

Telecommunications Service Providers Forum Governance Regulations

Disclaimer: This document is a draft translation of its Arabic version. In case of any unforeseen discrepancies, the Arabic document prevails.

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1. Introduction:

Pursuant to provisions of Article (3) of CITC Ordinance promulgated under Council of Minister's Resolution No. (74), dated 05/03/1422H, as amended, "CITC shall regulate telecommunications sector in order to provide advanced and reliable telecommunications services across the Kingdom by companies that will be licensed in accordance with the Act." And pursuant to provisions of Article (3) of Telecom Act, issued under Royal Decree No. (M/12), dated 12/03/1422H, as amended, and according to Article (3) of Telecom Act Bylaws issued under Council of Minister's Resolution No. (11), dated 17/05/1423H, as amended, "The Commission, the Board and the Governor shall take such other actions and make such Bylaws or decisions as are consistent with a Commission statute and useful to fully implement and enforce Commission statutes." CITC seeks to increase the level of regulation and supervision over telecommunications service providers. Based on commonalities among telecommunication service providers as to objectives, means, ambient factors, and international challenges; and in order to complete success achieved by such telecommunication service providers to develop the sector, CITC issued the Telecommunications Service Providers Forum Governance Regulations, to contribute to its growth sustainability, stability, fair transactions in an attempt to achieve consensus in views and votes concerning common topics. In addition, CITC seeks through this Forum to strengthen the linkage and cooperation among local telecommunication service providers, and coordinate their activities to serve the public interest and common interests of the sector.

Article (1):

2. Forum Objectives:

The Forum is part of the Information and Communications Technology (ICT) Sector. It further supports the ICT sector, represents its members in all common matters, and contributes to enhancing partnership and engagement with the private sector through:

- 1-1 Seeking to achieve consensus among members in respect of their representation before local, regional, and international bodies and forums;
- 1-2 Unifying and consolidating efforts among members in order to enable and cope with ICT strategic plan requirements;

- 1-3 Seeking to bring and localize technology among members and increase adoption of the latest technical developments;
- 1-4 Developing methods and processes for amicable resolution of disputes which may arise among members, in accordance with CITC regulations; and ensuring stable relationships;
- 1-5 Holding conferences, and seminars to discuss technical developments and legislations in the ICT sector as well as other changes directed to members or public;
- 1-6 Coordinating and implementing joint media campaigns;
- 1-7 Revitalizing and strengthening the role of telecommunications service providers in social service and development;
- 1-8 Developing studies on the ICT market and submitting them to CITC in order to be taken into consideration when making decisions related to the organization of the market; and
- 1-9 Serving the public interest and common interests of the sector.

Article (2):

3. Definitions:

In this document, words and expressions shall have the same meaning as are assigned to them in CITC regulations, and the following words and expressions shall have the meanings assigned to them below, unless the context otherwise requires:

CITC: Communications and Information Technology Commission.

Forum: is an entity representing ICT companies in the Kingdom and is supervised by CITC.

Board of Directors: is the Forum's Board of Directors.

Executive Management: is the level of management responsible for organizing and functioning the Forum's daily work, supervising its committees, and implementing directives of the Forum's Board of Directors.

Telecommunications Service Providers: ICT service providers licensed by CITC.

Permanent committee: is the committee, which permanently continues its work and task.

Interim committee: is the committee, which is composed to consider a certain task, and terminated upon completion of such task.

Expert: any person invited to attend the committee meeting to take advantage of his expertise for a particular purpose or consultation.

Agenda: The document in which the work is explained, arranged and sequenced, and which is presented and discussed at the meeting.

Minutes of meeting: A detailed record of points discussed in the meetings. It is considered as an official reference for presented proposals and reports.

Quorum: The minimum number of members required for enforceability and legality of recommendations of the meeting.

Voting: It is a right vested with members present at a quorate meeting to express their view concerning a particular topic.

