

FIXED NETWORK OPERATING LICENCE

GRANTED BY

LESOTHO TELECOMMUNICATIONS AUTHORITY

TO

TELE-COM LESOTHO (PTY) LTD

ON

2000 - 11 - 01

.....
T. KHABELE

CEO - LTA

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The Licence

1. The Lesotho Telecommunications Authority (the “Authority”), in accordance with Sections 16, 27 and 52 of the Lesotho Telecommunications Authority Act of 2000 (the “Act”), hereby authorises Tele-Com Lesotho (the “Licensee”) to run telecommunication systems as described herein (the “Licensed Systems”), to provide the telecommunication services as described herein (the “Licensed Services”) and to connect the Licensed Systems to telecommunication systems and telecommunication apparatus as specified herein within and outside Lesotho in accordance with the Conditions set out hereunder.
2. The Licensed Systems are telecommunication systems of all descriptions within and outside Lesotho, except mobile radio -communications systems within Lesotho.
3. The Licensed Services are all telecommunication services except mobile Radio-communication services.
4. The Licensee is authorised to connect the Licensed Systems to:
 - a) Any other telecommunication system, including mobile radio-telecommunications systems, run under a licence granted by the Authority in accordance with Section 27 of the Act;
 - b) Any telecommunication system outside Lesotho except a telecommunication system which the Authority has notified the Licensee should not be connected to the Licensed System;
 - c) Any earth orbiting apparatus in accordance with applicable requirements; and
 - d) Any apparatus which is approved for connection in accordance with the Rules or Regulations of the Authority.
5. This Licence is granted on 2000 -11- 01 for a period of twenty (20) years (the “Licence Term”) unless it is revoked earlier in accordance with the conditions set out below.
6. Notwithstanding paragraph [5] of this Licence, the Authority may at any time revoke this Licence by giving three (3) months’ 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 under Condition 30 is unpaid [30] days after the Authority notifies the Licensee that the payment is overdue, such

notification not to be given earlier than [14] days after the date on which the payment is due;

- c) If the Licensee persistently breaches material Conditions of this Licence, including but not limited to, Conditions [2], [3], [7], [8], [9], [10], [11], [15], [16], and [18] and fails, on written notice by the Authority of the material breach, to remedy the breach within [30] days of receipt of the written notice;
- d) If the Licensee has failed to comply with a notice issued by the Authority under the Act Rules or Regulations or pursuant to the terms of this license. The Authority shall give the licensee 30 days in which to make representations in relation to the matters set out in the notice, and shall take any representations into account before taking further action;
- e) If the Licensee is dissolved or enters liquidation, bankruptcy or equivalent proceedings or makes a general assignment for the benefit of creditors; and
- f) If the Licensee fails to notify the Authority of any of the events specified in Condition [27] or [28].

After the end of the notice period, the Authority shall publish a notice in the Lesotho Gazette stating that it intends to revoke this Licence and setting out the reasons on which this intention is based. Revocation shall take effect [7] days following publication of the notice in the Gazette.

- 7. The Authority may renew this Licence for an additional period following the expiry of the Licence Term, provided that the Licensee has fulfilled the System Expansion Requirements set out in Condition 2 of 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. Should the license be renewed, the Conditions shall be reviewed.
- 8. Any word, phrase or expression used in this Licence shall, have the same meaning as it has in the Act.
- 9. Words importing the singular shall include the plural and vice versa; words denoting persons shall include bodies corporate and unincorporated associations of persons and vice versa.
- 10. This Licence shall be held subject to the provisions of the Act, Rules and Regulations adopted pursuant to the Act including, but not limited to, provisions governing licence modifications and enforcement. 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.

11. THE DEFINITIONS

In this Licence, the following terms shall have the following meanings:

“Access Line” means the telecommunication link or any part thereof connecting Terminal Equipment with the Licensed System;

“Accounting and Settlement Rates” means the amounts, howsoever expressed, payable under any Correspondent Agreements, by or to the Licensee for the termination or transit of international telecommunication services;

“Act” means the Lesotho Telecommunications Authority Act of 2000;

“Affiliate” means, as used with respect to any person, any other person directly or indirectly Controlling, Controlled by, or under common Control with, that person. In the case where one person owns, directly or indirectly, 50% or more of the share capital, voting rights, securities, partnership or other ownership interest of another person, such person shall be deemed an Affiliate.

“Authority” or **“LTA”** means the Lesotho Telecommunications Authority established pursuant to the Act;

“Base Station” means a radio-telecommunication facility, including the site and any associated equipment, used for the reception and transmission of signals between Terminal Equipment and the Licensed Systems;

“Basic Data Service” means a telecommunication service which consists in the conveyance of messages, other than two-way speech messages, in real time by means of the Licensed Systems without:

- i. Any additional service having been provided in respect of the conveyance of those messages; and
- ii. Any deliberate removal or addition to the information content of those messages.

“Basic Voice Service” means a telecommunication service whereby real-time two-way speech conversation is conducted by means of the Licensed Systems without:

- i. Any additional service having been provided in respect of the real-time two-way speech conversation; and
- ii. Any deliberate removal or addition to the information content of that real-time two-way speech conversation;

“Cellular Mobile Services” means a Telecommunications Service permitting the emission, transmission or reception of radio electronic impulses within the

designated bandwidth by radiocommunications via a cellular telecommunications system to moving subscribers.

“**Control**” means, as applied to any person, the possession, directly or indirectly, of the power to direct or cause the direction of the management of that person, whether through ownership of shares, voting, securities, partnership or other ownership interest, whether by contract or otherwise and “**Controlling**” and “**Controlled**” shall be construed accordingly.

“**Correspondents Agreements**” means any agreement, in whatever form, between the Licensee and an International Correspondent for the termination or transit of international calls;

“**Coverage Area**” means the total geographical area covered by any one or more of the Licensed Systems’ base stations in which the Service is made available to Customers;

“**Customer**” means any person who has entered into an agreement, or who is attempting to enter into an agreement, with the Licensee, its agents, contractors, or licensed operators, for the provision of Services required or permitted under this license;

“**Directory Information Service**” means those services described in Condition [9] of this Licence;

“**Emergency Organisation**” means in respect of any locality the relevant public police, fire and ambulance services for that locality;

“**ETSI**” means the European Telecommunications Standards Institute;

“**Facility Operator**” means any person licensed by the Authority to operate telecommunication systems or any person licensed by the Authority to provide telecommunication services under Section 27 of the Act;

“**Global Mobile Personal Communications Services**” means a Telecommunications Service permitting the emission, transmission or reception of radio electronic impulses within the designated bandwidth by radiocommunications via a satellite telecommunications system to moving subscribers.

“**GSM**” means Global System for Mobile communications, as defined in the ETSI structure of technical specifications, and operating in the 890 MHz to 960 MHz frequency band;

“**Interconnection Agreement**” means an agreement concluded between the Licensee and any other person licensed or authorized to provide wire line, fixed wireless, or mobile radio-telecommunication services which defines the commercial and technical arrangements for:

- (i) the transfer of messages in either direction between the parties, including the handoff of connections involving roaming customers; and
- (ii) the shared or leased usage of lines or facilities belonging to one party by the other party;
- (iii) the provision of related services by one party to the other party or to customers of the other party; and
- (iv) the payment of one-time and/or on-going fees for the interconnection and for the transfer of messages, use of lines and facilities and the provision of services;

“International Correspondents” means any telecommunication operator in another country or territory who is authorised to run international telecommunication systems for the provision of telecommunication services.

