



**INFORMATION AND COMMUNICATIONS
TECHNOLOGY AUTHORITY**

LICENCE TO HURLEY'S TV LTD.

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LICENCE ISSUED TO

Hurley's TV Ltd.

under Part III of

THE INFORMATION AND COMMUNICATIONS TECHNOLOGY AUTHORITY LAW (2011 REVISION)

The Information and Communications Technology Authority, in exercise of the powers conferred on it by Section 23 of the Information and Communications Technology Authority Law (2011 Revision), grants to Hurley's TV Ltd. a Licence to establish, operate and maintain the Information and Communications Technology Networks and provide the Information and Communications Technology Services as these terms are defined in the Conditions of the Licence, SUBJECT TO the Conditions, all decisions, directions, orders, regulations, resolutions, rules of the Information and Communications Technology Authority, all applicable laws and regulations and the like of the Cayman Islands and applicable tariffs.

**GRANTED BY THE INFORMATION AND COMMUNICATIONS
TECHNOLOGY AUTHORITY, the Cayman Islands, on this**

24th day of July 2015

A handwritten signature in black ink, appearing to be 'J. Adair', is written over a horizontal line.

Acting Chairman

Information and Communications Technology Authority

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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 ICTA Law has the meaning ascribed to that word or expression by the ICTA 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;

"Authority" means the Information and Communications Technology Authority;

"Compliance Plan" means a plan submitted to the Authority in accordance with Condition 9.5 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 Condition 14 of this Licence.

"Development Plan" means a plan submitted to the Authority in accordance with Condition 9.4 and containing the information noted therein.

"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.

"ICTA Law" means the Information and Communications Technology Authority Law (2011 Revision) and any amendments or revisions thereto.

“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 13.

“Licence Fee” means the fee or fees prescribed by the Authority under the provisions of Section 30 of the ICTA Law and payable to the Authority by the Licensee.

“Licensed ICT Network” means an ICT network or Facilities specified by the Authority in a Notice published in the Gazette in accordance with Section 23(2) of the ICTA Law as requiring a Licence.

“Licensed ICT Service” means an ICT service specified by the Authority in a Notice published in the Gazette in accordance with Section 23(2) of the ICTA Law as requiring a Licence.

“Licensee” means Hurley's TV Ltd.

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

“Term” means, pursuant to Section 28(a) of the ICTA 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.

“Universal Service” means any of the categories of service specified by regulation made under Section 40 of the ICTA Law, when promulgated, and as further defined in Annex 3.

“Universal Service Fund” means the fund which may be established by the Authority 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 3.

“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 and these Conditions, 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 ICTA Law.

2 SCOPE OF THE LICENCE

2.1 In accordance with Section 23 of the ICTA Law, this Licence authorises and requires the Licensee to establish, operate and maintain the Licensed ICT Networks and provide the Licensed ICT Services specified in Annex 1 for the Term specified in Annex 1 SUBJECT TO Conditions of this Licence and all applicable decisions, directions, orders, regulations, resolutions, rules of the Information and Communications Technology Authority, and all applicable laws and regulations of the Cayman Islands and the like, and applicable tariffs. The requirement for the Licensee to establish, operate and maintain the Licensed ICT Networks and provide the ICT Services means, at a minimum, that the Licensee will, unless otherwise agreed to by the Authority, meet the roll out schedule specified in Annex 1A.

