

In the name of God

Activity License Agreement

Between

Telecommunications Company of Iran (TCI)

And

Radio Communication and Regulations Organization

March ۲۰۰۸

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Article ۱- Definitions

The terms applied in this license agreement have the same concepts mentioned in this article. Other terms applied in this agreement, in the appropriate cases, will have the same concepts stipulated in the rules and or regulations (according to the definition mentioned hereunder for the rules and regulations).

۱-۱ License

It is the right given to the licensee by the organization for establishment, operation and expansion of the networks subject of license in the scope of activity for offering services subject of license

۱-۲ Licensed Network

It is the equipment providing access and establishing connection for offering services to the subscribers, including:

- ۱- Mobile Radio Communications Network with minimum standard of GSM ۲G
- ۲- Fixed telephone network without limitation in technology
- ۳- Data communications network without limitation in technology

such as switch centers, stations and other equipment required for their proper operation in the province (with exception of Parent Infrastructure Network and International Communications portals).

Note ۱: Permission of offering third generation services (۳G) for mobile network will be issued after the period mentioned in the license of thirds mobile operator as per application of the licensee and the related rules and regulations.

Note ۲: It is emphasized that the subject of activity of license shall not result in monopoly at all.

۱-۳ Licensed services

It includes any telecommunications services including voice and data and value added (local, national and international), lease of available transmission lines in addition to the

Parent Infrastructure which is offered by the licensee in the licensed networks (with observance of notes of above clause).

Note: It is stressed that the licensee is bound to observe competition terms comparing with the authorized licensed companies.

۱-۴ Validity period

It refers to the period during which the licensee could work within the frame of license.

۱-۵ Licensee

It refers to the legal entity defined in annex ۱ to which the license is granted, and is authorized to establish the licensed network for offering licensed services within the scope of activity based on the license framework.

۱-۶ Territory of activity

It is the territory of Islamic Republic of Iran

۱-۷ Ministry

It refers to the Ministry of Information and Communication Technology (ICT)

۱-۸ Organization

It refers to the Radio Communication and Regulations Organization which is formed based on the law of “Liabilities and authorities of Ministry of ICT” ratified on ۹,۱۲,۲۰۰۳ or any other organization which will be formed legally in Iran in the future and the task of regulating Communications sector is assigned to it.

۱-۹ Commission

It refers to the commission preparing regulations for communications sector.

۱-۱۰ Telecommunication Infrastructure Company (TIC)

It is a governmental legal organization authorized for possession and operation of Parent Infrastructure Network and or the international communications portals in the country

which has been established according to the law, and its structure may be modified in the future according to the law.

۱-۱۱ Telecommunications Services Suppliers

It refers to the governmental, private or public sector to which the license for establishment and or operation from a public Telecommunications Network and or supplying public telecommunications services in the licensed scope is granted.

۱-۱۲ Date of commencement

Date of commencement of the licensed network is the date when the license agreement is signed by the organization and the licensee.

۱-۱۳ Date of enforcement

Date of enforcement and date of commencement are the same in this license.

۱-۱۴ Contractual year

It is a twelve months period from the date of enforcement of license agreement for the first year and the date of enforcement for the next years.

۱-۱۵ Interconnection

It refers to the physical connection of the licensee's network with the other licensed telecommunications networks in the scope of activity which shall be observed based on the related terms by the licensee and other operators.

۱-۱۶ Transmission network

It is a network consisting of transmission lines in the province except Parent Infrastructure network.

۱-۱۷ Subscriber

It refers to any legal or real entity which according to a contract with licensee, is authorized to make connection and use its services through the licensed networks, and is

connected to the network networks after payment of the related amount, and is considered as the other party in the connection services bills.

1-18 User

It refers to one who uses mobile, fixed and data communications network services as well as the mobile subscribers of other networks who use the services of licensee's network as national and international roaming.

1-19 Guest user

From the point of view of a supplier of telecommunications services which operates mobile communications services network in a country and or supplies mobile telecommunications services and has concluded a national roaming contract with the licensee, the guest user includes any of such subscribers of such operator who uses the licensed services.

1-20 Roaming user

Fro the point of view of a supplier of mobile services in abroad who has concluded an international roaming contract with the licensee, the roaming user is any of such subscribers of such mobile operator who uses the licensed services.

1-21 Value added services

It refers to any telecommunications and data communications services, except base voice services in the fixed and mobile network offered to the public.

1-22 Base voice services

It refers to the telecommunications services through which a simultaneous dual conversation is performed by the licensed network without:

- rendering any additional services in relation with the simultaneous dual conversation, and
- doing any intentional deletion or increase in the contents of simultaneous dual conversation.

The base voice services include call waiting and divert services too.

۱-۲۳ Retails income

It includes any gross income gained through offering any telecommunications services in the framework of license (except any sales tax and or other special taxes which the licensee shall receive on behalf of government or other legal authorities according to the regulations), and or lease of transmission lines which is paid directly and or through intermediate and or the users by the subscribers and or the users.

۱-۲۴ Income

It includes (۱) the retail income during the contractual year and (۲) incomes of incoming interconnection (including differential of national and international incomes) which are practically received by the licensee during the contractual year, minus costs of outgoing interconnection (including costs of national and international roaming) which is paid by the licensee during the contractual year. It should be explained that the incomes of incoming interconnection and costs of outgoing interconnection which shall be considered does not include any sale tax and or other taxes which the licensee received on behalf of government or any other public authority.

۱-۲۵ Income share

Share of the licensor from the income during each contractual year the amount of which is determined in clause ۱۱-۲.

