Annex A9

MVNO and IoT-VNO Services Regulations

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MVNO Services and IoT-VNO Services Provisioning Regulations

Article 1: Introduction

This document contains the following:

1.1. Updating the Service Regulation requirements related to the request for an authorized service provider to provide MVNO services in the light of market evolution and experience gained in the Kingdom and in other countries.

1.2. The conditions and licensing requirements relating to the provision of the services of the IoT-VNO using data SIM cards in the Kingdom of Saudi Arabia (Kingdom), without prejudice to any rules relating to the use of other means of communication for the provision of the services of the IoT-VNO, such as licensed or shared spectrum bands or networks.

Article 2: Definitions

2-1 The definitions, terms and expressions in the Commission (CITC) Statutes shall have the same meaning in these Regulations for MVNO Services and IoT-VNO Services Provision (the "Regulations") and their Annexes thereto. The following terms and expressions shall have the meaning assigned to them hereunder, unless specified otherwise:

2-2-1 "MVNO Service Authorization" means a General Class Licensed Service Provider with a Service Authorization for MVNO Services granted by the Commission pursuant to these Regulations.

2-2-2 "IoT-VNO Service Authorization" means a General Class License provider with a Service Authorization for IoT-VNO Services granted by the Commission pursuant to these Regulations.

2-2-3 "Service Provider" means an operator who holds a General Class License issued by the Commission with a Service Authorization to provide MVNO services or IoT-VNO services.

2-2-4 "Host FBP" means a Facilities Based Provider (FBP) providing mobile network capacity on a wholesale basis to 1) one or more MVNOs for the provision of MVNO services to Users, 2) one or more IoT-VNOs for the provision of IoT-VNO services to Users.

2-2-5 "MVNO" (Mobile Virtual Network Operator) means a service provider who leases/purchases, on a wholesale basis mobile network capacity from a Host FBP in order to provide MVNO Services on a local, national and international level to the MVNO's own customers, without a spectrum assignment or building its own radio access network.

2-2-6 "IoT-VNO" (Internet of Things Virtual Network Operator) means a Service Provider who leases/purchases, on a wholesale basis, mobile network capacity from a Host FBP in order to provide IoT-VNO Services on a local,

national and international level to the IoT-VNO's own customers, without a spectrum assignment or building its own radio access network.

2-2-7 "MVNO Services" include any of the following services provided to Users by an MVNO on retail basis:

a. Mobile voice and data services;

b. Internet Services

c. Other related mobile services including, but not limited to, short message services, voicemail, email, mobile broadband services and multi-media services (for example video calls and video streaming), push-to-talk over cellular (PoC), location-based services, and other value-added mobile services; and the IoT-VNO services defined in Article 2-2-8 below.

2-2-8 "IoT-VNO Services" means services that are provided by a Service Provider to enable the automated communication between machines and devices using data SIM cards, embedded data SIM (eSIM) or any other future functional equivalent.

2-2-9 "MVNO Agreement" means an agreement between a Host FBP and an MVNO for the provision of wholesale services from the Host FBP to the MVNO, such as to enable the MVNO to provide MVNO Services to its own customers.

2-2-10 "IoT-VNO Agreement" means an agreement between a Host FBP and an IoT-VNO for the provision of wholesale services from the Host FBP to the IoT-VNO, such as to enable the IoT-VNO to provide IoT-VNO Services to its own customers.

2-2-11 "MVNE" (Mobile Virtual Network Enabler") means a Service Provider that provides network infrastructure and related services, such as business support systems, administration and operations support systems, to one or more MVNOs or IoT-VNO.

2-2-12 Regulation": means these Regulations on MVNO Services, and IoT-VNO Services Provision issued by the Commission.

Article 3 Regulation Framework

MVNO and IoT-VNO Service Authorization

3-1 The provision of any MVNO Service requires an MVNO Service Authorization.

3-2 The provision of any IoT-VNO Service requires an IoT-VNO Service Authorization.

3-3 The Service Authorization shall enter into effect on the issuance date for a duration as per the conditions of the General Class License and is valid as long as the

operator has a valid General Class License. A Service Authorization for this service is typically issued for a duration of 10 years.

3-4 The Commission may amend the Service Authorization in accordance with its Statutes.

3-5 The special conditions applying to MVNO Service Authorization are set out in Annex No (1) of these Regulations.

3-6 The special conditions applying to IoT-VNO Service Authorization are set out in Annex No (2) of these Regulations.

3-7 The fees applicable to MVNO and IoT-VNO Service Authorization are set out in Annex No (3) of these Regulations.

3-8 The Commission may review or amend these Regulations and/or their Annexes as it deems necessary pursuant to Commission Statutes.