- 2.2 In accordance with Section 23 of the ICTA 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 authorized in writing by the Authority, 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 Authority for the use of the authorised frequencies such amount being as the Authority determines from time to time. The Authority 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 Authority.
- 2.3 All ICT Services and all ICT Networks subject to licensure under the ICTA Law and operated by the Licensee are subject to regulation by the Authority. Nothing in this Licence shall be taken to mean or imply any derogation of, or limitation on, the exercise by the Authority of all its duties, functions and responsibilities contained in the ICTA 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 ICTA 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 manner to the information requirements of the Authority, including without limitation information relevant to business conducted between the Licensee and its Affiliates; and
 - (b) maintain within the Cayman Islands management systems and management (including an officer of the Licensee) accountable for meeting its obligations under this Licence.
- 2.6 All representations, including undertakings given by the Licensee, made by the Licensee in the Application for the Licence constitute fundamental terms of the Licence granted. Any material deviation from such representations, including the undertakings given by the Licensee, is a fundamental breach of the Licence pursuant to section 33 (1) (a) of the ICTA Law (or its equivalent) the consequence of which shall 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 ICTA Law shall be as specified in Annex 2.
- 3.2 The Licence Fees for each class of Licensee shall be non-discriminatory.
- 3.3 The Licence Fees referred to in Condition 3.1 shall be payable directly by the Licensee to the Authority 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 Licensed ICT Services specified in this Licence, and thereafter for the Term(s).
- 3.4 The Authority 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 Authority.
- 3.5 Without prejudice to any other remedies of the Authority under this Licence or the Laws of the Cayman Islands, if the Licensee fails to pay any amount due to the Authority 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 Authority'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 Authority. The Licensee shall provide to the Authority in the manner and at the times required by the Authority, 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.
- 4.2 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, on the first business day of July of every year, provide the Authority 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 Authority from time to time.

- 4.3 The Authority may conduct, from time to time, or may delegate to a suitably qualified person as the Authority 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 Laws.
- 4.4 The Authority shall notify the Licensee of the objectives and scope of any examination, investigation or audit carried out under Condition 4.3 in advance of the commencement of such examination, investigation or audit, except where the Authority has reasonable grounds for believing the Licensee is or has been acting fraudulently or contrary to law.
- 4.5 The scope of any examination, investigation or audit carried out under Condition 4.3 shall be no wider than is necessary to fulfil the objectives of the said examination, investigation or audit.
- 4.6 Any audit ordered under Condition 4.3 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 4.3.
- 4.7 The Licensee shall provide any and all assistance requested by the Authority in relation to any such examination, investigation or audit, such request to be made on reasonable notice, except where the Authority has reasonable grounds for believing the Licensee is or has been acting fraudulently or contrary to law.
- 4.8 The Authority may issue directions 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.
- 4.9 Where the Authority conducts or delegates an examination, investigation or audit in accordance with Conditions 4.1 and/or 4.3, the Licensee shall allow the authorised representative of the Authority, 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; and
 - (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 public interest audit;

- (d) require that any information be formatted and conveyed in any manner deemed appropriate.
- 4.10 The Authority or such other person who has been delegated by the Authority to conduct an examination, investigation or audit under Condition 4.3 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 ICTA 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, direction, determination, order, regulation, resolution, request or rule duly issued by the Authority under the ICTA Law, this Licence, or any law, regulation or rule of the Cayman Islands that is applicable;
 - (c) the Plans submitted pursuant to Condition 9; and
 - (d) applicable tariffs, if any.
- 5.2 The Licensee shall inform the Authority 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 ICTA Law (including ICTA 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 operate 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 Authority, enter directly or indirectly into any contract or other commercial arrangement with any person or groups of persons considered to be the Ultimate Controller.

Definitions

“**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; and,

“**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 Authority, is in a position to Control the Licensee.

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 Authority of the obligations which it is prevented from performing, and the reason why, as soon as reasonably practicable; and
 - (b) the Authority 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 Authority and applicable tariffs, if any, and subject to any revocation or suspension by the Authority, for the Term.
- 7.2 Pursuant to Section 29 of the ICTA Law, the Licensee may serve notice on the Authority requesting a renewal of this Licence.
- 7.3 Within one hundred and eighty days of receiving a notice under Condition 7.2, or such further period as may be agreed with the Licensee, the Authority 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 Authority to enable it to make the notification within the required time.

PART II: SERVICE OBLIGATIONS

8 UNIVERSAL SERVICE

- 8.1 Pursuant to the ICTA Law and, in the event the Authority issues a directive, rule or regulation pursuant to the provision of Universal Service, the Licensee may be obligated to provide some or all of the services classified as Universal Services. In the event of such obligation, the Licensee will be designated a Universal Service provider for those services. The Authority may, following a public consultation process require the Licensee to undertake a Universal Service Obligation, the terms for which will be incorporated into this Licence as an amended Annex 3.
- 8.2 Pursuant to Sections 59 *et seq.* of the ICTA Law and, in the event the Authority issues a directive, rule or regulation pursuant to the provision of Universal Service, the Licensee shall contribute to the cost of the provision of the Universal Service Obligation as, and if, required by the Universal Service Regulations, unless the Licensee is exempt from that requirement in accordance with a directive from the Authority to that effect. The Authority may, following a public consultative process, require the Licensee to contribute to the cost of Universal Service at any time during the Term of the Licence, the terms for which will be incorporated into this Licence as an amended Annex 3.