۱-۲۶ Income share advance payment during the first year of contract

The amount which shall be paid by the applicant for issuance of activity license as mentioned in clause ۱۲-۱.

۱-۲۷ Guaranteed amount of income share

The minimum income share as mentioned in clause ۲-۲ article ۱۱ which shall be paid by the licensee to the organization during each solar year.

۱-۲۸ Amount of income share

The amount of income share during each solar year which is determined through applying percentage of income share as per clause ۲ article ۱۱ to the incomes related to the solar year.

۱-۲۹ Additional amounts

It refers to the amounts which the licensee shall pay to the organization in addition to the income share and the annual amounts.

۱-۳۰ Regulations

It includes the rules and ratifications which are binding and shall be observed at present and or are legislated at any time by the state legal authorities, such as Act of Fourth Five Year Plan, and the act of liabilities and authorities of Ministry of Information and Communication Technology (ICT).

۱-۳۱ Working days

Any day except Fridays, national holidays and other bank holidays in Iran when banks do not perform any commercial activity.

۱-۳۲ Time reference

“Month” refers to a ۲۹, ۳۰ and ۳۱ days period according to the Iranian solar calendar and

“Year” refers to a ۱۲ months period.

۱-۳۳ Frequencies

Radio frequencies determined in annex ۲ which are allocated to the licensee by the organization as per clause ۷-۴-۲.

۱-۳۴ License agreement

It refers to this document including Δ annexes.

Article ۲- Regulations for giving license

By virtue of note ۳ of article ۸ of act of liabilities and authorities of Ministry of ICT ratified on ۱۰,۱۲,۲۰۰۳ by the esteemed Islamic Consultative Parliament, approved by esteemed Guardian Council on ۱۰,۱۲,۲۰۰۳ and the notification no. dated ۲۱,۱۲,۲۰۰۳ of Board of Ministers clause ۱ article ۶ of Articles of Association of Radio Communication and Regulations Organization.

Article ۳- Validity and terms for extension of license

۳-۱ Validity

License validity is for fifteen (۱۵) years after the date of its enforcement.

Validity of license will be terminated before above expiry date in the following cases:

- a- when the Ministry and licensee agree in written in this respect, or
- b- if according to contents of license agreement, specially article ۱۹ (suspension and termination), the license is terminated and or its validity date is decreased.

۳-۲ Extension of validity

- a- The ministry could extend the license validity for two five (Δ) years period based on the application submitted by the licensee to the ministry, provided that the licensee apply for license extension at least one (۱) year before expiry of license validity which may have been already extended.
- b- Validity will be extended if during the first license validity period or the extended period, no case of major violation of contents and terms of license agreement by the licensee is not proved definitely.

c- If a case of major violation of contents and terms of license agreement by the licensee during the first validity period or the extended period is definitely proved, the organization will be entitled to decide about extension of license validity.

d- Any license validity extension may include amendments in the license terms, specially for the following cases:

۱- Modifications in the technologies

۲- Acceptance of international protocols and conventions by Islamic Republic of Iran

۳- Other rules and regulations published by the authorities of Islamic Republic of Iran.

For more clarification, it is remarkable that the licensee could refrain acceptance of its license validity extension in case of not agreeing with the modifications, and the licensee could not have any claim for the modifications.

۳-۳ Method of license extension

Upon receipt of written application for extension of license validity, the organization will inform public through publishing an announcement in the official gazette and at least one widely circulated national daily, the cost of which shall be borne by the licensee, and following items will be mentioned in the announcement:

- The licensee has applied for extension of license validity.
- The address and duration within which a beneficiary third party could send its comments regarding extension application in written, the duration of which shall not be less than twenty (۲۰) days and more than thirty (۳۰) days from the date of publication of notification.

The organization shall inform the licensee about its decision for acceptance or refusal of the application in case of refusal while mentioning the reasons, within six (۶) months from the date of receipt of application. In case of not taking any action by the organization for reflecting the decision to the licensee within the said six (۶) months period, would mean that the organization has decided to accept the extension. The organization shall also inform public of its decision through publishing an announcement

in the official gazette and at least one widely circulated national daily, the cost of which shall be borne by the licensee.

۳-۴ General terms for extension

a- Any reference to the validity in this license requires any extension period rendered as per article ۳ of this agreement, unless the content necessitates another way.

b- Upon expiry of license validity (including termination of license), all facilities and equipment purchased by the licensee for establishment and operation of licensed network and offering licensed services, will remain in ownership of the licensee.

c- It is agreement that extension for the two initial five years period mentioned in clause ۳-۲ (b) will not be liable to payment of additional cost for acquiring the license (including the amount of license fee in this agreement). For more clarification, it is clarified that (۱) the contents of this agreement for income share will remain unchanged unless the parties agree somehow else, (۲) if according to the written application by the licensee at the time of extension, the scope of license and licensed services is increased or changed, the organization could ask for some amounts for it.

d- Action will be taken according to (۱) expiry of license and non extension of license, (۲) end of first five years period of license extension, and non extension for another five years period, (۳) end of second five years period of license extension and or other cases based on clause d article ۱۹-۲-۴.

Article ۴- Nature of license and cession

The license belongs to the licensee and it has no right to cede, lease and or delegate it to any third party including legal and real entities and even licensee's affiliated, subsidiary or parent companies in any form without prior and written permit of the organization. It is stressed that offering licensed services through provincial Telecommunications companies and subsidiaries is permissible.

The applications for cession of license shall be made in written as per article ۴ by the licensee. Should the organization does not reject in written within ۶ months from the date of receipt of application for cession, it will be deemed as agreement with application for cession.