“ITU-T” means the International Telecommunication Union Telecommunications Standardization sector [previously known as CCITT];

"Leased Lines Service" means the provision of an unswitched communications link across a part of a telecommunications system between two Network Termination Points, which link is reserved for the exclusive use of the Customer;

“Local Basic Voice Service” means a Basic Voice Service provided by a Facility Operator (i) by means of a telecommunication system which does not compromise any telecommunication apparatus designed or adapted for use for Mobile Radio-communications or for the provision of VSAT Services; and (ii) which originates and terminates within the same Local Switching Area;

“Local Switching Area” means the area within a fixed radius from a central office. The Authority shall by tariff define the Local Switching Areas for each Licensee.

“Local Systems” means telecommunication systems of every description within Lesotho provided that such systems which: (i) are necessary for the conveyance of messages between points within the same Local Switching Area; and (ii) do not comprise apparatus designed or adapted for use for the provision of Mobile Radio-communication Services or VSAT services.

“Local Telegraph Services” means a Telegraph Service which originates and terminates within the same Local Switching Area;

“Local Telex Service” means a Telex Service which originates and terminates within the same Local switching Area;

“Local Systems” means telecommunication systems of every description within Lesotho provided that such systems: (i) are necessary for the conveyance of messages between points within the same Local Switching Area; and (ii) do not

comprise apparatus designed or adapted for use for the provision of Mobile Radio-telecommunication Services or VSAT services.

“Local Telegraph Services” means a Telegraph Service which originates and terminates within the same Local Switching Area;

“Local Telex Service” means a Telex Service which originates and terminates within the same Local switching Area;

“Maintenance Services” means carrying out repairs and ensuring that terminal equipment, customer premises equipment, and other telecommunications systems, functions and facilities and apparatus perform in accordance with manufacturers’ specifications, with Authority-set benchmarks, or with international standards;

“Mandatory Coverage Area” means the minimum geographical area comprising the cells, each covered by at least one Base Station, in respect of which the Licensee is obliged to provide Service to its customers in accordance with the System Expansion Requirements in Annex [B];

“Master Frequency Plan” means the published orders of the Authority setting up conditions for use of, exercising control over, and managing, the limited radio frequency spectrum between mobile radio-telecommunications terminal equipment and network transceivers for the provision of GSM and Non-GSM cellular and other mobile radio-telecommunications services. The Authority shall allocate frequencies within each of a number of defined geographical areas, and may allow the re-use of the same frequencies in different non-adjacent areas, in accordance with accepted international standards.

“Message” means any signal conveyed by means of an Access Line connected to the Licensed Systems which imparts or is intended to impart discrete voice or data content, or communication of any kind, to or from a Customer, whether or not completed in a single operation;

“Mobile Radio-Communication Service” means a telecommunication service provided in conformance to the Master Frequency Plan which consists in the conveyance of messages by radio-telecommunication whereby reception or transmission by the Licensee’s customer is by means of apparatus which is or may be used while in motion, and includes any radio paging, radio trucking, mobile radio voice or data service, and any other form of terrestrial and satellite mobile telecommunications service that is provided by means other than GSM;

“Network Termination Point” means a point within the telecommunication system of a Facility Operator which enables telecommunications apparatus not comprised in that system to be connected and disconnected from that system for the purpose of facilitating the transfer of messages in either direction from one system to the other;

“Operator Assistance Service” means a telecommunication service by means of which a member of the public may, at any time, request to be connected to another person by means of telecommunication apparatus which is lawfully

connected to the Licensed Systems and which is capable of receiving unrestricted two-way telephone service and includes the following services:

“Private Line Service” means a service which enables the transmission of messages between two fixed points within a Local Switching Area by means of a telecommunication line, made available to a person for his exclusive use, and installed in such a way that persons sending messages by means of that telecommunication line are not able to select the destination of those messages;

“Public Emergency Call Service” means a telecommunication service by means of which any member of the public may, at any time and without incurring any charge, by means of any telecommunication apparatus which is lawfully connected to the Licensed Systems and which is capable of transmitting and receiving unrestricted two-way voice telephone services, communicate as quickly as practicable with any of the Emergency Organisations for the purpose of notifying them of an emergency;

“Public Pay Phone” means any kiosk, booth, acoustic hood, shelter or similar structure at which apparatus is installed for the provision of Basic Voice Services to the public together with such apparatus and where such apparatus is not designed or adapted for use for Mobile Radio-communications;

“Public Pay Phone Service” means the installation, repair and maintenance of Public Pay Phones, the provision of, or ensuring the provision, of the Basic Voice Services to and from such Public Pay Phones and provision of Directory Information Services, Operator Assistance Services and Public Emergency Call Services at such Public Pay Phones;

“Regulated Services” means [Local Basic Data Service, Local Basic Voice Service, Directory Information Service, Operator Assistance Services, and Public Emergency Call Services] and any other service which may be determined from time to time by Regulation;

“Regulations” means any regulations adopted from time to time in accordance with the Act;

“Relevant Company” means the Licensee or parent undertaking of the Licensee;

“Requesting Facility Operator” means any Facility Operator requesting connecting services from the licensee under Condition [18];

“Requesting Service Provider” means any person licensed by the Authority to provide telecommunication services under section [27] of the act;

“Resale Services” means telecommunication services purchased from the Licensee and made available to a customer, together with such additional services as the Requesting Service Provider may provide;

“Roaming” means the ability of a mobile radio-telecommunications customer to obtain or to maintain a connection while away from his normal home location, or

while moving between geographical areas assigned for mobile radio-telecommunications purposes to different licensees.

“**Rules**” means any rules adopted by the Authority from time to time in accordance with the Act;

“**Telegraph Service**” means a telecommunication service consisting in the conveyance by means of the Licensed Systems of telegraph messages;

“**Telex Service**” means a telecommunication service consisting in the conveyance by means of the Licensed Systems of telex messages;

“**Telecommunication Service**” means any service provided by means of a telecommunication System;

“**Telecommunication System**” means any system or series of telecommunication facilities or radio, optical or other electromagnetic apparatus or any similar technical system used for the purpose of telecommunication, whether or not such telecommunication is subject to rearrangement, composition or other processes by any means in the course of their transmission, emission or reception;

“**Terminal Equipment**” means customer premises equipment (CPE), or telecommunication equipment which is intended to be operated by a Customer in order to send and/or receive messages which are to be or have been conveyed by the Licensed Systems. Terminal Equipment shall, in the context of mobile radio-telecommunications, apply to equipment or apparatus which is or may be used while the customer is in motion or which may be removed from the range of a home, business or other premises with fixed phone stations;

“**Unbundling**” means access provided by a telecommunication service operator so that other service providers may buy or lease portions of its network elements to serve the customers.

“**Universal Service**” means:

- i. Local Basic Voice Services to the public (including from Public Pay Phones);
- ii. Local Telegraph Services; and
- iii. Local Telex Services

Except to the extent that the Authority is satisfied that any reasonable demand is or is to be met by other means accordingly it is not in the circumstances reasonable to require the Licensee to provide the services requested;

“**Very Small Aperture Terminal**” or “**VSAT**” means a Satellite Earth Station with an antenna diameter less than 3.7 metres or the equivalent area in the event that the terminal is not circular in shape.

“VSAT Services” means Value Added and Data Services or other telecommunication services provided by means of a Very Small Aperture Terminal;

CONDITIONS

1. CONDITION 1: EXCLUSIVITY PERIOD

- 1.1 Subject to the Act and to other provisions of this Licence, the Licensee shall have the exclusive right, for a period of five years (the “Exclusivity Period”) commencing on the 9th February 2001 (the Effective Date), to provide :
- 1.1.1 Basic Voice Services within Lesotho and internationally;
 - 1.1.2 Basic Data Services within Lesotho and internationally; and
 - 1.1.3 Leased Line Services within Lesotho only.
- 1.2 At the termination of the Exclusivity Period, the licensee may provide all telecommunications services on a competitive basis.