9 DEVELOPMENT OF LICENSED ICT NETWORKS AND LICENSED ICT SERVICES

- 9.1 The Licensee shall develop and operate the Licensed ICT Networks and Licensed ICT Services according to standards of performance in line with international best practices.
- 9.2 The Licensee shall comply at all times with relevant standards and/or specifications established by the Authority.
- 9.3 The Licensee shall submit to the Authority a Development Plan and a Compliance Plan, together known as "the Plans". Any and all matters to be included in these plans may be added to, deleted or substituted by the Authority at any time during the Term of this Licence. The Plans may be submitted in confidence in accordance with the Confidentiality Rules.
- 9.4 The Development Plan shall describe the following:
- a) planned nature and extent of Caymanian participation as set out in Annex 1B;
 - b) contact coordinates of key management responsible for and authorised to respond to the Authority 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 Authority 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 Authority from time to time.
- 9.5 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 Authority from time to time.
- 9.6 The Authority may direct the Licensee to update and resubmit the Plans from time to time.
- 9.7 The Authority may direct the Licensee as to matters to be included in the Plans and may amend or replace such direction from time to time.
- 9.8 The Authority 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.
- 9.9 Within fifteen days of the end of each twelve-month period during the Term, the Licensee shall, unless otherwise approved or directed by the Authority, provide the Authority with the Plans whereby the Development Plan will address the subsequent twelve months and the Compliance Plan will address the preceding twelve months.
- 9.10 The Licensee shall comply with any directions issued by the Authority from time to time regarding any other quality of service indicators, measurement methods and compliance requirements, as may be reasonably required, for the Licensed ICT Networks and Licensed ICT Services.
- 9.11 The Licensee shall on request by the Authority supply the results of its measurements of actual performance against any quality of service indicators and measurements which the Authority may publish or require publication of such information as it considers appropriate.

10 LICENSEE'S OBLIGATIONS TO USERS

- 10.1 The Licensee shall, in accordance with the ICTA 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.
- 10.2 The Licensee shall use its best endeavours to meet the quality of service commitments set out in the Development Plan and Conditions 9.8 and 9.10. A repeated failure to meet such quality of service obligations shall be regarded as a breach of this Licence.
- 10.3 The Licensee shall, and subject to Annex 5, 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 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.
- 10.4 The Licensee, and its Terms of Service, shall be subject to the Authority's Dispute Resolution Rules for resolving such complaints from and disputes with Users.
- 10.5 Prior to the provisioning of ICT Services to Users, the Licensee shall develop viewer feedback procedures for the provisioning of Licensed ICT Services to Users which, at a minimum, comply with the Viewer Feedback Procedures stipulated in Annex 5.
- 10.6 The Authority 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.

11 REGULATORY TREATMENT

- 11.1 Market conditions may require the Authority to issue directives, rules or regulations concerning the regulatory treatment of the Licensee. In such event, the Licensee shall comply with any such directives, rules or regulations as issued by the Authority.

Part III: General Provisions

12 ASSIGNMENT

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

13 LICENCE COMMENCEMENT DATE

- 13.1 This Licence shall take effect on the date granted by the Authority.

14 AMENDMENTS

- 14.1 Subject to Section 31 of the ICTA Law, no amendments or additions to this Licence shall be valid unless in writing and signed on behalf of the Authority.

15 COMPLIANCE WITH LAWS

- 15.1 The Licensee shall comply at all times with applicable laws and regulations of the Cayman Islands.
- 15.2 The Licensee, in accordance with subsection 23(4) of the ICTA Law, may be exempt from complying with the Local Companies (Control) Law (2007 Revision). Nonetheless, the Licensee shall comply with the level and degree of Caymanian participation stipulated in Annex 1B.

