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Attachment 1

Request For Applications For Licensing of Public Fixed Services

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1. BACKGROUND

The Communications and Information Technology Commission (CITC) is the entity authorized to regulate the Information and Communications Technology (ICT) sector in the Kingdom of Saudi Arabia. The Telecommunications Act, enacted in June 2001, and effective in December 2001, provides the legislative foundation for developing and regulating the sector. The CITC Ordinance, effective in June 2001, created the CITC and defines its functions, governance, and financing. The Telecommunications Bylaw was issued in July 2002 and became effective immediately. The Bylaw provides for the regulation of the ICT sector by the CITC in the KSA.

At present, public fixed voice telecommunications services in the Kingdom are offered only by the Saudi Telecommunications Company (STC). However, Internet access services, using STC's network, are already offered by a large number of service providers. As part of the telecommunications liberalization process in the Kingdom, licenses have been issued to four new VSAT service providers, two new public data telecommunications service providers and one new public mobile cellular service provider.

The CITC previously issued a Public Notice No. 6/1427, dated 19/03/1427H; 17/04/2006G, attaching a Public Consultation Document titled "Regulatory Framework for Licensing of Fixed and Mobile Services in the Kingdom of Saudi Arabia". This Public Consultation Document requested comments on the options considered for the overall fixed and mobile services regulatory framework.

Subsequently, the CITC issued the Public Consultation document entitled "Public Consultation Document On The Proposed Policies Related to Fixed and Mobile Services Licensing in the Kingdom of Saudi Arabia" on 15/04/1427H (13/05/2006G). The CITC has also separately initiated a process to license a third facilities-based mobile cellular telecommunications service provider.

The purpose of this RFA is to provide instructions to Applicants wishing to file an Application for a Fixed Facilities-Based Telecommunications Services License in the Kingdom.

Fixed Facilities-Based Telecommunications Services Licenses will be issued for a period of 25 years and on a national basis, although Applicants may choose to rollout their network and services only for self selected districts, subject to a minimum of 3 contiguous Districts. There will be no predetermined number of Licenses to be issued.

In preparing their Applications, Applicants are referred to the totality of information made available by the CITC including without limitation, all materials on the CITC Web-site (including the CITC Statutes), Public Notices and Public Consultation Documents.

2. DEFINITIONS

- a) The words and expressions defined in the CITC Statutes shall have the same meaning when used in this RFA. The following words and expressions shall have the meaning assigned to them below, unless the context of the RFA requires otherwise.
- b) In addition, the words and expressions defined in the License attached in Appendix 1 shall have the same meaning unless defined otherwise in this RFA.
- c) In this RFA:

Advisors means the CITC's representatives, agents, advisors or consultants including their respective employees;

Applicants means the parties or Consortia that have submit the Application;

Application means an application for a License to provide Fixed Facilities-Based Telecommunications Services in the Kingdom filed in response to this RFA;

Approved Foreign Bank means a non-Saudi bank appearing on the list issued by the Saudi Arabian Monetary Agency (SAMA) of foreign banks whose guarantees are acceptable to Saudi banks;

Authorized Signatory means any person or persons duly authorized by the Applicant to act on behalf of the Applicant;

CITC means the Communications and Information Technology Commission (previously the Saudi Communications Commission);

CITC Statutes means the Telecommunications Act, the Ordinance, the Bylaw, and any other Regulations and Decisions approved according to the law;

CITC Web-site means the CITC's internet web-site located at the URL: www.citc.gov.sa;

Confirmation Letter means the letter by which the CITC, following the Council of Ministers resolution, notifies the Successful Applicant that it has been selected as the winner and will be issued with the License(s) following the incorporation of the joint stock company;

Consortium or Consortia means a group of companies or Establishments and a fixed operator or group of fixed operators that have agreed to work together as an Applicant and that have committed to establish a legal entity eligible to hold the Licenses if selected to do so, and who agree to hold not less than 5% of the equity capital of the Licensee for a period not less than five years from the establishment of the Saudi Public Joint Stock Company;

Container means a box or a container enclosing an original and five printed copies of an Application as well as an electronic copy;

Cover Letter means the cover letter to be submitted as part of an Application in such form and substance as the Cover Letter Form;

Cover Letter Form means the form attached to this RFA as Appendix 2.1;

District means one of the thirteen administrative regions as defined by the Ministry of Economy and Planning;

Coverage means the ability to offer Licensed Services through a wireline medium to a User within 5 working days of such a request hosted on the Licensee's own infrastructure;

Effective Date means the date of issuance of the Licenses as specified in Article 4 of the License;

Establishment means a Saudi Arabian entity that is registered with the Ministry of Commerce and Industry according to its regulations;

Evaluation Criteria means the criteria for award of Licenses as described in Clause 4.3;

Financial Comfort Letter means the financial comfort letter to be submitted as part of an Application in such form and substance as the Financial Comfort Letter Form;

Financial Comfort Letter Form means the form attached to this RFA as Appendix 2.3;

First Come First Served (FCFS) means the awarding of spectrum based on application timing;

Fixed Telecommunications Services means the provision of telecommunications service using any technology, excluding any form of mobile telecommunications services;

G means the Gregorian calendar;

H means the Hijra calendar as per Um-Al Qura Calendar;

Kingdom means the Kingdom of Saudi Arabia;

License means the license or any amendment of the license to provide Fixed Facilities-Based Telecommunications Services in the Kingdom, which is issued by the CITC in accordance with the provisions of the Act and the Bylaw and a draft of which is attached as Appendix 1 to this RFA;

Licensed Service Provider means any service provider licensed by the CITC to offer telecommunications services in the Kingdom;

Licensed Services means the services the Licensee is authorized to provide, establish and operate or use under Article 4 of the License;

Major Network Nodes means any location other than a Point of Presence where switching, routing, or signaling equipment is accommodated;

Management Agreement means the agreement entered into by the Licensee with the Operator/s to operate the Fixed Network of the Licensee for a period of at least five years from the date of the license issuance;

Minimum Rollout Obligations means the minimum Coverage that Licensees must provide as described in Clause 5.3(g);

MoCI means the Ministry of Commerce and Industry;

Net Revenue means the total revenue from providing the Fixed Telecommunications Services commercially, less the dues to any domestic or international entity that is reflected in the settlement results of these services;

Network Rollout and Coverage Form means the form attached to this RFA as Appendix 2.2;

Performance Bond means a performance bond meeting the criteria set out in Clause 4.4(b) of this RFA and in the form and substance as the Performance Bond Form;

Performance Bond Form means the form attached to this RFA as Appendix 2.4;

Point of Presence or POP means network nodes containing switching, routing or aggregation equipment and to which individual customer connections are made using an access network;

RFA means the document that contains the requirements and instructions for filing the Applications for the Licensing of Fixed Facilities-Based Telecommunications Services in the Kingdom;

RIO means the Reference Interconnection Offer described in the Article 41 of the Bylaw;

Saudi Public Joint Stock Company means that company established under the conditions of the Companies Act (promulgated Royal Decree No. M/6 dated 22/2/1385H (22nd June 1965));

“Security Department” means the Public Security Department of the Ministry of the Interior, a government department in the Kingdom;

Simultaneous Ascending Auction (SAA) means a type of spectrum auction method whereby bidders place increasing bids on each spectrum license, usually used when there are multiple lots being sold simultaneously. The auction closes when no new bids are forthcoming;

Successful Applicant means the Applicant who is awarded the Fixed Facilities-Based Telecommunications Services License based on the Evaluation Criteria set out in Clause 4.3 of this RFA;

Year means a Hijra year, unless specified otherwise.

3. REGULATORY FRAMEWORK

This Clause sets out a brief summary of the regulation of the telecommunications sector in the Kingdom as it applies to Fixed Telecommunications Services. This summary does not purport to be complete, definitive or exhaustive and Applicants should refer to the Act, its Bylaw, the Ordinance and with all other relevant laws.

The key legislation and other documents relating to the regulation of telecommunications in the Kingdom are available on the CITC Web-site.

3.1 Telecommunications Statutes

- a) The principal legislation governing the telecommunications sector in the Kingdom is the Act which was issued under Royal Decree No. (M/12), dated 12/3/1422H (4th June, 2001G).
- b) In addition to the Act, (i) the Bylaw, which was issued by Ministerial Resolution No. 11 dated 17/5/1423H (27th July, 2002G) pursuant to the Act and (ii) the CITC Ordinance, which was issued pursuant to Council of Ministers Resolution No. 74 dated 5/3/1422H (28th May, 2001G), also govern the telecommunications sector.
- c) The Bylaw sets out many of the key rights and obligations of telecommunications service providers. The Bylaw deals with various regulatory issues, including competition between service providers, interconnection, disputes between service providers, tariffs, relations between service providers and users, universal access and universal service policies, frequency, access to property by telecommunications service providers, numbering and telecommunications equipment Regulation, network intrusions and violations of the Act and Bylaw.
- d) Other legal or regulatory instruments include, for example, the Rules of Procedure detailing the operational aspects including the Tariff Approval Process, Interconnection Guidelines, National Numbering Plan, Signaling Point Code, Numbering Plan etc. for dealing with Licensed Service Providers,

together with the Decisions and Public Notices issued by the CITC from time to time.

3.2 Licensing

The CITC will issue a license to the new Licensees in accordance with its functions and powers under the Act, the Ordinance and the Bylaw.