The licensee shall guarantee that the beneficiary of any cession approved by the organization will observe all contents of the license.

The licensee shall never defer the rights, interests or commitments subject to the license agreement.

Article ۵- Terms for licensee

۵-۱ Legal form

The license is Telecommunications Company of Iran which has been registered in Iran under No.

The licensee will always maintain the legal form of an Iranian registered company during the validity of license.

۵-۲ Shareholding and right to vote

On the date of signing license, the shareholder and right to vote of shareholders of the licensee is as mentioned in annex ۱.

۵-۲-۱ In case of having a foreigner shareholder, the share of Iranian companies which one hundred percent of their share belongs to the Iranian legal and real entities shall not be less than ۵۱% (fifty one percent) of total shares of the licensee company.

۵-۲-۲ Any modification affecting five (۵) percent or more on the method of shareholding and or the right of vote of licensee, shall be declared to the organization through a two months prior notice.

۵-۲-۳ Any modification in the percentage of share or right of vote of telecommunications services suppliers in the share capital of the licensee requires

- prior written permit by the organization. The name of telecommunications services suppliers is mentioned in annex ۱.
- ۵-۲-۴ Any modification or operation resulting in changing control of licensee requires acquiring a prior written permit from the organization.
- In view of this license, control of one on the other is realized when the first one (directly or indirectly) owns more than ۵۰٪ of share capital and or right of vote of the second one, or the first one (directly or indirectly) has the authority on making legal decision about operations of the second one.
- ۵-۲-۵ Requests for change in shareholding shall be made in written and signed by the licensee and related shareholders. Should the organization does not reject in written the proposed change request within three (۳) months after receipt of request, it will be deemed as accepted. The organization may reject the proposed change just based on the legitimate reasons.
- ۵-۲-۶ For more clarification, it shall be explained that the term “change” mentioned in clause ۵-۲-۵ could result from transfer of shares or any other operation affecting the rights of the shareholders of licensee, including (but not limited to) increase or decrease of share capital, creation of shares with different right of vote or any re-organization of share capital of licensee.
- ۵-۲-۷ Hereby, it is stipulated that contents mentioned in clause ۵-۲ of this license would not result in limitation in right of shareholders of licensee for depositing or creating commitment for shares or right of vote in shares of licensee. However, for more clarification, it is stipulated that any cession or transfer of shares depends on declaring the case or receiving permit as per contents of clause ۵-۲ of this license.
- ۵-۲-۸ Any decrease in percentage of shares hold by the Iranian organizations and citizens from the share capital of licensee requires written permit from the organization. If the licensee is enlisted Iranian stock exchange market, sale of capital share of the licensee by the Iranian individuals and citizens through the stock exchange would not need prior written permit by the organization.

۵-۳ Forbidden activities

The licensee is not entitled to be (directly or indirectly) the owner of share capital of the right of vote of companies having license for operations and or supplying services for any of telecommunications services networks subject of license including fixed and mobile telephone and transmission of data, and none of the said companies should be directly the owner of share capital and or right of vote in the licensee. Hereby it is declared and agreed that the licensee should take action maximum within two (۲) years from the date of issuance of license for determining the situation of its whole share in Mobile Telecommunications Company of Esfahan (MTCE) so that the contents of lack of share ownership of right of vote of licensee in the said company may be completely observed. Obviously, in case of not taking necessary action within the said period, it will be deemed as a violation and will be liable to the terms of article ۱۹.

Article ۶- Issuance of new licenses and competition

۶-۱ New licenses

Issuance of this license will not create any limitation in issuance of other licenses in the scope of activity of license for the organization.

۶-۲ Competition between Telecommunications Services Suppliers

Any new license issued by the organization for establishment and operation of services subject of license in the scope of activity during the validity of license shall include articles and terms basically equal with the articles and terms applicable to the licensee (except for the amounts). However, the organization will consider the level of payable amounts by the new participant to make possible safe competition in the scope of activity based on the current conditions of the market and development.

Article ۷- Terms for establishment and putting into operation the licensed network

٧-١ Standards and specifications of equipment

a- The licensee shall let the users to purchase or lease any terminal equipment from the licensee or any other third party.

Should any of terminals cause a major damage to the proper performance of licensed network or it seems that it will probably cause, the licensee could inspect the licensed network and report the case to the organization. In this case, the organization will suspend the certificate of the same equipment upon its discernment, and they will be restored and will issue instruction or permission for disconnection of the said equipment from the licensed network. In emergency cases, if any of the said equipment causes a major damage to the proper functioning of the licensed network, and or it may damage proper functioning of the licensed network, the licensee could take action directly for disconnection of the said equipment or issue necessary instruction for disconnection of the said equipment, provided that the licensee should already inform the organization about such action and follow the further decisions or instructions of the organization in this regard.

b- The licensee shall make sure that all equipment and technical standards related to the functioning of licensed network, including their electromagnetic and security compatibility is in accordance with all applicable rules and supervision standards for the systems as well as all rules, standards and recommendations by the concerned organization including but not limited to the ITU.

