

Special Terms and Conditions Type (B) Class License for Wholesale Infrastructure Services

1. Article One: Scope of Services

- 1-1 Entities authorized under the scope of this license shall be allowed to provide wholesale infrastructure services including the commercialization of the respective infrastructure elements. CITC has full discretion when determining which infrastructure elements may or may not be included under the scope of this license.
- 1-2 The scope of licensed services shall include the commercialization of the following service categories:
 - 1-2-1 Category A: Towers and masts
 - 1-2-2 Category B: Small cells, distributed antenna systems, in-building solutions and wireless access points
 - 1-2-3 Category C: Dark fiber and ducts, including active backhaul and active fixed access services
 - 1-2-4 Category D: Fixed wholesale data connectivity, including active backhaul and active fixed access services
- 1-3 Other services such as international gateways, national & International internet exchanges or landing stations are not allowed under this license. However, CITC may further extend or reduce the scope of services at its discretion.
- 1-4 Licensees may commercialize the aforementioned infrastructure components kingdom-wide whether in outdoor spaces, inside buildings or within the confinements of large developments. CITC may extend or reduce the geographical scope of the services at its discretion.
- 1-5 The following Licensees are not eligible to obtain this license:
 - 1-5-1 Facilities-Based Unified Telecommunications Services licensees
 - 1-5-2 Facilities-Based Fixed Telecommunications Services licensees
 - 1-5-3 Facilities-Based Mobile Telecommunications Services licensees
 - 1-5-4 Data Service Provider licensees
 - 1-5-5 Carrier Service Provider licensees
- 1-6 Infrastructure owners who currently own fiber, ducts, towers for their own services cannot obtain this license, however they may apply for a Carrier Service Provider license

2. Article Two: Definitions

- 2-1 **Towers and masts:** Ground-based or rooftop towers, which provide space for facility-based service providers to install their active equipment (e.g. antennas) and other associated equipment such as, shelters etc. Towers and masts include the provision of electromechanical services, including but not limited to (electricity and air conditioning), and do not include any active equipment. The scope of towers and masts includes reselling fiber optic service for the purpose of linking Wholesale Infrastructure provider's towers with the core network of facility-based service providers, the scope does not include the resale of the fiber optic service for any other purpose.
- 2-2 **Small cells/Distributed Antenna Systems (DAS) and In-Building Solutions (IBS):** Small cells/DAS and IBS can be defined as low-powered cellular radio access nodes that operate in licensed and unlicensed spectrum, and other associated equipment such as power systems, shelters etc. There are multiple types of small cells differentiated by their size (e.g. femtocells, picocells, and microcells).
- 2-3 **Wireless access points:** Access points to non-cellular networks that are communication networks used to provide wireless services in a specific area and provide the user with the ability to move within the network.
- 2-4 **Ducts:** Ducts are infrastructure components (such as conduits or pipes) that enclose underground telecommunications cables to protect them and to enable pulling of additional cables into empty ducts without further digging. Ducts can be divided into sub-ducts
- 2-5 **Dark fiber:** Fiber optic cable which is not connected to any transmission equipment, and which can be used in all parts of the network (e.g. access, metro and national). Dark fiber can be offered for lease either as a complete fiber cable or as fiber strands in a shared fiber-optic cable
- 2-6 **Fixed wholesale data connectivity:** Commercialization of fixed wholesale data services, including active transmission services.
- 2-7 **Backhaul:** Backhaul refers to the telecoms infrastructure connecting the access networks of service providers to their core networks.
- 2-8 **Fixed access services:** Fixed access services refers to infrastructure, passive or active, that connects to a network end-point (e.g. last mile dark fiber connections and FTTx).
- 2-9 **Wholesale infrastructure provider:** Company which owns, operates and commercializes telecom infrastructure such as towers, small cells, wireless access networks, dark or active fiber etc.
- 2-10 **Commercialization:** Hereafter defined as commercial agreements such as lease agreements and coverage service schemes between the licensee and facility-based service providers or other wholesale providers.
- 2-11 **End users:** end users are defined as the ultimate consumer for the telecoms service, including government, businesses and residential consumers.
- 2-12 **Rate cards:** Part of the commercial agreement stating the rates charged to all tenants under the respective agreement. The rate card will list all lease rates for all types of tenants (e.g. anchor, second and third tenant) by tower typology e.g. the lease rate for a second tenant on a tower of a certain type in an urban area.

3. Article Three: Fees Payable by the Licensee

- 3-1 The Licensee shall pay the license fees to CITC as specified in the Regulatory Framework on Fees.
- 3-2 CITC shall determine the process for issuing invoices and the method of payment which shall be complied by the licensee.
- 3-3 Payment shall be due immediately upon issuance of the invoice which shall be paid within one month following its date of issue.

4. Article Four: Duration of the license and renewal

- 4-1 The term of this license is ten years starting from the date of issue. This license may be renewed for a similar period in accordance with CITC regulations applicable at the time of renewal.

5. Article Five: Entities to which the service provider is permitted to provide service to:

- 5-1 Licensees shall provide their services and infrastructure only to facility-based service providers and wholesale infrastructure providers licensed by CITC and shall not maintain any relationship to the end user. Wholesale infrastructure providers differ from facility-based service providers as they do not provide end-user services.
- 5-2 In Exemption from article (5-1), licensees of Category A: "Towers and masts" can provide their services to other entities; subject to the submission of an official notice to CITC at least fifteen (15) working days before offering the service. CITC has full discretion to stop the service offering that is deemed not to be in line with the objectives for the Telecommunications Sector, as defined in Article Three of the Telecom Act.