4. LICENSING SCHEDULE AND PROCESS

4.1 RFA and Licensing Schedule

The CITC has decided that the schedule for the RFA phase and licensing schedule shall be as follows:

- a) Any interested parties can obtain this RFA starting on 10/07/1427H (5th August, 2006G) at no cost;
- b) Applicants must provide any questions they have concerning the RFA and the related documents set out in the Appendices to this RFA by no later than 24/07/1427H (19th August, 2006G) using the communication protocol set out in Clause 8.10.
- c) The CITC will provide written answers to such questions by 09/08/1427H (2nd September, 2006G). All other queries submitted after this date may be answered on a case by case basis;
- d) Applications will be accepted starting from 10/07/1427H (5th August, 2006G), in accordance with Clause 6 in this document. There is no closing date for applications, except as provided for in sub-clause (f).
- e) Successful Applicants will generally be notified if their license application has qualified within two months of application submission, provided that the Applicant has submitted all the necessary information required and all necessary clarification has been done. The license will be awarded following approval by the Council of Ministers in due course.
- f) Applicants who intend to apply for spectrum will only be eligible to proceed to the separate spectrum award process as described in Clause 4.5 if they have submitted their completed Application by 07/09/1427H (30th September, 2006G) and have been awarded a Fixed Facilities-Based Telecommunications Services License.
- g) Applicants who submit their Application after 07/09/1427H (30th September, 2006G) will not be eligible for the spectrum award process described in Clause 4.5 but are free to apply separately for any future spectrum award

processes for applicable services. Applicants interested in applying for spectrum should note that future rounds of spectrum award are not guaranteed.

4.2 Application Contents

a) Each Application shall consist of four separate parts as follows:

Part 1 - a duly completed Cover Letter Form, as per Appendix 2.1 herein, dated and signed by an Authorized Signatory of each of the Consortium members, provided that a letter of power of attorney authorizing the Authorized Signatory is included. In the case where the Applicant is not a Consortium, the cover letter should be signed by the Authorized Signatory of that Applicant.

Part 2 - the Main Proposal, as further detailed in Clause 5.3 of this RFA;

Part 3 - a Financial Comfort Letter Form as per Appendix 2.3; and

Part 4 - A Spectrum Application Form (if required) as per Appendix 2.5.

The required content and form of each part of the Application are detailed in Clause 5 of this RFA.

b) Applicants shall also include in their application:

i. A Management Agreement as per Clause 5.3

ii. A commitment to comply with the CITC statutes and all relevant and applicable Saudi laws and regulations, in particular Article 4 of the Act (which requires that fixed and mobile telecommunications services shall only be provided through joint-stock companies that place their stock for public subscription).

iii. Application Fee as per Clause 6 (i)

4.3 Evaluation Criteria

a) The CITC will not pre-determine the number of Fixed Facilities-Based Telecommunication Services licenses to be issued. There may however be scarce resource constraints (e.g. frequency spectrum), that may limit the number of licenses available.

b) The CITC will evaluate an application based only on its merits, which will be evaluated against the following set of criteria:

Applicant's Background: The financial and management strength, including ownership structure.

Relevant Experience: Length, breadth and depth of experience, covering geographical, technical, operational and product (service) experience.

Business Plan: Strength, detail and realism of the applicant's business plan. This covers corporate strategy, financial plan and forecasts.

Technical Plan: Proposed network infrastructure and alignment with the business plan, including the network plan and expected use of STC's facilities.

Network Rollout Plan: Rollout plan, covering coverage and timing, including ability to meet rollout obligations.

Please refer to Appendix 4 for more details on the Evaluation Criteria and Clause 5.3 for more details on the information to be provided in the license application.

- c) The CITC may seek clarification or additional information from the applicant regarding its application.
- d) The Licensees will be required to meet the Network Rollout and Coverage Obligations that will be set forth in Annex 1 of the License. These will reflect commitments made by the Licensees in their Application using the Network Rollout and Coverage Obligation Form set out in Appendix 2.2 to this RFA and the provisions of Clause 5.3 (g). In their Application, the Applicant must address all aspects of establishing the network including international gateway, backbone, access, switching, and timing of rollout/coverage.
- e) The CITC will notify each Successful Applicant of the results by a Confirmation Letter.

4.4 Issuance of the License

4.4.1 Applicants who do not intend to apply for spectrum

- a) Issuance of the license will be subject to the approval of the Council of Ministers.
- b) Before issuance of the License, the successful Applicants will be required to:
 - put in place a Performance Bond in accordance with Article 12 of the License and in the form of Appendix 2.4 of this RFA ;
 - establish a Saudi company (where the Applicant is not already one) with adequate and relevant capital to carry out its business plan; and

pay the License fees as described in Annex 2 of the draft License attached in Appendix 1.

4.4.2 Applicants who intend to apply for spectrum

- a) Issuance of the license will be subject to the approval of the Council of Ministers.
- b) Before issuance of the License, the successful Applicants will be required to:
 - put in place a Performance Bond in accordance with Article 12 of the License and in the form of Appendix 2.4 of this RFA ;
 - establish a Saudi company (where the Applicant is not already one) with adequate and relevant capital to carry out its business plan; and
 - pay the License fees as described in Annex 2 of the draft License attached in Appendix 1 after the Spectrum Award Process, as described in clause 4.5, has been completed.

4.5 Spectrum Award Process

- a) The Licensees may apply to the CITC for assignment of frequencies for the provision of its Licensed Services. Interested applicants shall submit a completed Spectrum Application Form as set out in Appendix 2.5 to indicate interest in obtaining spectrum to support the deployment of the proposed fixed network.
- b) Spectrum applications, using the form in Appendix 2.5, shall be submitted as stated in Clause 4.2.
- c) Applicants will be eligible to participate in the spectrum frequency award provided they have been notified of the acceptance of their Fixed Facilities-Based Telecommunications Services application by the CITC based on the evaluation criteria as per clause 4.3 in the RFA.
- d) Applicants may indicate in their application the number of specific lots, the frequency band, and the areas to be covered by the spectrum, if assigned. Details of the available nationwide spectrum, to be allocated on a district level basis, can be found in Appendix 3.
- e) Applicants should take note of the importance which CITC place on long term spectrum efficiency and demonstrate in the application that the requested spectrum assignments are able to be efficiently utilized in line with international best practice.
- f) Determination if an Auction will take place:

- i. If the number of Licensees applying for spectrum within each frequency band in any given district is fewer than the spectrum lot availability as of 07/09/1427H (30th September, 2006G), then each successful Applicant may be allocated the requested spectrum rights on a FCFS basis by the CITC.
 - ii. If the number of Licensees applying for spectrum within each frequency band exceeds the spectrum lot availability, then spectrum will be awarded based on the outcome of a multi-round Simultaneous Ascending Auction. Auction instructions will be issued at that time for qualified applicants.
 - iii. The CITC retains the right to determine whether or not to proceed with an Auction.
- g) All eligible Applicants for spectrum will be informed of the method to be used for the spectrum award process by 11/11/1427H (2nd December, 2006) and shall be required to submit a bid bond in order to participate in the spectrum auction process. The bid bond form to be submitted along with the bid bond **at that time** can be viewed in Appendix 2.6
- h) Eligible Applicants who are not awarded any spectrum rights will still need to fulfill their rollout obligations as per Clause 5.3(g) using any alternative methods such as wireline only or using leased lines. Eligible Applicants who fail to secure spectrum shall notify the CITC within five days from the end of the Spectrum Award Process if they still want to obtain the License. For Applicants who want to obtain the License, all License fees, as described in clause 4.4.1, will need to be paid. For Applicants who do not want to obtain the License, the CITC shall have no liability for any costs incurred by the Applicant.

4.6 Existing Licensees

Existing licensees holding any license that falls under the Fixed Telecommunications Services category and who wish to continue with their existing licensed scope of activities and services may do so. Existing licensees who wish to expand the scope of their operations and services are invited to apply for a new Fixed Facilities-Based Telecommunications Services license.

5. INSTRUCTIONS TO APPLICANTS

5.1 Binding Nature of Applications

By virtue of having submitted an Application, Applicants will be bound by the information provided and commitments made in their Application.

5.2 Cover Letter

Applicants are required to submit a validly completed Cover Letter with their Application in the form and substance as the Cover Letter Form set out in Appendix 2.1 of this RFA.

Applicants should include the information required pursuant to this Clause 5.2 in a document that they should attach to the Cover Letter.

5.3 Main Proposal

The Main Proposal of the application should include the following information

a) Applicant's Background

Applicants must provide the following information:

a table setting out the proposed ownership structure of the Licensee;

a chart showing the relationship among all persons that will have a direct or indirect ownership interest in the Licensee;

the name, legal status, registered office and a description of the business of all proposed shareholders of the Licensee;

the financial statements of any proposed shareholder that will own 5 per cent or more of the issued shares of the Licensee or if applicable, the financial statements of the Applicant. These financial statements must be provided for the preceding three fiscal years and should include an audited or certified income statement and balance sheet;

either a certified resolution of the board of directors of the proposed corporate shareholders in the Licensee in the case of a Consortium or the board of directors of the Applicant itself or a notarized letter of authorization from all proposed shareholders in the Licensee and if applicable, the Applicant itself that authorizes the Applicant to file the Application and to propose the Licensee for the issuance of the License;

where the Applicant is not yet incorporated as a Saudi Company, the Applicant shall provide a signed agreement amongst the proposed shareholders in the Licensee that unequivocally and irrevocably commits the shareholders to incorporate the Licensee as a company following the receipt of the Confirmation Letter as soon as reasonably possible and to organize the Licensee in a manner that will comply with the requirements set out in this RFA and in the terms of the License. The CITC expects that incorporation of the Licensee will be completed within three months from the date the Confirmation Letter is issued;

a contract, in the form approved by the MoCI executed by each person agreeing to establish the joint stock company and to organize the Licensee in a manner that will comply with the requirements set out in this RFA and in the terms of the License;

confirmation of independence, including ownership and control, from Fixed Dominant Service Providers in the KSA;

a brief overview of the key management/ board members of the Applicant, with emphasis on any relevant experience; and

the proposed bylaws of the company.

b) Consortium Details

Where the Applicant is a Consortium, it must provide the following information in relation to the Consortium:

- i. detailed information on the Saudi Companies or Establishments and where applicable, the foreign company(ies) collectively forming the Consortium. Such details must include the name, legal status, registered office address and a description of the business of each Consortium member;
- ii. details of the ownership structure of the Companies or Establishments collectively forming the Consortium and the ownership interests held;
- iii. details of the organizational structure of the Consortium including the functions and responsibilities of each Consortium member emphasizing project management, system design, technical support, implementation, marketing, sales, operations and maintenance; and
- iv. a copy of the shareholder agreement or memorandum of understanding entered into between the Consortium members.

