



L E S O T H O COMMUNICATIONS A U T H O R I T Y

NETWORK SERVICES LICENCE

Issued In Terms of The Communications Act 2012

NAME OF LICENSEE	<i>LEO (PTY) LTD</i>
LICENCE NUMBER	<i>00004730/2016</i>
LICENSED SERVICES	<i>PROVISION OF INTERNET ACCESS AND INTERNET BASED SERVICES</i>
LICENSED SYSTEMS	<i>WIRELESS NETWORKS</i>
AREA	<i>NATIONALLY</i>
PLACE OF BUSINESS	<i>TAOANA CENTRE ORPEN ROAD PO BOX 11702 MASERU 100</i>
LICENCE VALID FROM	<i>2016/04/23</i>
UNTIL	<i>2031/04/22</i>
SIGNED	 _____ T. 'MOKELA CHIEF EXECUTIVE OFFICER



THIS LICENCE IS SUBJECT TO :

- The Communications Act 2012 and its subsidiary legislation.
- Licence Conditions.

A NETWORK SERVICES LICENCE GRANTED

BY

LESOTHO COMMUNICATIONS AUTHORITY

TO

LEO (PTY) LTD

(Licensee)

In terms of Section 5(1) (d) of the Act

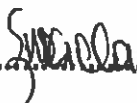
FOR THE OPERATION OF WIRELESS DATA NETWORK

AND

FOR THE PROVISION OF WIRELESS INTERNET SERVICES

Commencement Date: 23rd April 2016

Expiry Date: 22nd April 2031


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T. 'MOKELA

CHIEF EXECUTIVE OFFICER

LESOTHO COMMUNICATIONS AUTHORITY

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THE LICENCE

TERMS

1. The Lesotho Communications Authority (the "Authority"), in accordance with section 5(1) (d) of the Communications Act, 2012 (the "Act"), hereby authorizes **LEO (Pty) Ltd** to operate wireless data network described herein as (the "**Licensed System**"), to provide services described herein as (the "**Licensed Services**") and to connect the Licensed Systems to telecommunication systems within and outside Lesotho in accordance with the Conditions set out hereunder.
2. The Licensed System is a wireless data network located within the Kingdom of Lesotho and connected to such international networks as it may be necessary to provide licensed services.
3. The Licensed Services are;
 - a) Internet access; and
 - b) Any internet based service
4. The Licensee is authorized to connect the Licensed Systems to:
 - a) Any other telecommunication system run under a Licence granted by the Authority in accordance with the Act;
 - b) Any telecommunication apparatus, which is approved for connection by the Authority; and
 - c) Any telecommunication system authorized to operate in international commerce by any other nation, country or territory, and which operates pursuant to international telecommunications standards.

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5. This Licence:
- a) Is issued for a period of **15 years** with effect from **23th April 2016** (the "Licence term"); and
 - b) Shall come into operation within **24 months** of issue of this licence
- unless it is revoked earlier in accordance with the conditions set out below.
6. Notwithstanding clause (5) of these terms, the Authority may at any time revoke this Licence by giving sixty (60) days' notice in writing in any of the following circumstances:
- a) If the Licensee agrees in writing with the Authority that this Licence should be revoked;
 - b) If any amount payable to the Authority is unpaid thirty (30) days after the Authority has notified the Licensee that the payment was overdue, provided that such notification shall not have been given earlier than seven (7) days after the date on which the payment was due;
 - c) If the licensee fails to commence operations within the period stated in Clause 5 (b) above; or
 - d) If the Licensee is dissolved or enters into liquidation, bankruptcy or equivalent proceedings or makes a general assignment for the benefit of creditors.
7. After the end of the initial notice period, the Authority shall publish a notice stating that it intends to revoke this Licence and setting out the reasons on which this intention is based. Revocation shall take effect seven (7) days following publication of the notice.
8. The Authority may renew this Licence, upon application by the Licensee, for an additional period following the expiry of the Licence Term, provided that the Licensee has fulfilled its obligations set out in this Licence and provided further that the Authority has carried out a formal review to determine whether it is in the public interest that the Licence should be renewed.

