

## **Pakistan Telecommunication Authority**

### Response to Queries and Comments on IM and License Template

Prepared by Auction Committee

24th May 2016

S.No	Query/Comment	Response
<b>General Comments</b>		
1	We suggest the withdrawal of 10% Advanced Income Tax on the assignment of spectrum, bringing back the import/customs/import duties to the level of 2013-14, and recognizing the long pending industry status/undertaking to the telecom sector. We also suggest withdrawal of withholding tax, sales tax and FED on usage of data services.	The successful bidder/licensee will have to follow laws of the land including payment of taxes/duties.
2.	After BVS, there is no reason to keep the restriction on number of SIMs. It is therefore, requested that the Government fulfils its commitment immediately and the industry be assured of no restrictions on SIM count.	Orders of the Honorable Supreme Court of Pakistan will have to be followed.
3.	It is suggested that instead of one lot of 2x10 MHz, the government should offer two lots each of 2x5 MHz spectrum and applicants may be allowed to participate for a minimum of 2x5 MHz of 850 MHz spectrum lot as was the case in 2014 auction of 2100 MHz frequency band.	The spectrum block has been defined in-line with the policy issued by MoIT dated 26 April, 2016 already available on PTA web site.
4.	The Licensee will ensure compliance with 3GPP standards and will have to take all possible measures while installing its network to ensure that the out-of-band emissions are under the permissible limits defined by ETSI,	The purpose is to ensure that the network is properly optimized and there are no out of band emissions. Moreover, All the Licensees would be required on best effort basis to deploy filters in case

	<p>ANSI, ITU, IEC standards.</p> <p>However, in the case that other operators experience receiver blocking affect in their 900 MHz uplink band, they will have to deploy receiver filters on their cell sites. The responsibility of these mitigating measures must not be placed on 850 band licensee and the obligation on part of the licensee should be limited to compliance to the said standards only.</p>	<p>interference is still observed after following the International standards. Following will be amended in the IM:</p> <p><b>Section 2.2.1 the following text</b>          “The licensee will have to take all possible measures while installing its network that ensures that there is no harmful interference to licensees operating in EGSM band. In case there is any interference experienced by neighboring EGSM operators licensee will have to make adjustments to its network for elimination of interference.” <b>be replaced as under:</b>  <i>“The licensee shall ensure compliance with 3GPP standards and will have to take all possible measures while installing its network to ensure that the out-of-band emissions are under the permissible limits defined by ETSI, ANSI, ITU, IEC standards”</i></p>
5.	<p>The spectrum being auctioned should be free of any interference from any unauthorized transmissions.</p>	<p>The spectrum has been cleared by Frequency Allocation Board and made available for auction. However if interference in electromagnetic environment exists it can be resolved through mutual coordination.</p>
6.	<p>Only new entrants should be liable to meet new rollout obligation. In case of an existing NGMS licensee acquiring the 850 spectrum, no new/additional rollout obligations should be imposed due to the fact that they are already subjected to NGMS rollout obligation. Any new obligations will create disparities that will be firstly, create unnecessary burden on the NGMS licensee, and secondly, create difficulties at the time of conducting the license framework review as per Telecommunication Policy 2015.</p>	<p>Following will be amended in the IM</p> <p>In section <b>2.3 of the IM the following text:</b>          “The rollout obligations vary depending on whether the Operator is an existing Cellular Mobile NGMS Operator or a New Entrant in the Cellular Mobile Market. NGMSA Licensees that obtain rights to use 850 MHz spectrum shall provide the quality of service defined in its License within the geographic areas and meet the rollout schedule detailed in Table 3 below:”  <b>will be replaced as under:</b>  <i>“The rollout obligations vary depending on whether the Operator is an existing Cellular Mobile NGMS Operator or a New Entrant in the Cellular Mobile Market. NGMS Licensees that obtain rights to use 850 MHz spectrum, opt to</i></p>

