Licensee's network;

6.2.4.3 it is not required to interconnect its network if doing so would unreasonably risk causing damage to the Licensee's property, or the death of, or personal injury to, any person employed or engaged in the Licensee's business.

6.3 Failure to Agree

If the Licensee is unable to reach agreement with another Public Telecommunications Service Provider on the terms and conditions of interconnection or other arrangements within one month after the first request in writing for interconnection by either party, the Licensee may, by notice in writing, request that TRC adjudicate between them. TRC's decision on all matters in dispute shall be binding on both parties.

6.4 Approval Required

All interconnection or other agreements between the Licensee and any other Person licensed or otherwise permitted to provide public or private telecommunications Licensed Service in Jordan shall be filed for approval with TRC. The Licensee shall not give effect to any such agreement until it has been approved TRC. TRC shall be deemed to have approved any such agreement thirty (30) days after it is filed unless it gives written notice of disapproval to the Licensee prior to the expiry of that thirty (30) day period.

6.5 Roaming

The Licensee shall cooperate, subject to operational practicability and commercial viability, with other licensed providers of the Service to establish and maintain technical and billing arrangements to permit its customers to use their wireless terminal equipment in the service areas of such other service providers, and *vice versa*. The Licensee shall comply with all directives of TRC to promote the establishment and maintenance of such roaming capabilities. However, entering into domestic roaming agreements with other licensees shall be subject to the mutual agreement of the parties concerned; such agreements shall be deposited with the TRC for approval. The obligations of the Licensee under this Section 6.5 shall be interpreted by the TRC so as to ensure that so far as is reasonably possible in the circumstances, they are competitively neutral and non-discriminatory. The Licensee shall participate in relevant international associations that have as their objective the facilitation of roaming by customers of the Licensee and by customers of operators of Public Mobile Telephone (Cellular) Services in other countries that are compatible with the Service.

Recommendation:

We suggest maintaining the current language of Section 6.5 and including the following language into this section: "The unjustified denial of the provision of facilities for roaming or discriminatory practices will be sanctioned by the TRC." This is consistent with Section 6.6 of the TRC's Notice Requesting Public Comment on the Implementation of Guidelines on Infrastructure Sharing and National Roaming for Mobile Operators.

6.6 Numbering Plan

6.6.1 TRC will allocate a unique three-digit network prefix and corresponding blocks of numbers to the Licensee. The Licensee will in turn allocate individual numbers to Customers and maintain suitable records of utilization of numbering capacity. The Licensee and other Public Telecommunications Service Providers will be required to reprogram or re-engineer their networks to convey calls to numbers in a newly allocated block, either directly to customers on the same network or via points of interconnection with other operators' networks.

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- 6.6.2 All allocations of numbers shall be made under non-discriminatory terms and conditions by the TRC upon request by the Licensee and other Public Telecommunications Service Providers for services they reasonably anticipate providing in the foreseeable future.
- 6.6.3 The blocks of numbers allocated by TRC, and the individual numbers allocated by network operators, are to be regarded as part of a national resource so that ownership is not transferred when an allocation is made. However, an allocation conveys an ongoing right of use and an expectation of a reasonable notice period should it be necessary to withdraw or to change allocated numbers.
- 6.6.4 The Licensee shall co-operate with other Public Telecommunications Service Providers to allow telephone numbers to be associated with an outgoing call to convey the Calling Line Identity (CLI), as and when CLI service becomes operationally practicable and commercially viable in Jordan.
- 6.6.5 The Licensee shall co-operate with other network operators in the specification and development of number portability to allow replacement service without a change of number. The Licensee shall implement number portability from commencement of service, according to the TRC's requirements and guidelines when they become available and enforceable.

Recommendation on number portability:

We suggest modifying Section 6.6.5 regarding number portability as follows:

Keeping the first sentence of Section 6.6.5 and deleting the following language "Subsequent implementation of number portability is to be subject to operational practicability, commercial viability and the development needs of Jordan." Instead, we suggest incorporating the following language into the third mobile License: "The Licensee shall implement number portability from commencement of service, according to the TRC's requirements and guidelines when they become available and enforceable." The existing Licenses will also need to be amended to reflect any new TRC regulations implementing number portability.

- 6.6.6 The Licensee shall co-operate with other network operators in the specification and development of carrier selection to allow a choice of routing. The choice of method(s) and subsequent implementation is to be dependent on Customer demand, operational practicability, commercial viability, and the development needs of Jordan.