ANNEX 1

LICENSED ICT NETWORKS AND ICT SERVICES

The Licensee is authorized to operate the following ICT Networks as defined by the Authority under the provisions of section 23(2) of the ICTA Law and published in a Notice in the Gazette from time to time:

| Type | Description | Term |
|----------|-------------------|------------------------------|
| F | Broadcast Network | 24 July 2015 to 23 July 2020 |
| S | Spectrum* | Annual |

*Identified in Annex 4

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

| Type | Description | Term |
|----------|--|------------------------------|
| 6 | Public Service Television Broadcasting** | 24 July 2015 to 23 July 2020 |

** As part of the Licensee's Public Service Television Broadcasting service, the Licensee shall:

- a) ensure that the service is receivable either before or from 1 August 2016 via digital broadcast technology anywhere within the Cayman Islands at no cost to viewers (which includes providing to viewers and potential viewers all manner of device required to provide such service into that person's premises);

- b) broadcast at least four (4) hours of Public Content per day during the period 6 a.m. to 9 p.m., of which at least two (2) hours per day of that content must be the first time such content is broadcast as part of the Licensee's service;
- c) broadcast content 24 hours a day, 7 days a week, 365 days a year;
- d) provide four (4) one-hour community slots per week which can be used by the local community free of charge to broadcast content, provided such content conforms with reasonable broadcast quality standards; and,
- e) operate a Local studio from which it broadcasts the service and produces its Public Content.

DEFINITIONS

"**Local**" means the Cayman Islands; and,

"**Public Content**" means good quality, Locally-produced, content that over any given week consists in total of:

- 60 % Local News and Current Events: news, sports, weather and current affairs;
- 25 % Local Arts & Culture: artistic (e.g. music, dance, theatre) and culture (e.g. talk shows), and
- 15 % Local Education: local educational programmes (e.g. College presentations).

Annex 1A

ROLL-OUT SCHEDULE

ICT Network

All ICT Networks shall be deployed across the Cayman Islands as from Licence Commencement Date.

The Licensee shall make every effort to deploy a digital broadcast network by 1 August 2016 sufficient to enable ICT Services to be provided to 100% of the resident population of the Cayman Islands.

ICT Service(s)

All ICT Services shall be deployed as from Licence Commencement Date.

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: 100% Caymanian as from the Licence Commencement Date.

Employees: 50% Caymanian as from the Licence Commencement Date.

Directors: At least 2 of the Directors will be Caymanian as from the Licence Commencement Date.

ANNEX 2

LICENCE FEES

1 LICENCE FEES

1.1 Definitions:

"Annual Revenue" means, for any Licensee Financial Year, the Annual Turnover less:

- (a) payments made to Other Licensees for interconnection, infrastructure, and wholesale services and settlement payments made to international carriers for international traffic, including adjustments to payments for such traffic (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 Authority 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 Authority 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 One" 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) payments made to Other Licensees for interconnection, infrastructure and wholesale services and settlement payments made to international carriers for international traffic, including adjustments to payments for such traffic (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.

"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 Authority which is determined by multiplying the Authority's costs, for a Quarter, which the Authority has determined should be paid by Licensees in ICT Sector One, by the Quarterly Revenue of the

Licensee, divided by the total Quarterly Revenue of all licensees in ICT Sector One. The amount of the fee shall be established and published by the Authority 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 Authority 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;

“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 Authority a licence fee report showing the amount of Quarterly Turnover broken down in a manner prescribed by the Authority, Quarterly Revenue and all calculations applied, and Unaudited Financial Statements. The Licensee may be required by the Authority 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 Authority 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 Authority 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 Authority, 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 Authority. 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 60 calendar days of the receipt by the Authority 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 Authority may serve the Licensee with a Dispute Notice stating the grounds upon which the Authority 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 Authority 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 Authority within 28 days of the receipt by the Licensee of the Dispute Notice, the dispute shall be referred to an Arbitrator (an accountant or attorney) to be agreed between the Licensee and the Authority 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 Authority and the Licensee are unable to agree on the identity of such an independent Arbitrator, the Licensee and the Authority 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 awarded by that Arbitrator to the party in whose favour the said Dispute shall be resolved.