		<i>deploy a technology which is not currently being deployed under other licenses issued to the NGMS licensee, shall provide the quality of service defined in its License within the geographic areas and meet the rollout schedule detailed in Table 3 below:”</i>												
7.	The QoS parameters/KPIs should be the same as in case of the previous NGMS licenses for NGMS services.	<p>Agreed. Following will be amended in the IM</p> <p>Following text in <b>Table 4</b> of the IM,</p> <table border="1"> <tr> <td colspan="2"><b>Broadband data service requirements for NGMS licensee with UMTS technology(3G)</b></td> </tr> <tr> <td>Data throughput</td> <td>A minimum user data rate of 512 kbps typical</td> </tr> <tr> <td>Signal Strength (RSCP)</td> <td>A minimum outdoor signal strength of -90 dBm must be achievable with 90% confidence within the defined coverage area</td> </tr> </table> <p>Will be replaced as under:</p> <table border="1"> <tr> <td colspan="2"><b>Broadband data service requirements for NGMS licensee with UMTS technology(3G)</b></td> </tr> <tr> <td>Data throughput</td> <td>A minimum user data rate of 256 kbps typical</td> </tr> <tr> <td>Signal Strength (RSCP)</td> <td>A minimum outdoor signal strength of -100 dBm must be achievable with 90% confidence within the defined coverage area</td> </tr> </table>	<b>Broadband data service requirements for NGMS licensee with UMTS technology(3G)</b>		Data throughput	A minimum user data rate of 512 kbps typical	Signal Strength (RSCP)	A minimum outdoor signal strength of -90 dBm must be achievable with 90% confidence within the defined coverage area	<b>Broadband data service requirements for NGMS licensee with UMTS technology(3G)</b>		Data throughput	A minimum user data rate of 256 kbps typical	Signal Strength (RSCP)	A minimum outdoor signal strength of -100 dBm must be achievable with 90% confidence within the defined coverage area
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8.	Any change in payment mechanism of Annual Spectrum Administrative Fee (ASAF) in light of Telecommunication Policy 2015 should be applied with the consent of the Licensee;	Any change in payment mechanism of Annual Spectrum Administrative Fee (ASAF) in light of Telecommunication Policy 2015 will be framed with industry consultation.												
9.	The requirement of the performance bond for the purpose of roll out obligations should only be in case of a new entrant acquiring the license. In case of existing NGMS licensee, no additional performance bond should be required since they have already submitted the performance bond and achieved multiple milestones;	As per reply at serial (6) above. Performance bond obligation will be applicable for technologies not already deployed at the time of rollout/commencement of that technology.												
10.	Licensee should be allowed to build/operate its own fiber and related infrastructure for	The scope of the license has been clearly defined in license template which has been												

	<p>providing NGMS services;</p> <p>Licensee should be allowed to offer cloud based services and undertake remote operation (core) to optimize use of the network elements and rationalize operational costs. It is worth mentioning that mostly cloud servers are based outside the territory of Pakistan;</p> <p>The licensee may be allowed to use its sale channels to authorize all activities connected with digital/data services including but not limited to dealing with online merchants;</p> <p>The licensee may be allowed to distribute TV and multimedia content and condition for major Pakistani shareholding need to be relaxed for NGMS licensee in order to allow distribution of permissible content;</p>	<p>defined in light of current statutory provisions. However, the existing licensing framework is under review, keeping in view the technological advancements and shift in provision of telecom services, as per the requirements of Telecommunications Policy 2015.</p>
<b>Comments on IM</b>		
1	Clause 1.6.4: Timelines for a comprehensive framework on active sharing and spectrum trading be provided.	The framework is being prepared and will be shared with industry for consultation.
2	2.2.1 Clause be deleted.	As per reply serial (4) General comments
3	2.2.2 Spectrum should be offered in two lots of 2x5 MHz each.	The spectrum block has been defined in-line with the policy issued by MoIT dated 26 April,2016 already available on PTA web site.
4	2.2.3 Text starting from “Technologies implemented .....by the FAB” be deleted	As per reply serial (4) General comments
5.	Clause 2.3: Only new entrants should be liable to meet new rollout obligation. In case of an existing NGMS licensee acquiring the 850	As per reply serial (6) General comments