For the avoidance of doubt, GCC nationals shall be treated as non-Saudi nationals in so far as their membership of the Consortium is concerned.

Current Saudi stock exchange (Tadawul) and Companies Act allow, for some companies, a portion of the public float of Saudi joint stock companies to be held by GCC nationals. GCC participation in the public flotation will be counted as Saudi ownership.

c) Management Agreement

Applicants must submit a copy of the draft Management Agreement that will be in place between the Licensee and the legal entity of the fixed

telecommunications services operator that is forming part of the Consortium to provide the Licensee with access to the technology, professional know-how, operational and the management experience required to operate the Fixed Telecommunications Network. This Management Agreement must be for a period of at least five years. Any subsequent amendments to the terms of the Management Agreement will be subject to the prior approval of the CITC.

The Management Agreement should include a commitment by all Consortium members holding more than five per cent (5%) of the proposed Licensee to replace any Consortium member walking out with a similarly qualified entity before the walk out by the said member.

d) Relevant Experience

The Applicant should provide the following specific information and documentation regarding each of the telecommunications markets in which the Applicant has operated in as far as it relates to the Applicant's proposed business plan:

- i. Technical and operation experience: Length and breadth of experience with technologies and rollouts on a similar or greater scale and operational expertise. In-house or outsourced facilities maintenance expertise permitted with emphasis on mid-long term of any outsourcing relationship;
- ii. Service experience: Scope of fixed voice and data telecommunications services provided;
- iii. Customer base: Number and type of subscribers by segment and market, including market share achieved; and
- iv. Length of experience: Length of relevant experience in each market.

e) Business Plan

The Applicant should provide information to show that the overall business plan is viable, realistic and adequately funded. In particular, the following information should be provided:

- i. Corporate Strategy: High level corporate strategy and how it would contribute to the Kingdom's telecommunications market;
- ii. Forecasts: Projected revenue statements, covering profit and loss, balance sheet and budgeted cash flow statements for the first 5 years of operation. Projected customer base and volume of business/subscribers by service offering; and

- iii. Financing plan: Capital expenditure and working capital requirements for first 5 years of operation, based on forecasts. Proposed funding plan and sources.

f) Technical Plan

The Applicant should provide the following to show technical expertise and/or access to such capabilities:

- i. Network plan: The network plan should include the overall infrastructure, network configuration, equipment/ facilities deployed, proposed access mechanisms, interconnection, security and technologies used. It should also include the incorporation of future technologies where applicable.
- ii. Expected use of incumbent facilities: The network plan should clearly indicate where usage of the incumbent's facilities is expected with respect to the Applicant's infrastructure investments over time.

g) Network Rollout Plan

The Applicant must provide a plan identifying specific launch date and annual targets for the rollout of its network and facilities and the corresponding coverage and complete the Network Rollout and Coverage Obligation Form set out in Appendix 2.2 of this RFA, which will be included as a binding commitment in the License for the successful Applicant.

The Applicant should clearly indicate which districts (subject to a minimum of three (3)) will be covered in the Applicant's Network Plan as set out in Appendix 2.2.

The rollout plan should address at least the first five years of operation and include:

- i. timetable and extent of launch including POP locations and services offered;
- ii. number, location and capacity of Points of Presence;
- iii. extent of built and leased infrastructure in core and access network;
- iv. gateways and/or interconnections with other services/networks; and
- v. any plan for an international gateway and other key facilities.

In addition, applicants must declare their intention to meet a Minimum Rollout Obligation in three contiguous Districts to provide Coverage of 10% of each

District's population within 5 years of Commercial Launch using the Licensee's wireline access network infrastructure.

Applicants who had applied for spectrum but were not awarded any and are thus unable to use wireless methods for rollout will still need to meet the wireline rollout obligations if they intend to use wireline for rollout. In such a scenario, the rollout obligation will only be that for wireline only.

5.4 Financial Comfort Letter

Applicants are required to submit a Financial Comfort Letter which must:

- a) be in the form and content as the Financial Comfort Letter Form set out in Appendix 2.3 of this RFA;
- b) be issued by a Saudi bank or by an International Bank; and
- c) be valid for a period of 180 days from the Deadline.

5.5 Spectrum Application Form

- a) Details of any spectrum requirements shall be made using the form as set out in Appendix 2.5 of this RFA.

6. PROCEDURE FOR FILING OF APPLICATION

- a) An original and five copies of the Application shall be packaged together in a Container(s). Each Container shall be sealed, packed and closed, so that it is not possible to open it without visual evidence. If a Container is not sealed or marked properly, the CITC will assume no responsibility for the Application or the disposition of its contents. Improperly marked or sealed packages may be rejected by the CITC.
- b) Each of the original and five copies of the Application packaged together in the Container(s) shall be submitted in separate sealed envelopes clearly marked "Application for License to provide Fixed Telecommunications Services". The original and each of the five copies shall be respectively marked as "Original" and "Copy". In the event of any discrepancy between the original and the copies, the original shall prevail. The envelopes shall be sealed so that it is not possible to open them without visual evidence.
- c) Applicants are also required to submit electronic versions of the Main Proposal in CD-ROM format (Adobe Acrobat®, Microsoft Word®, Microsoft PowerPoint®, Microsoft Excel® or HTML) in each of the original and five copies of the envelopes.

- d) Applicants must deliver the Container(s) by hand or by courier to the CITC at the following address:

**The Office of the Governor,
Communications and Information Technology Commission,
King Fahad Road,
Riyadh, 11588
Kingdom of Saudi Arabia**

- e) The original and all copies of the Application shall be typed or written in indelible ink and shall be signed by the Authorized Signatory(ies) of the Applicant. The name and designation/position held by the Authorized Signatory(ies) must be typed or printed below the signature.
- f) Applications shall contain no interlineations, erasures or overwriting except as necessary to correct errors made by the Applicant, in which case the person or persons signing the Application shall initial such corrections.
- g) All Applications will be valid for a period of 180 days from submission date.
- h) Failure by any Applicant to provide all of the information required in the Application or any additional information required by the CITC may lead to the rejection of such Application in its entirety.
- i) Each Applicant will be required to pay an administrative fee of 50,000 Saudi Riyals to cover the CITC's cost of processing the Application.

7. GENERAL PROVISIONS

7.1 Requests for Clarification

Questions concerning the RFA must be submitted to the CITC in both Arabic and English by [...]. Any questions submitted in only one language may not be answered. All questions must make reference to the relevant clauses in the RFA and its Appendices. The CITC will provide the answers to such questions by [...]. Answers to questions will be made available to all Applicants. All questions should contain the name, address, fax number and e-mail address of the recipient for the dispatch of the written response to the questions.

7.2 Confidentiality of Applications

The CITC shall treat all Applications received in relation to this RFA as confidential during the period before the award of Licenses but Applications will not be returned to Applicants.

All Annexes in the awarded Licenses will be treated as confidential and not released to the public.

Claims of confidentiality and the treatment of any information for which confidentiality is claimed are subject to the provisions of Article 11 of the Rules of Procedure. Please refer to the CITC Web-site for these Rules of Procedure.

Neither the CITC and its employees nor its Advisors shall be liable in any respect whatsoever to any Applicant or any of its members or representatives for damages or harm resulting from a failure to maintain such confidentiality.

7.3 CITC Use of Applications

Subject to applicable patent, copyright, trademark and similar laws, the CITC shall have the right to use or reproduce ideas and information contained in an Application without notice or compensation of any kind to the Applicant.

7.4 Cost of Application and Application Process

The Applicant shall bear all costs associated with the preparation and filing of its Application. CITC will in no case be responsible for these costs, regardless of the conduct or outcome of the Application process.

7.5 Modification of Terms and Conditions of License

The CITC [at its discretion] may modify the terms and conditions of the License prior to issuance as set out in this RFA to reflect the plans or commitments made by the Successful Applicant.

7.6 Modification to Consortia

- a) Requests for changes to a Consortium, including consolidation of different Applicants or Consortia after submission of the Application will be considered by the CITC so long as the CITC is informed and approves of the change.
- b) Changes will only be allowed for Consortium members who will hold less than five percent (5%) of the proposed Licensee where the CITC is notified no later than two weeks prior to the Deadline for applications and provided that the original member(s) satisfying the pre-qualification criteria remain(s) part of the Consortium.

7.7 Reservation of Rights

- a) This RFA is available to all interested parties at no charge. The information contained in this RFA or subsequently provided to Applicants, whether orally or in documentary form by or on behalf of the CITC or any of its employees or Advisors, is provided to Applicants on the terms and conditions set out in this document.