٧-٢ Transmission network

٧-٢-١ Parent Infrastructure network

a- By virtue of law, establishment and putting into operation “Parent Infrastructure Network” is exclusive for the governmental sector. Therefore, the licensee would not be entitled to take action for establishment of transmission network in the parent infrastructure for putting the licensed network into operation. It shall lease the transmission lines and facilities related to the parent infrastructure network from the authorized governmental supplier of telecommunications services. The authorized

governmental supplier of telecommunications services will permit the licensee to access transmission network in the parent infrastructure for supplying licensed services.

b- Any application for lease of transmission lines in the parent infrastructure network (“Lease application”) shall be made in written by the licensee to the authorized governmental supplier of telecommunications services. The type of transmission line, minimum service requirements (capacity, quality) and the date of availability of the said transmission lines for the licensee shall be mentioned in the lease application.

c- Within thirty (३०) days after receipt of lease application, the authorized governmental supplier of telecommunications services shall: १- declare if the transmission line is available, or will be available in the future, २- if the transmission line is available or would be available in the future, the rental fee based on the latest tariffs ratified by committee shall be declared to the licensee.

d- Any problem in implementation of above regulations and problems in implementation of the lease agreements could be referred by the organization by any of the parties. Obviously, the organization’s decision will be binding for both parties.

e- The licensee will be consulted for all projects of expansion and support of transmission network by the authorized governmental supplier of telecommunications services, and the matter will be informed to him. These projects shall consider the requirements of transmission network of licensee (in short term, medium term and long term) for not causing any suspension and hindrance for expansion and quality of licensee’s services.

१-२-२ Parent Non-infrastructure network

The licensee could establish cable or radio transmission network, except parent infrastructure network, for establishing connection between various equipment of the licensed network.

१-२-३ Lease of transmission capacity

The licensee commits to lease the transmission capacity in the parent non-infrastructure network as requested by the suppliers of telecommunications services if it is technically possible. In all cases, the lease tariffs would be based on the committee’s ratifications.

The licensee is bound to take action within a reasonable period of time for supply of transmission required by the other licensees in the parent non-infrastructure network in the frame of a lease agreement in which all terms of contract and lease tariffs are specified. In case of any objection, the parties could refer the case to the organization.

The licensee is bound to make necessary anticipations in the projects for expansion of parent non-infrastructure transmission network in the short term, medium term and long term plans after receipt of required information from other licensees of telecommunications services.

٧-٣ Frequencies

٧-٣-١ Exclusive frequencies for access systems

The organization hereby gives to the licensee the right of utilization from the radio frequencies specified in annex Δ during the license validity just for supplying licensed services. The licensee is not authorized to use other frequency bands. The licensee guarantees that in case of utilization from any frequency band out of those specified, it will be liable to the penalty mentioned in clause ١٨-٣.

٧-٣-٢ Delivery of clean frequencies

a- The organization guarantees the frequencies allocated in annex no. ٢ are free from any major interference or utilization by a third party at the time of enforcement. After defining the date of enforcement, the licensee will ask an independent specialized company to inspect existence and conformity of the allocated frequencies with the above conditions, and verify it. The organization will be informed about the results of inspection and the licensee will make sure that the representatives of organization will have access to any data and information collected by the above mentioned independent specialized company, and it guarantees that will not disclose it to a third party. The licensee will inform organization from any major interference or utilization by the third parties from the said frequencies while submitting necessary documentation indicating existence of major interference and or utilization within one hundred twenty (١٢٠) days

after date of enforcement, and should such notice is not received by the organization within the said period, it will be deemed that the allocated frequency has been free and without any major interference and or utilization by the third parties.

b- In case of notification of any major interference or utilization by the third parties from the allocated frequency as mentioned in above clause a (“notified interference”), the organization will immediately take necessary actions for making sure about suspension of notified interference within sixty (60) days.

c- In case of detection of any major interference or unauthorized utilization from the frequencies allocated to the licensee, the licensee would inform the case to the organization immediately within one hundred twenty (120) days. The organization will immediately take necessary actions for making sure that notified interference has been stopped within sixty (60) days.

d- The licensee commits to vacate maximum within one month after issuance of license, all frequency bands used by the licensee except those mentioned in annex No. Δ. In case of not vacating the unauthorized frequency band as per annex No. Δ, the licensee should immediately vacate the unauthorized band, and it is bound to pay penalties as per clause 18-3 during utilization of the unauthorized band.

17-3-3 Microwave frequencies

Microwave frequency bands declared by the organization will be available for fulfilling the intra-city and intercity transmission requirements of the licensed network except the scope of parent infrastructure network. Transmission frequencies will be assigned to the licensee by the organization as required if the required transmission frequency is available. As a general rule, transmission frequencies are assigned within two (2) months after receipt of written request from the organization. It is remarkable that for microwave frequencies in the geographical area mentioned in the permit or operation license received from the radio network, the organization guarantees non interference.

۷-۳-۴ Additional frequencies

The licensee could apply for additional frequencies for supplying licensed services through written requests. The organization will declare its response in written within two (۲) months from the date of receipt of application, and will inform the licensee about its decision. Not informing the decision within the said duration would be deemed as agreement with assigning the requested frequencies. For more clarification, it is stipulated that commissioning of radio network and operation of the said frequency band depends on receiving operation license from the organization.

۷-۳-۵ Change in the national frequency plan

In case of change in the national frequency plan, the frequencies assigned to the licensee may be changed. In this case, the licensee would:

- ۱- be informed in advance of the proposed changes in the national frequency plan which may affect on the frequencies assigned to the licensee, and
- ۲- provide all necessary solutions for concordance with the national frequency plan. Any normal cost suffered by the licensee directly as a result of change in the frequency (for the amount which will be finally determined by the organization) will be settled with the guaranteed amount of income share.

۷-۳-۶ Optimized utilization from frequencies

The method of utilization from the allocated frequencies by the licensee and the level of power for which the frequencies are used, will be liable to the applicable legal and supervision regulations. In this method, the necessity of making sure about concordance with the national frequency shall be considered to achieve optimized efficiency in utilization from the radio frequency band, to avoid harmful interference to other networks, services or electric equipment related to telecommunications or not, and support public health in the society.

