



**UTILITY REGULATION AND COMPETITION OFFICE**

**LICENCE TO [...].**

**Document Number: RL [...]**

**Date: [...]**



**LICENCE ISSUED TO**

**[...]**

**under Part III of**

**THE INFORMATION AND COMMUNICATIONS  
TECHNOLOGY LAW (2017 REVISION)**

The Utility Regulation and Competition Office, in exercise of the powers conferred on it by Section 23 of the Information and Communications Technology Law (2017 Revision), grants to [...] a Licence to establish, operate and maintain the Information and Communications Technology Networks and/or provide Information and Communications Technology Services as provided for in this Licence, SUBJECT TO the Conditions, all decisions, orders, regulations, resolutions and rules made by the Utility Regulation and Competition Offices, all applicable laws and regulations of the Cayman Islands and applicable tariffs.

**GRANTED BY THE Utility Regulation and Competition Office, the Cayman Islands, on this [...].**

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**Chairman  
Utility Regulation and Competition Office**

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## PART I: THE LICENCE

### 1 DEFINITIONS AND INTERPRETATION

- 1.1 A word or expression used in the Licence and the Conditions and also used in the ICT Law and URC Law has the meaning ascribed to that word or expression by the ICT Law and URC Law. In addition, the following expressions shall have the following meanings given to them.

“**Affiliate**” in relation to the Licensee, means any holding company of the Licensee, any subsidiary of the Licensee or any subsidiary of any holding company of the Licensee;

“**Annex**” means one or more attachments to this Licence, all of which constitute a part of and are unique to this Licence;

“**Authorised Frequencies and Transmitters**” means those frequency bands of the spectrum and transmitters set forth in **Annex 4**;

“**Compliance Plan**” means a plan submitted to the Office in accordance with **Condition 8** and containing the information noted therein;

“**Conditions**” means all the clauses of this Licence, including any and all Annexes, as may be amended, revoked or added to in accordance with the Licence;

“**Confidentiality Regulations**” means the *Information and Communications Technology Authority (Confidentiality) Regulations, 2003*;

“**Control**” means any direct or indirect possession of any power or right that enables a person or group of persons to direct, or cause the general direction of, the management or policies of the Licensee by any means and in any event;

“**Development Plan**” means a plan submitted to the Office in accordance with **Condition 8** and containing the information noted therein;

“**Dispute Resolution Regulations**” means the *Information and Communications Technology Authority (Dispute Resolution) Regulations, 2003*;

“**Facility**” or “**Facilities**” means any component of an ICT Network;

“**Force Majeure**” means any cause affecting the performance by the Licensee of its obligations arising from acts, events, omissions, occurrences

or non-occurrences beyond its reasonable control, including (but without limiting the generality thereof) governmental regulations, fire, flood or any disaster or an industrial dispute affecting a third party for which a substitute third party is not reasonably available;

**“ICT Law”** means the *Information and Communications Technology Law (2017 Revision)* and any amendments or revisions thereto;

**“Information Services”** means a reasonably accessible service provided by the Licensee to the User to provide that User with current and accurate information about the Licensee and its ICT Services, and includes such a service provided by electronic means;

in this definition, “by electronic means” means that the service is sent initially and received at its destination by means of electronic equipment for the processing (including digital compression) and storage of data, and entirely transmitted, conveyed and received by wire, by radio, by optical means or by other electromagnetic means;

**“Licence”** means this licence authorising and requiring the Licensee specified herein to establish, operate and maintain the specified Licensed ICT Networks and/or provide the specified Licensed ICT Services, subject to the Conditions;

**“Licence Commencement Date”** means the date specified in Condition 11;

**“Licence Fee”** means the fee or fees prescribed by the Office under the provisions of section 30 of the ICT Law and payable to the Office by the Licensee;

**“Licensed ICT Network”** means an ICT Network or Facilities specified by the Office in a Notice published in the Gazette in accordance with section 23(2) of the ICT Law as requiring a Licence;

**“Licensed ICT Service”** means an ICT Service specified by the Office in a Notice published in the Gazette in accordance with section 23(2) of the ICT Law as requiring a Licence;

**“Licensee”** means **[NAME OF LICENSEE]**;

**“Office”** means the Utility Regulation and Competition Office;

**“Other Licensee”** means any person, other than the Licensee, who has the benefit of a Licence granted under Part III of the ICT Law;

“**Term**” means, pursuant to section 28(a) of the ICT Law, the period of time during which this Licence is valid as specified in **Annex 1**;

“**Terms of Service**” means the terms and conditions pursuant to which the Licensee shall make all services available to a User;

“**Ultimate Controller**” means any person or group of persons who or which (alone or jointly with others, and directly or indirectly), in the reasonable opinion of the Office, is in a position to Control the Licensee;

“**Universal Service**” means any of the categories of service specified by regulation made under section 61 of the ICT Law, when promulgated, and as further defined in **Annex 3A**;

“**Universal Service Fund**” means the fund which may be established by the Office to compensate Licensees for carrying out the Universal Service Obligations;

“**Universal Service Obligations**” means the obligation to provide universal service as set out in Part II of this Licence and as set forth in **Annex 3A**;

“**URC Law**” means *The Utility Regulation and Competition Law (2016)*, or its equivalent; and,

“**User**” means a natural person who uses or listens to the networks or services of the Licensee, but is not necessarily a subscriber.