- b) This RFA is not an agreement and does not constitute an offer by the CITC to any other party. This RFA does not purport to contain all the information each Applicant may require. It is not the role of the CITC, its employees or Advisors to consider the investment objectives, financial situation and particular needs of each Applicant who purchases this RFA. The CITC has made reasonable efforts to include accurate and current information in this RFA and in any other documentation provided to Applicants. However, no representation or warranty, express or implied, is made by the CITC or its employees or by any of its Advisors as to the accuracy, reliability or completeness of the information provided and neither the CITC and its employees nor any of its Advisors shall have any liability whatsoever to any Applicants or, where applicable, to any of their Consortium members, owners or shareholders or any other person resulting from use of or reliance on any of the information so provided. Each Applicant should conduct its own investigations and analysis and should check the accuracy, reliability and completeness of the information set out in this RFA and obtain independent advice from appropriate sources prior to use of or reliance on that information.
- c) Notwithstanding any other provisions in this RFA, for whatever reason and without incurring any costs or liabilities or any obligation to inform the Applicants of the reasons for its actions, the CITC reserves the absolute and unfettered right, in its sole discretion:
- i. to take any action, including amending, updating and supplementing this RFA and any other CITC documents, which it considers necessary to ensure that the licensing process occurs in a fair, open and transparent manner, in accordance with the laws of the Kingdom and so as to meet the objectives of the CITC;
 - ii. to modify the licensing process set out in this RFA and any other CITC documents;
 - iii. to accept or reject any Application and to waive any minor informalities or defects in Applications received;
 - iv. to reject any Applicant or Application which the CITC reasonably believe may pose a risk to national security, safety or scarce resources or which, following the award of a license, may lead to an anti-competitive environment in the market for public telecommunications services in the Kingdom;
 - v. to annul, postpone and/or terminate the licensing process or revoke an award of license at any time before the license is actually issued; and
 - vi. to select or not select any one or more Applicants who have filed an Application.

- d) The CITC is not legally obliged to select or to issue a Fixed Facilities-Based Telecommunications Services License to any entity.
- e) Neither the Government of the Kingdom nor any of its agencies, employees, representatives, advisors or consultants, including the CITC and its Advisors, shall incur any liability whatsoever to any Applicant or, where applicable, to any of its respective Consortium members, owners or shareholders or any other person by reason of any Decision made or action taken by the CITC, its employees or Advisors in connection with the evaluation and selection of an Applicant or the carrying out or termination of the RFA process.

7.8 Establishment of a Saudi Joint Stock Company

Article 4 of the Act requires that fixed telecommunications services shall only be provided through joint-stock companies that place their stock for public subscription. The Licensee will not be able to commercially launch its services prior to the formation and registration of the public joint stock company. The initial public subscription is an integral part of the Licensee's formation.

7.9 Public Shareholding

X% of the public joint stock company shall be made available for public subscription prior to commercial launch of the services. Note: This value is to be determined after this public consultation.

7.10 Other Provisions

- a) Disqualification Prior To Issuance Of License - The CITC may refuse to evaluate Applicants and remove them from further consideration or, having done so for any of the reasons set out below:
 - i. failure to comply with any of the procedures or other requirements established by this RFA;
 - ii. illegal conduct by the Applicant related to the RFA process;
 - iii. any attempts by the Applicant to influence the evaluation of Applications;
 - iv. any corrupt practice by the Applicant, including the offering, giving, receiving or soliciting of any thing of value to influence the action of a public official in relation to the licensing process established by this RFA;
 - v. any fraudulent practice by the Applicant, including misrepresentations of fact or intention, and collusive practices, prior to or after submission

of Applications, designed to undermine the integrity of the RFA process.

- b) Applicants are not allowed to contact any member of the Board or staff of the CITC and its Advisors in any way whatsoever in order to seek clarifications or other information regarding this RFA document other than by the means given in this RFA. Any breach of this requirement will result in the disqualification of the Applicant.
- c) Disqualification Subsequent To Issue Of License - If at any time the CITC learns that any of the activities referred to in Clause 7.10(a) above has occurred, the CITC may revoke the relevant license without compensation, in accordance with the provisions of the Act and the Bylaw. The provisions of this section are in addition to any criminal or civil legal action that may be available to or taken by any government entity or regulatory authority, including the CITC.

7.11 Legal and Formal Requirements

- a) Governing Law - This RFA and any License granted or denied pursuant to this RFA shall be exclusively subject to, and interpreted in accordance with, the laws of the Kingdom.
- b) Settlement of disputes - Any dispute, controversy or claim arising out of or in connection with this RFA, or the breach, termination or invalidity thereof, shall be settled by the CITC under the Act and the Bylaw and other applicable laws of the Kingdom.
- c) Language – The Application and associated documentation must be filed in both the Arabic and English languages. However, Applicants may elect to submit supporting materials including brochures, annual reports and technical documents only in the English language.
- d) Currency – All amounts of currency stated in the Application shall be expressed in Saudi Riyals (SAR).

7.12 Communications in Connection with Licensing Process

- a) All correspondence with the CITC, other than the filing of the Application, should be submitted to either of the following addresses:
 - i. By e-mail to:
2006licensing@citc.gov.sa
 - ii. Delivery by hand or by courier:

**The Office of the Governor,
Communications and Information Technology Commission,
King Fahad Road,
Riyadh, 11588
Kingdom of Saudi Arabia**

- b) All correspondence should contain the name, address, fax number and e-mail address of the recipient for the dispatch of any written response.
- c) All deliveries, notices or other communications made by the CITC to Applicants in connection with the application process shall be sent by fax, e-mail or personal delivery to the registered office of the Applicant, as specified at the time the Applicant registered with the CITC in the course of purchasing this RFA.

Appendix 1

Draft Facilities-Based Fixed Telecommunications Services License

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PREAMBLE

Pursuant to the provisions of the Telecommunications Act issued by the Royal Decree No. M/12 dated 12/3/1422 Hijra corresponding to 4 June 2001G and by virtue of the provisions of the ordinance of the CITC (the “Ordinance”) issued by Council of Ministers Resolution No. 74 dated 5/3/1422 Hijra corresponding to 28 May 2001G, and pursuant to the Royal Decree No (.....) dated (.....) to incorporate the company and pursuant to the Council of Ministers Resolution No (.....) dated (.....) to award this License, the Commission has issued this License to (.....) (the “Licensee”) based on the following terms and conditions:

ARTICLE 1 - DEFINITIONS

The words and expressions defined in the Telecommunications Act, the Ordinance and the Bylaw shall have the same meanings when used in this License. The following words and expressions shall have the meanings assigned below except where the context in this License otherwise requires:

1. **“CITC”** means the Communications and Information Technology Commission (previously the Saudi Communications Commission) of the Kingdom of Saudi Arabia.
2. **“CITC Statutes”** means the Telecommunications Act, the Ordinance of the Saudi Communications Commission, the Telecommunications Bylaw, any other Bylaw adopted under the Act or any other legal or regulatory instrument that is enforceable by the CITC.
3. **“Class License”** means a service-based License held for the purpose of providing telecommunications services via networks, system elements and/or facilities owned and/or operated by a third party possessing an Individual License.
4. **“Effective Date”** means the date specified in Article 5 of the License.
5. **“Fixed Telecommunications Network”** means a public telecommunications network which facilitates the conveyance by any form of technology for the provision of fixed voice and data communication services but which does not include any part of a mobile cellular network.
6. **“Fixed Voice Communication Services”** means the commercial provision of the transmission and switching of voice telecommunications services using any technology.
7. **“Fixed Data Communications Services”** means the commercial provision of data telecommunications services using any technology.

8. **"Force Majeure"** means any incident that is beyond the reasonable control of the Licensee and which was unforeseen when issuing the License or cannot be prevented such as an act of God, wars and unavoidable natural disasters.
9. **"Individual License"** means a facilities-based License permitting the deployment and/or operation of any form of telecommunications network, system elements and/or facilities for the purpose of providing telecommunications services.
10. **"International Access Services"** means the provision of an Interconnection between fixed public Telecommunications Network in the Kingdom and public Telecommunication Networks in other countries for the provision of International Access Services.
11. **"License"** means this License, or any amendment to it, issued by the Commission in accordance with the Act and its Bylaw.
12. **"Licensed Services"** means the services the Licensee is authorized to provide, establish and operate or use under Article 4 of the License.
13. **"Licensed Service Provider"** means a service provider possessing an Individual or Class License.
14. **"Licensed Territory"** means the geographic territory defined in Article 7 of the license.
15. **"Line Sharing"** means usage of the non-voice frequency of the copper pairs to provide ADSL services. The Dominant Service Provider continues to provide voice telephony service, while the Licensed Service Provider delivers high-speed data services over the same local loop, using the higher part of the frequency spectrum.
16. **"Net Revenues"** means the total revenues received by the Licensee from providing the Licensee's Fixed Telecommunications Services commercially, less the dues to any other domestic and international telecommunication entities that are reflected in the settlement results of these services.
17. **"Red Crescent"** means the humanitarian non-governmental organization operating in the Kingdom.
18. **"Reference Interconnection Offer (RIO)"** means the Reference Interconnection Offer described in the Article 41 of the Bylaw.
19. **"Quality of Service Indicators"** means the set of standards established by the CITC which Licensed Service Provides are required to comply with.
20. **"Service Launch"** means the date on which the Licensee begins offering the Licensed Services to the public.

21. **“User (Subscriber)”** means an end-user who uses or is responsible for the payment of fixed voice or data communication services.
22. **“Violations Committee”** shall have the meaning ascribed to it under Article 94 of the Bylaw and Article 38 of the Telecommunications Act.
23. **“Wholesale bitstream access”** means the leasing of capacity on the Dominant Service Provider’s copper loop by the Licensed Service Provider to carry the data stream from the end customers’ premises to the Licensed Service Provider’s data network. Co-location of equipment is not required.
24. **“Year”** means a Hijra year in accordance with the Um-Al-Qura calendar, which commences from the Effective Date of this License or any anniversary thereof.