2. CONDITION 2: EXPANSION OF THE LICENSED SYSTEMS

- 2.1 The Licensee shall fulfil the system expansion requirements set out in Annex [B] of this Licence (the “**System Expansion Requirements**”).
- 2.2 The Licensee shall ensure that on and after the Effective Date it maintains records in a form to be prescribed by the Authority sufficient to satisfy the Authority that the Licensee is meeting the System Expansion Requirements. The Licensee shall make periodic reports of its progress as required by the Authority.
- 2.3 In the event that the Licensee falls materially behind schedule in meeting the System Expansion Requirements, the Authority shall notify the Licensee of its delinquency and require it to remedy the failure within a specified time. If the Licensee fails to comply with requirements set out in the notice within the specified time, the Licensee shall pay to the Authority the financial penalties stipulated in Annex [B] within [30] days of receipt of a further notice from the Authority requiring such payment to be made.] Continued failure to rectify the delinquency may lead to increased penalties, including cancelling the exclusivity period concession and, pursuant to Paragraph 6 of this Licence, revocation of the Licence.

3. CONDITION 3: UNIVERSAL ACCESS TO TELECOMMUNICATION SERVICES

- 3.1 Subject to Condition [3.2], the Licensee shall provide by means of the Licensed Systems to every person who reasonably requests the provision of such services:
- i. Basic Voice Services to the public; and
 - ii. Basic Data Services to the public; and

- iii. Any other telecommunication service which it is economically and technically feasible to provide at that place and in the requested time frame.

Except to the extent that the Authority is satisfied that any reasonable demand is or is to be met by other means and accordingly it is not in the circumstances reasonable to require the Licensee to provide the services requested.

3.2 The obligation in Condition [3.1] shall not apply in the event that, in the Authority's view, it is not 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:

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;

3.2.3 Where it is not reasonably practicable.

4 CONDITION 4: PROVISION OF PRIVATE LINE SERVICES

4.1 The Licensee shall provide Private Line Services on the reasonable request of any person.

4.2 Private Line Services shall be provided in accordance with the applicable recommendations of the International Telecommunication Union and other international entities as approved by the Authority.

4.3. The Licensee shall provide the Private Line Services within a maximum period of three (3) weeks from the date of request.

4.4. The obligation in [4.1] shall not apply in the event that, notwithstanding that the Licensee is in compliance with Condition [2] of the Licence, 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:

4.4.1 beyond the Licensee's control;

4.4.2 where the provision of the service would expose any person engaged in its provision to undue risk to health or safety;

4.4.3 where it is not reasonably practicable

5. CONDITON 5: PROVISION OF SERVICES FOR RESALE

5.1 The Licensee shall be required to negotiate in good faith with persons making bona fide requests to purchase Licensed Services for

resale. Subject to any Rule or Regulations on interconnection and to other provisions of this License, the Licensee shall, within a reasonable period of time of a request by a Requesting Service Provider, enter into an agreement to provide to the Requesting Service Provider Licensed Services at wholesale or at such discount as is economically reasonable considering both the retail price and the actual cost of such requested services

5.2 The obligation in [5.1] 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, where such a service would:

5.2.1 be beyond the Licensee's control;

5.2.2 cause or would be likely to cause danger, damage or injury to any person or to any property;

5.2.3 cause damage or otherwise interfere with the running of the Licensed System or the provision over the that Licensed System of telecommunication services;

5.2.4 not be reasonably practicable in light of any of the conditions of this Licence and, in particular, the System Expansion Requirements or would be inappropriate on a technical or economic basis.

5.3 The Licensee shall file each resale agreement with the Authority, certifying that resale service is offered on reasonable terms and conditions, including terms and conditions in relation to charges.

6. CONDITION 6: THIRD PARTY SERVICE PROVISION

6.1. The Licensee shall permit any Facility Operator to connect its telecommunication system to the Licensed Systems so as to enable the provision of its licensed services by means of the Licensed Systems.

6.2. The obligation in [6.1] shall not apply in the event that, notwithstanding that the Licensee is in compliance with condition [2] of the Licence, it is not, in the Authority's view, reasonable to require the Licensee to provide the service required by means of the Licensed Systems in the particular circumstances, including, but not limited to circumstances:

6.2.1 Beyond the Licensee's control;

6.2.2 Where the provision of the service would expose any person engaged in its provision to undue risk to health or safety;

6.2.3 Where it is not reasonably practicable.

7. CONDITION 7: PROVISION OF PUBLIC EMERGENCY CALL SERVICES

- 7.1. The Licensee shall provide by means of the Licensed Systems, Public Emergency Call Services which shall be provided free of charge to the public.
- 7.2. The Licensee shall ensure that such a number as is designated by the Authority, as the Public Emergency Call Number is available as the emergency call number so that any member of the public is provided with a Public Emergency Call Service by dialling that number.
- 7.3. The Licensee may restrict the telecommunication services provided under this condition in respect of any of the Emergency Organisations to the extent to which such restriction is agreed by the authority responsible for that Emergency Organisation or, in the absence of such agreement, to such extent as may be authorised by the Authority.

8. CONDITION 8: PROVISION OF PUBLIC PAY PHONE SERVICES

- 8.1. The Licensee shall provide Public Pay Phone Services in accordance with the System Expansion Requirements in Annex B.
- 8.2. The obligation in [8.1] shall not apply in the event that, notwithstanding that the Licensee is in compliance with Condition [2] of the Licence, 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:
 - 8.2.1 Beyond the Licensee's control;
 - 8.2.2 Where the provision of the service would expose any person engaged in its provision to undue risk to health or safety;
 - 8.2.3 Where it is not reasonably practicable.

9. CONDITION 9: PROVISION OF DIRECTORY INFORMATION SERVICES

- 9.1. The Licensee shall provide or ensure the provision of printed directories to each person to whom it provides a Basic Voice Service, the form and content of which may be determined by the Authority from time to time. The first set of printed directories shall be provided free of charge and any subsequent sets may be provided at a reasonable charge.

- 9.2. The directories referred to in Condition [9.1] shall include, at a minimum, the name, address and telephone number of each person provided with a Basic Voice Service and a list of national and international dialling codes.
- 9.3. The Licensee shall ensure the provision, at a reasonable charge, of directory information by means of the Licensed Systems used to provide the Licensed Services, in such a manner, at minimum, as to be understood by persons fluent in either Sesotho or English.
- 9.4. The directory information services provided by the Licensee shall in addition be made available in a form which is appropriate to meet the needs of persons who are blind or otherwise disabled at no additional charge.
- 9.5. The Licensee shall allow Facility Operators access to its own directory information, in such form as may reasonably be determined by the Licensee, on reasonable and fair terms provided that:
- 9.5.1 The Facility Operator undertakes to use the information only to provide directory information services or routing of calls;
- 9.5.2 The Facility Operator provides access to the Licensee to its own directory information on a similar basis; and
- 9.5.3 The provision by the Licensee of the information is not unlawful.
- 9.6 The obligations in this Condition shall not apply when the directory information requested relates to a person who has requested the Licensee not to provide such information in relation to him.
- 9.7 Subject to Condition [9.5], any information which the Licensee (or any of its authorised representatives) holds in relation to a person for the purposes of providing directory information services in accordance with this Condition shall be used by the Licensee (or its authorised representatives) for those purposes only and may not be provided to any third party without the express consent of the person to whom the information relates.
- 9.8 The obligation in Condition [9.1] 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:
- 9.8.1 Beyond the Licensee's control;
- 9.8.2 Where the provision of the service would expose any person engaged in its provision to undue risk to health or safety;
- 9.8.3 Where it is not reasonably practicable.