3-9 The Service Provider may, after obtaining the prior written approval from the Commission, re-assign this Service Authorization, provided that the re-assignee shall fulfil all legal, technical, financial and commercial requirements to obtain this Service Authorization pursuant to the Commission discretion and in compliance with its statutes.

3-10 The Service Provider is not permitted to contract with other persons to provide licensed services in accordance with this Service Authorization or to provide it on its behalf, without a written approval from the Commission.

3-11 The Commission may revoke or suspend the Service Authorization in accordance with the Commission Statutes.

3-12 Violations and fines relevant thereto shall be addressed in accordance with Commission Statutes.

Article 4: Principles for Entering into MVNO and IoT-VNO Agreements

4-1 Every Host FBP, if so requested in writing by a Service Provider with an MVNO and/or IoT-VNO Service Authorization, must enter into good faith negotiations with a view to concluding an Agreement with that MVNO and/or IoT- VNO Service Provider, without avoidable delay.

4-2 The following actions or practices in particular shall be deemed to violate the MNO Host FBP's duty to negotiate in good faith under Article 4-1, above:

4-2-1 Obstructing or delaying negotiations or resolution of disputes.

4-2-2 Refusing to provide information to the Service Provider about the Host FBP's own facilities if these are necessary for the wholesale services arrangements with the Service Provider.

4-2-3 Misleading or coercing the Service Provider into reaching an agreement it would not otherwise have made.

4-2-4 Requiring prior or simultaneous negotiation or agreement on the provision of other services by or to the Service Provider.

4-2-5 Demanding that the Service Provider sign a non-disclosure agreement that precludes it from providing information requested by the Commission.

4-2-6 Refusing to include a provision allowing amendment of the MVNO or IoT-VNO Agreement to take into account any changes in any Commission Statutes.

4-2-7 Offering terms to the Licensee that:

a. Are discriminatory in nature; or

b. Are less favourable than those offered by the Host FBP to any of its Users on a retail basis; or

c. Do not provide for a reasonable margin between the price for Host FBP services charged to the Service Provider and the retail price for the equivalent service provided by the Host FBP to its Users on a retail basis; or

d. Are inconsistent with the Service Provider rights and obligations under its Service Authorization.

4-3 A Host FBP shall not be required to accept any terms in an MVNO/IoT-VNO Agreement that would be inconsistent with its obligations under its license or any Commission Statutes. In such a case, the Host FBP must inform the MVNO/IoT-VNO accordingly and provide a reasonable justification in writing.

4-4 The Commission may issue Decisions, Guidelines or other measures concerning the subject-matter of this Regulations, and may impose an obligation on Host FBPs to publish a Reference Offer for MVNO and IoT-VNO Hosting services, subject to Commission Statutes and market evolution.

Article 5: Content of MVNO and IoT-VNO Agreements

5-1 Subject to the MVNO and/or IoT-VNO Agreement's compliance with Commission Statutes and, in particular, these Regulations, its provisions may be determined freely, on a commercial basis between any Host FBP and any Service Provider.

5-2 MVNO and/or IoT-VNO Agreements should encourage efficient and sustainable competition and not impose unnecessary restrictions or constraints on the Service Provider as a condition for the conclusion of an MVNO and/or IoT-VNO Agreement.

5-3 Any Service Provider may not be prevented by the Host FBP from:

5-3-1 Determining or changing its business model;

5-3-2 Issuing its own data SIM cards, embedded data SIM (eSIM) or any other future functional equivalent services.

5-4 A Host FBP may not prevent any Service Provider from offering retail services to its own Users that are not offered by the Host FBP to its own Users by:

5-4-1 Rendering the conclusion of an MVNO and/or IoT-VNO Agreement conditional on the exclusion of such retail services by the Service Provider;

5-4-2 Prohibiting, in the MVNO and/or IoT-VNO Agreement, the provision of such services by the Service Provider; or

5-4-3 Imposing, without objective justification, technical, billing, administrative or other restrictions that render the provision of such retail services by the Service Provider unnecessarily difficult or impossible.

5-5 Any Service Provider may not be prevented by the Host FBP from using its own or a third party's Home Location Register (HLR) and 3GPP EPC facilities or an MVNE infrastructure. In such a case, the Service Provider shall be responsible for ensuring that any such third party is duly authorized to provide such services in the Kingdom.

5-6 A Host FBP may access traffic and customer data of a Service Provider with whom it has an MVNO/IoT-VNO Agreement only on a need-to-know basis, strictly limited to billing (where applicable) and capacity forecasting purposes. In particular, a Host FBP:

5-6-1 May not access or use the Service Provider customer data to promote its services to the Service Provider's customers or otherwise exploit such data for commercial purposes; and

5-6-2 Must fully respect any confidentiality rules concerning customer information that are in force under any Commission statute.