9. The Licensee will be expected to submit an application for renewal to the Authority not less than two (2) years prior to the expiry of the License.
10. This Licence shall be held subject to the terms and conditions set out herein, provisions of the Act, Rules and Regulations adopted pursuant to the Act.
11. The Licensee shall not assign, delegate, transfer or encumber in any manner the rights, interests or obligations under this Licence without the prior, express and written consent of the Authority.
12. Any word, phrase or expression used in this Licence shall have the same meaning as it has in the Act. Unless the context otherwise requires, the following terms shall have the following meanings:

“Act” means the Communications Act No.4 of 2012;

“Authority” means the Lesotho Communications Authority established pursuant to the Act;

“Rules” means any regulations established by the Authority from time to time in accordance with the Act;

“Resale Services” means communication services purchased from the Licensee and made available to the end user;

“Requesting Service Provider/Facility Operator” means any person licensed by the Authority to provide communication services in accordance with section 5 (d) of the Act;

“Universal Service Fund” means a fund for provision and availability of essential information and communications technologies (ICT) services to all sections of society as determined by the Authority and/or Universal Service Fund Committee;

“Licensee” means a person who has been granted a licence by the Authority for provision of communications services;

“Maintenance Services” means carrying out repairs and ensuring that communications systems and facilities perform in accordance with manufacturers' specifications or with international standards.

CONDITIONS

1 PROVISION OF SERVICES FOR RESALE

- 1.1 The Licensee shall be required to negotiate in good faith with persons making bona fide requests to purchase Licensed Services for resale and enter into an agreement within 30 days. The agreement shall include reasonable terms and conditions, including those relating to charges.
- 1.2 The obligation in Condition 1.1 above shall not apply in the event that, it is not, in the Authority's view, reasonable to require the Licensee to enter into such an agreement in the particular circumstances, including, but not limited to circumstances:
 - 1.2.1 Beyond the Licensee's control;
 - 1.2.2 Where the provision of the service would expose any person engaged in its provision to undue risk to health or safety; or
 - 1.2.3 Where it is not reasonably practicable.

2 SERVICE PROVISION BY OTHER PARTIES

- 2.1 The Licensee shall permit any telecommunication operator to connect its telecommunication system to the Licensee's Systems so as to enable the provision of such operator's licensed services.
- 2.2 The obligation in Condition 2.1 above shall not apply in the event that it is not, in the Authority's view, reasonable to require the Licensee to provide the service requested by means of the Licensed Systems in the particular circumstances, including, but not limited to circumstances:
 - 2.2.1 Beyond the Licensee's control;
 - 2.2.2 Where the provision of the service would expose any person engaged in its provision to undue risk to health or safety; or
 - 2.2.3 Where it is not reasonably practicable.

3 PROVISION OF CUSTOMER INFORMATION SERVICES

- 3.1 The Licensee shall establish and maintain efficient information services to assist any person to whom it provides Licensed Services to answer questions regarding connection, charges, and any other questions relating to the Licensed Services.
- 3.2 The obligation in Condition 3.1 above shall not apply in the event that, it is not, in the Authority's view, reasonable to require the Licensee to comply with such an obligation in particular circumstances, including, but not limited to circumstances:
- 3.2.1 Beyond the Licensee's control;
 - 3.2.2 Where the provision of the service would expose any person engaged in its provision to undue risk to health or safety; or
 - 3.2.3 Where it is not reasonably practicable.

4 PROVISION OF MAINTENANCE SERVICES

- 4.1 The Licensee shall provide or ensure the provision of Maintenance Services, on the reasonable request of any person to whom it provides Licensed Services, in respect of any Licensed System or any approved apparatus, which is under that person's control.
- 4.2 The obligation in Condition 4.1 above shall not apply in the event that it is not, in the Authority's view, reasonable to require the Licensee to provide the service requested by means of the Licensed Systems in the particular circumstances, including, but not limited to circumstances:
- 4.2.1 Beyond the Licensee's control;
 - 4.2.2 Where the provision of the service would expose any person engaged in its provision to undue risk of health or safety;
 - 4.2.3 Where the Licensed System or apparatus is beyond economic repair or its components are no longer available or
 - 4.2.4 Where it is not reasonably practicable.