10 CONDITION 10: PROVISION OF OPERATOR ASSISTANCE SERVICES

10.1 The Licensee shall provide by means of its Licensed Systems, Operator Assistance Services.

10.2 The obligation in Condition [10.1] 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:

10.2.1 Beyond the Licensee's control;

10.2.2 Where the provision of the service would expose any person engaged in its provision to undue risk to health or safety;

10.2.3 Where it is not reasonably practicable;

11 CONDITION 11: PROVISION OF CUSTOMER INFORMATION SERVICES

11.1 The Licensee shall establish and maintain efficient information services to assist any person to whom it provides Licensed Services to answer questions regarding installation, services, directory assistance and any other questions relating to the Licensed Services.

11.2 The obligation in Condition [11.1] 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:

11.2.1 Beyond the Licensee's control;

11.2.2 Where the provision of the service would expose any person engaged in its provision to undue risk to health or safety;

11.2.3 Where it is not reasonably practicable.

12 CONDITION 12: PROVISION OF MAINTENANCE SERVICES

12.1 The Licensee shall provide or ensure the provision of maintenance Services, on the reasonable request of any person to whom it provides a Licensed Service, in respect of any Licensed System or approved apparatus and which is under that person's control.

12.2 Condition [12.1] shall not apply in relation to a relevant system or apparatus which is beyond economic repair or the component parts of which are no longer available.

12.3 The obligation in Condition [12.1] 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:

12.3.1 Beyond the Licensee's control;

12.3.2 Where the provision of the service would expose any person engaged in its provision to undue risk to health or safety;

12.3.3 Where it is not reasonably practicable.

13 CONDITION 13: INTERRUPTIONS TO THE LICENSED SERVICES

13.1 Subject to Conditions [13.2] and [13.3] below, the Licensee shall not intentionally interrupt the operation of the Licensed Systems (or any part thereof), or 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.

13.2 The provision in Condition [13.1] shall not apply if the interruption or suspension is due to an emergency or to circumstances beyond the Licensee's control.

13.3 The provision in Condition [13.1] shall not apply if the interruption or suspension is to a Licensed Service supplied by the Licensee to a person whose system is endangering the integrity of the Licensed Systems or who has failed to pay outstanding charges for provision or use of such licensed system.

14 CONDITION 14: PUBLIC EMERGENCIES

14.1 In case of a situation of 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 support activities required to overcome the emergency. For this purpose, the Licensee shall co-ordinate with and follow the instructions of the Authority in accordance with relevant laws. Within three (3) months following the Effective Date, the Licensee shall submit to the Authority its plan for procedures and operations it will follow in the event of any such emergency and shall update such plan upon request from the Authority.

14.2 In case the emergency or crisis is related to aspects of national security, the Licensee shall co-ordinate with the competent entity indicated by the Authority and provide the necessary services in accordance with the

instructions of the Authority or the competent entity indicated thereby in accordance with [insert statutory reference regarding declared public safety and other emergencies].

- 14.3 The Licensee shall be entitled to reimbursement by the Government of its direct costs for the provision of the services mentioned in Conditions [14.1] and [14.2] above if such costs are reasonable and are shown to have been incurred to the reasonable satisfaction of the Authority.

15 CONDITION 15: CHARGES, TERMS AND CONDITIONS

- 15.1 The charges made to any person for the provision of:

15.1.1 Exclusive Services; and

15.1.2 Any other service which the Authority may determine from time to time by Rule or Regulation (together the “**Regulated Services**”), must be based on cost, and shall be set in accordance with the guidelines set forth in Annex [C] of this Licence or as otherwise required by any Rules or Regulations (the “Rate Regulations”).

- 15.2 The Regulated Services must be provided on standard terms and conditions (which must include provision for an effective dispute resolution mechanism) to be provided to any person on request.

- 15.3 The Licensee shall file proposed tariffs, in a form prescribed by the Authority, prior to the inception of business, and thereafter 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 on which it is proposed they are to come into effect.

- 15.4 The Authority must approve or disapprove the charges, terms and conditions of the Regulated Services within thirty (30) days from the date on which they were filed with the Authority.

- 15.5 The Authority may disapprove the proposed charges, terms and conditions if:

15.5.1 The calculation contains mathematical errors; or

15.5.2 The charges, terms and conditions violate the Rate Regulations, are unfair or unreasonable or violate applicable laws, including, without limitation, licence conditions or Regulations.

- 15.6 In the event the Authority disapproves the charges, terms and conditions of the Regulated Services, it shall notify the Licensee of its disapproval and state its objections within thirty (30) days. Within fifteen (15) days of receipt of the Authority’s notice of disapproval, the Licensee shall submit revised charges, terms and conditions for approval by the Authority.

- 15.7 In the event the Authority fails to act under Condition [15.4] upon submitted charges, terms and conditions for the Regulated Services within thirty (30) days from the date upon which they are filed by the Licensee, either by approving or disapproving the said charges, by notifying the Licensee in writing that its submission is deficient and requesting the submission of additional information for the purposes of the Authority's review, or by notifying the Licensee in writing that it is extending the thirty (30) day time limit, the submitted charges shall be deemed to be approved.
- 15.7.1 In the event the Authority notifies the Licensee that its submission is deficient and requests additional information, it shall state in writing the particulars in which the submission is deficient and specifically identify the additional information required. The Licensee shall submit the additional information within thirty (30) days of such notice, and the Authority shall act upon the submission under Condition [15.4] within thirty (30) days of its receipt of the additional information.
- 15.7.2 In the event the Authority notifies the Licensee that the thirty (30) day time limit is extended, the Authority shall act upon the submission under Condition [15.4] within thirty (30) days of the date of the expiration of the initial thirty (30) day period.
- 15.8 The Licensee shall continue to provide the Regulated Services on the Charges, terms and conditions applied by it immediately before the Effective Date until the approval by the Authority under Condition [15.4] of the charges, terms and conditions required to be submitted by the Licensee under Condition [15.3].
- 15.9 The Licensee shall publish and make generally available to its existing customers, details of tariffs approved by the Authority.

16 CONDITION 16: QUALITY OF SERVICE REQUIREMENTS

- 16.1 The Licensee shall meet the quality of service requirements set forth in Annex [D] (the "**Quality of Service Requirements**") and failing which the Licensee shall pay such penalties, if any, which are imposed in the Quality of Service Requirements.
- 16.2 The Licensee shall ensure that it maintains information records in a form to be agreed with the Authority six (6) months from the Effective Date for the purposes of satisfying the Authority that the Licensee is meeting the Quality of Service Requirements. The Licensee shall make periodic reports of its performance as required by the Authority.
- 16.3 The information records may include, but not limited to:

- 16.3.1 Call failure rates which shall represent the number of failed call attempts due to congestion or faults expressed as a percentage of calls attempted in relation to each specific Licensed Service provided by the Licensee (expressed as a percentage over a yearly period);
- 16.3.2 Faults per 100 stations per annum for each Licensed Service provided by the Licensee in relation to certain categories of customers as may be determined by the Authority such as business customers, residential customers, urban customers, and rural customers;
- 16.3.3 Faults cleared in 24 hour, 72 hour and 7 day periods in relation to certain categories of customers as may be determined by the Authority such as business customer, residential customers, urban customers, and rural customers; and
- 16.3.4 Serviceability of Public Pay Phones.
- 16.3.5 Any other category as determined by the Authority

