**Consultation Paper – LDI License Network Rollout Obligations**

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| This Consultation paper (the “Paper”) is only to seek comments/ input. The stakeholders are requested to provide requisite comments, preferably through email, latest by **1500 hrs 11 December 2023** in the prescribed format. This Paper does not convey, *in any manner*, any decision of the Authority in respect of the issues discussed in the Paper.  **Response to questionnaire may be addressed to consultationsnd@pta.gov.pk** |

**Introduction**

1. License Template for Long Distance & International (LDI) was issued/revised in 2022 by Pakistan Telecommunication Authority, PTA (the “**Authority**”). PTA is mandated to regulate the establishment, operation and maintenance of telecommunication system and the provision of the telecommunication services in Pakistan. The Authority under section 5 (2) (a) of the Pakistan Telecommunication (Re-organization) Act, 1996 (the “**Act**”) is empowered to grant and renew licenses for any telecommunication system and any telecommunication service on payment of such fees as it may, from time to time specify.
2. In accordance with section 20 of the Act, no person shall establish, maintain or operate any telecommunication system or provide any telecommunication service unless he has obtained a license under the Act. Further, section 21 (4) (g) elaborates “Exclusive Power of the Authority to grant licenses”, that every license granted under the Act may contain obligations to provide telecommunication service to particular persons or areas to meet minimum standards for quality and grade of services requirements. Furthermore, section 21 (4) (n) elaborates “Exclusive Power of the Authority to grant licenses”, that every license granted under the Act may contain conditions as to the security provided by a licensee to support the fulfillment of the licensee’s obligations in the license, and the realization on such security by the Authority.
3. By virtue of mandate provided in the Act, the Authority in 2022 revised and issued updated LDI license template. The Authority after carrying out consultation with all the stakeholders imposed roll out obligation in terms of deployment of 1500kms with submission of Performance Bank Guarantee (PBG).
4. The Pakistan telecom market is currently navigating a transformed business landscape characterized by **various challenges**. Considering multifarious financial implications with specific reference to: the currency devaluation which has also exerted pressure on capital & operating costs for telecom sector, impacting the business cases & profit margins of the telecom industry and in particular telecom licensees. The interest (policy) rate, set to manage inflation, has remained high, adding financial strain to businesses operating in the telecom sector. The resulting increased cost of doing business, and considering the concerns raised by the telecom Licensees, the Authority has decided to carry out another consultation in order to examine the concerns of relevant stakeholders with regard to LDI license conditions related to 3.2 – Network Rollout Obligations and 3.3 – Security for Performance
5. Besides abovementioned challenges, the Authority is also acutely aware of the need for proliferation of OFC networks and the need for expansion and enhancement of a resilient fixed-line network to support the growing demands of the telecom sector. Thus, 1500 x kms of OFC ownership was mandated for licensees in LDI License Template (2022). Accordingly, 5 x new LDI licenses have been approved by the Authority in 2023, and currently no LDI License application is pending at PTA.
6. Considering above background and the concerns raised by some of the licensees regarding LDI license template, the issues are summarized as following to carry out consultation with all the relevant stakeholders:

**Issues for Consultation:**

* 1. Linkage of Performance Bank Guarantee (PBG) to roll out obligation of laying 1500 Km OFC or Gateway Earth Station, in addition to PoP/Switching Offices and NCP in each Telecom Region
  2. Rollout modalities/methodology for laying of 1500 KMs OFC
  3. Addition of any other “Technical & Financial Plan” as an option under clause 3.2.6 of LDI License

1. Aforesaid in view, a fresh consultation is being carried out to evaluate the existing license template related to above.
2. Questionnaire is as below.

**Questionnaire**

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**Response from \_\_\_ (Company Name) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

1. Questions are required to be answered along with supporting arguments.
2. Note: LDI License template (2022) is attached as Annex A for reference (it is also available on PTA Website)

**Section 1 – PBG Linkage with Roll Out Obligations of Laying 1500Km OFC or Gateway Earth Station**

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| **S.No.** | | **Question** | **Response**  **(Yes/ No)** | **Justification to Response** |
| 1 | Do you consider the **Security for Performance** plan against fiber optic laying as prescribed in 3.3.1(a) or 3.3.1(b) of the LDI License Template (2022), where, a part of PBG (60% - 6m$ out of 10m$) is linked with rollout obligation of 1500km OFC or establishment of minimum 01 Gateway Earth Station, respectively by the licensees need to be reviewed? | |  |  |
| 2 | If Authority considers to de-link full or part, of aforementioned amount,   1. What would be the proposed mechanism to ensure the rollout obligation (*as per clause 3.2.6 of License template*) of 1500km or 01 Gateway Earth Station, respectively other than/ apart from Section 23. Issue of enforcement orders and penalties, PTRA, 1996. 2. Please elaborate the proposed mechanism. 3. Justify your proposal. | |  |  |

**Section 2 – Rollout Modalities for Laying of 1500 KMs OFC or Gateway Earth Station**

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| **S.No.** | **Question** | **Response**  **(Yes/ No)** | **Justification to Response** |
| 3 | Do you consider the timelines given in the existing Roll Out Obligations in clause 3.2.6 (a) & 3.2.6 (b) of the License template are appropriate? |  |  |
| 4 | If not, suggest the other suitable options along with justifications. |  |  |
| 5 | License template clause 3.2.6 (a) requires LDI Licensee to establish, maintain and operate its **own exclusive Long-Distance OFC network**...   1. To fulfil LDI OFC rollout obligation under above clause, please propose some plausible models. 2. Please provide comments with supporting arguments. |  |  |

**Section 3 – Addition of any other Requirement/Plan as an Option under 3.2.6 of LDI License**

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| **S.No.** | **Question** | **Response**  **(Yes/ No)** | **Justification to Response** |
| 6 | Do you consider any other option under clause 3.2.6 of License template, for Roll Out obligation? |  |  |
| 7 | If yes, please propose option, based on Technical and Financial Plan, along with roll out obligation(s) and time frame. |  |  |
| 8 | For the option proposed in Q7 above, please suggest mechanism for linkage of Performance Bank Guarantee to fulfil roll out obligation. |  |  |

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