5 INTERRUPTIONS OF THE LICENSED SERVICES

- 5.1 Subject to Conditions 5.2 and 5.3 below, the Licensee shall not intentionally interrupt the operation of the Licensed Systems or any part thereof, in the normal course of business, nor may it in the normal course of business suspend the provision of any type of Licensed Service without having first notified the Authority in writing and having provided reasonable advance notice to persons affected by such interruption or suspension.
- 5.2 The provision in Condition 5.1 above shall not apply if, in the Authority's view, the interruption or suspension is due to an emergency, national security, or circumstances beyond the Licensee's control.
- 5.3 The provision in Condition 5.1 above shall not apply if, in the Authority's view, the interruption or suspension of a Licensed Service supplied by the Licensee is to a person whose system is endangering the integrity of the Licensed Systems.

6 PUBLIC EMERGENCIES

- 6.1 In the case of an emergency or local, regional or national crisis such as earthquakes, floods, riots, or similar events which require special attention on the part of the Licensee, the Licensee shall provide the necessary services to the Government, giving priority to the activities required to overcome the emergency.
- 6.2 In case of an emergency or crisis being related to aspects of national security, the Licensee shall co-ordinate with the Commissioner of Police who shall make any request in writing and provide the necessary services in accordance with the instructions of the Authority or the competent entity indicated thereby in accordance with the relevant laws.
- 6.3 The Licensee shall be entitled to reimbursement by the Government of its direct costs for the provision of the services mentioned in Conditions [6.1] and [6.2] above if such costs are reasonable and are, to the satisfaction of the Authority, shown to have been incurred.

7 CHARGES

- 7.1 Charges made to any person and conditions for the provision of licensed Services shall be publicised by the licensee.
- 7.2 The Licensed Services shall be provided on standard terms and conditions, which must include provision for an effective dispute resolution mechanism, to any person on request.
- 7.3 The Licensee shall file proposed charges, terms and conditions for provision of licensed services to the Authority prior to inception of business.
- 7.4 The Licensee shall file, whenever it makes changes to its rates, the charges and the terms and conditions upon which it proposes to offer the Licensed Services. Changes shall be filed at least thirty (30) days prior to the date of effectiveness.

8 QUALITY OF SERVICE REQUIREMENTS

- 8.1 The Licensee shall meet the quality of service standards as may be prescribed under the Rules from time to time issued by the Authority.
- 8.2 The Licensee shall ensure that it maintains information records for the purpose of satisfying the Authority that the Licensee is meeting the Quality of Service Requirements.
- 8.3 The Licensee shall face such sanctions as may be imposed by the Authority for failure to meet the requirements.

9 BILLING ACCURACY

- 9.1 The Licensee shall, prior to inception of business, submit its proposed billing system to the Authority. The billing system shall capture true and correct customer charges.
- 9.2 The Licensee shall not render any bill in respect of any Licensed Service unless every amount stated in the bill is derived in accordance with the billing system.

- 9.3 The Licensee shall keep such records of customer accounts for the purpose of satisfying the Authority that the billing system is accurate. The Licensee shall retain the records for at least three (3) years from the date on which they came into being.
- 9.4 In order for the Authority to be satisfied that the billing system is accurate, the Authority (or an independent auditor appointed by the Authority at its own discretion) may require the Licensee to:
- 9.4.1 Furnish the Authority with any information it requires;
 - 9.4.2 On reasonable notice, allow the Authority (or any person authorised by the Authority) access to any relevant premises of the Licensee; or
 - 9.4.3 On reasonable notice, allow the Authority (or any person authorized by the Authority) to examine or test the whole or any part of the billing process.

10 CUSTOMER SERVICE STANDARDS

- 10.1 The Licensee shall develop, publish and enforce guidelines for use by its personnel for handling enquiries and complaints from customers to whom it supplies licensed services.
- 10.2 The guidelines relating to enquiries and complaints shall be published and be made available to customers at the commencement of service to such customers.
- 10.3 The Licensee shall submit the guidelines to the Authority for approval.
- 10.4 The Licensee shall keep and maintain records on enquiries and complaints made on the licensed services.