ARTICLE 2 – ANNEXES

1. The following Annexes form part of this License and are subject to all the terms and conditions set out in this License:

Annex 1 – Licensed Territory and Network Rollout Obligations

Annex 2 – Fees

Annex 3 – Frequencies

2. The Request for Applications prepared by the CITC which identifies the framework to provide Fixed Facilities-Based Telecommunications Services, and the responses to such requests submitted by the Licensees, are part of this License. In case of contradiction between this License (including the Annexes) and the said documents, this License and Annexes thereof shall prevail.

ARTICLE 3 - COMPLIANCE WITH THE CITC STATUTES AND DECISIONS

1. The Licensee shall comply with the provisions of this License the attached schedules and the Telecommunications Act and its Bylaw, the Ordinance of the CITC and Decisions and Guidelines issued by the CITC.
2. The implementation of this License is subject to the CITC Statutes and any Decisions issued by the CITC and conditions contained in this License.
3. Where any conflict shall arise between this License and any of the CITC Statutes, the CITC Statutes shall prevail.
4. The Licensee shall comply with the Decisions issued by the CITC subsequent to the effective date of the License which stipulates its obligations and rights, including but not limited to:

- a) Terms of Service;
 - b) Quality of Service Indicators;
 - c) Principles and rules used to determine the fees “Tariffs” for telecommunications services;
 - d) Universal Access and Universal Service;
 - e) Fees;
 - f) Frequencies;
 - g) Numbering;
 - h) Number Portability;
 - i) Interconnection; and
 - j) Equipment licenses and type approval.
5. Pursuant to the provisions of the Telecommunications Bylaw, the CITC may invite comments from the Licensee before issuing Decisions that the CITC considers would fundamentally affect the Licensee’s rights and obligations. The CITC shall take into considerations the comments of the Licensee with regard to such Decisions, as it deems appropriate, and at its sole discretion, in line with the CITC Statutes.
6. The CITC may also decide to invite comments from other parties, including other Licensed Service Providers and Customers, pursuant to its stated powers under the Act, the Bylaw and other CITC Statutes.
7. The Arabic version of this License shall be the official version and in case of any differences between the text of the official version written in Arabic language and a translation into another language, the Arabic version shall prevail.
8. All activities and acts of the Licensee that are not governed by the CITC Statutes shall be subject to the applicable laws and regulations of the Kingdom.

ARTICLE 4 - THE LICENSE

1. Pursuant to the Telecommunications Act, its Bylaw and the Ordinance, the CITC hereby issues this License to the Licensee to do the following:
 - a) To establish, operate, maintain and make use of the Fixed Telecommunications Network in the Kingdom using any relevant standard mandated by the CITC, or, in the absence of such mandated standard, any internationally recognized standard approved by the CITC to provide Fixed

Voice and Data Communications Services pursuant to the terms and conditions of this License and in particular Annex 1;

b) Provide the following Licensed Services on the local, national and international level including, but not limited to:

i. Fixed voice communications services;

ii. Fixed data communications services; and

Other related services including but not limited to sound, text, video and pictures or a combination thereof and value added services as may be desired by the Licensee's Users and offered by the Licensee; and

Provide Internet services using its Fixed Telecommunications Network subject to obtaining a license for such service from the CITC.

2. The Licensee may not provide mobile voice services, mobile data services or cellular satellite mobile services unless the Licensee is duly authorized by an appropriate license awarded by the CITC to offer such services.

3. Broadcasting content is subject to separate licensing from the Ministry of Culture and Information.

4. In addition to the terms and conditions set out in this License, the Licensee shall comply with the following:

a) All Licensees are required to perform the filtering of Internet flows similar to that carried out by the King Abdulaziz City for Science and Technology (KACST) in accordance with the rules and instructions approved by the CITC.

b) The Licensee shall provide periodical reports to the CITC and shall provide any information requested by the CITC. The CITC shall determine the type of reports, the nature of the requested information and the time of its provision.

c) The Licensee shall provide, at its own expense, the technical capabilities in regard to equipments and networks through which security monitoring equipments can be interconnected to these networks. The Government security departments shall be responsible for the costs of such security monitoring equipment and the costs of their operation, maintenance and the necessary interconnecting trunks.

d) In an emergency and/or disaster situation as determined by the Government, the Licensee must allow the use of its Public Telecommunications Network by the concerned Government Departments and is entitled to be compensated by these Departments for such use.

ARTICLE 5 - EFFECTIVE DATE

This License shall become effective on (.....).

ARTICLE 6 - LICENSE TERM AND RENEWAL

1. This License shall be valid for twenty-five (25) years from the Effective Date, and shall have an automatic right of renewal pursuant to the CITC Statutes and with the approval of the CITC and any license renewal may be subject to a renewal fee based on the cost of renewal at that time.
2. Terms of renewal shall be subject to negotiation and such negotiations may be requested by either party two years before the expiry date of the License.

ARTICLE 7 - LICENSED TERRITORY

The Licensee is permitted to offer the Licensed Services within the Kingdom of Saudi Arabia.

ARTICLE 8 - AMENDMENT OF LICENSE

1. This License shall not be amended unless such amendment is made by the CITC in accordance with the CITC statutes.
2. The CITC has the right to issue new licenses based on the CITC Statutes and in this case this License may be amended to be consistent with the new licenses as the CITC deems appropriate.

ARTICLE 9 - ASSIGNMENT OF LICENSE AND SUB-CONTRACTING

Assignment of this license is subject to provisions of Article Twenty Three of the Telecommunications Act and the provisions of the Bylaw.

The Licensee may assign this License, including the rights and obligations under this License, after obtaining the prior written approval of the CITC provided that the assignee shall fulfill all legal, technical, financial and commercial requirements in order to obtain this License pursuant to the CITC's decision and in compliance with its statutes.

The Licensee may, after obtaining the prior written approval, contract with other Persons as sub-contractors to have them provide licensed Telecommunications Services pursuant to the License.

The Licensee may contract with a third party to operate and maintain part of the Licensee's network on behalf of the Licensee, and in this case all obligations pursuant to this License shall remain the responsibility of the Licensee.

ARTICLE 10 - REVOCATION AND SUSPENSION

1. Pursuant to the procedure set forth in Article 11 hereof, the CITC has the right to revoke or suspend the License in accordance with the CITC statute in the event the Licensee commits a material breach of the terms of the License and fails to remedy such breach upon notice thereof and passage of a reasonable period of time to cure such breach.

ARTICLE 11 - VIOLATIONS AND PENALTIES

1. Violations and penalties related to this License shall be dealt with in accordance with the CITC Statutes.
2. In the event of occurrence of an act that warrants referral by the CITC of the issues relating to the Telecommunications Act to the Violations Committee, such referral shall be after the CITC has taken the prior measures:
 - a) Notified the Licensee of the alleged violation in writing, including the legal basis and facts clarifying the violation and afforded the Licensee the opportunity, during a reasonable period of time, prescribed by the CITC, to remedy the violation; and
 - b) Requested the Licensee's comments regarding the alleged violation, in order to consider them when reviewing the violation.
3. The Violations Committee, pursuant to the Commission Statutes and its procedures, shall take into account the procedures taken by the Licensee to cure the Violation.

ARTICLE 12 - ENSURING CONTINUITY OF SERVICE

Unless this License is not renewed or is suspended or revoked, the Licensee shall take all actions required by the CITC to guarantee continuity of service in accordance with the CITC Statutes. The CITC shall consult with the Licensee, and take into account the Licensee's comments as the CITC deems appropriate.

If this License is not renewed or is suspended or revoked, the Licensee shall be entitled to request compensation for the additional costs it incurs to ensure continuity of service. Such compensation shall be obtained in a manner determined by the CITC. However, the CITC shall not be liable to pay compensation to the Licensee or to any other party for any costs incurred by the Licensee.

ARTICLE 13 – OPENING COMPETITION TO PROVIDE FIXED SERVICES

1. [To the extent required to achieve fair competition, all Licenses issued by the CITC to provide Fixed Telecommunications Services will contain terms and conditions equivalent to those applicable to the Licensee and in accordance with the CITC Statutes].

2. The CITC may award Class licenses to fixed service-based providers.

ARTICLE 14 - FEES PAYABLE BY THE LICENSEE

1. The Licensee shall pay to the CITC the fees stated in Annex 2 of this License pursuant to the CITC Statutes and the related Decisions.
2. The Licensee shall pay the due fees for providing the service on a commercial basis and for the License on a quarterly basis.
3. CITC shall determine the method of issuance of invoices and payment and shall inform the Licensee thereof with which the Licensee shall comply.
4. Payment shall be due immediately upon the issuance of the invoice and shall be paid within one month of the invoice issuance date. In case of nonpayment within the said period, CITC may cash in the Performance Bond in order to obtain the amount it is due.
5. The Licensee, prior to the issuance of this License, shall submit a Performance Bond:
 - a) for an amount equal to Fifty million Saudi Riyals (SR 50,000,000);
 - b) issued on behalf of the Licensee by a Saudi bank or by an Approved Foreign Bank; and
 - c) provided to the CITC before the issue of the License and valid for a period of five years from the date of License issuance and renewable for similar periods within a reasonable period before expiration.
6. The CITC shall be entitled to call all or part of the Performance Bond to be paid to the CITC, or to the relevant public body, but not restricted to the following:
 - a) the Licensee fails to meet the Network Rollout and Coverage Obligations in Annex 1 of this License;
 - b) the Licensee fails to repair any damage to public property that it causes.
7. The Licensee must replace the Performance Bond as soon as possible in the event that it is drawn down by the CITC.

ARTICLE 15 - FREQUENCIES

Where applicable, the CITC shall authorize the Licensee in accordance with this License to use the frequencies stated in Annex 3 hereof for the sole purpose of providing the Licensed Services. The Licensee shall not use such frequencies for any other purposes.