Moreover, could enact terms and conditions regarding utilization from the frequencies or the amount of power of frequencies which are used for the whole or a part of scope of activity of license at any time, and the licensee would be bound to observe it.

۷-۳-۷ Interferences

In case of occurrence of frequency interferences between two or more supplier of telecommunications services, the concerned parties should inform the organization about the date and location of occurrence of interference and existing conditions maximum within seven (۷) working days from the date on which the interference has been detected for the first time. Then, the concerned parties shall take necessary actions for elimination of interference within three (۳) weeks from the date of occurrence of interference detected for the first time, and inform the organization about their actions. When the organization believes that the said actions are not sufficient, it is entitled to bind the concerned parties to make further necessary actions.

۷-۴ Interconnection

۷-۴-۱ Right of interconnection, right of access and task of providing interconnection and access

The licensee would be entitled to interconnect the licensed network to all licensed telecommunications networks in the Islamic Republic of Iran, and have access to all licensed telecommunications networks for rendering licensed services.

The licensee is committed to authorize interconnection of all licensed telecommunications networks to the licensed network and the licensee should let any beneficiary party having a legal license for access to the licensed network for rendering telecommunications services. Interconnection will be possible based on the agreement concluded by the concerned parties. In case of occurrence of any problem and or dissidence in this regard, the parties could refer the case to the organization for making decision.

However, the above rights and commitments will not be applicable in the following cases:

- a- If prohibited by virtue of law

- b- If it is impossible pursuant to the technical specifications declared by the organization or technical limitations
- c- If resulting in damage to the licensed network or damage to another licensed telecommunications network.

In all cases, the contents and terms of interconnection and access to the networks shall be exactly in accordance with the rules and regulations, and based on the suffered costs, and not discriminative, and while preserving fair competition. In case of occurrence of any problem and or dissidence in this regard, the parties could refer the case to the organization for making decision.

۷-۴-۲ Procedure of application for interconnection or access

The licensee shall immediately send to the organization a copy of application for interconnection or access which it may apply. The licensee and the concerned party will have a two months opportunity for negotiating independently about the written contract wherein the details of contents and conditions for interconnection and access will be described.

Should the parties do not sign a written contract during this period; each of the parties could refer the case to the organization. In this case, the said authority would let the other party to reflect its comments within three (۳) weeks fro the date of referring the case to it.

Within two (۲) weeks from receipt of such comments or in case of not receiving any comment, within two (۲) weeks from expiry of above mentioned two (۲) weeks period, the organization will make decision if the application for interconnection or access is qualified as per terms stipulated in article ۷-۵ or not, and in case of being qualified, it will make decision about the contents and terms of interconnection or access.

۷-۴-۳ Interconnection tariff

Determination of tariff for exchange of traffic and terms for interconnection would be based on the agreement between the telecommunications services suppliers, but in case of

not reaching any agreement, but until reaching the agreement, terms of interconnection with Irancell network (second national mobile operator) would be based on the terms and conditions mentioned in the activity license of Irancell Co. (annex Δ of the said agreement), and interconnection table mentioned in annex Ψ between the licensee and other suppliers of telecommunications services as per terms mentioned in section Ψ of terms for interconnection between the licensee and other suppliers of telecommunications services would be binding.

It is stipulated that the prices mentioned in terms of interconnection shall be guaranteed for the first two years from the date of issuance of license, means that the said prices shall not be changed during the first two contractual years by any party or authority (including the organization), unless upon the official agreement with the licensee. After the second year and in case of not reaching an agreement, the organization could determine the prices and percentages related to the interconnection and the decision made by organization is binding for both parties. It is stressed that tariff for traffic transmission through parent infrastructure network (intercity and international traffic) would be based on the tariffs ratified by Communications Regulation Committee.

Ψ-Δ Numbering

Number blocks allocated to the licensee from the date of enforcement of license and for the validity period of license, are as mentioned in annex Ψ.

The licensee could submit to the organization its request in case of need to utilization from additional numbering capacities in the framework of its license while mentioning sufficient evidences.

The licensee should at least three (Ψ) months before the required date for implementation, take action for sending a written request for the required complementary blocks for appropriate operation of the licensed network.

For optimized utilization from the numbering capacity, the licensee could request for decrease of allocated blocks from the organization, and in this case, the matter shall be

declared in written to the organization at least three (३) months before the date of implementation.

The organization should review each application for numbers blocks within two (२) months from the date of receipt of application, and inform the licensee of its decision for acceptance or amendment of application, and express the reasons for its decision. Not declaring decision within this period would be deemed as acceptance of allocation of requested numbers blocks.

If necessary, the organization shall consult with the licensee and other telecommunications services suppliers about restructuring of number allocation plan.

The numbers blocks allocated by the organization and the individual numbers allocated by the licensee will be considered as a part of national resources so that their ownership is not transferred at the time of allocation. However, allocation would mean transfer of right of utilization and a reasonable notification period is expected to be considered if returning or change of the allocated numbers is necessary.

The licensee shall cooperate with the other licensees for number carrier as far as the services are performed.

The licensee is bound to pay to the organization the right of utilization from the allocated numbering capacities based on the tariffs ratified by the organization.

१-६ Access to land or building / access to high points

The licensee would be entitled to apply for access to the publicly or privately owned lands or buildings for establishment, operation and or maintenance of licensed network.