5-7 The original version of an MVNO and IoT-VNO Agreement must be in Arabic and the Arabic version shall prevail, in case of a conflict, over any other language version.

5-8 The validity, interpretation, and performance of MVNO and IoT-VNO Agreements shall be governed in all respects by the laws of the Kingdom.

Article 6: Amendments, extensions and termination of MVNO and IoT-VNO Agreements

6-1 A Host FBP may not terminate an MVNO or IoT-VNO Agreement unilaterally, unless that Host FBP provides evidence, to the Commission's satisfaction, that the MVNO/IoT-VNO has committed an act or omission that justifies such termination under any Agreement between them and Commission Statutes.

6-2 A Service Provider shall not be constrained by the Host FBP from renegotiating its MVNO Agreement if this is necessary to modify the Service Providers business model, within the limitations of what is permitted under these Regulations and other Commission Statutes.

6-3 A Host FBP may refuse to extend an MVNO or IoT-VNO Agreement upon its termination only if:

6-3-1 The Service Provider does not submit to the Host FBP a valid request for an extension of the MVNO or IoT-VNO agreement; or

6-3-2 The Service Provider has committed an act or omission that justifies such a refusal in accordance with the agreement concluded with them.

6-4 In the event of an expected termination of an MVNO Agreement or IoT-VNO Agreement for any reason, such as the Service Provider's intended exit from the market or a termination by the Host FBP, the following shall be required:

6-4-1 The Host FBP and the Service Provider must use their good faith best efforts to minimize any negative impact on the affected consumers' interests and inform them of any material impact on their current mobile subscription, at the latest two (2) months prior to such termination; and follow the relevant Commission Statutes.

6-4-2 Each party of the agreement must independently inform the Commission in writing, as soon as that party becomes informed of the coming termination, of the means through which that party shall ensure compliance with Article 6-4-1, above.

6-5 The Commission may order the Host FBP and/or Service Provider to delay termination and/or amend the measures they notify under Article 6-4-2 above, in order to ensure a more appropriate protection of consumers' interests or the protection of competition on the market. .

Article 7: Relations between Service Provider and Host FBPs

7-1 If the Service Provider decides to migrate its Users in whole or in part to "another Host FBP, the Service Provider must notify the current Host FBP in writing of this decision, and therefore the Host FBP must do the following

7-1-1 Must take all reasonably necessary steps to facilitate such migration by the Licensee;

7-1-2 May not prohibit or render unreasonably difficult such migration, through any technical, financial, contractual or other means.

7-2 The Service Provider may not request that its Agreement with a Host FBP be exclusive or vice versa.

7-3 When switching, in whole or in part, to a new Host FBP, the current Host FBPs shall not prohibit or otherwise hinder the Service Provider from doing so, and the Service Provider must take all reasonable measures to ensure that:

7-3-1 The Service Provider's Users are not negatively impacted by this switch;

7-3-2 The Service Provider informs its Users clearly, not later than two (2) months before any switch to a new Host FBP, if and how they will be affected in any way by that switch as regards, in particular, tariffs, coverage and quality of service;

7-3-3 When communicating any such changes to its Users under article 7-3-2, the Service Provider must give them an opportunity to terminate their subscription, at no extra cost; and

7-3-4 The transition to the new Host FBP will not otherwise prejudice the Service Provider's obligations under their Service Authorization, these Regulations and any other Commission Statute including, in particular, any provisions concerning the protection of consumers, quality of service and its tariffs.

Article 8: Obligations of MVNO Service Provider offering IoT-VNO Services and IoT-VNO Service Providers

8-1 Unless specified otherwise in the future in any Commission Statute, a Service Provider offering IoT-VNO Services has the following obligations with regard to these services;

8-1-1 Must ensure that all SIM cards used in the provision of IoT-VNO Services by the Service Provider are configured to be used only for the automated communication between machines and devices and that they will not be used for other purposes without the prior written consent of the Commission.

8-1-2 Must maintain a register containing full and accurate records of all SIM cards used in connection with the provision of IoT-VNO Services by the Service Provider, which shall be made available for inspection by the Authority, upon its request. These records shall contain the International Mobile Subscriber Identity ("IMSI") number and the Mobile Subscriber Integrated Services Digital Network Number ("MSISDN") of the SIM cards, and any other details that the Authority may request in the future.