Additional frequency assignments may, where possible, be assigned to meet the needs of the Licensee and to enable him to carry out his works and meet his obligations under this License, in compliance with the stated regulatory procedures as stated in the CITC Statutes and against payment by the Licensee of the applicable fees for using such frequencies.

Such additional frequency assignments will only be made by the CITC where the Licensee can demonstrate existing or reasonably projected subscriber demand and that the frequencies already assigned to the Licensee are being utilized effectively as measured against international benchmarks for spectrum utilization for similar or identical frequency assignments to the complete satisfaction of the CITC.

The Licensee's usage of the Frequencies listed in Annex 3 of this License and all other Frequencies shall be subject to the rules stated in the CITC Statutes and consistent with what will be enacted of provisions and principles in:

- a) The National Frequency Spectrum Plan; and
- b) The Frequency Spectrum Management Procedures.

Any existing frequency assignment used by the Licensee, whether for the delivery of Licensed Services or for related facilities such as Transmission Links, may be subject to reassignment. Reassignment will only occur where the CITC believes such action will improve spectrum efficiency in the Kingdom, or for other reasons including international spectrum coordination, provided such actions will not unduly impact the operation of the Licensed Services.

Reassignment will only occur after the CITC and the Licensee have consulted with each other, where CITC has provided the Licensee with reasonable time and, where applicable, alternative frequency assignments, for the maintenance of services.

Compensation may only be considered by CITC where reassignment involves a reduction of frequency assignments detailed in, or described in an addendum to, Annex 4 of this License.

ARTICLE 16 - NUMBERS

1. The CITC shall assign the numbers required by the Licensee to provide the Fixed Voice Communication Services in accordance with the provisions stated in the National Numbering Plan and the Licensee shall use such numbers in accordance with the CITC Statutes including the National Numbering Plan and any decisions issued by the CITC to regulate the numbering.
2. With regard to additional numbers that are needed by the Licensee, such numbers shall be allocated in accordance with CITC Statutes, and in conformity with the rules and provisions of the National Numbering Plan.

3. The Licensee shall cooperate with other Licensed Service Providers in complying with CITC guidelines and requirements on Carrier Selection.

ARTICLE 17 - TELECOMMUNICATIONS EQUIPMENT

The Licensee shall obtain a License from CITC for its own telecommunication equipment which it needs to be able to exercise its rights and meet its obligations under this License. In this regard, the Licensee shall comply with CITC Statutes.

ARTICLE 18 – ACCESS TO PROPERTY

1. The Licensee is allowed access to private and public property for purposes of constructing, maintaining and operating the Fixed Telecommunications Network and all of its components in accordance with the Act and Chapter 3 of the Bylaw. Procedures for obtaining rights of access are available from the relevant public authorities. The Licensee may apply to the CITC for assistance in obtaining a right of access in accordance with Chapter 3 of the Bylaw.

ARTICLE 19 - SERVICE OBLIGATIONS

1. The Licensee shall provide its services in accordance with the CITC's Quality of Service Indicators and Terms of Service as approved by the CITC in accordance with its Statutes.
2. The Licensee shall perform all the obligations stated in the Telecommunications Act and its Bylaw, and the License, especially continuing to provide the following services, and developing and improving them consistent with the objectives of the Telecommunications Act:
 - a) Providing Users with precise, fair, clear and detailed written invoices that fulfill the requirements of the Telecommunications Act and its Bylaw;
 - b) Providing various inquiry services as necessary;
 - c) Carry and route any emergency calls to an appropriate emergency response centre and shall provide Caller Location Information to emergency services for any calls made to such services including the Red Crescent, Public Security, Civil Defence, and other similar organizations which originate from within the Licensee's network free of all costs and charges.
3. The Licensees shall provide the required technical ability in their network equipment and devices through which security-monitoring equipment can be interconnected. The Security Department shall incur the costs of equipment and devices mentioned above needed to comply with such requirements in addition to the costs of their operation, maintenance and interconnecting trunks.

4. Licensees offering IP Telephony Services/ VoIP shall provide customers of such services with full access to emergency services. If this is not technically feasible or practical, the Licensee shall make customers fully aware of this limitation.

ARTICLE 20 - TARIFFS

The Licensees' tariffs will not be subject to approval by the CITC except to the extent the CITC decides otherwise in accordance with Chapter 7 of the Bylaw. The CITC does not, at this time, intend to regulate the tariffs of the Licensees. However, the Licensees must provide such tariffs to the CITC for information.

ARTICLE 21 - CONTINUITY OF SERVICE IN EMERGENCY

1. The Licensee shall not stop providing telecommunications services licensed to provide without a prior permission from the CITC except for a Force Majeure event that affects the performance of his obligations stated in the License. The Licensee shall, upon occurrence of the Force Majeure event, immediately inform the CITC, attaching the supporting documents. The CITC will study the matter and issue the appropriate decision in regard to this matter in accordance with its discretion and the prevailing laws of the Kingdom.
2. The Licensee shall use its best efforts to ensure the continuity of provision of Fixed Services which the Licensee is licensed to provide, in all cases and circumstances, through setting out the plans, arrangements, procedures and principles that guarantee their continuity.
3. The Licensee shall ensure the establishment of special work teams to repair all faults affecting the Licensee's Fixed Services or the Fixed Network in the Kingdom in case of disasters and emergency and re-instate them as soon as possible, setting out the necessary rules and procedures. The Licensee shall provide telecommunications means between the affected and other areas, especially for emergency services.

ARTICLE 22 - INTERCONNECTION

The Licensee shall permit interconnection with other telecommunications networks in accordance with the Telecommunications Act, Bylaw and Interconnection Guidelines and shall also have the right to interconnect to the same

ARTICLE 23 – UNBUNDLING

Licensees shall have the right to access local loop unbundling services in conformance with CITC policy and Statutes.

ARTICLE 24 - QUALITY OF SERVICE

1. The Licensee shall supply the Services in accordance with the QoS indicators and the terms of service approved by the CITC based on the Statutes.



2. Licensees offering IP Telephony services/VoIP are permitted to offer services which do not consistently or reliably meet QoS standards provided consumers are fully informed of the potential impact on call quality and reliability which shall include but not be limited to clear and detailed descriptions on marketing material and any subscribers' contracts/license agreements.

ANNEX 1 – LICENSED TERRITORY AND NETWORK ROLLOUT OBLIGATIONS

[The Licensed Territory and Network Rollout and Coverage Obligations based on the proposed Network Rollout Plan will be inserted here].

ANNEX 2 - FEES

1. Pursuant to Article 12 of this License, the Government shall receive the following amounts from the Licensee, and the Licensee shall pay these amounts to the Commission:
 - a) Upfront license fee of 5,000,000 Saudi Riyals at collection of the license;
 - b) a payment of 1% per cent per annum of the Net Revenues of the Licensee representing regulatory, administrative and operational fees;
 - c) a payment of X per cent per annum of the Net Revenues of the Licensee representing commercial provisioning fees;
 - d) a numbering fee in the form of an annual payment for using the Licensee's assigned numbers; and
 - e) annual fees of Y percentage of the Net Revenues of the Licensee to be contributed to Universal Access and Universal Service in accordance with the policy to be developed by the CITC pursuant to the CITC's Statutes;
 - f) where applicable, a fee in respect of work and services provided by the CITC according to the Ordinance;
 - g) where applicable, a spectrum fee that will comprise of an amount per annum per MHz allocated to the Licensee for frequency usage as per Annex 2 in the License and a one time upfront fee based on the spectrum auction. The need for the one time fee will depend on the need for an auction, which will in turn be dependent on the demand vs. availability as per Clause 5.5.

The fees set out in this Annex may be modified by the CITC from time to time in accordance with the CITC Statutes.

ANNEX 3 - FREQUENCIES

The Licensee is entitled to use the following frequencies for the provision of the Licensed Services in the Kingdom of Saudi Arabia pursuant to the terms and conditions of this License:

[Spectrum awarded will be listed here.]

Appendix 2

Forms

Appendix 2.1

[Note to Applicants: please print and complete in accordance with Clause 5.2 of the RFA]

Cover Letter Form

His Excellency the Governor of the CITC
Communications and Information Technology Commission
King Fahad Road
Riyadh 11588
Kingdom of Saudi Arabia

[Insert date]

Name of Applicant:

Dear Sirs,

Re: Request for Applications for the Licensing of Fixed Facilities-Based
Telecommunications Services in the Kingdom of Saudi Arabia

1. Having examined the RFA and the attached appendices including the draft License, we the undersigned hereby submit an Application for the grant of a License to provide Fixed Facilities-Based Telecommunications Services.
2. *[Note to Applicant: Please provide general information of the Applicant or, in case the Applicant is a Consortium, general information of all members of the Consortium - further information to be provided as an attachment]*
3. We have duly completed this letter and enclose herewith:
 - a) our Applicant and/or Consortium details;
 - b) the powers of attorney or authorizations that clearly evidence the authority of the signatory(ies) to sign this Cover Letter and other documents filed with our Application that require signature ;
 - c) our Main Proposal;
 - d) a completed Network Rollout and Coverage Obligation Form (attached to the RFA as Appendix 2.2);
 - e) a Financial Comfort Letter (using the Financial Comfort Letter Form attached to the RFA as Appendix 2.3); and

- f) a Spectrum Application Form (if required and using the Spectrum Application Form attached to the RFA as Appendix 2.5).
4. We undertake, if awarded the License, to furnish the Performance Bond as set forth in Appendix 2.4 of the RFA.
5. We confirm that our Application will be valid until and including that date which is 180 days from our submission date.
6. We confirm our agreement to the terms, conditions and provisions of the RFA.
7. We confirm that all information provided in our Application and all associated documentation is complete, true and accurate in every detail and by virtue of having submitted an Application, we are bound by the information and commitments made by us.
8. For the avoidance of doubt:
 - a) in this letter, words and expressions shall have the same meanings as are respectively assigned to them in the RFA; and
 - b) this letter and all other documents comprising our Application shall be governed by and construed in accordance with the laws of the Kingdom.
9. We undertake that, if our application is accepted, we shall:
 - a) be bound by the terms and conditions of the final form Licenses including the commitments made by us on the Network Rollout and Coverage Obligation Form;
 - b) pay all required fees and amounts stipulated in the RFA and the Licenses; and
 - c) perform all other obligations required by the RFA including without limitation the incorporation of the Licensee where relevant.