Majority voting: Agreement reached by more than half of votes of present members concerning a topic or recommendation after excluding the number of members abstaining from voting in a quorate meeting. In the event of a tie vote, the vote of the chairman shall prevail.

Abstaining from voting: Abstaining from voting on a recommendation whether by approval or rejection.

Article (3):

4. CITC Role is to:

- 3-1 Supervise meetings of the committees and the Board to ensure that the Forum does comply with its duties, and follow up the assigned procedures. CITC is entitled to nominate one or more of its employees to attend any meetings as a participating member with no voting right;
- 3-2 Review the minutes of the meetings of the Board and meetings as well as their agenda;
- 3-3 Consider recommendations of the Forum and take them into account when making decisions;
- 3-4 Provide committees with relevant documents upon request;
- 3-5 CITC representative shall be deemed as the link between CITC and the Forum; and
- 3-6 CITC is entitled, at its absolute discretion, to cease to supervise the Forum when some or all of indicators are fulfilled, including:
 - 3-6-1 Holding a number of the Forum Board meetings;
 - 3-6-2 Conducting a number joint media campaigns; and
 - 3-6-3 Holding a number of conferences, and seminars.

Article (4):

5. Participation in the Forum:

- 4-1 Participation in the Forum is optional for telecommunications service providers willing to benefit from the Forum works.

6. Forum Membership Types:

4-2 Forum membership types:

- 4-2-1 Partial membership: The Forum Board shall select its members from among service providers licensed by CITC, and shall specify their rights and obligations.
- 4-2-2 Full membership: Telecommunications Service Providers which have infrastructure, and which are licensed by CITC fall under this membership. They shall have all rights and obligations.

Article (5):

7. Forum Membership Conditions:

- 5-1 The member shall be a telecommunications service provider licensed by CITC.
- 5-2 The member shall acknowledge implementing provisions of this document.
- 5-3 The member shall pay the financial obligations set out in Article (6) of this document.

Article (6):

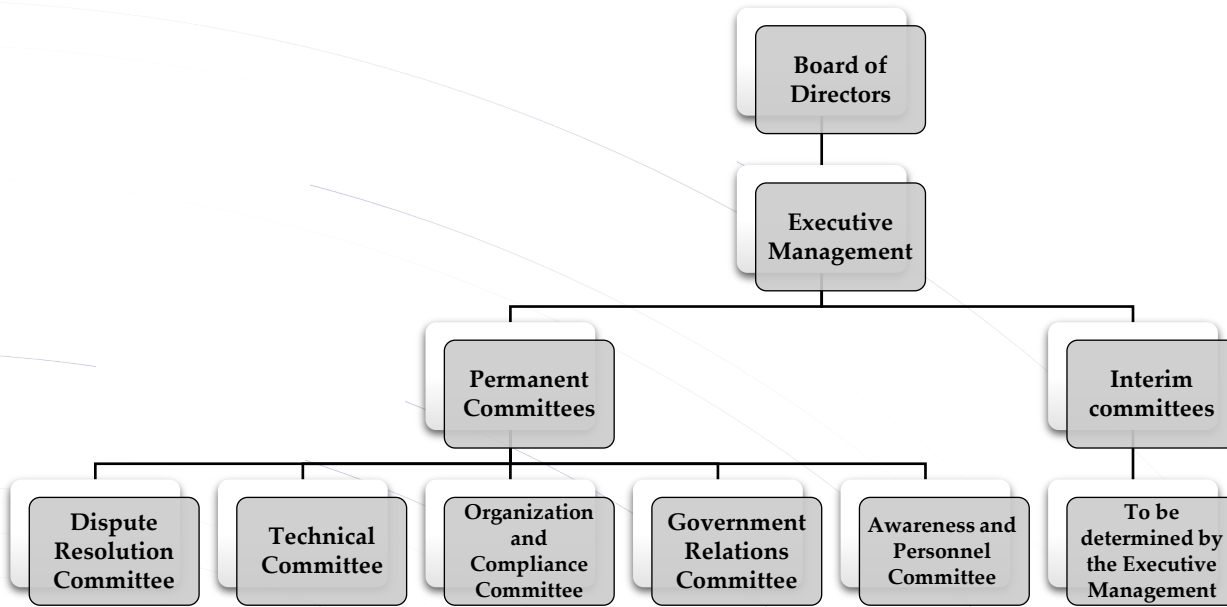
8. Subscriptions and Fees:

- 6-1 The Forum Board shall determine annual subscriptions for members and payment method, taking into account members' financial capabilities.
- 6-2 Forum subscription fees shall be for operational purpose to finance its activities and programs. Such fees shall be deposited and disbursed through a financial account of the Forum. This account will be managed by the Board of Directors pursuant to relevant laws.
- 6-3 The Board of Directors may request that its initiatives be funded by its members in accordance with achievement of the Forum's objectives and decisions made in this regard.

Article (7):

9. Telecommunications Service Providers Forum Organizational Structure:

- 7-1 Board of Directors;
- 7-2 Executive Management;
- 7-3 Permanent Committees according to Annex (A); and
- 7-4 Interim committees which are formed by the Executive Management;



Article (8):

10. Proposals Made by Committees:

- 8-1 All topics and proposals made by the Committees shall be submitted to the Executive Management. It will study proposals and submit the necessary ones to the Board of Directors for recommendation.
- 8-2 The proposal submitted to the Executive Management shall clearly describe the topic, including the nature of raised issues, existing practices at local, regional and international levels, and an analysis of the existing situation and proposed changes.

Article (9):

11. Board of Directors:

9-1 Composition of and dismissal from the Board of Directors:

- 9-1-1 The Board of Directors shall be composed pursuant to recommendations made by the Forum members, so that there would be one representative for each full membership company at the level of executive heads or their representatives.
- 9-1-2 The chairman and his deputy shall be selected every two years from among Board Directors themselves by a majority vote.
- 9-1-3 A new chairman shall be nominated at the last meeting convened at the end of the legal period (two years) by a majority vote.
- 9-1-4 The chairman or his deputy may not be nominated for the same position for two consecutive terms.
- 9-1-5 It is not permissible to combine the position of the chairman of the Board and the position of the executive management head.
- 9-1-6 A secretary and his deputy shall be appointed by the chairman and shall be reappointed every two years.
- 9-1-7 The Board Director representing the company shall be automatically dismissed upon termination of his employment in the company. Another director shall be nominated by the company he represents.
- 9-1-8 The company may nominate a replacement member at any time prior to termination of his employment.

12. Meetings and Voting:

9-2 Meetings and voting:

- 9-2-1 The Board of Directors shall hold its meetings at least once every quarter of the calendar year. It shall also convene if the chairman deems it necessary or if a Board member so requests in writing.
- 9-2-2 The Board shall hold its meetings at the place agreed upon by the majority of Directors.

- 9-2-3 The meeting of the Board of Directors shall be held in the presence of at least two thirds of those who have full membership, provided that the chairman or his deputy shall be among them.
- 9-2-4 All Directors shall attend the meetings of the Board of Directors. A Director may delegate the company's representative to attend and vote at the Board meetings. The delegated representative of the company shall be from among the company's senior management with a prior notice to the chairman.
- 9-2-5 The Board of Directors shall make its recommendations at the meetings with majority opinion of full membership telecommunications service providers. In the absence of full consensus, the chairman shall have the casting vote. The remaining Directors may write down their comments and reservations in the minutes of the meeting.
- 9-2-6 The Board of Directors may invite one or more experts to participate in the meetings after obtaining the approval of the chairman of the Board, without having the right to vote.