1.2 In the Licence, unless the context indicates a contrary intention:

- (a) references to paragraphs and subparagraphs are to paragraphs and subparagraphs of the Conditions, as varied from time to time;
- (b) a document will be incorporated into and form part of the Conditions if it is referred to in the Conditions and reference to such a document is to that document as varied from time to time;
- (c) headings used for Conditions, paragraphs and subparagraphs are for ease of reference only and will not affect the interpretation of the Conditions;
- (d) references to any law, rule, regulation or other legal instrument includes any modification, re-enactment or legislative provisions substituted for the same;



- (e) use of the word "*includes*" or "*including*" should be construed as being without limitation;
- (f) the masculine gender shall include the feminine and neuter, and the singular shall include the plural, and vice versa, and words importing persons shall include firms or companies; and,
- (g) except in so far as the context otherwise requires, words or expressions shall have the meaning assigned to them in the Licence and otherwise any word or expression shall have the same meaning as it has in the ICT Law and URC Law, where applicable.

## **2 SCOPE OF THE LICENCE**

- 2.1 In accordance with section 23 of the ICT Law, this Licence authorises and requires the Licensee to establish, operate and maintain the Licensed ICT Networks and/or provide the Licensed ICT Services specified in **Annex 1** for the Term specified in **Annex 1 SUBJECT TO** the Licensee complying with the Conditions of this Licence and all decisions, determinations, directions, orders, regulations, resolutions and rules made by the Office, and all applicable Laws and regulations of the Cayman Islands. The requirement for the Licensee to establish, operate and maintain the Licensed ICT Networks and/or provide the ICT Services means, at a minimum, that the Licensee will, unless otherwise agreed to by the Office, meet the roll out plan specified in **Annex 1A**.
- 2.2 In accordance with section 23 of the ICT Law, this Licence authorises the use by the Licensee of the Authorised Frequencies and Transmitters listed in **Annex 4** for the Term listed in **Annex 1**. Unless otherwise authorised in writing by the Office, the Licensee shall only use the Authorised Frequencies and Transmitters in the location and with the equipment and configuration specified in **Annex 4**. In accordance with **Annex 2**, the Licensee shall pay an annual fee to the Office for the use of the Authorised Frequencies. The Office retains ownership of the radio frequency spectrum set forth in **Annex 4**, and the Licensee agrees that it will abide by any and all radio frequency spectrum reallocation or diminution as required by the Office.
- 2.3 All ICT Services and all ICT Networks subject to licensure under the ICT Law and operated by the Licensee are subject to regulation by the Office. Nothing in this Licence shall be taken to mean or imply any derogation of, or limitation on, the exercise by the Office of all its duties, functions and responsibilities contained in the ICT Law.

- 2.4 The Licensee shall comply with any other requirement in law or practice to obtain any additional consents, permissions, authorisations or licences as may be necessary for the provision of the Licensed ICT Network or Licensed ICT Services and for the exercise of its rights or discharge of its obligations under this Licence and the ICT Law.
- 2.5 The Licensee shall:
- (a) maintain sufficient information systems, located in the Cayman Islands, as are reasonably necessary to enable the Licensee to respond in a timely and accurate manner to the information requirements of the Office, including without limitation information relevant to business conducted between the Licensee and its Affiliates; and,
  - (b) maintain within the Cayman Islands appropriate management systems and management (including an officer of the Licensee) accountable for meeting its obligations under this Licence, such management being properly authorised to so act on behalf and bind the Licensee.
- 2.6 All representations made by the Licensee howeversor arising, including any undertakings given by the Licensee, in the application for an ICT Licence constitute fundamental terms of the Licences granted. Any material deviation from these representations, including the undertakings given by the Licensee, is a fundamental breach of the Licence pursuant to section 33 (1) (a) of the ICT Law (or its equivalent) the consequence of which may be the revocation of the Licence.

### **3 LICENCE FEE**

- 3.1 The Licence Fees payable by the Licensee for the establishment, operation and management of the Licensed ICT Networks and/or provision of the Licensed ICT Services specified in this Licence under the provisions of section 30 of the ICT Law are as specified in **Annex 2**.
- 3.2 The Licence Fees referred to in **Condition 3.1** shall be payable directly by the Licensee to the Office on or before the payment dates specified in **Annex 2**, and in the case of those due at commencement of the Licence, if any, the fees shall be paid prior to commencement of operations by the Licensee of the Licensed ICT Networks and/or provision of the Licensed ICT Services specified in this Licence, and thereafter for the Term(s).