Yours faithfully,

[Signature of Authorized Signatory(ies)]

[Name of Authorized Signatory(ies)]

[Name of Applicant]

[Date]

Appendix 2.2

[Note to Applicants: please print and complete in accordance with Clause 5.3 (g) of the RFA]

Network Rollout and Coverage Obligation Form

Applicants must complete the Network Rollout and Coverage Obligation using this format and submit it as part of their Main Proposal. As stated in Clause 5.3(g) of the RFA, the Licensees will commit to accomplishing the requirements of the Network Rollout and Coverage. These commitments will be inserted into the Licenses as Annex 1. Commitments made by the Applicants must be unconditional and objectively measurable. This form contains three main elements, which are;

- Districts covered
- Services intended to be provided.
- Network rollout and coverage.
- Support systems.

When filling out this form, the following must be provided:

- 1) The network rollout and coverage plan for at least five years from the date of issuance of the License.
- 2) Diagrams that reflect the structure of the network, indication of geographical coverage, and the technical aspects of the intended networks to be developed.
- 3) For redundancy and diversity, the elements of the alternative network, including the routes and the rest of the network elements essential to the continuity of the service.

It should be noted that:

- 1) The elements of the network and the technologies used as identified in the following tables shall be consistent with the network structure that will be described according to Clause 6.3 of the RFA document.
- 2) The attached forms should be completed separately for each of the first five years from the date of issuance of the License.

A) INTENDED DISTRICTS TO BE COVERED

This table should show all the districts that the Applicant intends to provide the Licensed Services in and should correspond with the Network Plan.

#	District	Year 1	Year 2	Year 3	Year 4	Year 5	Detailed Planned Services
1	Riyadh	(Yes/No)					
2	Makkah						
3	Jazan						
4	Eastern Province						
5	Asir						
6	Qaseem						
7	Hail						
8	Madinah						
9	Baha						
10	Northern Borders						
11	Tabuk						
12	Najran						
13	Jouf						

B) PLANNED DEPLOYMENT

YEAR:

DISTRICT:	(Enter name of district)				
ROLLOUT:	Year 1	Year 2	Year 3	Year 4	Year 5
Population Covered (000)					
Population Covered (%)					
Area Covered (km ²)					
Area Covered (%)					
Number of Roadside Cabinets Built					
Number of Local Exchanges Built					
Number of Radio Base Station Sites Built					
Number of Switches Built					
FTTx (km)					
FTTx (homes/offices passed)					
Access Layer Transmission Leased (Capacity)					
Access Layer Transmission Owned (Capacity)					
Longhaul Transmission Leased (Capacity)					
Longhaul Transmission Owned (Capacity)					

Notes:

- 1) City/Area – to be defined by appropriate administrative boundary.
- 2) Date of Actual Service Launch – relates to the first launch of services to customers (i.e. customer beta trials have been successfully completed). Indicate the proposed dates of each phase if a phased launch is proposed.

YEAR:

C) INTERNATIONAL GATEWAY NETWORK TO BE BUILT / LEASED

System	Location	Date of Launch	Built/Launched

Notes:

International Gateway Network includes switching, transmission, routing, signaling systems and filtering systems related to the internet network that will be installed at the International Gateway.

[Signature of Authorized Signatory(ies)]

[Name of Authorized Signatory(ies)]

[Name of Applicant]

[Date]

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Appendix 2.3

[Note to Applicants: please print this form and complete in accordance with Clause 5.4 of the RFA]

Financial Comfort Letter Form

His Excellency the Governor of the CITC
Communications and Information Technology Commission
King Fahad Road
Riyadh 11588
Kingdom of Saudi Arabia

[Insert Date]

Name of Applicant:

Dear Sirs,

Re: Request for Applications for the Licensing of Fixed Facilities-Based Telecommunications Services in the Kingdom of Saudi Arabia

We, *[insert name of signing bank]* understand that an Applicant comprised of *[insert names of Saudi Company/Establishment and any Consortium members]* (**the Applicant**) intends to make an application for a Fixed Facilities-Based Telecommunications License in the Kingdom of Saudi Arabia.

Based on our thorough review of the following, we are confident that the Applicant will have access to sufficient funding to meet its peak financing requirements during the first five years of the business plan, inclusive of the proposed upfront license payment and after having considered the following:

- the Request for Applications for the Licensing of Fixed Facilities-Based Telecommunications Services in the Kingdom of Saudi Arabia (the RFA);
- the Applicant's Application for the grant of the License including the main proposal for the establishment of its operations in the Kingdom of Saudi Arabia;

the financial resources available to the Applicant; and

our assessment of the Applicant's ability to raise sufficient financing in the domestic and international debt capital markets for the establishment of the data operation in the Kingdom of Saudi Arabia.

Our review and assessment is based on the information that was available to us at this date. These include no substantial delays in the license award process, execution of documentation in satisfactory form, satisfactory conditions in the domestic and international capital markets, and no substantial change in the terms of the license to be issued.

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This letter is not intended to create legal relations between us and is not a commitment to provide financing to the Applicant.

This letter is governed by the laws of the Kingdom of Saudi Arabia and the courts of the Kingdom of Saudi Arabia shall have exclusive jurisdiction to settle any disputes arising out of or in connection with this letter. The parties accordingly submit to the exclusive jurisdiction of the courts of the Kingdom of Saudi Arabia.

Please do not hesitate to contact us if you have any questions.

Yours faithfully,

[Signature of Authorized Signatory(ies)]

[Name of Authorized Signatory(ies)]

[Name of Issuing Bank]

[Date]

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Appendix 2.4

[Note to Applicants: The Performance Bond must be issued in accordance with Clause 4.4 of the RFA and Article 14 of the License]

Performance Bond Form

His Excellency the Governor of the CITC
Communications and Information Technology Commission
King Fahad Road
Riyadh 11588
Kingdom of Saudi Arabia

[Insert Date]

Name of Applicant:

Dear Sirs,

Re: Fixed Facilities-Based Telecommunications Services License in the Kingdom of Saudi Arabia

Since [insert name of Licensee] has been awarded a License to provide Fixed Facilities-Based Telecommunications Services in the Kingdom of Saudi Arabia, we, [Name of Issuing Bank], hereby unconditionally and irrevocably undertake to pay you the sum of SR[] in accordance with the following:

1. we shall pay you immediately upon your written demand and irrespective of any objection by the Applicant or any other party such amount or amounts as you may demand not exceeding in the aggregate the above mentioned amount, namely: by transfer to your account at any bank in the Kingdom of Saudi Arabia or in any other manner acceptable to you;
2. all payments made based on your demand shall be free and clear of, and without any present or future deduction for payment of, any taxes, levies, duties, charges, fees deductions or withholding of any nature whatsoever and by whomsoever imposed;
3. the undertakings contained in this performance bond constitute direct and fundamental obligations of ours and are unconditional and irrevocable. We shall not be excused from any or all of these obligations for any reason or reasons of whatever nature or source, such as change in the conditions of the licensing process or extension thereof or change in the scope or nature of work to be performed, or any omission, act or proceeding by you or by a third party which would excuse or discharge us from the obligations and liabilities stated in this performance bond;
4. this performance bond shall remain valid and in full force and effect until 5 years from date of Bond pursuant to the conditions of this performance bond. If you provide us

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with a written and signed notice on or before the date specified for the expiration of this performance bond (or any subsequent extensions pursuant to the conditions hereof) that we should extend the performance bond, we shall:

- a) automatically extend this performance bond for the required period (provided that it does not exceed 365 days) from the original expiration date of the performance bond or from the expiration date of any subsequent extensions, as specified in the extension request; or
 - b) pay you the value of the performance bond;
5. we represent and confirm that the amount of this performance bond does not exceed twenty percent (20%) of the total paid-up capital and reserves of the bank and
6. any dispute with respect to this performance bond shall be resolved exclusively by the competent authorities in the Kingdom of Saudi Arabia and according to the Saudi regulations, decisions, rules and instructions.

Yours faithfully,

[Signature of Authorized Signatory(ies)]
[Name of Authorized Signatory(ies)]
[Name of Issuing Bank]
[Date]

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Appendix 2.5

[Note to Applicants: please print and complete in accordance with Clause 4.5 of the RFA]

Spectrum Application Form

As per Clause 4.5 in the RFA, Applicants interested in applying for assignment of frequencies for the provision of Licensed Services must complete this form as part of the Main Proposal:

1. Spectrum Applied For by Frequency Band and District

Frequency Band (GHz)	District Applied For	Number of Lots Applied For

Note: Reference should be made to Appendix 3 – Fixed Spectrum Available

2. Spectrum Usage

Type of System (e.g. point to point/ point to multipoint etc.)	Area of Deployment (e.g. Ar Rahmaniyah in Riyadh)	System Characteristics (e.g. range, transmitted power)	Frequency Band and Bandwidth Required (GHz)	Alternative Possible Frequency Band (GHz)

Note: This table should only be used to detail spectrum requirements for access layer services (i.e. NOT transmission/backhaul spectrum requirements)

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Appendix 2.6

Spectrum Bid Bond Form

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APPENDIX 2.6

[Note to Applicant: Please refer to clause 4.5(g) of the RFA]

SPECTRUM BID BOND FORM

His Excellency the Governor of the CITC
Communications and Information Technology Commission
King Fahad Road
Riyadh 11588
Kingdom of Saudi

[Insert Date]

Name of Applicant.....