17 CONDITION 17: BILLING ACCURACY

- 17.1 The Licensee shall not render any bill in respect of any Licensed Service unless every amount stated in the bill is no higher than the amount which represents the true extent of any such service actually provided by the Licensee to the customer in question.
- 17.2 The Licensee shall, no later than nine (9) months from the Effective Date, establish a procedure ensuring the accuracy of its billing system in accordance with Condition 17.1 above. Billing procedures established under this condition must be submitted to the Authority for prior approval.
- 17.3 The Licensee shall keep such records as may be necessary or may be determined by the Authority to be necessary for the purpose of satisfying the Authority that the billing process has the characteristics required above and shall require the Licensee to retain such records for not less than three (3) years from the date of their existence.
- 17.4 For the purpose of giving the Authority an independent quality assurance from time to time that the billing process has the characteristics required as set out above, the Licensee shall:
 - 17.4.1 Furnish the Authority with the information it reasonably requires;
 - 17.4.2 On reasonable notice, allow the Authority (or any person authorised by the Authority) access to any relevant premises of the Licensee; and
 - 17.4.3 On reasonable notice, allow the Authority (or any person authorised by the Authority) to examine or test the whole or any part of the billing process.

18 CONDITION 18: INTERCONNECTION

This condition shall be read so as to further the general policy set out the Rules for Telecommunication Services Providers, as amended, and any other Rules or Regulations on interconnection which the authority may from time to time adopt.

18.1 The Licensee shall, within three (3) months of a request by a Requesting Facility Operator, enter into an agreement with the Requesting Facility Operator to:

18.1.1 Connect and keep connected to the Licensed System, at any technically feasible points of connection as requested, the telecommunication systems run by the Requesting Facility Operator at points of connection;

18.1.2 Provide for termination of calls made in either direction between the Requesting Facility Operator's system and the Licensed Systems, and for completion and/or continuation of calls to or from customers of the Requesting Facility Operator's system who have "roamed" into territory covered by the Licensed Systems; and

18.1.3 Provide by lease or purchase such other telecommunication services and facilities, including but not limited to, loops, conditioning, subscriber databases, trunks and switching facilities and services, as are reasonably necessary in order for the Requesting Facility Operator to provide telecommunication services to its customers; and

18.1.4 Provide the Requesting Facility Operator upon request with access to network information necessary to order, install, provision, and maintain its own network facilities and services in conformity with the Licensed Systems, or to efficiently and economically purchase or lease network facilities and services from the Licensee, and/or to efficiently and economically interconnect its systems and facilities with the Licensed System.

18.1.5 The Requesting Facility Operator shall be responsible for additional system costs of acquiring or maintaining network information which the Licensee does not and would not normally maintain for its own use in the normal course of its operations.

18.1.6 Provide access at any reasonable time, and for any reasonable purpose, by the Requesting Facility Operator to its owned or leased facilities at any Interconnection Points with the Licensed Systems. The Licensee may only place further limitations on access pursuant to prior written approval by the Authority.

18.1.7 Provide such other telecommunication services as are reasonably necessary in order for the Requesting Facility Operator to provide to its customers telecommunication services.

- 18.2 The Licensee shall not be required to enter into agreement under Condition 18.1 above where to do so would, in its reasonable opinion and with the agreement of the Authority:
- 18.2.1 Cause or would be likely to cause danger, damage or injury to any person or to any property;
 - 18.2.2 Cause damage or otherwise interfere with the running of the Licensed System or the provision over that Licensed System of telecommunication services;
 - 18.2.3 Not be reasonably practicable in light of the System Expansion Requirements or would be inappropriate on a technical or economic basis.
- 18.3 The Licensee shall ensure that any agreement offered in response to a request referred to in Condition 18.1 shall be:
- 18.3.1 Transparent, non-discriminatory and objective;
 - 18.3.2 Subject to reasonable terms and conditions.
- 18.4 Subject to any default charges which may be approved by the Authority, the Licensee shall ensure that the charges to be made for the provision by it of telecommunication services in accordance with Condition 18.3 above, shall be cost-oriented and fully justified; and such charges are to be calculated based on a reasonable assessment of the costs for providing the telecommunication services requested by the Facility Operator.
- 18.5 In the event of a failure to reach agreement, the Authority shall determine whether the terms and conditions offered by the Licensee are reasonable.
- 18.6 If an agreement cannot be reached within three (3) months, the Licensee or the Requesting Facility Operator may refer the matter to the Authority. The Authority shall make such determination, including the imposition of reasonable terms and conditions, as it considers to be necessary in all the circumstances and taking into account the duties imposed on it under the Act, within three (3) months of the reference. The party referring any matter to the Authority shall provide all the necessary information to the Authority so as to enable it to determine the nature of the matter being referred. The other party may make such submissions in relation to the matter being referred as he considers to be necessary. The Authority may require the provision of further information from either party and may specify the period of time within which such information must be provided. The Authority shall notify the parties in writing of its determination. The Licensee shall do whatever is necessary to give effect to the determination.
- 18.7 Unless the Authority has imposed on the Licensee the terms and conditions on which it is required to provide to the Requesting Facility Operator interconnection in accordance with Condition 18.6 above, the Licensee shall, at least 30 days before the agreement is intended to come into force,

refer the agreement to the Authority. If the Authority does not approve the agreement it shall, within 30 days, inform the parties of its disapproval, giving the reasons for its decisions and, within a further 30 days period, provide the parties with a more detailed explanation of the reasons for its disapproval and of any adjustments that are required to the Agreement. The parties shall make what adjustments are necessary to the agreement in order to comply with the Authority's decision.

- 18.8 The Licensee shall ensure that a copy of the final agreement is passed to the Authority and to the Requesting Facility Operator.
- 18.9 No amendment to any interconnection agreement shall become effective unless it shall have received approval from the Authority. The Authority shall notify the parties in writing within a period of 30 days in the event that it does not approve of proposed amendments and shall indicate what adjustments are required to be made. The parties shall make whatever adjustments are necessary in order to comply with the Authority's decision.
- 18.10 While having regard to network integrity, the Licensee shall provide physical or virtual co-location and co-sharing of its facilities to any requesting telecommunication Facility operator.
- 18.11 While having regard to network integrity, the Licensee shall provide, on an unbundled basis, any requesting licensed Resale Provider access to elements of its network on rates, terms and conditions that are just, reasonable and non-discriminatory.
- 18.12 Where a dispute arises between the parties under the agreement or in relation to a related matter, either party may refer the matter to the Authority for resolution. An agreement made in accordance with this Condition may include provisions that address the circumstances in which references may be made to the Authority, which provisions cannot be more limited than the provisions in this Condition.
- 18.13 The parties shall provide to the Authority all such technical, operational and accounting information as the Authority may reasonably require in order to ensure that the requirements of this Condition are met. The Authority shall ensure that any information that either party claims to be confidential, where the Authority finds the claim to be justified, is maintained as such.

19 CONDITION 19: NUMBERING AND NUMBER PORTABILITY

- 19.1 The Licensee shall continue to operate under and be bound by any numbering plan approved by the Authority prior to the Effective Date (the "Initial Numbering Plan"). The Authority shall designate numbers for use by the Licensee in the provision of Licensed Services within the Initial Numbering Plan unless and until the Authority prescribes a new numbering plan amending or replacing the Initial Numbering Plan.