8-1-3 Must maintain safe records of the above register in an electronic form for the latest of:

a) A period of not less than twelve (12) months from the date of termination of the Services to the IoT-VNO Services customer(s) concerned;

b) In the event of a dispute between the Service Provider and an IoT-VNO Services customer(s) or a complaint by such a customer, until the dispute or the complaint is resolved;

c) In the event of a request by the Commission with regard to one or more specific IoT-VNO Services customer(s) until the date specified by the Commission.

8-2 Nothing in these Regulations shall relieve the Service Provider of its obligations under any other Commission Statutes regarding, in particular, any security issues, the protection of customers' data and its use of radio frequencies.

Article 9: Providing Information

9-1 Without prejudice to its obligations to provide information to the Commission under any Commission Statute, each of the Host FBP and the Service Provider is required to provide separately and immediately to the Commission, upon its request:

9-1-1 A complete, accurate and current copy of any MVNO and/or IoT-VNO Agreement concluded between that party and (as the case may be) a Service Provider or a Host FBP in the Kingdom;

9-1-2 Any modifications made and of any replacement MVNO or IoT-VNO Agreement entered into between them from time to time;

9-1-3 A description of the expected implications on the Users as a result of any new MVNO or IoT-VNO Agreement concluded between the Service Provider and the Host FBP

9-2 The Commission may request that the Service Provider provide it with further information or clarifications, or periodic reports, and it may otherwise intervene pursuant to any Commission Statute prior to or after the conclusion of any new MVNO or IoT-VNO Agreement with a new Host FBP.

Article 10: Other Commission Powers

10-1 The Commission may define, in the special conditions of the MVNO and the IoT-VNO Service Authorization, and at any point thereafter in the future, different rights and/or obligations with regard to MVNO and/or IoT-VNO Services.

10-2 Any rights and/or obligations regarding IoT-VNO Services that are defined by the Commission pursuant to these Regulations shall apply with regard to rights and/or obligations of:

10-2-1 Any holder of an MVNO Service Authorization in the Kingdom, if it provides IoT-VNO Services.

10-2-2 Any holder of a Service Authorization in the Kingdom that allows him to provide IoT-VNO services in KSA.

10-3 Any violation of the provisions of these Regulations shall be subject to the penalties that the Commission may impose under Commission Statutes, without prejudice to any penalties that may be imposed under any other applicable law in the Kingdom.

10-4 The provisions of these Regulations shall be without prejudice to any dispute resolution Commission powers and procedures provided under any Commission Statute.

Annex 1: Requirements for Service Providers to Provide MVNO Services

Article One: Definitions

The words and expressions defined in these Regulations have the same meaning in these Special Conditions.

Article Two: Services allowed

1. The Service Authorization for the provision of MVNO services allows the Service Provider to provide MVNO services by providing any of the following services on a retail basis:

    a. Mobile voice and data services

    b. Internet Services

    c. Other services related to mobile services include but not limited to: SMS, voice mail, e-mail, mobile broadband services, multimedia services (such as video calls, visual transport services), push to talk over the mobile phone, location services and other mobile value-added services.

2. Provided that such services are provided in accordance with the following:

    a. On a local, national and international level,

    b. To the Service Providers own retail customers, and

    c. Without spectrum assignments or an own radio access network.

3. The provision of any other service or the operation of any other system or network by the Service Provider shall be subject to any separate licensing and/or other requirements that may apply under any Commission Statutes.

Article Three: Rights of the Service Provider

1. The Service Provider shall be entitled to use its own facilities for the purposes of the provision of authorized Services, subject to any required authorizations under a Commission Statute for the following:

    a. To use its own SIM, embedded data SIM (eSIM) or future functional equivalents for its retail MVNO Services;

    b. To use its own or a third party's Location Register (HLR) and its 3GPP EPC packages facilities or an MVNE infrastructure.

2. Content broadcasting is subject to separate authorizations/licensing from the relevant Government agencies.

3. The Service Provider shall have the right to conclude, amend and terminate an MVNO Agreement with one or more Host FBPs in the Kingdom, subject to commercial arrangements and the provisions of the Regulations.

Article Four: Obligations of the Service Provider

1. The Service Provider shall implement all obligations set out in any applicable Commission Statutes including, in particular, the Regulations, also including service continuity, and the development and improvement of the Licensee's services in accordance with the Commission Statutes, and shall comply specifically with the following requirements:

   a. Implement and adhere to all policies and instructions issued by the Commission and any other official entities;

   b. Honour honesty and good behaviour.

   c. Non-discriminatory treatment among users, and ensure their privacy.

   d. Display in advance the fees for the provided services and their features for those interested in the services prior to using them.

   e. Comply with authors' rights and other rights in accordance with relevant regulations when providing any programs for Users, and obtain approval from the Ministry of Culture and Information\General Commission for Audio-visual Media prior to propagating the service in one of following two cases:

      If the content is going to be broadcasted in any shape or form, through any information media.