- 3.3 The Office may delegate the collection of any or all Licence Fees due in accordance with the provision of **Condition 3.1** to an administrative unit of the Cayman Islands Government, and the Licensee shall pay to such unit any and all fees owed on the same date as the fees are due to the Office.
- 3.4 Without prejudice to any other remedies of the Office under this Licence or the Laws of the Cayman Islands, if the Licensee fails to pay any amount due to the Office or delegated administrative unit of the Cayman Islands Government under this **Condition 3** by the due date, the unpaid amount will accrue interest daily from the due date to the date of payment at three percentage points above the published Cayman Islands Dollar Prime Rate published from time to time by the Office's bankers, the Bank of Butterfield International (Cayman) Limited.

#### **4 PROVISION OF INFORMATION**

- 4.1 Any and all aspects of the Licensee's business shall be subject to examination, investigation and audit by the Office.
- 4.2 The Licensee shall provide to the Office in the manner and at the times required by the Office, on reasonable notice, any documents, accounts, returns, estimates, reports or other information so required, including but not limited to the documents, accounts, returns, estimates, reports and other information specified in this Licence including where such documents, accounts, returns, estimates, reports and other information are in the control of Affiliates.
- 4.3 Where the Licensee operates an ICT Network which makes use of a portion of the free space electromagnetic spectrum between 3 KHz and 300 GHz, the Licensee shall, by the first business day of July of every year, provide the Office with a comprehensive report on its anticipated use of the radio frequency spectrum for the following year and shall update the report as requested by the Office from time to time.
- 4.4 The Office may conduct, from time to time, or may delegate to a suitably qualified person as the Office may decide, an examination, investigation or audit of any aspect of the Licensee's business or of its relationship with any Affiliate of the Licensee and of its compliance with the Conditions and the ICT Law and any other applicable Laws and regulations of the Cayman Islands.
- 4.5 The Office shall notify the Licensee of the objectives and scope of any examination, investigation or audit carried out under **Condition 4.4** in

- advance of the commencement of such examination, investigation or audit, except where the Office has reasonable grounds for believing the Licensee is or has been acting fraudulently or contrary to law.
- 4.6 The scope of any examination, investigation or audit carried out under **Condition 4.4** shall be no wider than is necessary to fulfil the objectives of the said examination, investigation or audit.
- 4.7 Any audit ordered under **Condition 4.4** shall be limited to any activities or information relating to the Licensee's information no earlier than **three (3) years prior to the date** the audit is commenced under **Condition 4.4**.
- 4.8 The Licensee shall provide any and all assistance requested by the Office in relation to any such examination, investigation or audit; such request to be made on reasonable notice **EXCEPT** where the Office has reasonable grounds for believing the Licensee is or has been acting fraudulently or contrary to Laws of the Cayman Islands.
- 4.9 The Office may give the Licensee a notice with regard to the manner in which such examination, investigation or audit is to be carried out and with which the Licensee shall fully comply.
- 4.10 Where the Office conducts or delegates an examination, investigation or audit in accordance with **Condition 4.4**, the Licensee shall allow the authorised representative of the Office, or of its delegate as the case may be –
- (a) to attend at, enter and inspect any premises which are under the control of the Licensee or of any of its Affiliates;
  - (b) to take copies of any documents;
  - (c) to acquire any information in the control of the Licensee or any of its Affiliates as may be required in order to carry out the examination, investigation or audit; and
  - (d) require that any information be formatted and conveyed in any manner deemed appropriate.
- 4.11 The Office or such other person who has been delegated by the Office to conduct an examination, investigation or audit under **Condition 4.4** as the case may be and the Licensee shall each bear its own costs incurred in connection with the examination, investigation or audit, provided that, in the event the examination, investigation or audit reveals a material breach of

the Licence, the ICT Law or of any applicable regulations, the Licensee shall bear all reasonable costs associated with any reporting, examination, investigation or audit.

## **5 COMPLIANCE**

5.1 In addition to complying with the Conditions of this Licence, the Licensee shall comply with:

- (a) any obligation imposed on it by any law, regulation or rule of the Cayman Islands that is applicable;
- (b) any decision, determination, direction, order, regulation, resolution or rule duly issued by the Office under the ICT Law, the Licence, or any law, regulation or rule of the Cayman Islands that is applicable;
- (c) the Plans submitted pursuant to **Condition 8**; and
- (d) applicable tariffs, if any.

5.2 The Licensee shall inform the Office as soon as it becomes aware of any action proposed to be undertaken by a person or group of persons which would, or could reasonably be expected to, cause the Licensee to breach any of its obligations under the ICT Law and URC Law (including ICT regulations and the like) or its Licence.

5.3 The Licensee shall, at all times, act in a manner best calculated to ensure that it has, or has access to, adequate:

- a. financial resources; and
- b. management resources and systems of internal control,

to enable it to establish, operate and maintain the ICT Networks and provide the ICT Services, as provided for under the Licence.

The Licensee shall ensure that its access to resources and systems referred to above is not dependent upon the discharge by any other person of any obligation under, or arising from, any agreement or arrangement under which that other person has agreed to provide any services to the Licensee.

5.4 The Licensee shall not, except with the written consent of the Office, enter directly or indirectly into any contract or other commercial arrangement with any person or groups of persons considered to be the Ultimate Controller.