13. Agenda, Minutes and Reports:

9-3 Meetings and voting:

- 9-3-1 The agenda shall be adopted by the chairman of the Board, provided that it is prepared by the Secretary or his deputy, including all the topics to be discussed at the meeting.
- 9-3-2 Directors shall inform the chairman of the Board in writing or orally of any topics which will, in their opinion, contribute to the achievement of the objectives of the meetings. The chairman shall take the proposed topics into consideration when adopting the agenda and before sending it to the members, provided that the request is submitted to the chairman at least ten (10) business days before the meeting.
- 9-3-3 The Secretary shall send the approved agenda together with the documents to be discussed at the meeting to all Board Directors at least five (5) business days prior to the meeting.
- 9-3-4 The Secretary shall prepare the minutes of the meeting after each meeting of the Board. In such minutes, the Secretary shall write down the meeting number, date, and place as well as names of the attendees, all topics discussed and recommendations that were voted on, objections and abstentions from voting, stating reasons, if any.

9-3-5 The Secretary shall send the minutes of the meeting to all Directors of the Board not later than (5) five business days with the prescribed manner, before being approved and signed by the chairman of the Board and the Secretary. In addition, observations and consultative views shall be given to the Secretary within five (5) business days after receiving the minutes of the meeting.

9-3-6 All reports and minutes should be kept by the Secretary for easy reference.

9-3-7 The chairman of the Board shall, upon the expiry of his term of office, provide the Secretary with all documents under receipt minutes. The Secretary shall then submit the documents to the new chairman.

9-4 Duties and responsibilities:

14. The Board Duties and Responsibilities:

9-4-1 The board duties and responsibilities:

9-4-1-1 Identify the scope of partial membership, and nominating its members in coordination with CITC;

9-4-1-2 Form the Executive Management structure and nominate its chairman and deputy;

9-4-1-3 Nominate members of the Permanent Committees;

9-4-1-4 Provide overall guidance and direction to the Executive Management regarding the common issues facing the ICT sector in Saudi Arabia;

9-4-1-5 Follow up the work of the Executive Management and evaluate its performance, to ensure its effectiveness and its ability to achieve its objectives;

9-4-1-6 Review and propose amendments to this document and develop them when necessary, by a majority vote of the members, and then request CITC to approve the amendments to the document;

9-4-1-7 Determine annual subscriptions for members and payment method and request that the Forum initiatives be funded by members in accordance with achievement of the Forum's objectives and decisions made in this regard;

- 9-4-1-8 Approve the annual financial statement of the Forum account after being prepared by an external auditor;
- 9-4-1-9 Approve the strategic plan and the annual report prepared by the Executive Management; and
- 9-4-1-10 Approve the Forum external auditor report.

15. The Chairman Duties and Responsibilities:

9-4-2 The chairman duties and responsibilities:

- 9-4-2-1 Assist the Board of Directors in competently performing its duties and responsibilities and follow up the same;
- 9-4-2-2 Manage meetings and discussions in the Board meetings, and enable all parties to contribute to recommendations made;
- 9-4-2-3 Communicate with the Executive Management to verify that tasks and assigned projects are progressing as required; and
- 9-4-2-4 Provide the Secretary with all documents under receipt minutes upon the expiry of his term of office. The Secretary shall then submit the documents to the new chairman.

16. The Secretary Duties and Responsibilities:

9-4-3 The secretary duties and responsibilities:

- 9-4-3-1 Take the necessary arrangements for the Board meetings, coordinate issues proposed in the agenda, and submit the agenda to be approved by the chairman of the Board. The Secretary shall be in charge of sending the approved agenda together with documents to be discussed in the meeting to all of the Board Directors and CITC;
- 9-4-3-2 Prepare minutes of meeting after each Board meeting as detailed in paragraph (9-3-4);
- 9-4-3-3 Send minutes of meetings to the Board and CITC;
- 9-4-3-4 Sign with the chairman of the Board the final version of the meeting report;

9-4-3-5 Keep all reports and minutes for easy reference. Such reports and minutes shall also be electronically kept; and

9-4-3-6 Perform any task requested and assigned by the chairman or his deputy, within the scope of work of the Forum.