	spectrum, no new/additional rollout obligation should be imposed due to the fact that they are already subjected to 3G/4G rollout obligation.	
6.	The data throughput should be the same as of the previous NGMS licenses for 3G (256 kbps) and 4G (1 Mbps) services. RSCP requirement in the table needs to be the same as in 2014 i.e. it should be -100 dBm	As per reply in serial(7) General comments. However QoS KPI for 4G/LTE as standard NGMS License template is 2 Mbps
7.	Clause 2.4.3: Para 2 be rephrased as <i>"the precise technical and commercial structure of any bi-lateral or multi-lateral infrastructure sharing is to be agreed between the operators involved and then notified to PTA for information by way of....."</i>	Please refer to clause 7.5 of Telecommunications Policy 2015
8.	Clause 2.4.4 be removed	Not agreed , the clause is as per the standard license for NGMS services.
9.	Clause 2.5: The terms and conditions should be aligned with the already issued NGMS licenses and no additional obligation should be imposed on the licensee specific to 850 MHz band. The license conditions should facilitate evolution to digital services and IOT. More and more services are now cloud based in therefore, demand framework to support cross border data transactions. Without enabling this, we will not be able to realize the potential of digitizing Pakistan.  This license should allow the licensee for distribution of TV contents and the condition of major Pakistani shareholding	The scope of the license is as per standard license template for NGMS, in-line with current statutory provisions. Moreover, clauses are as per the standard NGMS License.

	should be relaxed.	
10.	Clause 2.8.1 be deleted	The clause is as per standard license template for NGMS, in-line with current statutory provisions.
11.	Clause 2.8.2: In the corresponding clause, exception of discontinuation due to National Security reason may be added.	The clause is as per standard license template for NGMS, in-line with current statutory provisions.
12.	Clause 2.8.3: The clause 2.8.3 may be rephrased as <i>"The license shall provide, at its own cost, a suitable solution to the Authority and will ensure its upgrading, security and safety in order to monitor and analyze the traffic, call details record for curbing of the grey international telephony service. The licensee shall facilitate Authority for inspection this solution."</i>	The clause is as per standard license template for NGMS, in-line with current statutory provisions.
13.	Clause 2.9: Following rewordings <i>"Pay 50% payment of the ISF given in clause 4.1.1 of the License within 30 days of the Auction and the remaining 50% of the ISF is payable in 5 years in 5 equal annual installments with cumulative markup rate at the rate of one year LIBOR rate + 3% for the period from the Effective Date of the License to the payment date. LIBOR would be set at the prevailing LIBOR rate on the working-day preceding the Effective Date of the License and would remain unchanged for the period of five (05) years".</i>	LIBOR will be set at prevailing LIBOR rate on the working day preceding the date of payment of installment.

14.	Clause 2.9: Any change in payment mechanism of ASAF in future in light of Telecommunication Policy 2015 will be applied only with consent of the Licensee.	Following will be amended in the IM <b>Section 2.9: Fee, The following text</b> “ Any change in payment mechanism of ASAF in future in light of Telecommunication Policy 2015 will be applicable.” <b>be replaced as under</b>  “ Any change, in payment mechanism of Annual Spectrum Administrative Fee (ASAF) in light of Telecommunication Policy 2015, will be framed with industry consultation.”
15.	Clause 5.3.1: Whether Pre-Bid deposit will be returned in USD if the same is paid in USD?	PTA doesn't have USD account.  Please refer clause 5.3 of the IM.
16.	Clause 5.4: In case of an existing NGMS licensee acquiring the 850 spectrum, no new/additional rollout obligation should be imposed	As per reply serial (6) General comments
<b>Comments on License Template</b>		
1.	Clause <b><u>1.1.5</u></b>  This clause may be rephrased as <i>"The Licensee shall not install, maintain or operate any telecommunication system or provide any telecommunication service that is not authorized in the License excluding Value Added Services (VAS) and Digital Services, and except pursuant to a separate license or other proper authorization from PTA"</i> .	The scope of the license is as per standard license template for NGMS, in-line with current statutory provisions.
2.	Clause 2.6.1: Since the new Telecom Policy is in place hence, it is suggested that this clause may kindly be amended as <i>"The licensee is required to share its existing and future infrastructure with other NGMS licensees as a matter of first priority. As a minimum, the infrastructure to be shared shall be: site sharing and mast sharing, licensee may enter into commercial arrangement with each other</i>	The framework is being prepared and will be shared with industry for consultation.