## **6 EXCEPTIONS TO AND LIMITATIONS ON THE LICENSEE'S OBLIGATIONS**

- 6.1 If the Licensee is prevented from performing any of its obligations under this Licence because of *force majeure* -
- (a) the Licensee shall notify the Office as soon as practicable of the obligation(s) which it is prevented from performing, and the reason why; and
  - (b) the Office may suspend those obligations and the Licensee will not be liable to perform those obligations, for so long as the *force majeure* continues, only if and to the extent that the inability to perform could not have been prevented by taking steps specifically required under this Licence or other reasonable precautions and the inability cannot reasonably be circumvented by the Licensee at its expense through the use of alternate sources, work-around plans or other means.

## **7 DURATION AND RENEWAL**

- 7.1 This Licence commences on the Licence Commencement Date and continues, subject to the Licensee's compliance with the Conditions and the Laws of the Cayman Islands, directions issued by the Office and applicable tariffs, if any, and subject to any revocation or suspension by the Office, for the Term.
- 7.2 Pursuant to section 29 of the ICT Law, the Licensee may serve notice on the Office within one hundred and eighty (180) calendar days of the end of the Licence Term, but no later than three months before the determination of the Licence, requesting a renewal of this Licence
- 7.3 Within the one hundred and eighty (180) calendar days provided for in **Condition 7.2**, or such further period as may be agreed with the Licensee, the Office shall notify the Licensee whether it agrees to a renewal of the Licence subject to the same Conditions or any modified, amended or additional Conditions, and subject to the Licensee providing all necessary information to the Office to enable it to make the notification within the required time.

## PART II GENERAL PROVISIONS

### 8 DEVELOPMENT OF LICENSED ICT NETWORKS AND LICENSED ICT SERVICES

- 8.1 The Licensee shall comply at all times with relevant standards and/or specifications established by the Office to establish, operate and manage the Licensed ICT Networks (including ICT Network equipment) and/or provide the Licensed ICT Services **OTHERWISE** the Licensee shall establish, operate and maintain the Licensed ICT Networks and/or provide the Licensed ICT Services according to standards of performance in line with international best practices.
- 8.2 The Licensee shall submit to the Office a Development Plan and a Compliance Plan, together known as “**the Plans**”. Any and all matters to be included in the Plans may be added to, deleted or substituted by the Office at any time during the Term of this Licence. The Plans may be submitted in confidence in accordance with the Confidentiality Regulations.
- 8.3 The Development Plan shall describe the following:
- a) planned nature and extent of Caymanian participation as set out in Annex 1B;
  - b) contact details of key management responsible for and authorised to respond to the Office in such areas as network operations and maintenance, legal, regulatory and corporate affairs;
  - c) the target levels of quality of service performance which the Licensee will achieve with the Licensed ICT Networks and Licensed ICT Services, the estimated timeframe within which those targets will be achieved and how the achievement of those target levels of performance will be monitored;
  - d) anticipated introduction of new Facilities and new ICT services, including geographic coverage;
  - e) the manner in which financial data will be captured, and reported and verified for purposes of the Licence Fee, including providing the Office with audited financial statements within a time frame that is no later than three (3) months from financial year end;
  - f) the Licensee’s internal rules and procedures for the treatment of User confidential information; and

- g) such other matters as required by the Office from time to time.
- 8.4 The Compliance Plan shall describe the manner in which the Licensee has complied with the terms of its Licence and shall also address:
- (a) the extent to which it has met, exceeded or failed to meet the various categories in the Development Plan;
  - (b) whether it has provided and continues to provide all financial data pertinent to the amount of Licence Fees to be paid;
  - (c) infrastructure arrangements and disputes;
  - (d) significant differences between target levels of performance and performance levels achieved over a sustained period of time, and major service interruptions and reasons therefore;
  - (e) broad categories of User complaints, the manner resolved and the time frames involved;
  - (f) confidentiality of information and the extent to which it has been safeguarded; and
  - (g) such other matters as required by the Office from time to time.
- 8.5 The Office may direct the Licensee to update and resubmit the Plans from time to time.
- 8.6 The Office may direct the Licensee as to matters to be included in the Plans and may amend or replace such direction from time to time.
- 8.7 The Office may include as a Condition of this Licence the targets specified by the Licensee in the Plans and the Licensee shall be deemed to be in breach of its Licence if such target levels are repeatedly not achieved.
- 8.8 Within fifteen days of the end of each twelve-month period during the Term, the Licensee shall, unless otherwise approved or directed by the Office, provide the Office with the Plans whereby the Development Plan will address the subsequent twelve months and the Compliance Plan will address the preceding twelve months.
- 8.9 The Licensee shall comply with any directions issued by the Office from time to time regarding any quality of service indicators, measurement methods and compliance requirements, as may be reasonably required, for the Licensed ICT Networks and Licensed ICT Services.



8.10 The Licensee shall on request by the Office supply the results of its measurements of actual performance against any quality of service indicators and measurements which the Office may publish or require publication of such information as it considers appropriate.

## 9 LICENSEE'S OBLIGATIONS TO USERS

9.1 The Licensee shall, in accordance with the ICT Law, take such steps as are reasonably necessary to ensure that, in relation to its Licensed ICT Networks and/or Licensed ICT Services as applicable, Users can reasonably and reliably have access to Information Services to assist them with queries relating to the Licensed ICT Services.