11 PEERING

- 11.1 The Licensee may enter into peering agreements with similarly licensed service providers both in Lesotho and internationally.

11.2 The Licensee shall advise the Authority on any peering agreements it has entered into.

12 PRIVACY AND CONFIDENTIALITY

12.1 The Licensee shall use all reasonable endeavours to ensure the privacy and confidentiality of information and business secrets obtained in the course of its business from any person to whom it provides Licensed Services and any person with whom it has a peering agreement.

12.2 The Licensee shall not use or allow use of any apparatus which is capable of recording, silently monitoring, or intruding into transmission of any messages unless the licensee complies with Condition [12.3] below.

12.3 The Licensee may deviate from provisions of Conditions [12.1 and 12.2] only to comply with a court order .The Licensee shall maintain a record of all requests and court orders indicating how they were implemented. The Licensee shall furnish to the Authority such information on request.

13 FAIR COMPETITION

13.1 Without prejudice to other obligations imposed on the Licensee under this Licence, the Licensee shall not engage in any activities, whether by act or omission, which have, or are intended to or likely to have, the effect of unfairly preventing, restricting or distorting competition in relation to any business activity relating to the Licensed Services.

Without limiting the generality of the foregoing, any such act or omission shall include:

13.1.1 Any activity by the Licensee, either independently or with others, which unfairly excludes or limits competition between the Licensee and any other party;

- 13.1.2 Entering into any contract or engaging in any concerted practice with any other party, which unfairly prevents, restricts or distorts competition; or
- 13.1.3 Effecting anti-competitive changes in the market structure, and in particular anti-competitive mergers and acquisitions.

14 PROHIBITION OF UNDUE DISCRIMINATION

- 14.1 Without prejudice to the obligations imposed on the Licensee under this Licence, the Licensee shall not (whether in respect of the rates or other terms and conditions applied or otherwise) show undue preference to, or exercise undue discrimination against, particular persons or persons of any class or description regarding the provision of the licensed Services.
- 14.2 The Licensee may be deemed to have shown undue discrimination if it unfairly favours to a material extent a business carried on by it in relation to the provision of the Licensed Services so as to place at a significant competitive disadvantage persons competing with that business.
- 14.3 The Authority shall determine any question relating to whether any act done or course of conduct by the Licensee amounts to undue preference or undue discrimination.

15 ACCOUNTING REQUIREMENTS

- 15.1 The Licensee shall adopt an accounting system that allows the licensee to keep records in accordance with International Accounting Standards.
- 15.2 Within ninety (90) days of the end of the Licensee's financial year, the Licensee shall submit to the Authority its balance sheet, profit and loss statements, cash flows and other related statements as of the end of such financial year. The submission shall include certification by independent auditors stating that such financial statements fairly present the financial position of the Licensee as at the dates indicated and were prepared in accordance with International Accounting Standards.

- 15.4 The Authority may request the Licensee to submit other accounting information it may require in order to effectively supervise and enforce the terms of this Licence.

16 REQUIREMENT TO PROVIDE INFORMATION

- 16.1 The Licensee is required to maintain such information as will enable the Authority to carry out its functions under the Act. The Licensee shall submit to the Authority such periodic reports, statistics, statement of operations and any other information, as the Authority may from time to time request, and the Licensee shall provide such information.
- 16.2 In making a request for information, the Authority shall balance its regulatory and enforcement obligations under the Act against the burden imposed on the Licensee in procuring and furnishing such information.
- 16.3 The Authority shall have the right to publish information which it received under this Condition unless, following representations by the Licensee, it is satisfied that the information is of such confidential nature that its disclosure would have a material adverse effect on the Licensee's business.

17 INSPECTION

- 17.1 The Licensee shall grant unhindered access to all its premises, facilities, installations, files and records to all officers authorized by the Authority for inspection purposes.
- 17.2 The Licensee shall provide details of its premises, facilities, installations, and networks to the Authority.

18 NOTIFICATION OF CHANGE IN SHAREHOLDING

- 18.1 The Licensee shall notify the Authority if any entity becomes a parent undertaking or controlling entity in relation to the Licensee.