- 19.2 Prior to the prescription of a new Numbering Plan by the Authority, the Licensee together with all other Facility Operators, including those operating land, fixed-wireless, and radio-communications systems, and any other interested parties, shall consult from time to time with representative from the Authority in relation to the most efficient and effective long-range numbering system for the running of the Licensed Systems and the provision of the Licensed Services. In particular the consultations shall cover:
- 19.2.1 The agreement for the allocation and re-allocation of numbers within the Initial Numbering Plan;
 - 19.2.2 Changes in technology and international standards affecting the cost and feasibility of porting numbers from a customer's former provider to its new provider;
 - 19.2.3 Changes in technology and/or international standards or potential changes in operation within the foreseeable future which affect the potential for number exhaustion; and
 - 19.2.4 Any suggestions for changes in, or additions to, or replacements of the Initial Numbering Plan.
- 19.3 The Licensee may where necessary levy reasonable charges in relation to allocation of numbers with the Authority's prior approval.
- 19.4 The Licensee shall fulfil any requirements which the Authority imposes from time to time in relation to number portability.

20 CONDITION 20: RADIO-COMMUNICATIONS

- 20.1 Subject to any Regulations made by the Authority, the Licensee shall use the stations set out in Annex [E] (the "**Stations**"), if any, for transmitting and receiving fixed-wireless radio-communication messages for the purposes of providing the Licensed Services.
- 20.2 The Licensee shall operate the Stations in accordance with the specifications set out in Annex [E].
- 20.3 Prior to using any radio-communication apparatus in the running of telecommunication networks or the provision of telecommunication services, the Licensee must obtain type approval or type acceptance from the Authority of such radio-communication apparatus.
- 20.4 The Licensee shall ensure that the radio-communication apparatus comprised in the Stations (the "**Radio-communication Apparatus**") is designed and constructed, and maintained and used, so that its use does not cause any undue interference.

- 20.5 Except as provided for in Condition [20.6], the Licensee shall not permit or suffer any person to use any Licensed Systems Radio-communication Apparatus unless the person is under the control of, and authorised by, the Licensee.
- 20.6 Except in an emergency, when no written authority is required, the Licensee may authorise a person who is not under the control of the Licensee to use any Licensed System Radio-communication Apparatus by providing written authority to that person.
- 20.7 The Licensee shall ensure that all persons using any radio-communications apparatus are made aware of the terms of this Licence and comply with them.
- 20.8 The Licensee shall permit a person authorised by the Authority to have access to the Station and to inspect or test the Radio-communication Apparatus at any reasonable time or when an emergency situation exists, at any time, for the purpose of verifying compliance with terms of the Licence, or investigating sources of radio interference.
- 20.9 The Licensee shall restrict the operation of, or close down and cease to operate, the Station or any Radio-communication Apparatus immediately upon receipt and in accordance with the order of the Authority to such effect.

21 CONDITION 21: PRIVACY AND CONFIDENTIALITY

- 21.1 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 the Licensed Services and any person with whom it has an interconnection agreement by establishing and implementing reasonable procedures for maintaining confidentiality of such information.
- 21.2 The Licensee shall maintain sufficient information on its confidentiality procedures to satisfy the Authority, at its reasonable request, that the requirements of Condition 21.1 are met.
- 21.3 The Licensee shall not use or allow to be used any apparatus comprised in the Licensed Systems (except for the purpose of law enforcement or in the national security) which is capable of recording, silently monitoring, or intruding into transmission of any messages unless he complies with Conditions 21.4 and 21.5 below. This Condition 21.3 shall not apply if the Licensee is an emergency Organisation.
- 21.4 Subject to the provisions of condition 21.3 above, the Licensee shall maintain a record of the means by which the parties to whom or by whom a live speech telephone call is transmitted call is transmitted before recording, silently monitoring or intrusion into such call has begun that the call is to be or may be recorded, silently monitored or intruded into.

22 CONDITION 22: FAIR TRADING

- 22.1 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:
- 22.1.1 Any abuse by the Licensee, either independently or with others, or a dominant position which unfairly excludes or limits competition between the Licensee and any other party;
- 22.1.2 Entering into any contract or engaging in a concerted practice with any other party, which unfairly prevents, restricts competition; or
- 22.1.3 Effecting anti-competition changes in the market structure, and in particular, anti-competition mergers and acquisitions in the communications sector.
- 22.1.4 Applying dissimilar conditions to equivalent transactions with other trading parties in the market and thereby placing them at the competitive advantage or disadvantage.
- 22.2 The Licensee shall not unfairly cross-subsidise its Businesses or those of its Affiliates.
- 22.3 Where it appears to the Authority that the Licensee is unfairly cross-subsidising its subsidiary Businesses, it shall take such steps as the Authority may direct in order to remedy the situation.
- 22.4 In this Condition, “Business” means the activities of the Licensee or those of its Affiliates in relation to the provision of:
Basic Voice Services;
Basic Data Services;
Cellular Mobile Services; and
Global Mobile Personal Communications Services.
- 22.5 The Licensee shall maintain such records as are necessary in order to evidence material transfers between such Businesses.
- 22.6 In considering whether any cross-subsidy of any Business is unfair, the Authority shall have regard to the extent to which the Licensee cross-subsidised that Business for the purpose of satisfying any obligation imposed by it under this licence.

23 CONDITION 23: PROHIBITION ON UNDUE DISCRIMINATION

- 23.1 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.

- 23.2 The Licensee may be deemed to have shown such 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.
- 23.3 Any question relating to whether any act done or course of conduct amount to undue preference or undue discrimination shall be determined by the Authority.

24 CONDITION 24: ACCOUNTING REQUIREMENTS

- 24.1 Within three (3) months after the end of each fiscal year of the Licensee, the Licensee shall deliver to the Authority the balance sheet of the Licensee as at the end of such fiscal year and the related statements of operations, equity and cash flows of the Licensee, in each case accompanied by a report thereon of independent auditors stating that such financial statements fairly present the financial position of the Licensee at the dates indicated and were prepared in accordance with accounting principles generally accepted in Lesotho.
- 24.2 The Licensee shall submit to the Authority within nine (9) months after the effective date a proposal for an accounting system. The proposed accounting system shall relate solely to the running of the Licensed Systems and the provision of the Licensed Services. The system shall record investments, expenses and revenues in accordance with accounting principles prescribed by the Authority. In particular, such accounting systems shall identify cost elements in sufficient detail so that cost-based interconnection prices can be established.
- 24.3 Within three months after its submission, the Authority shall approve or disapprove the proposed accounting system. In case of disapproval of the accounting system, or if the Authority considers during the Licence Term that a modification is reasonably required, propose modifications or order the Licensee to adopt a prescribed accounting system within a reasonable time period but, with respect to the former, not later than two (2) years after the Effective Date.
- 24.4 The Authority may request the Licensee to submit any accounting information it may require in order to effectively supervise and enforce the terms of this Licence and the Licensee shall provide such information within a reasonable period of time except where it is not reasonably practicable to do so.
- 24.5 If (i) the Licensee fails to comply with its obligations under 24.2 above or if the accounting system established by the Licensee fails to achieve the objectives set forth in that subsection; and (ii) the Authority deems it necessary and appropriate to supervise compliance with the provisions of

Condition 22.2, it may order the Licensee to provide certain Licensed Services through a separate division or divisions, a separate branch or branches or a separate subsidiary or subsidiaries.

25 CONDITION 25: REQUIREMENT TO PROVIDE INFORMATION

- 25.1 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 and other data, as Authority may from time to time prescribe by Rule. The Authority shall have the right to request additional specific information necessary to effectively supervise and enforce the terms of this License.
- 25.2 In making a request for information, the Authority will balance its regulatory and enforcement obligations under the Act against the burden imposed on the Licensee in procuring and furnishing such information.
- 25.3 The Authority shall have the right to publish information which it receives under this Condition unless, following representations by the Licensee, it is satisfied that the information is of such confidential nature that disclosure would have a material adverse effect on the Licensee's business.