17. The Directors' Duties and Responsibilities:

9-4-4 The directors' duties and responsibilities:

9-4-4-1 The Board Directors shall take part in topics and challenges facing them, which have an impact on the ICT sector in the Kingdom;

9-4-4-2 Review all developments in the ICT sector, including relevant regulations, and changes in the sector, whether by CITC or other relevant bodies, institutions and regulators, in addition to keeping abreast of international developments;

9-4-4-3 Be highly professional by actively participating in discussions during meetings of the Board and its committees; and

9-4-4-4 Perform any other tasks assigned by the Board

Article (10):

18. Executive Management:

10-1 Executive management:

10-1-1 Composition of the Executive Management:

The Executive Management shall be composed of:

10-1-1-1 Chairman and deputy.

10-1-1-2 Members to perform works assigned to the Executive Management. They shall be appointed by the chairman of the Executive Management, and shall be from among employees of telecommunications service providers in the Kingdom.

10-2 Duties and responsibilities:

19. Duties and Responsibilities of the Executive Management:

10-2-1 Duties and Responsibilities of the Executive Management:

- 10-2-1-1 Implement the directives of the Board of Directors, and support the committees in implementing their work;
- 10-2-1-2 Prepare the strategic plan and the annual report of the Forum and submit it to the Board of Directors for approval;
- 10-2-1-3 Establish interim committees to fulfill the directives of the Board of Directors or deal with emergency developments while ensuring that they do not violate any of the applicable regulations, bylaws, rules, constraints and instructions;
- 10-2-1-4 Establish interim committees, when necessary. The chairman of the Board shall be informed thereof ten (10) business days prior to the composition decision. Its period shall not exceed one year, and it may be renewed, when necessary;
- 10-2-1-5 The Executive Management may reconstitute any of the interim committees and may dissolve them before the expiry of their term. The chairman of the Board of Directors shall be informed thereof ten (10) business days before the reconstitution decision is issued;
- 10-2-1-6 Assess and monitor the performance of existing committees periodically to verify their effectiveness;
- 10-2-1-7 Concentrate on whatever contributes to the development of the ICT sector in the Kingdom, based on the best international standards and practices and all that is beneficial to the Sector in general and its customers in particular; and
- 10-2-1-8 The Executive Management shall annually prepare a comprehensive report together with all necessary documents. It shall be provided to the Board of Directors and CITC. This report shall at least include the most important recommendations of the Management, number of meetings held during the period, names of attendees, names of committees, and their most important achievements during the year, provided that they are clear and accurate.

10-3 Duties and responsibilities of the chairman of the executive management:

20. Duties and Responsibilities of the Chairman of the Executive Management:

10-3-1 Duties and responsibilities of the of the chairman executive management:

- 10-3-1-1 Nominate members of temporary committees in coordination with the telecommunications service providers, as per competence and business need;
- 10-3-1-2 Establish interim committees to fulfill the directives of the Board of Directors or deal with emergency developments while ensuring that they do not violate any of the applicable regulations, bylaws, rules, constraints and instructions;
- 10-3-1-3 The chairman of the Board shall be informed thereof ten (10) business days prior to the composition decision. Its period shall not exceed one year, and it may be renewed, when necessary;
- 10-3-1-4 The chairman may reconstitute any of the interim committees and may dissolve them before the expiry of their term. The chairman of the Board of Directors shall be informed thereof ten (10) business days before the reconstitution decision is issued;
- 10-3-1-5 Maintain the effectiveness and success of the Management, and follow up tasks assigned to the Executive Management on an ongoing basis;
- 10-3-1-6 Develop the Executive Management plans with participation of members, contributing to completion and development of the work of the Management; and
- 10-3-1-7 Coordinate with CITC on various topics, improve performance and achieve the objectives of the Forum.