      If the service deals with receiving or transmitting audio or audio- visual information material or written texts or animations in addition to any new future services associated with intellectual property rights or publishing and printing regulation.

   f. Obtain the approval of the Chamber of Commerce in the area at which he is registered if the service is connected directly or indirectly with providing a reward or a commercial promotion.

   g. Do not contradict Islamic Shari'a rules, good manners, morals, general rules or conventions and the public taste, and do not engage in any violation to the Acts and Bylaws prevailing in the Kingdom.

   h. Do not provide unlicensed services.

   i. Ensure compliance of the equipment necessary to provide the service with the technical standards approved by the Commission and limit its use to providing the services allowed under an MVNO License.

j. Refrain from using any User telephone numbers or numbers obtained through the Users, or from exploiting them by any means such as using them in announcement campaigns or selling the databases available to the Licensee and including these numbers to other bodies without prior permission from the owner of the number.

k. Provide technical capabilities in equipment and materials of his networks to be linked with other networks. A special requirement form to operate and use the network must be filled and signed.

l. Provide technical capabilities in his networks' equipment and materials to retain and identify Users' data, where needed, for a minimum period of twelve (12) months or in accordance with the Commission's discretion.

2. The Service Provider shall provide its own billing and customer care services for all its customers from the date of launching MVNO Services under the MVNO Service Authorization and these Regulations.

3. The Service Provider shall comply with and adhere to the decisions and guidance issued by Commission regarding the Saudization rates of the Service Provider.

Article Five: Service Launch

A Service Provider that receives an MVNO Service Authorization pursuant to these Regulations must launch commercial services to the public within twelve (12) months of the issuance of that MVNO Service Authorization. The Commission may, in its sole discretion, revoke the MVNO Service Authorization if the Service Provider breaches this obligation, and the Service Provider alone shall bear full responsibility resulting from such breach, without any liability or responsibility being incurred by the Commission.

Annex 2: Special Conditions for Service Providers to Provide IoT-VNO Services

Article One: Definitions

The words and expressions defined in these Regulations have the same meaning in these Special Conditions.

Article Two: Services authorized

1. An IoT-VNO Service Authorization allows its holder (the "Service Provider") to provide IoT-VON Services to enable the automated communication between machines and devices using data SIM cards, embedded data SIM (eSIM) or any other future functional equivalent, as follows:

    a. On a local, national and international level,

    b. To the Licensee's own retail customers, and

    c. Without spectrum assignments or an own radio access network.

2. Internet Services Provision

3. The provision of any other service or the operation of any other system or network by the Service Provider shall be subject to any separate licensing or other requirements that may apply under any Commission Statutes.

Article Three: Rights of the Service Provider

1. The Service Provider shall be entitled to use its own facilities for the purposes of the provision of authorized Services, subject to any required authorizations under a Commission Statute, as follow:

    a. To use its own data SIM, embedded data SIM (eSIM) or future functional equivalents for its IoT-VNO Services.

    b. To use its own or a third party's Location Register (HLR) and its 3GPP EPC packages facilities or an MVNE infrastructure.

2. Content broadcasting is subject to separate authorizations/licensing from the relevant Government agencies.

3. The Service Provider shall have the right to conclude, amend and terminate an IoT-VNO Agreement with one or more Host FBPs in the Kingdom, subject to commercial arrangements and the provisions of the Regulations.

Article Four: Obligations of the Service Provider

1. The Service Provider shall implement all obligations set out in any applicable Commission Statutes including, in particular, the Regulations, also including service

continuity, and the development and improvement of the Licensee's services in accordance with the Commission Statutes, and shall comply specifically with the following requirements:

a. Implement and adhere to all policies and instructions issued by the Commission and any other official entities;
b. Honour honesty and good behaviour.

c. Non-discriminatory treatment among users, and ensure their privacy.

d. Display in advance the fees for the provided services and their features for those interested in the services prior to using them.

e. Comply with authors' rights and other rights in accordance with relevant regulations when providing any programs for Users, and obtain approval from the Ministry of Culture and Information\General Commission for Audio-visual Media prior to propagating the service in one of following two cases:

    If the content is going to be broadcasted in any shape or form, through any information media.