26 CONDITION 26: INSPECTION

- 26.1 The Licensee shall grant unhindered access to all its premises, facilities, installations, files and records to all officers authorized as inspectors by the Authority for such purposes.
- 26.2 The Licensee shall provide details of its premises, facilities, installations, and networks in such format and at such times as may reasonably be requested by the Authority from time to time.

27 CONDITION 27: NOTIFICATION OF CHANGE IN SHAREHOLDING

- 27.1 The Licensee will notify the Authority if any entity becomes a parent undertaking or controlling entity in relation to the Licensee.
- 27.2 The Licensee shall notify the Authority of any change in the proportion of the 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 15 percent of the total number of voting shares in that company.

- 27.3 In any case referred to in Conditions 27.1 or 27.2 above, notification shall be given by a date which is 30 days prior to the taking effect of such change or acquisition, as the case may be, or as soon as practicable.

In the event that the Authority disapproves of the change in shareholding, it shall notify the Licensee within 30 days of receipt of notification. The Authority may within 60 days of notifying the Licensee of its disapproval, having taken into account representations made by interested parties, and giving reasons for its decision, prohibit the change in shareholding where it believes it is in the public interest to do so.

28 CONDITION 28: PRE-NOTIFICATION OF JOINT VENTURES

- 28.1 Unless the Authority otherwise agrees, the Licensee shall notify the Authority not later than 30 days before the taking effect of any of the agreements or arrangements to which this Condition applies giving particulars of the agreements or arrangements.

- 28.2 The agreements or arrangements include, but are not limited to the following:

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

28.2.1.1 The running of a telecommunication system which requires a licence under the Act;

28.2.1.2 Providing telecommunication services in Lesotho which necessarily involve the running of such a system;

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

- 28.2.2 An agreement for the establishment of a partnership for any of those purposes and in those circumstances;

- 28.2.3 Any other agreement or arrangement in the nature of the joint venture for the purpose of running a telecommunication system which requires a licence under the Act or for the purpose of providing telecommunication services in Lesotho which necessarily involve the running of such a system.

- 28.3 Conditions 28.2.1 and 28.2.2 hereof apply in relation to an agreement for the establishment or control of any body corporate or partnership where the Licensee has or is to have not less than 20 per cent of the voting power in any organ controlling that body.

29 CONDITION 29: INTERNATIONAL OBLIGATIONS

- 29.1 The Licensee shall have the status of a Recognised Private Operating Agency within the meaning of the 1982 International Telecommunications Convention (Nairobi, 1982) and, as applicable, a Recognised Operating Agency within the meaning of the 1992 Constitution and Convention of the International Telecommunication Union (Geneva, 1992). The Licensee shall negotiate and conclude all necessary international commercial and operating agreements subject to prior notification or approval, where such prior notification or approval may be required by the Act, Rules or Regulations, and to such other requirements as may be established from time to time by the Authority, taking into account the legitimate commercial interests and operational requirements of the Licensee.
- 29.2 The Licensee shall co-operate with and supply all required information to the Authority to assist it in fulfilling its obligations to any international organisational bodies in the telecommunications sector.
- 29.3 The Licensee shall disclose to the Authority the Accounting and Settlement Rates agreed with its International Correspondents and provide to the Authority information concerning the origination, transit and termination of international telecommunication services from, through or in Lesotho.
- 29.4 The Licensee shall be bound by policies as determined by the Authority in negotiating terms and conditions of international settlement and accounting rates.

30 CONDITION 30: LICENCE FEES

- 30.1 The Licensee shall pay to the Authority:
- 30.1.1 An initial fee of M12 900 000 upon grant of this Licence;
- 30.1.2 An annual fee in the amount of one and a half percent (1.5%) of the gross revenues collected by the Licensee for the Licensed Services during the prior calendar year, payable in Lesotho Maloti on an annual basis from the date of this Licence. The amount of such gross revenues shall be established by the Authority on the basis of information to be provided by the Licensee in accordance with Condition 24 and, as determined by the Authority on the basis of information to be provided by the Licensee in accordance with Condition 24 and, as determined by the Authority, information requested under Condition 25; and
- 30.1.3 The fees in relation to frequency assignments made by the Authority under this Licence as specified in Annex G as amended from time to time.

31 CONDITION 31: PROVISION OF SERVICES THROUGH CONTRACTORS OR AGENTS

- 31.1 In addition to the obligation to Resale set out in Condition 5, and the obligations regarding Interconnection set out in Conditions 6 and 18, the Licensee may exercise any rights permitted it in this License or pursuant to the Act through agents, dealers, subcontractors, or licensed service providers acting under and for the Licensee.
- 31.2 A copy of each agreement between the Licensee and any agent, dealer, subcontractor and licensed service provider shall be placed on file with the Authority.
- 31.3 Nothing in this condition shall be construed or understood to relieve the Licensee or any other party of any obligation found otherwise in this License, in any rule or regulation promulgated by the Authority, or in the Act.
- 31.4 The Licensee shall be responsible for the acts and omissions of its agents, dealers, subcontractors and licensed service providers to the extent provided by law.

32 CONDITION 32: FREQUENCY ASSIGNMENTS

- 32.1 The frequencies assigned to the licensee are as set out in Annex F of this licence (“**Frequency Assignments**”)
- 32.2 The Authority shall have the right to reclaim any unutilised spectrum.

33 CONDITION 33: UNIVERSAL ACCESS FUND OBLIGATION

- 33.1 The Authority may establish a Fund for development of Universal Service and for the expansion of telecommunications services in the rural and high cost areas of the country. The Licensee shall pay fees into and may have access to the Fund in accordance with the conditions prescribed by the Authority from time to time. The contributions into the Fund shall be in the order of 2% of gross annual turnover per annum.

34 CONDITION 34: ANNEXURES C, D, E, F, AND G

- 34.1.1 The Licensee shall, within a period of one hundred and twenty (120) days after the effective date, file with the Authority, for approval, relevant details for Annexures C, D, E, and F.
- 34.1.2 The Authority shall, within a period of one hundred and twenty (120) days after the effective date, furnish to the Licensee the Fee structure for those frequency assignments which have no tariffs in this Licence.

ANNEX A

[MAP OF KINGDOM OF LESOTHO]



ANNEX B

SYSTEM EXPANSION REQUIREMENTS

The following table details the system expansion and rollout targets for the first five years of operation. Further System Expansion Requirements may be made by the Authority after the initial five year period.

A. Fixed lines

	Year 1	Year 2	Year 3	Year 4	Year 5
Total	0	25,000	30,000	40,000	50,000
Urban	0	23,000	27,000	36,000	45,000
Rural	0	2,000	3,000	4,000	5,000

B. Public Phones (Wireline and Fixed WLL)

	Year 1	Year 2	Year 3	Year 4	Year 5
Public Telephones	495	715	935	1,155	1,375

C. Public Phones (Wireline and Fixed WLL)

	Year 1	Year 2	Year 3	Year 4	Year 5
Public Telephones	450	650	850	1,050	1,250

Notes to B and C:

1. Targets B and C relate to the number of public payphones in Lesotho, including those provided by the Licensee and also over and above those existing at the effective date.
2. Any shortfall from the targets stated in B and C will be the sole responsibility of the Licensee.
3. Target C is the minimum number of payphones unconditionally guaranteed by the Licensee.
4. Target B is guaranteed by the Licensee subject to market saturation and lack of demand from private entrepreneurs to operate the payphones as determined by the Authority.

