

Licensing & licensing renewal – lessons from Pakistan

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Key factors in telecom growth

Enabling regulatory framework

Independence of regulator

Transparency and predictability

Lower taxes and periodical regulatory fee

Technology neutral approach

Public consultations

Incumbent privatized

100% foreign ownership allowed

Certainty about license terms and guaranteed renewal

Licensing certainty in Act

- Sec. 22 of Pakistan Telecommunication (Re-organization) Act, 1996

Regulator can only modify a licence or its conditions with consent of licensee

In case of disagreement

(1) both shall resolve difference or dispute by consultation/negotiation

(2) either party may approach High Court or ICT Tribunal for decision

No such amendment shall vary tenure or scope of a license

License renewal

□ Rule 8 of Pakistan Telecommunication Rules, 2000

After expiry of initial term, license shall be renewed

Renewal will be on terms and conditions consistent with policy of Federal Government at relevant time

If license is not to be renewed

Regulator shall serve a written notice on licensee of at least 1/4th of initial license term

This notice shall terminate license on expiration of initial term

Notice & termination are subject to appeal & judicial review

Commitment to licensing certainty continues.....



GOVERNMENT OF PAKISTAN
PAKISTAN TELECOMMUNICATION AUTHORITY
HEADQUARTERS, F-5/1, ISLAMABAD
Tel: 9212638, Fax: 9212639, Email: tariqsultan@pta.gov.pk

F.No: PTA/Finance/Misc./USF/131/2007

October 5, 2007

Subject: **MINUTES OF MEETING ON USF CONTRIBUTION BY ISPs**

1. A meeting was held at PTA H/Qs under the chairmanship of Chairman, PTA and was attended by Authority members, representatives of major ISPs, office bearers of ISPAK and Member (Telecom), MIT to discuss the issue of USF contribution to be paid by ISPs for becoming eligible to participate in the USF bidding.
2. In the light of the discussions following decisions have been made by the Authority:
 - a. The percentage of USF contribution by ISPs will remain **1.5%** of gross revenue minus inter-operator and related PTA/FAB payments as laid down in the USF Policy and Rules.
 - b. However, to facilitate the broadband penetration across the country the royalty to PTA has been reduced from 0.66% (old regime) and 0.5% (new/class regime) to 0.2% of the gross revenue for ISPs opting to contribute to USF. Hence, USF contribution by those ISPs who wish to participate in the USF bidding will be mandatory and shall remain **1.5%** of gross revenue minus inter-operator and related PTA/FAB payments.
 - c. The royalty to PTA will remain 0.66% of the gross revenue under the old regime and 0.5% under the new/class regime for those ISPs that decide not to contribute to USF.
 - d. All ISPs opting for USF contribution shall submit their quarterly accounts and quarterly USF contribution to PTA as per their quarterly accounts. The ISPs who want to participate in the USF may start contributing for the 1st quarter of fiscal year 2007-08, and submit their quarterly accounts alongwith the USF contribution due to PTA by the 15th of October. For future, the accounts and the contribution must be submitted/provided by the 15th of the month following the close of the previous quarter.
 - e. At the end of the accounting year, each ISP that has opted for USF contributions, must submit the annual audited accounts within the prescribed statutory period alongwith a reconciliation of USF contribution due based on the annual audit accounts with the quarterly payments made in the past year based on unaudited quarterly accounts.
 - f. The license of the ISPs opting for USF contribution may be amended as per the provisions laid down in the section 4(2) of USF Rules and Sections 5.6 of the USF policy.

g. A committee has been constituted as follows to evaluate all legal aspects and steps required for the implementation of the above decisions:

- | | | |
|---|---|-----------------------|
| i. Mr. Tariq Sultan, DG (F) | - | Head of the Committee |
| ii. Mr. Sajjad Latif Awan, Dir (Wireline Licensing) | - | Member /Convener |
| iii. Mr. Shafaqat Jan, Dir (L&A) | - | Member |
| iv. Mr. Wahaj-us-Siraj | - | Member |

3. Forwarded for information and necessary action for the concerned please.

Tariq Sultan
Director General (Finance)

To

1. Mr. Noor-ud-din Baqai, Member (Telecom), MIT
2. Mr. Parvez Iftikhar, CEO, USF
3. Mr. Wahaj-us-Siraj, ISPAK
4. Mr. Azfar Manzoor, CEO, Cybersoft Tech. (Pvt) Ltd.
5. Mr. Zomma Mohiuddin, CEO, Paknet
6. Mr. Naeem Haq, CEO, Nexlinx
7. Mr. Shahid Ahmed Khan, CEO, CyberNet
8. Mr. Pervaiz Ahmed Butt, DG, Comsats Internet Services
9. Mr. Faisal Ahmed, CEO, Fascom
10. Mr. Imran Malik, CEO, Supernet
11. Mr. Arshad Wali Mohammad, CEO, GerrysNet
12. Maj (R). Attaullah Shad, M.D, Apollo Online
13. Mr. Gul Ahmed, EVP Regulatory Affairs, PTCL
14. Mr. Sajjad Latif Awan, Dir (Wireline Licensing), PTA H/Qs
15. Mr. Shafaqat Jan, Dir (L&A), PTA H/Qs

CC

1. Mem (Fin), PTA
2. Mem (Tech), PTA
3. DG (Coordination), PTA
4. DG (Wireline Licensing), PTA
5. DG (Law), PTA
6. DG (CA), PTA
7. DG (ID), PTA
8. Dir (Enforcement Coordination), PTA
9. Dir (Coord-1), PTA
10. Dir (Finance), PTA