Such applications (if necessary) shall be sent to the public authority or owner of the private property. For cooperating with the licensee when facing with the concerned parties, the organization will submit it the supporting letters or certificates.

The licensee shall observe all binding rules and regulations specially the rules for urban planning and protection from environment when applying any access right assigned to it.

The licensee shall particularly take reasonable actions for protection and if necessary, restoring the main condition of the land or building affected by the operation.

The licensee will have the right of access to all high points used by other telecommunications services suppliers on the condition of observance of compatibility of regulations related to the frequency band. The agreements related to the common installation of equipment or sharing equipment of high points shall be signed by the parties in the written contracts. The organization is exclusively qualified for investigation and settlement of disputes between the parties caused by the said agreements.

Any commitment for provision of space and or technical facilities and other cases for utilization of other licensees which has been on the burden of TCI and or the subsidiary companies, will remain as before, and any change in accomplishment of these commitments depends on receiving the organization's approval/

¶-¶ Commitments for expansion and implementation

The licensee is bound to take action for expansion and implementation in the scope of activity of license and the defined time schedule in the framework of these terms and regulations as per contents of annex ¶. Any modification in the said commitments and or its implementation schedule requires receiving a written agreement from the organization. The modification request shall be sent to the organization in written at least ¶ (three) months before expiry of the said commitments and the organization will declare its decision to the licensee maximum within one month. Non declaration of the decision within the said period would be deemed as acceptance of modifications.

¶-¶ Maintenance and support

The licensee shall always have an efficient system for maintenance and support of licensed networks and it should possess the equipment required for this purpose, including hardware and software. It is emphasized that the responsibility of maintenance and support of all existing networks points is on the burden of the licensee and is not liable to payment of USO cost by the government and or the organization.

Note: In all existing points, the licensee is bound to render high quality services.

Article ¶- Supply of licensed services

λ-1 Access to the services

The licensed services shall be supplied continuously round-the-clock and seven days of week, unless in cases when the licensee has received a written permission from the organization for disconnecting them or it has received an instruction indicating disconnecting them as per article λ-γ (National Defense and Public Security).

In case of occurrence of unauthorized interruption in supply of the licensed services (including occurrence of a force major event), the licensee shall immediately take necessary actions for restoring access to the licensed services and minimizing the consequences of lack of access of subscribers to the licensed services.

λ-2 Quality of Services

λ-2-1 Measurement of level of quality

The licensee shall apply required systems, equipment and method for measurement of level of quality of services in the licensed networks, and if the organization requests, it shall submit the results of measurement for quality of services to it.

The licensee shall make sure about the precision and reliability of each applied system and equipment or method by it when measuring levels of quality of services.

λ-2-2 Quality standards

The licensee commits to make sure about the appropriate quality of licensed services as per parameters specified in clauses () and () and () measured in the peak hours.

λ-3 Confidentiality

Each subscriber shall be clearly identified at the time of subscription, and in this regards, the licensee shall receive the name and surname of subscriber (or name of company for companies), national code, postal address, postal code and a copy of official identification card.

The licensee could take all necessary steps and policies for realization of following points with observance of requirements of national defense and public security and authorities of judiciary power and other legal references:

- Protection of subscribers' confidential information received or gathered as a result of supply of licensed services and or operation of the licensed network.
- Confidentiality of information of subscribers of other authorized suppliers of telecommunications services specially received or gained as a result of negotiations for access or interconnection.
- Confidentiality of exchanged information in the licensed networks

The licensee shall make sure that its staff, consultants, independent contractors, agents and representatives are fully aware of its commitments mentioned in article ۸-۳, and it may be liable for any action or lack of action by the said individuals risking confidentiality of the said information and or confidentiality of such communications.

The licensee shall appoint at least one of its staffs as the responsible for implementation and observance of regulations mentioned in clause ۸-۳.

The licensee shall offer the subscribers the services for avoiding identification of their ID by the called telephone numbers as per prevailing rules.

The licensee is entitled to encode its telecommunications signals as required, and with observance of applicable legal limitations and regulations to supply its subscribers with services for communications encoding through the licensed networks.

۸-۴ Lack of discrimination

The licensee shall behave all of its users and potential users in an indiscriminative way, particularly:

- It shall not deprive any user / subscriber or individuals or institutions willing to become a user / subscribers from access to the licensed services and or constrain its access, unless for a justified reason, including lack of payment or delay in payment of invoices, and lack of observance or being unqualified as per applicable articles and terms for its utilization from the licensed services.

- It shall not discriminate in applying rates for licensed services between the users / subscribers or group of users / subscribers with similar conditions.

Λ-Δ Impartiality

The licensee guarantees to remain impartial for contents of the information carried on the licensed networks for the licensed services.

Λ-ϛ Emergency calls

The licensee shall connect to the nearest center to the caller all calls through the licensed networks for connection with the public organizations responsible for the following services free of charge:

- police
- emergency center
- fire extinguishing center
- gas emergency
- water emergency
- power emergency

and any similar organization recognized by the organization as public support in the emergency cases.

Λ-Υ National defense and public security

Λ-Υ-1 The licensee shall make all necessary contrivances for observance of requirements for national defense and public security and applying authorities of judicial systems, Intelligence Ministry and other legal authorities. For this purpose, all points required by the above mentioned authorities declared to the licensee, are binding without claim by the licensee. It is emphasized that in such cases are declared equally for all licensees in similar cases.

Λ-Υ-2 Commencement of activity of licensee in any field, subject and scope of activity depends on supply of requirements by Intelligence Ministry and receiving approval from

the said ministry in this regard. If, for any reason, fulfillment of all or a part of requirements at any stage of activity is disturbed, the licensee is bound to stop activity in that subject or scope of activity until their restoration.