Notes to A, B & C:

1. All numbers reflect the total number of additional lines to be connected at the end of each year, above the number existing on the Effective Date or connected in each previous year.
2. Year 1 relates to the first year post-privatisation – i.e twelve months after the effective date of the privatisation transaction, 450 public telephones should have been installed.

D. Capacity

By the end of year 1, capacity will have been provided for 40,000 new lines.

E. Internet Access

Establish internet access capability in the main commercial centres (urban centres) by the end of year 1.

Penalties

Penalties to be attached to non-compliance over the five year period for A, B and C and D are as follows:

If the licensee fails to meet 80% of its annual system expansion or universal access target a penalty of M1,500* per unconnected/non-provided line will be imposed. Additionally, if the licensee substantially fails to meet its expansion and universal access targets (65% of the annual target beginning in Year 2) a penalty of M2,500* per unconnected/non-provided line will be imposed and the Authority may choose to withdraw exclusivity prior to the end of the five-year exclusivity period.

Penalties to be attached to non-compliance in Annex E shall be determined by the Authority.

* The value of the penalties imposed in Maloti will be increased annually on a compound basis by the rate of inflation in the preceding year.

ANNEX C

RATE REGULATIONS

Rates of major services will be regulated using a price cap regime. The rates will be regulated according to the following formula:

$$P_{t+1} = (1 - (I_t - X \mp Z)) P_t$$

P_{t+1} = price of regulated telecommunications services to be charged in the coming year

I_t = Current Inflation rate

X = Productivity Offset to reflect change in average cost-of-production

Z = Exogenous Costs

P_t = price of regulated telecommunications services during previous year

The following Table identifies the tariffs to be charged in the first year and the X factors for use in the following year. It is the intention that during the second year of operations, the Authority will undertake a comprehensive review of the price cap regime.

ANNEX D

QUALITY OF SERVICE REQUIREMENTS

The following are the Quality of Service Requirements for the first three years of operations under this licence. The Authority may issue further Quality of Service Requirements after this initial period.

Call Failure Rate (%)

	Year 1	Year 2	Year 3
Local	Tbd	10	5
National	Tbd	10	5
International	Tbd	15	10

Faults Per 100 Lines per year

	Year 1	Year 2	Year 3
Urban	Tbd	75	66
Rural	Tbd	100	75

Faults Cleared within 24 hours (%)

	Year 1	Year 2	Year 3
Urban	Tbd	40	50
Rural	Tbd	30	35
Business	Tbd	70	75
Residential	Tbd	30	40

Faults Cleared within 72 hours (%)

	Year 1	Year 2	Year 3
Urban	Tbd	55	65
Rural	Tbd	45	55
Business	Tbd	85	90
Residential	Tbd	45	60

Faults Cleared Within 7 days (%)

	Year 1	Year 2	Year 3
Urban	tbd	70	80
Rural	tbd	60	70
Business	tbd	100	100
Residential	tbd	60	80

Payphone Serviceability (%)

	Year 1	Year 2	Year 3
All payphones	tbd	95	95

Maximum number of days a customer waits for connection

	Year 1	Year 2	Year 3
Urban	tbd	15	10
Rural	tbd	45	30

Notes:

1. The above requirements apply to each of the licensee’s three regional service areas individually.
2. A violation of these targets is defined as any service performance below the minimum standard objective level for any five months within any rolling twelve consecutive month period. When a violation of any one target occurs, the twelve month rolling period will begin again for that target.
3. Year 1 refers to the first twelve months post-privatisation of the licensee.
4. All Quality of Service Requirements for year 1 are to be at the same as those achieved by the licensee during the 12 months prior to privatisation, as determined by the Licensee and the Authority during the first month after the effective date.
- 5 “tbd” = “to be decided”

PENALTY

A violation of any one of the seven targets will result in a once off fine of 0.15% of the Licensee’s annual revenue in the previous financial year.

ANNEX E

LOCATION AND SPECIFICATIONS FOR LAND, FIXED-WIRELESS AND MOBILE RADIO-COMMUNICATIONS FACILITIES

1.	Station Name	[COMPLETE]
	Location	[COMPLETE]
	Aerial Height	[COMPLETE]
	Class of Emission	[COMPLETE]
	Maximum Power	[COMPLETE]
	Polarisation	[COMPLETE]
	Frequency	[COMPLETE]
	Suppression	[COMPLETE]
	Type of Service to be provided	[COMPLETE]

ANNEX F

FREQUENCY ASSIGNMENTS

The following frequencies are assigned under this licence:

Service	Frequency Assignment		
Fixed Satellite Service (FSS – International Gateway) (Ghz)	5.85–5.95;	7.25-7.55;	7.90-8.40
Fixed Service PDH and SDH Microwave Systems (Ghz)	3.4-4.2 7.55-7.90 25.5-27.5	4.4-5.0 14.8-15.4	5.85-7.25 22.5-23.6
Wireless Local Loop Systems (WLL) (a) GSM Rural Applications (Wide Range) (b) GSM Urban Applications (Short Range) (c) GSM Guard Band (Separates VCL/TCL GSM Assignments) (d) Narrowband CDMA (Ghz)	401-420Mhz 902.8-914.8Mhz 902.4-902.6Mhz 3.4-3.6	450-496Mhz 947.8-959.8Mhz 947.4-947.6Mhz	
Multiple Access Rural Radio Systems (MARRS) (Ghz)	1.43-1.53 3.40-4.20	1.71-2.29 5.93-7.08	2.50-2.65
Broadband Access Systems Multichannel Multipoint Distribution Systems (MMDS) (Wide Range – 50km) (Ghz) Local Multipoint Distribution Services (LMDS) (Ghz)	1.71-2.29 27.5-29.5	2.30-2.5 2.54-2.70	
Very Small Aperture Terminals (VSAT) C-Band (Ghz) Ku-Band (Ghz)	3.7- 4.8 10.95-12.75		
Broadband Mobile Systems (UMTS) (Ghz)	1.8-2.2		
Narrowband GMPCS systems (Ghz) Terminal to satellite Satellite to terminal	1.61-1.627 24.83-25.00		

ANNEX G

FREQUENCY ASSIGNMENT FEES

Service	Assignment Fee (per annum)	Usage Fee (per annum)
Fixed Satellite Service (FSS – International Gateway) (Ghz)		
Fixed Service PDH and SDH Microwave Systems (Ghz)	$\{\text{RF Bandwidth (KHz)}\} / 8.5 \times \{\text{number of RF channels}\} \times 2$	
Wireless Local Loop Systems (WLL) (a) GSM Rural Applications (Wide Range) (b) GSM Urban Applications (Short Range) (c) GSM Guard Band (Separates VCL/TCL GSM Assignments) (d) Narrowband CDMA (Ghz)	M455,000 per annum	M3,500 multiplied by number of TRX's in use
Multiple Access Rural Radio Systems (MARRS) (Ghz)		
Broadband Access Systems Multichannel Multipoint Distribution Systems (MMDS) (Wide Range – 50km) (Ghz) Local Multipoint Distribution Services (LMDS) (Ghz)		
Very Small Aperture Terminals (VSAT) C-Band (Ghz) Ku-Band (Ghz)	M9000 per terminal for networks with up to and including ten terminals. M8000 per terminal for networks exceeding ten terminals M..X.. per 500 khz assignment.	
Broadband Mobile Systems (UMTS) (Ghz)		
Narrowband GMPCS systems (Ghz) Terminal to satellite Satellite to terminal		