ARTICLE 7 - MODIFICATION, RENEWAL AND TERMINATION

7.1 Modification

This License Agreement and the License may be modified in accordance with the provisions of the *Telecommunications Law*, provided however that no modification or amendment to the following provisions of this License Agreement may be made without the prior written agreement of the Licensee:

- 7.1.1 Section 3.3 and Article 8 of this License Agreement;
- 7.1.2 the term of the Operating License or the Spectrum License; and
- 7.1.3 Section 2 of Appendix 3 hereto; and
- 7.1.4 Appendix 4 hereto.

Recommendation:

We suggest modifying section 7.1 to delete the reference to Section 2.4 of the mobile Licenses. While Article 39 of the Telecommunications Law provides sufficient safeguards to ensure fairness for the

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Licensee in the modification of the terms of the License, deleting Sections 7.1.1 through 7.1.4 may create considerable opposition so we recommend maintaining them with the edit mentioned above.

7.2 Renewal

7.2.1 Terms of renewal shall be subject to negotiations. Such negotiations will be called for by either party two years before **May 8, 2014**(Needs to remain for existing Licenses and be changed for new Licensee)

7.2.2

Recommendation:

We suggest replacing Section 7.2.2 as follows:

“The License shall be renewed for an additional term of 10 years, provided the Licensee has complied with the following essential elements:

- vi) Payment of fees (operating License Fee, Spectrum License Fee, revenue share);
- vii) Orders and regulations established by the TRC;
- viii) Competition rules established in the License and other applicable regulations;
- ix) Provision of the service according to the law and regulations;

Additionally, the TRC will publish the Licensee’s request for renewal so interested parties can present their comments on the renewal of the contract.

The TRC will issue an Evaluation Report that will state that the Licensee during the term of the License term has complied with the essential elements listed above.

Based on the evaluation report, the TRC will decide whether to renew the license for an additional period of 10 years, or not to renew the License because of the Licensee’s repeated failure to comply with its legal and contractual obligations.”

7.3 Termination

Before the expiry of their respective terms, this License Agreement may be terminated and the Operating License and Spectrum License may be revoked only in the event of a material breach by the Licensee and in accordance with Section 7.4. For this purpose a material breach means any act or omission or series of acts or omissions which constitute grounds for the revocation of a license under the *Telecommunication Law* and which (i) seriously jeopardize the provision of an adequate level of the Service at reasonable prices to a significant group of customers in Jordan, or (ii) seriously impairs the ability of the TRC to perform its lawful functions in a reasonable manner.

7.4 Termination Procedure

TRC shall not amend, modify, revoke or terminate this License Agreement or the Operating License or the Spectrum License without first giving the Licensee notice in writing setting out the basis for such proposed action and giving the Licensee an opportunity of no less than thirty (30) days to show cause why such action should not be taken or to correct the alleged material breach the License Agreement should not be terminated and the Operating License or the Spectrum License revoked. If the Licensee shows cause, or corrects the alleged material breach to the satisfaction of TRC, TRC shall allow the Licensee sufficient time, as is reasonable in the circumstances, to remedy any breach that gave rise to the notice and which remains outstanding.

Recommendation

We suggest maintaining the language concerning termination since the provisions currently included in the License are consistent with Article 40 of the Jordanian Telecommunications Law. If the opportunity arises, specifically enumerating the cases in which termination can occur (i.e., mutual

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written agreement, termination upon request of the Licensee) would be advantageous, but is not necessary.

7.5 Prohibition

If the License Agreement is terminated, no Person who Controls the Licensee or owns, directly or indirectly, any ownership interest in the Licensee, shall be entitled to apply for a license to install, operate or manage a Public Telecommunications Network in Jordan, alone or with others, before the lapse of (two) ears following the date upon which such termination becomes effective.

Recommendation

According to Article 45 of the Telecommunications Law a person whose License has been cancelled shall not be eligible to apply for a License until two years have passed.

ARTICLE 8 - GENERAL

8.1 Notice

Any notice or other communication to be given TRC or the Licensee to the other in connection with this License Agreement shall be given in writing by personal delivery in Amman to the following addresses. TRC or the Licensee may change the address for the giving of notice by notice to the other party given in accordance with this Section 8.1

To TRC:

Telecommunications Regulatory Commission
7th Circle
Amman
(Add address)

Attention: Chairman

To the Licensee:

Attention: Director General

Note: This section needs to be updated to reflect the new TRC address and Chairman.