- 18.2 The Licensee shall notify the Authority of any change in the proportion of shares held in a Relevant Company by any person, the acquisition of any shares in a Relevant Company by a person not already holding shares, and the proportion of such shares held by that person immediately before acquisition if, by reason of that acquisition or change, the total number of shares in that Relevant Company held by that person together with any shares held by any nominee or trustee for that person immediately after the change or acquisition exceeds fifteen percent (15%) of the total number of voting shares in that company.
- 18.3 In any case referred to in Conditions 18.1 or 18.2 above, notification shall be given by a date which is thirty (30) days prior to the taking effect of such change or acquisition, as the case may be, or as soon as practicable.
- 18.4 In the event that the Authority disapproves of the change in shareholding, it shall notify the Licensee within thirty (30) days of receipt of notification.
- 18.5 The Licensee and other interested parties may, within thirty (30) days of receipt of the notification envisaged in 18.4 above, make representations to the Authority requesting reconsideration of its disapproval.
- 18.6 The Authority shall, within sixty (60) days of receipt of the request envisaged in Condition 18.5 above and having taken into account representations made by interested parties, make a final determination and giving reasons for its decision.

19 PRE-NOTIFICATION OF JOINT VENTURES

- 19.1 The Licensee shall notify the Authority not later than sixty (60) days before the taking effect of any of the agreements or arrangements to which this Condition applies, giving particulars of the agreements or arrangements.

19.2 The agreements and arrangements are:

19.2.1 An agreement with any person for the establishment or control of any body corporate for the purpose of:

19.2.1.1 The running of a communication system which requires a Licence under the Act;

19.2.1.2 Providing communication services in Lesotho which necessarily involves control over all or a portion of such a system;

19.2.1.3 The production of communication apparatus for supply in Lesotho where that production could lead, in the Authority's view, to a monopoly situation, which would not otherwise exist in relation to the supply of communication apparatus of any description in Lesotho.

19.2.2 An agreement for the establishment of a partnership for any of the purposes and circumstances mentioned in Condition 19.2.1 above.

19.2.3 Any other agreement or arrangement in the nature of a joint venture for the purpose of running a telecommunication system which requires a Licence under the Act or for the purpose of providing communication services in Lesotho which necessarily involves controlling all or a portion of such a system.

19.3 Conditions 19.2.1 and 19.2.2 apply in relation to an agreement or arrangement for the establishment or control of any body corporate or partnership where the Licensee has or is to have not less than 20 percent of the voting power in an organ controlling that body.

19.4 In the event that the Authority disapproves of the arrangements referred to in Condition 9.2 above, the Authority shall inform the Licensee in writing within thirty (30) days after such notification.

19.5 The Licensee and other interested parties may, within thirty (30) days of receipt of the notification envisaged in Condition 19.4 above, make representations to the Authority requesting reconsideration of its disapproval.

19.6 The Authority shall, within sixty (60) days of receipt of the request envisaged in Condition 19.5 above and having taken into account representations made by interested parties, make a final determination and giving reasons for its decision.

20 LICENCE FEES

20.1 The Licensee shall pay to the Authority such fees as prescribed by the Rules.

21 UNIVERSAL SERVICE OBLIGATIONS

21.1 The Licensee shall pay fees into the Universal Service Fund as prescribed by the Authority in accordance with the Act.

21.2 The licensee shall meet any other Universal Service obligations as required by the Authority from time to time subject to reasonable compensation from the above mentioned Fund.

22 INTERNATIONAL OBLIGATIONS

22.1 The Authority may designate the Licensee to participate in and be signatory to operating agreements relating to international telecommunication organizations to which Lesotho is a party.

22.2 The Licensee may on its own accord participate in international telecommunication organizations as a Sector Member, Private Sector Member, or Associate Member and shall notify the Authority of such participation.

23. NOTICES

All written notices to the Authority shall be marked for the attention of the Chief Executive Officer and shall be delivered to:

Lesotho Communications Authority
30 Princess Margaret Road
Old Europa
Maseru

Or to such other address as the Authority may specify in writing to the Licensee.