9.2 The Licensee shall use its best endeavours to meet the quality of service commitments set out in the Development Plan and **Conditions 8.9 and 8.10**. A repeated failure to meet such quality of service obligations shall be regarded as a breach of this Licence.

9.3 The Licensee shall comply with the requirements set out at **Annex 5** and prior to the provisioning of ICT Services to Users, develop, implement and publish procedures for responding to complaints from and disputes with Users related to the quality of any Licensed ICT Services and to statements of charges and prices, and unless otherwise provided for in the Licence, the Licensee shall respond quickly and adequately to any complaints but, in no event, **later than one (1) month** after the filing of such complaint with the Licensee.

9.4 The Licensee, and its Terms of Service, shall be subject to the Office's Dispute Resolution Regulations, or such other regulations, rules or conditions as the Office may prescribe, for resolving such complaints from and disputes with Users.

9.5 Prior to the provisioning of ICT Services to Users, the Licensee shall develop Terms of Service for the provisioning of Licensed ICT Services to Users which, at a minimum, comply with the Audience Feedback Procedures in **Annex 5**.

9.6 The Office may issue directives, rules or regulations which shall replace **Annex 5** in whole or in part. The Licensee shall comply with every such directive, rule or regulation.

9.7 The Licensee shall provide all Subscribers of Licensed ICT Services with the terms and conditions of the applicable subscriber contracts in the

manner specified by the Office, if any, and shall thereafter provide Licensed ICT Services based upon the applicable contract.

- 9.8 Subscriber contracts shall be compliant with the ICT Law and any other applicable laws, directives and regulations of the Office. In the event that the Office determines that subscriber contracts do not comply with the ICT Law and any other applicable laws, the Office shall instruct the Licensee to make appropriate amendments which the Licensee shall comply with.

## **10 ASSIGNMENT**

- 10.1 The Licensee may not assign, convey or transfer this Licence, in whole or in part, without the prior written consent of the Office.

## **11 LICENCE COMMENCEMENT DATE**

- 11.1 This Licence shall take effect on the date granted by the Office.

## **12 AMENDMENTS**

- 12.1 Subject to section 31 of the ICT Law, no amendments or additions to this Licence shall be valid unless in writing and signed on behalf of the Office.

## **13 COMPLIANCE WITH LAWS**

- 13.1 The Licensee shall comply at all times with applicable Laws and regulations of the Cayman Islands.
- 13.2 The Licensee, in accordance with section 23(4) of the ICT Law, may be exempt from complying with the Local Companies (Control) Law (2015 Revision), as amended from time to time. Nonetheless, the Licensee shall comply with the level and degree of Caymanian participation stipulated in **Annex 1B**.

## **PART III: SERVICE OBLIGATIONS**

### **14 CONTENT STANDARDS**

- 14.1 Pursuant to sections 55 to 57 of the ICT Law, in the event the Office sets, reviews and revises standards for the content of broadcasts as contained in one or more published codes, the Licensee shall comply with such codes.

### **15 LOCAL CONTENT**

- 15.1 In addition to such Licence Conditions as may be specified elsewhere in this Licence with respect to the broadcast of content, the Licensee shall comply with applicable directions made by the Office under **Condition 15.2**.
- 15.2 The Office may from time to time issue a direction under this condition as to what content the Licensee shall broadcast.

### **16 UNIVERSAL SERVICE**

- 16.1 Pursuant to sections 59 to 64 of the ICT Law, in the event the Office imposes specific conditions on the Licensee, the Licensee shall comply with such conditions as so set out (and reflected in **Annex 3A**).
- 16.2 In particular, where obliged pursuant to section 64 of the ICT Law, the Licensee shall contribute to the Universal Service Fund (such obligation to be reflected in **Annex 3A**).

### **17 SIGNIFICANT MARKET POWER**

- 17.1 Where the Office imposes specific conditions on sectoral providers determined to have significant market power in the relevant markets, pursuant to sections 44 to 45 of the URC Law, the Licensee shall provide ICT Services and/or ICT Networks in those relevant markets on such terms and conditions as so set out (and reflected in **Annex 3B**).

## ANNEX 1

### 1 LICENSED ICT NETWORKS AND ICT SERVICES

- 1.1 The Licensee is Authorised to operate the following ICT Networks as defined by the Office under the provisions of section 23(2) of the ICT Law and published in a Notice in the Gazette:

Type	Description	Term
		<b>Five (5) Years</b>

- 1.2 The Licensee is Authorised to supply the following ICT Services as defined by the Office under the provisions of section 23(2) of the ICT Law and published in a Notice in the Gazette:

Type	Description	Term
		<b>Five (5) Years</b>

## **ANNEX 1A**

### **Roll Out Schedule**

#### **ICT Networks**

[As agreed with the Licensee]

#### **ICT Services**

[As agreed with the Licensee]

## ANNEX 1B

### Caymanian Participation

The following identifies the nature and extent of Caymanian participation, including without limitation, the level of beneficial ownership by Caymanians, if any, and any participation by Caymanians as directors, management or otherwise and the dates upon which such participation will be achieved.