    If the service deals with receiving or transmitting audio or audio- visual information material or written texts or animations in addition to any new future services associated with intellectual property rights or publishing and printing regulation.

f. Obtain the approval of the Chamber of Commerce in the area at which he is registered if the service is connected directly or indirectly with providing a reward or a commercial promotion.

g. Do not contradict Islamic Shari'a rules, good manners, morals, general rules or conventions and the public taste, and do not engage in any violation to the Acts and Bylaws prevailing in the Kingdom.

h. Do not provide unlicensed services.

i. Ensure compliance of the equipment necessary to provide the service with the technical standards approved by the Commission and limit its use to providing the services allowed under an IoT-VNO License.

j. Refrain from using any User data obtained through the Users, or from exploiting them by any means such as using them for its own purposes or selling the databases available to the Licensee and including these customer data to other bodies without prior permission from the owner of the data and in accordance with relevant regulations.

k. Provide technical capabilities in equipment and materials of his networks to be linked with other networks. A special requirement form to operate and use the network must be filled and signed.

l. Provide technical capabilities in his networks' equipment and materials to retain and identify Users' data, where needed, for a minimum period of twelve (12) months or in accordance with the Commission's discretion.

2. The Service Provider shall provide its own billing and customer care services for all its customers from the date of launching IoT-VNO Services under the IoT-VNO Service Authorization and these Regulations.

3. The Service Provider shall comply with and adhere to the decisions and guidance issued by Commission regarding the Saudization rates of the Service Provider

Article Five: Service Launch

A Service Provider that receives an IoT-VNO Service Authorization pursuant to these Regulations must launch commercial services to the public within twelve (12) months of the issuance of that IoT-VNO License. The Commission may, in its sole discretion, revoke the IoT-VNO Service Authorization if the Service Provider breaches this obligation, and the Service Provider alone shall bear full responsibility resulting from such breach, without any liability or responsibility being incurred by the Commission.

Annex 3: Fees MVNO and IoT-VNO Services

1. Fees payable for MVNO and IoT-VNO services will be as per the 'License Fee Regulation' published on CITC website

Annex 4: Service Authorization for MVNO or IoT-VNO Services

The Service Authorization for MVNO or IoT-VNO Service will be as per 'Appendix E: Draft Service Authorization Annexure' in the 'License Classification Regulations'

Conditions for Obtaining a Service Authorization to Provide IoT-VNO Services in the Kingdom of Saudi Arabia

1) Eligibility for a IoT-VNO Service Authorization

1-1 Mobile FBPs in the Kingdom are not eligible to apply for the IoT-VNO Service Authorization, be it directly or through a fully owned subsidiary.

1-2 The Applicant must inform the Communications and Information Technology Commission (CITC) (the "Commission"), in its application for a Service Authorization (the "Application"), of any direct or indirect ownership links between the Applicant and any service provider in the Kingdom (see also 2-2-1 (b) below). In such a case, the Commission shall review such ownership links and may approve or reject the Application according to conditions determined by its absolute discretion.

2) Application for a Service Authorization

The Application must include the following documents and information:

2-1 Part 1: Cover Letter

2-1-1 A duly completed Cover Letter Form, as per **Appendix "A"**, dated and signed by an authorized signatory of the Applicant.

2-1-2 Applicants should attach to the Cover Letter all the information that is required pursuant to Article 2-2 below.

2-2 Part 2: Main Proposal

The main proposal must include the following information:

2-2-1 Applicant's details, including:

a) Legal name or proposed legal name of the Service Provider;

b) Details of the ownership structure or the proposed ownership structure of the Applicant;

c) Detailed information on the Applicant or on each member of the consortium, if the applicant consists of a consortium. Such details must include the name, legal status, registered office address, a description of the business of each consortium member, and the percentage ownership of the share capital held in the consortium;

d) The financial statements of the Applicant or any shareholder that owns, or any proposed shareholder that will own, five percent

(5%) or more of the Applicant's shares if the Applicant consists of a consortium. These financial statements must be provided for the preceding two (2) fiscal years and should include an audited or certified income statement and balance sheet;

e) Either a certified resolution of the boards of directors of all proposed shareholders in the Applicant or a letter of authorization from each of the proposed shareholders in the Service Provider which authorizes the Applicant to file the Application;

f) A copy of any signed or draft IoT-VNO Agreement, letter of intent or other similar exchange between the Applicant and an existing or potential the Host FBP in the Kingdom, if such a document exists already. This document must be submitted in Arabic language but may be accompanied by an English translation or the English language original;

g) The Service Authorization Fee Bank Guarantee in accordance with the form enclosed in **Appendix "B"** of this document;

h) The Financial Comfort Letter in accordance with the form enclosed in **Appendix "C"** of this document;

i) A copy of the valid Commercial Registration; and

j) A copy of the identity of the Applicant (or its representative).