3. AUTHORISED FREQUENCIES FEE

- 3.1 By the first day of each Regulated Financial Year, the Licensee shall pay to the Authority a fee as determined by the Authority 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 Authorized Frequency Fees from all Licensees (including the Licensee) shall not exceed the Authority'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 3

UNIVERSAL SERVICE

This Annex is reserved for terms and conditions pertaining to any Universal Service Obligation or contribution to the cost of Universal Service which the Authority may, following a consultative proceeding, require in accordance with Condition 8 of the Licence.

Annex 4

AUTHORISED FREQUENCIES AND TRANSMITTERS

| Frequency | Description | Transmitter & Antenna Information | |
|---------------|---------------------|-----------------------------------|--|
| 530 - 536 MHz | Public Broadcasting | Channel 24 | Harris Broadcast Analogue TV Transmitter 750 w |
| 548 – 554 MHz | Public Broadcasting | Channel 27 | |

Type S Licence

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

Annex 5

VIEWER FEEDBACK PROCEDURES

The Viewer Feedback System

- 1.1 The Licensee shall set-up and have in place a system for accepting, handling and responding to complaints made by viewers about its broadcast content ("viewer feedback").

Easily accessible and well publicized

- 2.1 The Licensee's viewer feedback system shall include easily accessible and well-publicized mechanisms for receiving and resolving viewer feedback.
- 2.2 The Licensee's viewer feedback system shall enable viewers to provide feedback in a variety of ways to the Licensee – in person, in writing (including email) and by telephone.
- 2.3 The Licensee shall provide and publicize information on the homepage of its website about how and to whom viewers may provide their feedback, including a contact, a phone number and an address for the Licensee.
- 2.4 On receipt of a complaint by a viewer, the Licensee shall provide information to that viewer that he or she may seek assistance from the ICT Authority under the ICT Authority's Dispute Resolution Regulations, 2003 (or its equivalent) if the viewer's complaint is not satisfactorily addressed by the Licensee within four (4) weeks.

Simple to understand and use

3. The Licensee shall handle viewer feedback according to procedures that are simple for viewers to understand and use; such procedures to be written and be at least accessible to the viewer via a weblink on the Licensee's homepage.

Timely handling of complaints and comments

- 4.1 The Licensee's viewer 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 viewer feedback in a such a timely manner.

Respect a viewer's request for confidentiality

- 5.1 The Licensee's viewer feedback system shall respect a viewer's request for confidentiality, where appropriate.
- 5.2 The Licensee shall ensure its employees are trained to deal with individual viewer feedback in confidence.

Provide an effective response to complainants and comments

- 6.1 The Licensee's viewer 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 viewer feedback system shall allow Licensee employees to express regrets spontaneously, regardless of the nature of the complaint or comment.
- 6.4 Where the viewer 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 viewer may seek assistance from the ICT Authority under the ICT Authority's Dispute Resolution Regulations, 2003 (or its equivalent).

Provide information to management so that services can be improved

- 7.1 The Licensee's viewer feedback system shall be enabled to provide appropriate information to its 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 viewer feedback, including information on the numbers and types of comments received, and such viewer feedback shall be kept by the Licensee for a period of one year as from the date it is received.
- 7.3 The Licensee shall periodically review trends in the types and nature of viewer comments received.
- 7.4 The Licensee shall monitor the effectiveness of staff training in handling viewer feedback.
- 7.5 The Licensee shall keep recordings of its broadcast content, such recordings to be of the same quality as that broadcast, for a period of three (3) months after the broadcast of that content and where a complaint is received about that broadcast content within that time frame, the Licence shall not destroy the broadcast content about which the complaint has been made until such time that the complaint has been satisfactorily resolved (which includes where the ICT Authority considers the complaint under its Dispute Resolution Regulations).
- 7.6 The Licensee shall provide to the Authority, on request, a copy of some or all of the recordings referenced in clause 7.5 above; such recordings to be provided to the Authority free of charge.

Annex 6

CONTENT

This Annex is reserved for terms and conditions pertaining to any content obligations for ICT Services which the Authority may require.