Annex A5
Wholesale Service Regulations

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1 First: Definitions

1.1 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 power generators, shelters etc. Towers and masts do not include any active equipment

1.2 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).

1.3 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

1.4 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

1.5 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

1.6 Fixed wholesale data connectivity: Commercialization of fixed wholesale data services, including active transmission services

1.7 Backhaul: Backhaul refers to the telecoms infrastructure connecting the access networks of service providers to their core networks

1.8 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)

1.9 Wholesale License means an individual license permitting the service provider to build, own and operate a public telecommunication network for the provision of public telecommunication services only to other Individual Licensed operators

1.10 Wholesale Licensed Service Provider (WSP) means any service provider who holds a Wholesale License

1.11 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

1.12 End users: end users are defined as the ultimate consumer for the telecoms service, including government, businesses and residential consumers

1.13 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

2 Second: Wholesale Service Provider's Obligations

2.1 Any WSP licensee shall Provide CITC with a compliance declaration letter. As per the declaration in such letter the licensee shall:

2.1.1 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

2.1.2 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

2.1.3 Not engage in or offer any exclusive agreements, or discriminate between operators based on services offered, price, quality of service, etc

2.2 Provide CITC with all final commercial agreements signed between the Wholesale Services Provider and the facility-based provider or other Wholesale Services Provider.

2.2.1 Commercial agreements shall be subject to commercial principles with contracts signed for that purpose.

2.2.2 Commercial agreements should include obligations for both parties

2.2.3 Commercial agreements must include a set of service level agreements (SLAs) as agreed between both parties

2.3 Provide CITC with financial and operational KPIs. CITC shall determine the KPIs to be provided on an as-needed basis

2.4 Any WSP offering services under Category A as defined in Article 5.2 of the License Classification Regulation shall:

2.4.1 Notify CITC about its intent to offer services under Category A as defined in Article One

2.4.2 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.

2.4.3 Provide CITC with rate cards for each commercial agreement

2.5 Any WSP offering fixed access services under Categories C or D as defined in Article 5.2 of the License Classification Regulation shall:

2.5.1 Notify CITC about its intent to offer fixed access services under Category C or D

2.5.2 Ensure minimum coverage in at least one region within 2 (two) years after notifying CITC about the intent to offer fixed access services under Category C or D

2.5.3 CITC reserves the right to determine minimum coverage for each region on a case by case basis

2.6 Any WSP offering services under Category D as defined in Article 5.2 of the License Classification Regulation shall be obligated to offer passive infrastructure services, such as ducts and dark fiber.

2.7 Any WSP offering fixed access services under Category F as defined in Article 5.2 of the License Classification Regulation shall:

2.7.1 The service provider shall specify the facilities available for lease including their locations and the date such facilities shall be available

2.7.2 The service provider shall provide a separate annual accounting report and cost ratios certified by the company auditor and shall undertake accounting separation in accordance with CITC decisions.

2.7.3 After the publication of the financial statements of the company, the service provider shall submit the operational revenues in a form approved by CITC following review by the company auditor who shall in a separate report verify the calculation of license fees is in accordance with the regulations, decisions and guidelines determined by CITC for that purpose.

2.8 Any WSP offering services under Category E, shall adhere to the regulations specified in [Annex A25: International Cable Landing Station Service Regulations]

3 Third: Special requirements to be submitted by the applicant with the license application

3.1 Any applicant to a Wholesale License shall:

3.1.1 Provide CITC with a full application as set in the general conditions and these special conditions.

3.1.2 Submit a letter describing its intentions and providing the contact details and person(s) in charge

3.1.3 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 Appendix (1) to this document. The financial comfort 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

3.1.4 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)

3.1.5 Provide documentation that illustrates the relevant experience and expertise of the applicant and its management team in particular

3.2 Additional requirements for an applicant for Wholesale License who wishes to offer services under Category F as defined in Article 5.2 of the License Classification Regulation:

3.2.1 A description of the operations of the applicant including details of the company structure, subsidiaries, capital and ownership.

3.2.2 The applicant shall have telecommunications facilities related to its normal operations including fiber cables available for lease of not less than (400) kilometer and/or 100 towers.

3.2.3 The location and description of the telecommunications facilities to be used for providing the leased telecommunications facilities shall be defined.

3.2.4 The applicant will describe the procedures that will be followed to prevent any cross-subsidies between the leased services and other services provided by the applicant.

4 Fourth: Fees

4.1 Fees payable by the Service Provider to CITC will be as per the 'License Fee Regulation' published by CITC on its website

5 Appendix 1: Financial Comfort Letter Form

His Excellency the Governor of the CITC

Communications and Information Technology Commission

Communications & Information Technology Commission (CITC)

Al-Nakheel Quarter, Corner of Prince Turki Bin Abdul Aziz Road and Imam Saud Bin Abdul Aziz Road

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 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 are confident 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 not a commitment to provide financing to the Applicant.

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]