2-2-2 Business Plan

The Applicant must provide information to show that the Applicant's overall business plan is viable, realistic and adequately funded, and is consistent with the details contained in its Technical Proposal. The Business Plan must include:

a) Corporate Strategy: high level corporate strategy, including how and to what extend it would contribute to the Kingdom's telecommunications market;

b) Market Study: market forecast, market segmentation, customer penetration and uptake, proposed services and associated prices, and covering the first five (5) years of planned operation;

c) Customer Care and after sales support plan, proposed related service levels and the continuous service quality improvement plan;

d) Services, including the planned services of the Service Provider, the products, services or sectors for which the Applicant proposes to offer IoT-VNO services, the timing of the introduction of these services, and the Applicant's proposed approaches to service innovation;

e) Organization, including management, marketing, sales, customer care, operations and maintenance;

f) Human Resource Plan, detailed human resource plan and committed degree of Saudization in accordance with the Kingdom's laws, rules and regulations; and

g) A financial summary of the proposed IoT-VNO Services business in the Kingdom covering each of the first five (5) years of operation. This will include a profit and loss statement, a balance sheet, a cash flow statement and a financing plan. The financial information provided should include a detailed set of key assumptions driving the revenue model as well as a bottom up analysis of capital and operating costs for the IoT-VNO services.

2-2-3 Technical Proposal

Applicants must submit a technical plan within their application for the Service Authorization, which should include the following:

a) A concise description of the proposed approach to the rollout and provision of IoT-VNO Services in the Kingdom;

b) Proposed service launch date;

c) A description and architecture of any infrastructure, systems and processes planned, including details of:

Network operations;

Customer care and after sales support, and proposed service levels;

Service performance monitoring and the continuous improvement of service quality; and

Customer billing.

2-2-4 The Applicant shall pay to the Commission a non-refundable processing fee of fifty thousand Saudi Riyals (SAR 50,000) to cover the Commission's costs for processing the Application, by certified check drawn on a bank located in Saudi Arabia approved by SAMA in favour of the "Communication and Information Technology Commission", payable in Riyadh.

2-2-5 The Service Provider is bound, and shall continue to be bound throughout the period of the Service Authorization granted to it, by the information provided and by all representations, undertakings and commitments made by it and contained within any part of the Application. Any breach or non-performance of any such

representation, undertaking or commitment shall be deemed to be a breach of a condition of such a Service Authorization.

2-2-6 Unless specified otherwise in this document, the original of all documents and information provided by the Applicants must be in Arabic. Supporting documents may be provided in English, but must be accompanied by an Arabic translation or (if so accepted by the Commission) an Arabic language summary.

Procedure for Filing an Application

1. The first and final pages of the original Application must be signed by an Authorized Signatory. Each of the other pages must be stamped and/or initialled by the Authorized Signatory.

2. The total size of the Application should not be greater than one hundred (100) pages of A4 in type no less than twelve (12) points and all pages must be numbered (e.g. page 15 of 100). Applicants may attach additional information as appendices to the Application.

3. Applicants must deliver the Application by hand or by courier to the Commission at the following address:

   Governor Office

   Communications and Information Technology
   Commission Imam Saud Ibn Abdulaziz Ibn
   Mohammed Road

   P O Box 75606, Riyadh

   11588 Kingdom of Saudi

   Arabia

4. Applications must be valid for a period of one hundred and eighty (180) days from their receipt by the Commission.

5. Failure by any Applicant to provide all of the information required in the Application or any additional information required by the Commission may lead to the rejection of such Application in its entirety.

Appendix "A" COVER LETTER FORM

[Note to Applicants: please print and complete this Cover Letter Form]

Communications and Information Technology Commission
Imam Saud Ibn Abdulaziz Ibn Mohammed Road
P.O. Box 75606, Riyadh 11588
Kingdom of Saudi Arabia
[Insert Date]
Name of Applicant

Dear Sirs,

Re: Request for a Service Authorization to provide IoT-VNO Services in the Kingdom of Saudi Arabia

1. We the undersigned hereby submit an Application for the grant of a Service Authorization to provide IoT-VNO Services.

[Note to Applicant: If the applicants consist of a consortium, please provide a description of each of the consortium members]

2. We have duly completed this letter and enclose herewith:

   a) Main Proposal;

   b) The [powers of attorney/notarized certificates] that clearly evidence the authority to sign of the signator[y/ies] of this cover letter and other documents filed with our Application that require signature;

   c) A Financial Comfort Letter (using the Financial Comfort Letter Form attached as Appendix "C" of this document;

   d) A separate envelope marked "Application Processing Fee" of fifty thousand Saudi Riyals (SAR 50,000) to cover CITC's cost of processing the Application by certified check drawn on an approved bank located in Saudi approved by SAMA in favour of
   "Communication and Information Technology Commission" payable in Riyadh;

   e) A Bank Guarantee for the Service Authorization Fee (using the Bank Guarantee Form attached as Appendix "B" of this document;

   f) A signed or draft copy of the IoT-VNO Agreement, or other related document (e.g., a Memorandum of Understanding or Letter Exchange), if already available; and

   g) Details of the experience of our IoT-VNO partner(s), if there is/are any.