6. Article Six: Service Provider obligations

Any Wholesale Infrastructure Services licensee shall:

- 6-1 Provide CITC with a compliance declaration letter. As per the declaration in such letter the licensee shall:
- 1-6-1 Not engage in any practices that constitute abuse of market power due to the creation of a dominant market position pursuant to the provisions outlined in the Telecom Act and its Bylaws
- 1-6-2 Enter into good faith negotiations with facility-based service providers and other wholesale providers to reach commercial agreements. In case a commercial agreement cannot be reached CITC reserves the right to intervene
- 1-6-3 Not engage in or offer any exclusive agreements
- 1-6-4 Provide CITC with all final commercial agreements. Commercial agreements must include a set of service level agreements (SLAs) as agreed between the licensee and the facility-based service provider or other wholesale provider
- 1-6-5 Provide CITC with financial and operational KPIs. CITC shall determine the KPIs to be provided on an as-needed basis
- 6-2 Allow any concerned government authorities to use its facilities in case of an emergency or disaster as determined by the relevant authorities. The licensee shall be entitled to be compensated by those authorities for such use
- 6-3 Ensure that its infrastructure is interoperable and interconnectable with the networks of other licensees and those of the facility-based service providers
- 6-4 Bear the cost of any modifications in its infrastructure required to maintain such interoperability and interconnectivity

- 6-5 Comply with the conditions of this license, and all other laws and regulations under CITC provision
- 6-6 Comply with all other relevant Saudi regulations and laws as issued by other government authorities
- 6-7 Any Wholesale Infrastructure Services Licensee offering services under Category A as defined in Article One shall:
- 1-6-6 Notify CITC about its intent to offer services under Category A as defined in Article One
- 1-6-7 Operate a minimum portfolio of at least 100 towers within 2 (two) years after notifying CITC about the intent to offer Category A services and obtaining CITC approval.
- 1-6-8 Provide CITC with rate cards for each commercial agreement
- 6-8 Any Wholesale Infrastructure Services Licensee offering fixed access services under Categories C or D as defined in Article One shall:
- 1-6-9 Notify CITC about its intent to offer fixed access services under Category C or D
- 1-6-10 Provide CITC with an infrastructure implementation plan as part of the requirements for issuing a license, and obtaining its approval from CITC. the plan should include the commitment to deploying optical fibers to residential units of individuals with no less than (60,000) residential unit - not previously served by optical fibers - within five years from the date of its approval by CITC. Moreover, the plan must include the details of those points.
- 1-6-11 CITC has the right to exclude whomever it deems appropriate from the above obligations, such as those that target mega projects to construct infrastructure with integrated services at a specific geographical level, or those that target fiber connectivity between and within cities, or others according to what CITC decides in accordance with its regulations.
- 1-6-12 CITC reserves the right to determine minimum coverage for each region on a case by case basis
- 6-9 Any Wholesale Infrastructure Services Licensee offering services under Category D as defined in Article One shall be obligated to offer passive infrastructure services, such as ducts and dark fiber. Active services may be offered in addition, at the licensee's discretion and other parties requirements
- 6-10 CITC reserves the right to reject any License application that is deemed not to be in line with the objectives for the Telecommunications Sector, as defined in Article Three of the Telecom Act.

7. Article Seven: Special Requirements to be Submitted by the Applicant with the License Application

- 7-1 Submit a letter describing its intentions and providing the contact details and person(s) in charge
- 7-2 Provide CITC with a financial comfort letter from a Saudi bank or an international bank accredited by Saudi Arabian Monetary Authority (SAMA) as specified in Annex (1). The financial cover letter will verify that the Applicant will have access to sufficient funding to meet its peak financing requirements during the first 5 (five) years of the Business Plan and that the Applicant will be able to sustain its operations for the duration of the license

- 7-3 Provide CITC with a 5 (five) year business plan including detailed financial and operational plans (e.g. Profit & Loss statement, Balance sheet, Cash Flow statement, Capital structure)
- 7-4 Provide documentation that illustrates the relevant experience and expertise of the applicant and its management team in particular

Annex (1)

[Note to Applicants: please print this form and complete in accordance with Article Three]

Financial Comfort Letter Form

His Excellency the Governor of the CITC
Communications and Information Technology Commission
P.O Box 75606 – Riyadh 11588 Kingdom of Saudi Arabia
[Insert Date]
Name of Applicant:

Dear Sirs,

Re: Request for Applications for the Licensing of Wholesale Infrastructure Services in the Kingdom of Saudi Arabia

We, *[insert name of signing bank]* understand that an Applicant comprised of *[insert name of and the applicant or names of Consortium members]* (the Applicant) intends to make an application for a Wholesale Infrastructure Services License in the Kingdom of Saudi Arabia.

Based on our thorough review of the following, we guarantee that the Applicant will have access to sufficient funding to meet its peak financing requirements during the first 5 (five) years of the Business Plan, inclusive of license fees and after having considered the following:

- The Business Plan to be submitted as part of the Special Requirements to be Submitted by the Applicant with the License Application;
- 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 Licensee's operations 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.

This letter is governed by the laws of the Kingdom of Saudi Arabia and the related judicial bodies 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 related judicial bodies 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]