8.2 Law

This License Agreement shall be governed by the laws of Jordan.

8.3 Assignment

This License Agreement and the Operating License and the Spectrum License are personal to the Licensee and may not be sold, assigned or pledged as security, in whole or in part, without the prior written consent of TRC. The TRC will consent to the assignment of the Operating License and the Spectrum License to an affiliate of the Licensee provided that: (i) such affiliate becomes a party to this License Agreement and agrees to fulfil and perform all of the obligations of the Licensee, (ii) the Licensee has control over the formation of the Board of Directors of the affiliate, and (iii) no such assignment shall relieve the Licensee of any of its obligations hereunder.

8.4 Interpretation

The use of headings herein and the division hereof into Articles and Sections is for the convenience of reference only and shall not affect the construction or interpretation hereof. References herein to Articles, Sections and Appendices are to Articles, Sections and Appendices hereof, unless expressly provided for to the contrary. The terms "hereof",

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“herein” and similar expressions refer to this License Agreement in its entirety, unless expressly provided for to the contrary.

8.5 Amendment and Waiver

This License Agreement may not be amended, modified or supplemented without the prior written consent of TRC. No waiver of any breach of any provision of this License Agreement shall be effective or binding unless made in writing and, unless otherwise specified, any such waiver shall be limited to the specific breach waived.

8.6 Adherence to Terms of Licensing

8.6.1 The Chairman of the TRC shall monitor the Licensee’s adherence to this License Agreement and shall take appropriate measures to oblige the Licensee to comply with this License Agreement, the *Telecommunications Law*, regulations, the rules, instructions and decisions of the TRC and the policies approved by the Council of Ministers. Any decision of the Director General in exercising these responsibilities shall be final and binding on the Licensee unless and until it is overruled by the Board of Directors of the TRC.

8.6.2 Nothing herein is intended to limit in any way any rights of appeal or review which the Licensee may have available to it under the laws of Jordan.

8.6.3 Without limiting any other right or remedy available to the TRC at law, if the Licensee fails to comply with:

8.6.3.1 any of its material obligations under the *Telecommunications Law*;

8.6.3.2 any of its material obligations hereunder; or

8.6.3.3 any of its material obligations under any rules, decisions or instructions of the TRC,

the Licensee shall be subject to a maximum fine payable to the TRC in an amount not to exceed two hundred thousand Jordanian Dinars (JD 200,000) in respect of each such compliance failure. The amount of any sanction imposed pursuant to this Section 8.6.3 shall be determined with reference to the severity of Licensee’s non-compliance.

8.6.4 Without limiting any other right or remedy available to the TRC at law, if the Licensee fails to make payment of any amount of fee, fine or penalty to the TRC pursuant hereto, interest shall accrue and be payable monthly in arrears on the outstanding amount, including accrued interest, at the rate of 9% per annum.

8.7 Language

As of the Effective Date only an English language version of this License Agreement has been signed. The parties intend however to prepare and sign an Arabic language version of this License Agreement within six months from the Effective Date. Unless and until both the TRC and the Licensee sign an Arabic language version this English language version shall be the only official version of this License Agreement. After both parties sign an Arabic language version of this License Agreement, both the Arabic language version and the English language version shall be official versions of this License Agreement.

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IN WITNESS WHEREOF the parties hereto have executed this agreement.

TELECOMMUNICATIONS REGULATORY COMMISSION

by:

Chairman

Xxxxxxx Company

by: _____

Chairman

APPENDIX 1

**HASHEMITE KINGDOM OF JORDAN
TELECOMMUNICATIONS REGULATORY COMMISSION**

TRC OPERATING LICENSE - No. **XXX**

WHEREAS in accordance with the *Telecommunications Law* the Telecommunications Regulatory Commission ("TRC") is authorized to issue to (the "Licensee") a license to install, operate and manage the Service;

AND WHEREAS the Licensee and TRC have entered into a contract of an administrative nature pursuant to which such license is issued;

NOW THEREFORE, this License confirms as follows:

1. The Licensee is licensed to operate the Service in Jordan upon and subject to the terms and conditions of the Amended and Restated License Agreement between TRC and the Licensee dated.
2. Subject to renewal or revocation in accordance with applicable law and the above-referenced License Agreement, the term of this license is for a period of fifteen (15) years, beginning on the Effective Date and terminating on.
3. Capitalized terms used herein but not defined shall have the meanings ascribed thereto in the said Amended and Restated License Agreement.