Article (11):

21. Composition and Dismissal of the Committee Members:

11-1 Composition and dismissal of the committee members:

- 11-1-1 Committee chairmen and deputies shall be selected by the Executive Management.

- 11-1-2 A secretary and his deputy shall be appointed by the chairman of the committee once a year.
- 11-1-3 Any member of the committee shall be dismissed if the company determines replacing him, or if he resigns from the company he represents. The chairman of the Executive Management shall be informed thereof ten (10) business days before such replacement or resignation.

22. Meeting and Quorum:

11-2 Meeting and quorum:

- 11-2-1 The committees shall hold their meetings based on their needs and the chairman of the committee shall convene such meetings. In addition, the chairman is entitled to authorize the secretary of the committee to do so.
- 11-2-2 The committee shall hold its meetings at the place agreed upon by the majority of members.
- 11-2-3 All members shall attend the meetings.
- 11-2-4 The committee may invite an expert to participate in the meetings after obtaining the approval of the chairman of the committee, without having the right to vote.
- 11-2-5 Discussions shall be conducted in a highly professional and orderly manner, so as not to include any topics not listed in the agenda.
- 11-2-6 All members of the committee shall maintain the confidentiality of information circulated in the meeting.

23. Agenda, Minutes and Reports:

11-3 Agenda, minutes and reports:

- 11-3-1 There shall be compliance with paragraph (9-3) of this document.
- 11-3-2 The committee shall annually prepare a comprehensive report together with all necessary documents. It shall be provided to the Executive Management and CITC. Furthermore, CITC shall be provided with a photocopy thereof. This report shall at least include the most important recommendations of the committee, most important achievements, difficulties, and proposals as well as number of held meetings during this period, and number of attendees.

11-4 Duties and responsibilities:

24. Committee Duties and Responsibilities:

11-4-1 Committee duties and responsibilities:

- 11-4-1-1 Discuss topics and related issues, and submit its recommendations to the Executive Management for review and final recommendations.
- 11-4-1-2 Carry out all tasks assigned to them by the Executive Management. Moreover, they shall periodically report on progress to the Executive Management.
- 11-4-1-3 The committee shall annually prepare a comprehensive report together with all necessary documents. It shall be provided to the Executive Management and CITC. This report shall at least include the most important recommendations of the committee, most important achievements, difficulties, and proposals as well as number of held meetings during this period, and number of attendees.

25. The Committee Chairman Duties and Responsibilities:

11-4-2 The committee chairman duties and responsibilities:

- 11-4-2-1 Communicate with the Executive Management and follow up the work with it. The chairman shall provide the committee with all recommendations, reports, etc.
- 11-4-2-2 Manage meetings and provide a conducive atmosphere in meetings that help achieve the benefits of efficient exchange of views.

26. Annex (A) Permanent Committees:

1. Awareness and Personnel Committee:

It oversees the implementation of media campaigns and personnel protection.

2. Government Relations Committee:

It regulates relationships, brings together the views and makes recommendations that express a unified opinion of the member companies on topics related to their dealings with various entities such as municipalities, Transport Ministry, the Ministry of Defense, and security agencies.

3. Organization and Compliance Committee:

It regulates relationships, brings together the views and facilitates communication with CITC. It further supports Compliance Unit in member companies, and provides easy communication channels between compliance officers of member companies. They will be used for consultation and exchange of expertise on various experiences in this area. Moreover, this committee shall prepare studies of an organizational nature and submit them to the Management.

4. Technical Committee:

It specializes in common technical topics and aims at developing and localizing ICT technologies in the Kingdom. It also takes the lead to adopt the latest technologies, and consolidate efforts to represent the Kingdom in international forums that set standards related to ICT. (ITU, and GSMA). Moreover, this committee shall prepare studies of a technical nature and submit them to the Management.

5. Dispute Resolution Committee:

It aims to lay down fair and transparent foundations for the agreements, bring together the views and negotiate in good faith between the telecommunications service providers when any dispute arises in accordance with CITC regulations.