Dear Sirs,

Re: Request for Applications for Spectrum for Fixed Facilities-Based Services in the Kingdom of Saudi Arabia

Since *[insert name of applicant]* have been advised of the success of their Application for a Fixed Facilities-Based License to provide Fixed Telecommunications Services in the Kingdom of Saudi Arabia, we, *[Name of Issuing Bank]*, hereby unconditionally and irrevocably undertake to pay you the sum of [X] million Saudi Riyals in accordance with the following:

1. we shall pay you immediately upon your written demand and irrespective of any objection by the Applicant or any other party such amount or amounts as you may demand not exceeding in the aggregate the above mentioned amount, namely: by transfer to your account at any bank in the Kingdom of Saudi Arabia or in any other manner acceptable to you;
2. all payments made based on your demand shall be free and clear of, and without any present or future deduction for payment of, any taxes, levies, duties, charges, fees deductions or withholding of any nature whatsoever and by whomsoever imposed;
3. the undertakings contained in this bid bond constitute direct and fundamental obligations of ours and are unconditional and irrevocable. We shall not be excused from any or all of these obligations for any reason or reasons of whatever nature or source, such as change in the conditions of the licensing process or extension thereof or change in the scope or nature of work to be performed, or any omission, act or

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proceeding by you or by a third party which would excuse or discharge us from the obligations and liabilities stated in this bid bond;

4. this bid bond shall remain valid and in full force and effect until [...] (Date 180 days after submission of application for spectrum auction) pursuant to the conditions of this bid bond. If you provide us with a written and signed notice on or before the date specified for the expiration of this bid bond (or any subsequent extensions pursuant to the conditions hereof) that we should extend the bid bond, we shall:
 - (a) automatically extend this bid bond for the required period (provided that it does not exceed 365 days) from the original expiration date of the bid bond or from the expiration date of any subsequent extensions, as specified in the extension request; or
 - (b) pay you the value of the bid bond;
5. we represent and confirm that the amount of this bid bond does not exceed twenty percent (20%) of the total paid-up capital and reserves of the bank; and
6. any dispute with respect to this bid bond shall be resolved exclusively by the competent authorities in the Kingdom of Saudi Arabia and according to the Saudi laws, regulations, decisions, rules and instructions.

Yours faithfully,

[Signature of Authorized Signator[y/ies]]

[Name of Authorized Signator[y/ies]]

[Name of Issuing Bank]

[Date]

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Appendix 3

Fixed Spectrum Available

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APPENDIX 3

FIXED SERVICES SPECTRUM AVAILABILITY

Spectrum for fixed access layer services associated with this license is available in five bands in the KSA. These bands include:

2.305 – 2.360 GHz frequency band;

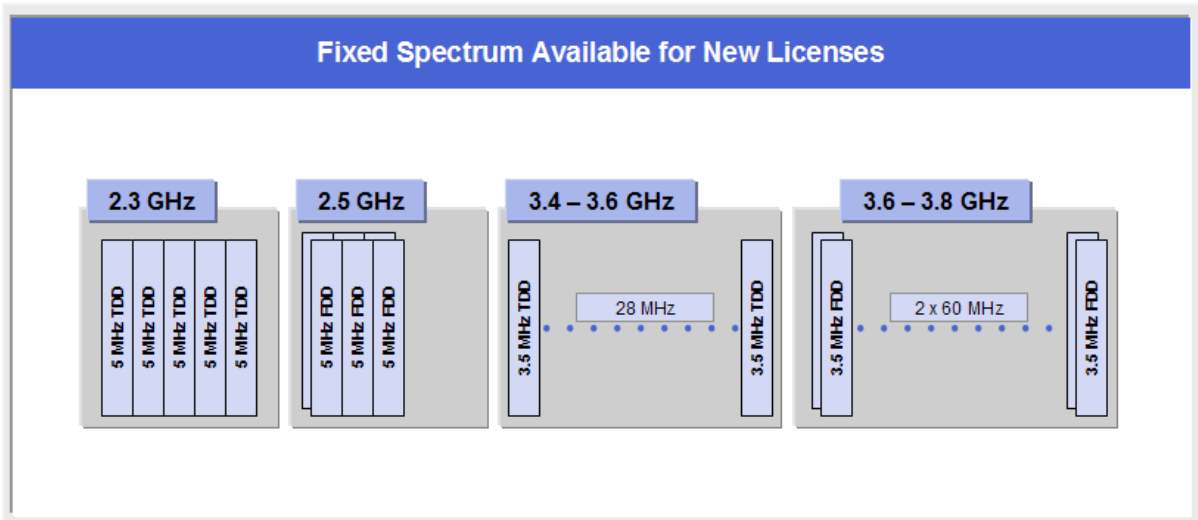
2.500 – 2.686 GHz frequency band;

3.4-3.6 GHz frequency band; and

3.6-3.8 GHz frequency band.

Figure A1 below illustrates the available fixed spectrum. Interested Applicants must indicate the number of lots requested and frequency band in their Application.

Figure A1: Fixed Spectrum Available for New Licenses



Source: CITC

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Appendix 4

Evaluation Criteria

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APPENDIX 4

[Note to Applicants: Please refer to Clause 4.3 of the RFA]

EVALUATION CRITERIA TABLE

SCORING TABLE				
#	Criteria	Weight	Sub Criteria	Evaluation Basis
1	Background	10%	Financial Strength	<ul style="list-style-type: none"> ▪ Telecommunications company's annual revenues (Minimum required USD 200 million) ▪ Overall financial strength based on past 2 years audited financial statements, including latest results of all members of the Consortium holding 5% or more of the proposed Licensee
		5%	Management Strength	<ul style="list-style-type: none"> ▪ Management expertise based on the curriculums of key management staff (directors and managers) in the telecommunications company
2	Relevant Expertise	10%	Subscribers	<ul style="list-style-type: none"> ▪ Telecommunications company's total subscribers (Minimum required 0.5 million in one operation) ▪ Telecommunications company's number of operations (Minimum required one operation) ▪ Telecommunications company's market share per operation (Minimum required 30% in one operation)
		5%	Scope of Services	<ul style="list-style-type: none"> ▪ Service expertise based on relevant information describing the scope of services offered in existing operations
		10%	Experience	<ul style="list-style-type: none"> ▪ Telecommunications company's years of greenfield experience (Minimum required one year)
		10%	Locked-in Expertise	<ul style="list-style-type: none"> ▪ Telecommunications Company's committed shareholding (Minimum required 15%)
3	Business Plan	5%	Strategy	<ul style="list-style-type: none"> ▪ Completeness of business plan and overall feasibility (Minimum detail required is for first 5 years)
		5%	Financing plan	<ul style="list-style-type: none"> ▪ Realistic funding requirements (Minimum detail required is for first 5 years) ▪ Credible proposed sources of funding (Minimum detail required is for first 5 years)
		5%	Forecasts	<ul style="list-style-type: none"> ▪ Realistic forecast (Minimum detail required is for first 5 years) ▪ Alignment with Corporate Strategy (Minimum detail required is for first 5 years)

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#	Criteria	Weight	Sub Criteria	Evaluation Basis
4	Technical Plan	10%	Network Plan	<ul style="list-style-type: none"> ▪ Completeness and meets business plan requirements – projected capacity and service needs aligned with network design and implementation (Minimum detail required is for first 5 years) ▪ Completeness - should include overall network infrastructure/ configuration, network facilities, capacity, interconnection, security and description of technologies (Minimum detail required is for first 5 years)
		5%	Expected use of incumbent facilities	<ul style="list-style-type: none"> ▪ Facilities sharing where efficient and practical but not to the extent of over reliance or lack of infrastructure investments (Minimum detail required is for first 5 years) ▪ Committed plans for own infrastructure investment and rollout (Minimum detail required is for first 5 years)
5	Network Rollout	20%	Rollout coverage	<ul style="list-style-type: none"> ▪ Proposed roll-out and roll-out speed over the minimum required in the License (Minimum detail required is for first 5 years)
Approval Requirements				<ul style="list-style-type: none"> ▪ Minimum requirements to be met ▪ Minimum score should be 80%



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Appendix 5

Application Checklist

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APPENDIX 5

[Note to Applicants: Please refer to Clause 5 of the RFA]

LICENSE APPLICATION CHECKLIST

The following items are required for an application. Applicants should however note the full detailed requirements described in Clause 5 of this RFA and elsewhere in the supporting documents.

License Application Check-List	Check
<p>Cover Letter (Clause 5.2)</p> <p>i. Cover Letter Form (Appendix 2.1)</p> <p>ii. May require Power of Attorney authorization (Clause 4.2 (a)(i))</p>	
<p>Main Proposal (Clause 5.3)</p> <p>i. Applicant's Background</p> <p>ii. Relevant Experience</p> <p>iii. Business Plan</p> <p>iv. Technical Plan</p> <p>v. Network Rollout Plan</p>	
<p>Other</p> <p>i. Management Agreement may be required (Clause 5.3 (c))</p> <p>ii. Company Information (Clause 5.3(d))</p> <p>iii. Commitments to CITC Statutes (Clause 4.2 (b)(ii))</p>	
<p>Financial Comfort Letter (Clause 5.4 and Appendix 2.3)</p>	
<p>Spectrum Application Form (Clause 5.5) (Form should be submitted if spectrum is required by the Applicant)</p>	
<p>Application Fee (Clause 6(i))</p>	

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