	<p><i>for active sharing. The precise technical and commercial structure of any bi-lateral or multi-lateral infrastructure sharing is to be agreed between the operators involved and then shared with PTA for information. If no such agreement can be reached after negotiation in good faith by the licensee and the operator then the parties will resolve the matter through mitigation and/or arbitration process for an early resolution of the dispute."</i></p>	
3.	<p>Clause 3.1.1: As suggested in IM, the requirement of the performance bond for the purpose of the Roll out obligations should only be required in case of New Entrant or non-NGMS licensee. In case of existing Next Generation Mobile Services (NGMS) licensees, no additional performance bond be required for NGMS services for which they already had submitted the performance bond and already achieved certain milestones.</p>	As per reply serial (9) General comments
4.	<p>Clause 4.1.1.1: This point has already been highlighted in IM Clause 2.9.</p>	The clause is as per standard license template for NGMS, in-line with current statutory provisions.
5.	<p>Clause 4.1.3: This point has already been highlighted in IM Clause 2.9.</p>	As per reply serial (14) of IM comments
6.	<p>Clause 4.2.1: The following line may be deleted: <i>"the eligibility of licensee to participate in USF bidding will be based on meeting the criteria by it but shall not be</i></p>	The clause is as per standard license template for NGMS, in-line with current statutory provisions.



	<i>affected due to any violation or breach by its affiliates."</i>	
7.	<p>Clause 4.3.4: <b>Suggestion</b></p> <p>i. The prior written notice for renewal of a license may be thirty (30) months, instead of thirty-six (36) months.</p> <p>ii. The option of termination may be excluded as non-payment of any dues should not entail extreme action by PTA.</p> <p>iii. The clause 4.2.1 may be amended as suggested.</p> <p><b>Clarification</b></p> <p>Clarification may be given on the License clause 5.4.1 as well as on the IM clauses 2.2.1, 2.2.3 and 2.8.1, which deals with the Tx/Rx equipment, used in case if any receiver blocking effect in EGSM.</p>	The clause is as per standard license template for NGMS, in-line with current statutory provisions.
8.	Clause 6.2.1: The notice may be subject to National Security related requirements as mentioned in license and relevant law.	The clause is as per standard license template for NGMS, in-line with current statutory provisions.
9.	Clause 6.3.1: This point has already been highlighted in IM Clause 2.8.3.	The clause is as per standard license template for NGMS, in-line with current statutory provisions.
10.	Clause 6.4.1: The requirement for the network audit and penetration test from accredited technical auditors may kindly be waived.	The clause is as per standard license template for NGMS, in-line with current statutory provisions.
11.	Clause 6.7.5: Clause 6.7.5 may be deleted.	The clause is as per standard license template for NGMS, in-line with current statutory provisions.
12.	Clause 6.7.8: The requirement of the	The clause is as per standard license template

	Equipment Identity Register (EIR) may only be limited to maintain black list for its own network of licensee.	for NGMS, in-line with current statutory provisions.
13.	Clause 6.8: The requirement to maintain the data may be relaxed for six (06) months instead of one (01) year due to excessive amount of data being generated.	The clause is as per standard license template for NGMS, in-line with current statutory provisions.
14.	Clause 6.10.1: The licensee cannot ensure that any handset that reports a valid IMEI format is not genuine. This requirement should be removed.	The clause is as per standard license template for NGMS, in-line with current statutory provisions.
15.	Clause 7.2.1.8: The licensees are already obliged to provide robust system to protect from spamming, unsolicited and obnoxious communication through anti-spam filters, hence the liability of the customers may not be on licensees.	The clause is as per standard license template for NGMS, in-line with current statutory provisions.
16.	Clause 8.1.1: This clause may kindly be deleted as tariffs of non SMP operators should be left on competitive forces.	The clause is as per standard license template for NGMS, in-line with current statutory provisions.