3. We confirm that our Application is open for acceptance by CITC for one hundred and eighty (180) days.

4. We confirm our agreement to the terms, conditions and provisions of the Regulations for MVNO Services and IoT-VNO Services Provision and those of the General Class License and IoT-VNO Services Regulations.

5. We accept full responsibility for applying and implementing our business plan, as indicated in this document.

6. 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.

7. 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 Regulations for MVNO Services and IoT-VNO Services Provision and any other Commission Statutes it refers to.

   b) This letter and all other documents comprising our Application shall be governed by and construed in accordance with the laws of the Kingdom.

8. We undertake that, if we are selected as a Successful Applicant, we shall:

   a) Pay all required fees and amounts stipulated in any applicable Commission Statute; and

   b) Perform all other obligations required by the MVNO Services and IoT-VNO Services Regulation and the General Class License Regulations.

Yours faithfully,

[Signature of Authorized Signator[y/ies]
[Name of Authorized Signator[y/ies]
[Name of Applicant]

[Date]

Appendix B SERVICE AUTHORIZATION FEE BANK GUARANTEE FORM

Communications and Information Technology Commission
Imam Saud Ibn Abdulaziz Ibn Mohammed Road
P.O. Box 75606, Riyadh 11588
Kingdom of Saudi Arabia
[Insert Date]

Name of Applicant

Dear Sirs,

Re: Applications for a Service Authorization to provide IoT-VNO Services in the Kingdom of Saudi Arabia

Since *[insert name of applicant]* have submitted their Application to provide IoT-VNO Services in the Kingdom of Saudi Arabia, we, [*Name of Issuing Bank*], hereby unconditionally and irrevocably undertake to pay you the sum of one million Saudi Riyals (SAR 1,000,000) 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 one million Saudi Riyals (SAR 1,000,000) 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, 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 Service Authorization Fee Bank Guarantee 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 Service Authorization 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 Bank Guarantee;

4. This r Fee Bank Guarantee is of a continuing nature and shall remain valid and in full force and effect until [insert date] pursuant to the conditions of this bank guarantee. If you provide us with a written and signed notice on or before the date specified for the expiration of this bank guarantee (or any subsequent extensions pursuant to the conditions hereof) that we should extend the bank guarantee, we shall:

a) Automatically extend this bank guarantee for the required period from the original expiration date of this bank guarantee or from the expiration date of any subsequent extensions, as specified in the extension request; or

b) Pay you the value of the bank guarantee.

5. We represent and confirm that the amount of this bank guarantee 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 bank guarantee 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]

Appendix "C" FINANCIAL COMFORT LETTER FORM

[Note to Applicant: please print and complete this form]

Communications and Information Technology Commission
Imam Saud Ibn Abdulaziz Ibn Mohammed Road
P.O. Box 75606, Riyadh 11588
Kingdom of Saudi Arabia
[Insert Date]

Name of Applicant:

Dear Sirs,

Re: Application for a Service Authorization to provide IoT-VNO Services in the Kingdom of Saudi Arabia

We, *[insert name of signing bank]* understand that [Name of Applicant] has made an offer to acquire an IoT-VNO Service Authorization in the Kingdom of Saudi Arabia.

Based on our thorough review of the following:

> MVNO Services and IoT-VNO Services Regulations and the General Class License Regulations to provide IoT-VNO Services;
>
> The Application for the grant of a Service Authorization to provide IoT-VNO Services including the Applicant's Business Proposals for the IoT-VNO service operation in the Kingdom of Saudi Arabia; and
>
> The financial resources available to the Applicant.

We are confident that the Applicant will have sufficient access to funding to meet its peak financing requirements of SAR [.....] during the first five (5) years of the business plan, inclusive of the proposed Service Authorization Fees.

Our review and assessment is based on the information that was available to us at this date, and is subject to various conditions. These include: no substantial delays in the Service Authorization award process; conclusion of an IoT-VNO Agreement between the Applicant and at least one Host FBO by a date and under terms that are at least broadly consistent with the assumptions made in the Applicant's Business Proposals; execution of documentation in satisfactory form; satisfactory conditions in the domestic and international debt capital markets; and no change in the terms of the Service Authorization to be issued.

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.

Yours faithfully,
[Signature of Authorized Signator[y/ies]
[Name of Authorized Signator[y/ies]
[Name of Issuing Bank]
[Date]