λ-γ-ζ Non observance of contents of above clauses λ-γ-ι and λ-γ-ϒ as per comments of above mentioned competent authorities will result in suspension and or cancellation of license mentioned in article 19.

λ-λ Competition

The licensee shall not involve in any anti-competitive action, alone or with others, continue them or ignore them deliberately, and particularly the licensee:

- shall not pay any anti-competitive subsidy to the users directly and indirectly
- the licensee shall not misuse its position having any share of market of licensed services in the country with presence of any number of subscribers of licensed telecommunications services.
- shall not conclude any contractual arrangements with patent with third persons for lease of facilities required for supply of licensed services
- shall not conclude any contractual arrangements or obligation with a third party including any services supplier in competition with the licensed services aiming at or resulting at fixing prices or causing other pressures for competition
- shall not participate in any anti-competitive sales related operations provided that the licensee could submit its services packages so that the said services packages are available separately too.
- shall not use the information received from the competitors if they aim or result in anti-competition.
- shall observe rules or regulations ratified casually about competitive affairs.

As per the rules and regulations, the organization is responsible to make sure that (1) telecommunications services suppliers observe the principles of fair competition, (2) the said rules are observed by the telecommunication services suppliers. Obviously, in case

of non observance of above points upon discretion of organization, the licensee would be liable to payment of penalty as per clause 18.

Article 9- Terms for supply of services

9-1 Main subscriber/ user contract

Except the cases where the organization has exempted the licensee from observance of terms of article 9, the relations between the licensee and subscribers or users are based on the terms mentioned in the main subscriber/ user contract. This contract too guarantees standard terms related to the supply of licensed services and is approved by the organization as per article 9-1-3.

Therefore, the licensee shall only supply licensed services according to the main subscriber/ user contract. Otherwise, it shall not supply services without prior and written permission by the organization.

The licensee shall submit (at any stage of sale of services) a copy of subscriber's approved main contract for consultancy free of charge and also include it in its internet website. Moreover, the licensee shall, before supply of the licensed services and receipt of any amount from the subscriber, submit a copy of subscriber's approved main contract free of charge to any beneficiary individuals or any new subscriber/user.

9-1-2 Contents of main subscriber's contract

The terms referred to in above article 9-1-1 shall include the minimum terms ratified by the organization as well as following subjects:

- Guarantee of payments and or alternative methods for guaranteeing the payments.
If it is common to receive required guarantees, it shall not exceed the costs suffered by the subscribers during the three (3) months.
- Confidentiality of the subscriber's information
- Reimbursements and other compensational discounts inserted in the invoices in cases of problem in the services

- Terms of payment, including payment of fee and other applicable administrative costs
- Minimum period of contract
- Right of cancellation by the subscriber and the licensee
- Procedure of settlement of complaints or other disputes mentioned by the subscriber, including terms of complaint to the organization and Iranian courts if the dispute is not resolved by the parties
- Any other subject warranted by the rules and regulations prevailing in Iran

۹-۱-۲ Method of approval

The licensee should submit the draft of subscriber's contract to the organization maximum two (۲) months after the date of issuance of license.

The organization shall study the subscriber's main contract and reflect its decision to the licensee within one (۱) month from the date of receiving it. Non declaration of the decision within the said period would be considered as acceptance of subscriber's contract and it will be applicable.

When the organization informs licensee that it does not approve the subscriber's main contract, while mentioning the reasons for not approving it for revision in the draft, the matter is informed in written to the licensee. Then, the licensee shall submit a revised draft within one month from the date of receipt of organization's decision, and the contents of previous paragraph will be applied again.

۹-۱-۴ Method of modification

Every now and then, the licensee could propose to the organization in written modifications in the subscriber's main contract and attach the revised version of contract in which the modifications have been clearly marked and explained.

Should within three (۳) weeks from the receipt of proposal the organization does not disagree with the proposed modifications, the licensee would be entitled to apply the modifications, provided that it accomplishes it within four (۴) weeks from expiry of this

duration, and on the condition that it inform the organization and all subscribers with a ۳۰ days prior written notice. If the organization informs the licensee that it does not approve the proposed modifications while mentioning the reasons for non approval, it will declare the case to the licensee in written. Then, the licensee could submit the revised proposed modifications again to the organization for approval after receipt of decision of organization, and the contents of previous paragraph will be applied again.

Any modification in the subscriber's main contract for any subscriber, will be binding one month after delivery of the written version of the said modifications.

If at any time, the rules and regulations about the relations between licensee and subscribers/users are ratified and declared by the organization, it will be binding for all licensees and for similar services. It is emphasized that the organization will consider a reasonable opportunity for receipt of licensee's comments.