Equity Participation: **[As agreed with the Licensee]** % Caymanians as from the Licence Commencement Date.

Employees: **[As agreed with the Licensee]** % Caymanians as from the Licence Commencement Date.

Directors: **[As agreed with the Licensee]** % Caymanians as from the Licence Commencement Date.

## ANNEX 2

### LICENCE FEES

#### 1 LICENCE FEES

##### 1.1 Definitions:

**“Allowable Expenses”** means payments made to Other Licensees for interconnection, infrastructure sharing, and Wholesale Services;

**“Annual Revenue”** means, for any Licensee Financial Year, the Annual Turnover less:

- (a) Allowable Expenses (if any of these payments are made to an Affiliate, they shall be excluded from Annual Revenue only to the extent that those payments are made at open market value on an arm’s-length basis); and
- (b) non-recurring extra-ordinary items of receipt (including real estate) not made in the ordinary course of business.

**“Annual Turnover”** means the total amount of money or money's worth earned by the Licensee from all sources arising out of or in connection with the Licensee's business in or from the Cayman Islands (which includes any fees derived from the use by the Licensee or a third party to advertise, whether directly or indirectly, on the channels broadcast by the Licensee) in any Licensee Financial Year of the Licence (money or money’s worth earned from transactions with Affiliates are to be included as if those transactions are made at a minimum of open market value on an arm's length basis).

**“Audit”** means an audit performed by a professionally qualified external auditor and certified by an independent firm of Chartered Accountants or Certified Public Accountants.

**“Audited Financial Statements”** means, at the Licensee's option, either:

- (a) audited Statement of Financial Position, Statement of Comprehensive Income, Statement of Cash Flows, Annual Turnover and Annual Revenue statements (including audits of amounts of Annual Turnover earned as money or money's worth, Annual Turnover earned from Affiliates, payments to Affiliates, and

other deductions from Turnover) and such other statements as the Office may reasonably prescribe, all in respect of the Licensee's business in or from the Cayman Islands for a Licensee Financial Year during the Term of the Licence; or

(b) audited statements of Annual Turnover and Annual Revenue (including audits of amounts of Annual Turnover earned as money or money's worth, Annual Turnover earned from Affiliates, payments to Affiliates, and other deductions from Turnover) and such other statements as the Office may reasonably prescribe, all in respect of the Licensee's business in or from the Cayman Islands for a Licensee Financial Year during the Term of the Licence.

**“Dispute Notice”** shall have the meaning set out in clause 2.1. of this Annex.

**“ICT Sector”** shall mean all those activities identified as ICT Services and ICT Networks in the section 23(2) Notice.

**“Licensee Financial Year”** means the Licensee’s accounting period of twelve consecutive months at the end of which account books are closed and annual financial reports are prepared.

**“Quarter” or “Quarterly”** means a period of three (3) calendar months commencing 1 July, 1 October, 1 January and 1 April. For purposes of the initial quarter it shall mean the period from the Licence Commencement Date to the end of the applicable Quarter.

**“Quarterly Revenue”** means the Quarterly Turnover less:

- (a) Allowable Expenses (if any of these payments are made to an Affiliate, they shall be excluded from Quarterly Revenue only to the extent that those payments are made at open market value on an arm’s-length basis); and
- (b) non-recurring extra-ordinary items of receipt (including real estate) not made in the ordinary course of business.

**“Quarterly Turnover”** means the total amount of money or money's worth earned by the Licensee from all sources arising out of or in connection with the Licensee's business in or from the Cayman Islands (which includes any fees derived from the use by the Licensee or a third party to advertise, whether directly or indirectly, on the channels broadcast by the Licensee) in any Quarter (money or money’s worth earned from transactions with Affiliates are to be included as if those transactions are made at a minimum of open market value on an arm's length basis).



**“Regulated Financial Year”** means a period of twelve (12) months commencing 1 July and ending on 30 June.

**“Regulatory Fee”** means a fee payable to the Office which is determined by multiplying the Office’s costs relating to the ICT Sector, for a Quarter, which the Office has determined should be paid by Licensees in ICT Sector, by the Quarterly Revenue of the Licensee, divided by the total Quarterly Revenue of all licensees in ICT Sector. The amount of the fee shall be established and published by the Office thirty (30) calendar days prior to each Quarter, and shall be based on data from the Quarter immediately preceding the Quarter in which the date of publication falls. The specific calculation and filing procedures shall be prescribed and published by the Office in a licence fee guidelines document.

**“Statement of Cash Flows”** means the statement of the Licensee’s cash flow activities, particularly its operating, investing and financing activities for a given quarter or financial year of the Licensee;

**“Statement of Comprehensive Income”** means the statement of the Licensee’s income, expenses, and profits for a given quarter or financial year of the Licensee;

**“Statement of Financial Position”** means the statement of the Licensee’s assets, liabilities, and shareholders’ equity at the end of a given quarter or financial year of the Licensee, separating current assets and liabilities from non-current assets and liabilities;

**“Wholesale Services”** means ICT services provided by the Licensee to an Other Licensee pursuant to a Condition of this Licence or to an order, decision, determination, rule or regulation of the Office.