Issued at Amman, this day of.

**TELECOMMUNICATIONS REGULATORY
COMMISSION**

Per:

Chairman

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APPENDIX 2

**HASHEMITE KINGDOM OF JORDAN
TELECOMMUNICATIONS REGULATORY COMMISSION**

TRC SPECTRUM LICENSE

WHEREAS in accordance with the *Telecommunications Law* the Telecommunications Regulatory Commission (“TRC”) is authorized to issue to (the “Licensee”) a license for the use of spectrum in the operation of the Service;

NOW THEREFORE, this Spectrum License confirms as follows:

1. The Licensee is licensed to use the following frequencies on an exclusive basis to install, operate and manage the Service in Jordan upon and subject to the terms and conditions of the [] License Agreement between the Telecommunications Regulatory Commission and the Licensee dated xxxxxxxx

xxx- xxx MHz
xxx- xxx MHz
2. Subject to renewal or revocation in accordance with applicable law and the above-referenced [] License Agreement, the term of this License is for a period beginning on the Effective Date and terminating on xxxxxxxx.
3. Capitalized terms used in this Appendix but not defined shall have the meanings ascribed thereto in the said [] License Agreement.

Issued at Amman, this

**TELECOMMUNICATIONS REGULATORY
COMMISSION**

per:

Chairman

Recommendation:

The License should continue to designate the frequencies that the Licensee is authorized to use. The bandwidth that is assigned to the new Licensee should be equal to or greater than the current Licensees, who should also have an opportunity to request an additional amount that will equal the third Licensee’s total spectrum allocation. The existing Licensees should pay the same per MHz for any additional spectrum as the new third Licensee.

APPENDIX 3

**HASHEMITE KINGDOM OF JORDAN
TELECOMMUNICATIONS REGULATORY COMMISSION**

OPERATING LICENSE FEES

1. General

This Appendix 3 forms part of the License Agreement dated the Telecommunications Regulatory Commission ("TRC") and (the "Licensee") and is subject to the terms and conditions thereof. Capitalized terms used in this Appendix but not defined shall have the meanings ascribed thereto in the said []License Agreement.

2. Operating License Fee

2.1 The amount of the Operating License Fee for the first year starting from the Effective Date shall be **one hundred thousand Jordanian Dinars (JD100, 000)**.

2.2 For subsequent years the increase in the Operating License Fee, if any, shall represent the Licensee's proportional share of the budgeted annual operating expenses of the TRC, plus amortized amounts of the capital expenditure, incurred by TRC in regulatory operations related to the Service, excluding radio spectrum management costs.

2.3 The said proportionate share shall be in accordance with the following formula:

Gross Revenue of the Licensee over the Gross Revenue of all the Public Telecommunications Service Provider. In the context, Gross Revenue shall be net of Revenue Share and Frequency Fee.

2.4 The Operating License Fee as prescribed herein shall be paid to the TRC on annual quarterly instalments.

2.5 The Operating License fee shall not exceed one percent (1%) of the Gross Revenue of the Licensee as defined in Section 2.3 of this Appendix.

APPENDIX 4

**HASHEMITE KINGDOM OF JORDAN
TELECOMMUNICATIONS REGULATORY COMMISSION**

SERVICE ROLL-OUT, COVERAGE AND QUALITY

1. General

This Appendix 4 forms part of the between the Telecommunications Regulatory Commission ("TRC") and (the "Licensee") and is subject to the terms and conditions thereof. Capitalized terms used in this Appendix but not defined shall have the meanings ascribed thereto in the said [] License Agreement.

2. Roll-out and Coverage

The Licensee shall roll out its Service so as to establish and maintain Service coverage (as required by Section 3 of this Appendix 4) as follows:

Phase I coverage of the central area of Jordan (as shown on the map which is Attachment 1 to this Appendix 4) no later than the first anniversary of the Effective Date;

Phase II coverage of the northern area and the southern area of Jordan (as shown on the map which is Attachment 2 to this Appendix 4) no later than the third anniversary of the Effective Date;

Phase III coverage of the highways connecting the central area to the northern area and the southern area of Jordan no later than the fourth anniversary of the Effective Date;

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3. Quality of Service

3.1 In all areas required to be served in accordance with Section 2 of this Appendix 4 the Licensee shall ensure compliance with the following quality of service targets:

1.	Average time required for connection following receipt of a complete application for the Service	less than 1 week
2.	Percentage of Calls failed during busy hour	less than 2%
3.	Reported faults (customer complaints due to network fault) per 100 Customers per year	less than 20
4.	Percentage of reported faults cleared within 24 hours	more than 70%
5.	Number of billing complaints per 100 Customers per year	less than 0.5

3.2 The grade of service of the network should be according to the appropriate specifications. Any modifications or new revisions should be binding upon both parties and achieved within a reasonable time period after any change.