**“Turnover”** means Quarterly Turnover and/or Annual Turnover, as applicable in the circumstances.

**“Unaudited Financial Statements”** means a Statement of Financial Position, Statement of Comprehensive Income and a Statement of Cash Flows, that have not been audited, all in respect of the Licensee’s business in or from the Cayman Islands.

## 1.2 Licence Fee Procedures and Payment

(a) Not later than fifteen (15) calendar days following the end of the Quarter the Licensee shall deliver to the Office a licence fee report showing the amount of Quarterly Turnover broken down in a manner prescribed by the Office, Quarterly Revenue and all calculations applied, and Unaudited Financial Statements. The Licensee may be required by the Office to provide further information in respect of the Licence Fee calculated

(including a description of how the Licensee arrived at the Quarterly Turnover).

(b) At the same time as provision of the information specified in subclause (a) above, the Licensee shall deliver a cheque payable to the Office which shall be equal to six per cent (6%) of the Quarterly Revenue together with an amount equal to the Licensee's Quarterly Regulatory Fee.

(c) The Licensee shall include, when providing the information specified in subclauses (a) and (d), an affidavit signed by an officer of the Licensee attesting to the veracity and completeness of the information provided and that the Licensee has reported all Turnover.

(d) The Licensee shall deliver to the Office within three (3) months of the end of the Licensee's Financial Year a full set of Audited Financial Statements. If the Audited Financial Statements, as accepted by the Office, show that the Licensee has under paid the Licensee Fee, a further sum in the amount of that under payment shall be paid to the Office. In the event the Audited Financial Statements show that the Licensee has overpaid, a credit shall be applied to the subsequent year's Licence Fee.

## **2. DISPUTE RESOLUTION**

2.1 Within 90 calendar days of the receipt by the Office of the Licensee's Unaudited Financial Statements in accordance with clause 1.2(a) of this Annex or the receipt of the Licensee's Audited Financial Statements in accordance with clause 1.2(d) hereof (as the case may be), the Office may serve the Licensee with a Dispute Notice stating the grounds upon which the Office disputes the exclusion of any item from Turnover or the inclusion of any item as a deductible from Turnover for the purposes of calculating Quarterly Revenue or Annual Revenue as (the case may be) in accordance with the terms of this Annex.

2.2 The Licensee and the Office shall thereupon use their reasonable endeavours to reach a settlement in writing of the said Dispute Notice provided that, where such dispute has not been resolved to the reasonable satisfaction of the Office within 28 days of the receipt by the Licensee of the Dispute Notice, the dispute shall be referred to an independent Arbitrator (an accountant or attorney) to be agreed between the Licensee and the Office within 14 days thereafter who shall determine such dispute in accordance with the Arbitration Law, 2012 (as amended from time to time).

- 2.3 In the event that the Office and the Licensee are unable to agree on the identity of such an independent Arbitrator, the Licensee and the Office shall refer the choice of such an Arbitrator to the President for the time being of the Cayman Islands Chamber of Commerce whose decision shall be final and binding.
- 2.4 The decision of the independent Arbitrator in respect of the Dispute Notice shall be final and binding and the costs of the fees charged by the independent Arbitrator for adjudicating on the Dispute Notice shall be paid to the Arbitrator by the party against whom the said Dispute was resolved.

### **3. AUTHORISED FREQUENCIES FEE**

- 3.1 By the first day of each Regulated Financial Year, the Licensee shall pay to the Office a fee ("**Authorised Frequencies Fee**") as determined by the Office from time to time for each radio transmitter per channel used or to be used by the Licensee within that Regulated Financial Year.
- 3.2 The Authorised Frequencies Fee is to be set on the following principles:
- (a) The total amount collected each Regulated Financial Year for Authorised Frequency Fees from all Licensees (including the Licensee) shall not exceed the Office's annual estimated cost of electromagnetic spectrum management and other related activities.
  - (b) The Authorised Frequencies Fee shall be set to be the same for all the same types of transmitters used or to be used, irrespective of the use of the transmitter or the spectrum used by the transmitter.
  - (c) If, during the Regulated Financial Year, additional radio transmitters or additional channels are used by the Licensee that were not included in the Authorised Frequencies Fee payment provided for above at the start of the Regulated Financial Year, the Authorised Frequencies Fee for such new radio transmitters and channels apply for that regulated Financial Year with no proration of that fee and should be paid accordingly.

## **ANNEX 3A**

### **UNIVERSAL SERVICE**

This Annex is reserved for terms and conditions pertaining to any Universal Service obligation or contribution to the cost of Universal Service Fund which the Office may, following a consultative proceeding, require in accordance with **Condition 16** of the Licence and sections 59 to 64 of the ICT Law.

## **ANNEX 3B**

### **SIGNIFICANT MARKET POWER**

This Annex is reserved for terms and conditions pertaining to any Significant Market Power obligation which the Office may, following a consultative proceeding, require in accordance with **Condition 17** of the Licence and sections 44 to 45 of the URC Law.

## ANNEX 4

### Authorised Frequencies and Transmitters

Frequency	Description	Transmitter & Antenna Information	

#### Type S Licence

Type S Licenses are issued annually on the basis of the number of transmitters and frequencies

## ANNEX 5

### AUDIENCE FEEDBACK PROCEDURES

#### 1. The Audience Feedback System

- 1.1 The Licensee shall set-up and have in place a system for accepting, handling and responding to Complaints made by a member of its Audience about its broadcast content (**'Audience Feedback'**).

#### 2. Easily accessible and well publicised

- 2.1 The Licensee's Audience Feedback system shall include easily accessible and well-publicised mechanisms for receiving and resolving Audience Feedback.
- 2.2 The Licensee's Audience Feedback shall enable persons to provide feedback – in person, in writing (including email) and by telephone.
- 2.3 The Licensee shall provide and publicise easily accessible information, including on the homepage of its website, about how and to whom its Audience may provide their feedback, including a contact, a phone number and an address for the Licensee.
- 2.4 On receipt of a complaint by an Audience member, the Licensee shall provide information to that person that he or she may seek assistance from the Office under the ICT Dispute Resolution Regulations (or its equivalent) if that person's complaint is not satisfactorily addressed by the Licensee within **four (4) weeks**.

#### 3. Simple to understand and use

- 3.1 The Licensee shall handle Audience Feedback according to procedures that are simple for persons to understand and use; such procedures to be written and be at least accessible to its Audience at its main office and via a weblink on the Licensee's homepage.

#### 4. Timely handling of complaints and comments

- 4.1 The Licensee's Audience Feedback system shall include established time limits for handling and responding to such complaints within **four (4) weeks** of their receipt.

4.2 The Licensee shall ensure its staff are trained to handle Audience Feedback in such a timely manner.

**5. Respect an Audience member's request for confidentiality**

5.1 The Licensee's Audience Feedback system shall respect a person's request for confidentiality, where appropriate.

5.2 The Licensee shall ensure its employees are trained to deal with individual Audience Feedback in confidence.

5.3 The Licensee shall comply with all applicable data protection laws.

5.4 The Licensee shall have an established policy published on its website and available on request for the protection of Audience information and procedures to support that policy.

**6. Provide an effective response to complainants and comments**

6.1 The Licensee's Audience Feedback system shall include provisions to allow its employees to provide an effective response to complaints.

6.2 The Licensee shall provide a substantive response to all complaints made to the Licensee.

6.3 The Licensee's Audience Feedback system shall allow Licensee employees to express regrets spontaneously, regardless of the nature of the complaint or comment.

6.4 Where the Audience member considers that his or her complaint has not been appropriately dealt with by the Licensee after **four (4) weeks** of the complaint being made, that person may seek assistance from the Office under the ICT Dispute Resolution Regulations (or its equivalent).

**7. Provide information to management so that services can be improved**

7.1 The Licensee's Audience Feedback system shall be enabled to provide appropriate information to the Licensee's management on the quality and appropriateness of its broadcast content so that such content can be monitored and improved.

7.2 The Licensee shall develop and maintain a system for recording Audience Feedback, including information on the numbers and types of comments received, and such Audience Feedback shall be kept by the Licensee *on an anonymised basis* for a period of **one (1) year** as from the date it is received.

- 7.3 The Licensee shall periodically review trends in the types and nature of Audience comments (including Complaints) received.
- 7.4 The Licensee shall monitor the effectiveness of staff training in handling Audience Feedback.
- 7.5 The Licensee shall keep recordings of its broadcast content, such recordings to be of the same quality as the relevant broadcast, for a period of **twenty-eight days** after the broadcast of that content.
- 7.6 Where a Complaint is received about that broadcast content within the timeframe provided for in paragraph 7.5 above, the Licensee shall not destroy the broadcast content about which the Complaint has been made until such time as that Complaint has been satisfactorily resolved (which includes where the Office considers the Complaint under the ICT Dispute Resolution Regulations).
- 7.7 The Licensee shall provide to the Office, on request, a copy of some or all of the recordings referenced in clause 7.5 above; such recordings to be provided to the Office free of charge.

## **8. Identification of Licensee Personnel**

- 8.1 Every person who is authorised to perform work on behalf of the Licensee shall carry an identification card which includes that person's name and picture, which Licensee that person works for, and a contact number of the Licensee's main office to check the authenticity of that person.
- 8.2 If a person has doubts about the authenticity of any person purporting to act on behalf of the Licensee, that person may ask to see that individual's identification card and/or call the Licensee's main office to check the person's authenticity before allowing the Licensee's representative on their premises to undertake the necessary work.

## **DEFINITIONS**

**"Audience"** means either a listener of a radio programme, or a viewer of a television programme, provided by the Licensee, as the context provides.

**"Complaint"** means:

- a) an expression of dissatisfaction made by a member of the Licensee's Audience related to either:



- i) the Licensee's provision of the licensed ICT Service to the Audience;  
or
  - ii) the complaint-handling process itself; and
- b) where a response or resolution is explicitly or implicitly expected.