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APPENDIX 5

**HASHEMITE KINGDOM OF JORDAN
TELECOMMUNICATIONS REGULATORY COMMISSION**

SCHEDULE OF SPECTRUM LICENSE FEES

(Please see attached)
(This Schedule needs to be reviewed by the TRC staff)

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SCHEDULE OF SPECTRUM LICENSE FEES

License Type	Annual Fee JD
<u><i>Aeronautical</i></u>	
Aircraft with a maximum take-off weight of not more than 3,200kg	30
Aircraft with a maximum take-off weight of more than 3,200 kg but not more than 14,000 kg	250
Aircraft with a maximum take-off weight of more than 14,000 kg	550
<u><i>Fixed Services</i></u>	
Bi-directional links	Per link
Bandwidth:-	
Less than 50 kHz	250
50 kHz to less than 7 MHz	450
7 MHz to less than 14 MHz	700
14 MHz to less than 100 MHz	900
100 MHz to less than 200 MHz	1000
200 MHz to less than 300 MHz	1100
More than 300 MHz	1200
One way links are charged at 75% of Bi-directional links	
Frequency Bands above 30 GHz are charged at 50% of above Fees	
<u><i>Scanning Telemetry link</i></u>	40 per station
<u><i>Amateur Radio</i></u>	15 per person
<u><i>Land Mobile Radio</i></u>	
Private Mobile Radio (PMR):-	
For each 12.5KHz national channel	3000
For each 25KHz national channel	6000
For each 5KHz national channel	1500
For other channels:-	
Up to 10 mobiles	100 per channel
11 to 25 mobiles	250 per channel
26 to 60 mobiles	500 per channel
61 to 100 mobiles	1000 per channel
101 to 200 mobiles	1500 per channel
Common base Station Operator	500 for each channel allocated for use by that base station
<u><i>Land Mobile Radio</i></u>	
Personal Communications Network (PCN):-	5000
On issue of the license	Per r.f. channel
On each subsequent annual renewal up to 5 years	An additional 1000

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National Public Telephone Network (Cellular):- On issue of the license	5000 Per r.f. channel
On each subsequent annual renewal up to 5 years	An additional 1000
National Public Data Network:- On issue of the license	1000 Per r.f. channel
On each subsequent annual renewal up to 5 years	An additional 1000
<u>Satellite Services</u>	
Permanent Earth Station Stations with a bandwidth not exceeding 100 kHz operating to one satellite	500 per station plus 250 for each additional satellite
Stations with a bandwidth greater than 100 kHz but not exceeding 1 MHz operating to one satellite	2500 per station plus 500 for each additional satellite
Stations with a bandwidth greater than 1 MHz operating to one satellite	5000 per station plus 500 for each additional satellite
Receive only earth stations are charged at 75% of bi-directional stations	4000 per station
Transportable Earth Station	1500
Very Small Aperture Terminal (VSAT)	
<u>Services Ancillary to Broadcasting and programme making</u>	
Low power video links	
Radio microphone (Stage use)	150
Sound links for mobile units	60
Talk back and sound links for fixed sites (e.g. studio)	150
	100
<u>Maritime</u>	
Maritime Business Radio (for communications on the ship owners business))	180 for each base station using one channel plus 180 for each additional channel
Maritime Business Radio (Base station only)	100 for each base station using one channel plus 100 for each additional channel
Maritime radio (Navigational Aid and Radar)	40 for each navigational aid or radar using one channel plus 40 for each additional channel
Port Operations Radio (e.g. Harbour Master)	100 for each base station using one channel plus 100 for each additional channel
	50
	25
Ship Radio (commercial, e.g. crew communications, ship to ship and ship to shore)	
Ship Radio (Pleasure craft)	
<u>Paging</u>	
Local communications (e.g. Hospital paging service)	1000 for each base station 2000 for each base station

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City Wide Area Paging (excluding links) Nation Wide Area Paging	2000 for each base station
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