۹-۲ Tariffs

۹-۲-۱ Limitations in tariffs

When applying tariffs for licensed services, the licensee shall exactly observe the principles and limitations mentioned in the regulations, contents of subscriber's main contract mentioned in article ۹-۱ as well as following limitations:

- It shall not charge more than Rials ۱,۲۰۰,۰۰۰ for subscription fee and more than Rials ۳۰۰,۰۰۰ (with exception of related tax) for prepaid subscription for mobile lines. The tariff could be revised by the organization if necessary.
- It shall not charge more than Rials ۵۰۰,۰۰۰ for subscription fee and more than Rials ۱۰۰,۰۰۰ (with exception of related tax) for prepaid subscription for fixed lines. The tariff could be revised by the organization if necessary.
- In mobile and fixed lines, for repeating costs like subscription fee and connection costs, the prices (without calculation of tax for any service supplied) shall not exceed maximum ۳۰% than the base prices determined by the organization. However, the licensee will have right to supply any service package including

- free minutes and adjusted rates as far as it could prove that it observes the +۲۰% limitation.
- Tariffs for prepaid services could be maximum ۵٪ higher than the tariffs comparing with the subscription services.
 - The maximum of all above tariffs are determined aiming at support of the consumer and other users, and could be adjusted by the organization and ratification of the committee.
 - Tariffs for value added services and any new service will be based on the ratifications by the Communications Regulations Committee which will be declared by the organization.
 - In IT, Data Transmission services and lease of transmission lines, tariffs will be based on the ratifications by the Communications Regulations Committee which will be declared by the organization.

۹-۲-۲ New tariffs

Maximum six (۶) weeks before start of supply of any new service in the framework of license or determination of new tariffs and or change in the existing tariffs for any service, the licensee shall inform the organization about the tariff he is going to receive for the said service so that the organization could clearly make sure that the said tariff is in accordance with the regulations and contents of subscriber's contract. After making sure, the organization will declare in written its decision about the proposed tariffs, which will be binding upon declaration by the organization. After ۶ weeks, if the organization does not send any reply to the licensee, it would be deemed as approval of the proposed tariffs.

۹-۲-۳ Promotional tariffs

The promotional tariffs available for a period less than ۳ months, are excluded form the terms for notification mentioned in clause ۹-۲, and the licensee shall send a copy of

promotional tariffs to the organization. The licensee could take action for offering and implementing promotional tariffs maximum four times per any Iranian year.

۹-۳ Publication of tariffs

The licensee shall publish publicly the determined tariffs approved by the organization which it is going to receive for any licensed service. The licensee shall not change subscribers any other cost or a higher rate comparing with what is mentioned in the public notification. Non observance of this clause is a violation.

۹-۴ Accuracy of invoices

The licensee shall create a procedure guaranteeing the precision of billing system within maximum four (۴) weeks.

The licensee shall submit to the organization the billing system within maximum four (۴) weeks from the date of issuance of license for reviewing, and the organization shall declare its decision to the licensee maximum within four (۴) weeks from the date of receiving of billing system. Non declaration of decision within this duration, would be deemed as approval of the billing system.

If the organization informs the licensee that it does not approve the proposed billing system, the licensee shall change its nature as agreed by the organization.

۹-۵ Invoices

All invoices shall include the details of all costs related to the invoice period, and the due time of payment shall be clearly mentioned in them. In this relation, it is necessary to submit a copy of the invoices to be issued for the subscribers, maximum within four (۴) weeks from the date of receipt of invoice, will declare its decision to the licensee. If the organization decides, the licensee is bound to apply necessary modifications on the invoice, and not replying within this duration, would be deemed as approval of invoice.

۹-۶ Customer case services

The licensee shall provide and offer sufficient customer care services free of charge for assisting subscribers and replying to the reasonable questions regarding the services and tariffs for licensed services.

¶-7 Telephone directory services

Subscribers and general directory services will include following items with observance of state's prevailing regulations:

¶-7-1 Directory services for subscribers

The licensee shall provide sufficient directory services for the subscribers which is accessible through telephone with the tariff approved by the organization.

The directory information shall at least include following subjects:

- Name, address and number of each subscriber except those who have requested in written that their numbers shall not be included in the directly list.
- A list of national and international area codes

¶-7-2 General directory services

Should the suppliers of telecommunications services or a third party is bound to provide a list of general directory from all subscribers of all suppliers of telecommunications services, the licensee would make sure that the supplier of telecommunications services or the said third party has a reasonable access to the subscribers information of the licensee for insertion in such general directory.

¶-8 Maintenance services

The licensee shall make sure that sufficient maintenance services for any equipment supplied for any subscriber for supply of any of licensed services, have free of charge maintenance services or with a reasonable cost.

9-9 Disputes with users

The licensee shall create and preserve an efficient, fair and clear method approved by the organization for receipt or issuance of complaints and settlement of disputes with users.

The licensee shall take all reasonable and necessary actions for immediate restitution and prevention from repetition of occurrence, the reason of any documented complaint related to accessibility, quality of licensed services and issuance of invoice and any problem in supply of licensed services.

The licensee shall also make all necessary actions for guaranteeing that in case of cancellation of license, the payable amounts shall be fully paid to the users.

Should the user and licensee could not settle their dispute within two (2) months from the date of notification of complaint to the other party, each of the parties could refer the case to the organization for making decision. The organization's decision is binding for both parties.

Article 10- Other terms

10-1 Observance of legal, regulation and contractual commitments

The licensee shall always observe all of its commitments by virtue of Constitution, rules and regulations and other applicable legal and regulation contents as well as the contents of contracts in which it is a party, including interconnect contracts, access contracts and subscribers contracts. Commitment for observance of above items includes and is extended to any amendment in the said texts and amendment of contracts which are binding during validity of license, as well as contents of any text and contract ratified or signed during validity of license.

Note: The contracts the commitments of which is or will be transferred to Infrastructure Communications Co., are excluded.

10-2 Observance of international commitments

The licensee shall observe all applicable agreements and contracts for the activities of International Telecommunications Union (ITU) and agreements and contracts of the telecommunications regional organization in which Islamic Republic of Iran is a member. The licensee shall also inform the organization continuously about the actions taken in this regard.

۱۰-۳ Cooperation with other suppliers of telecommunications services

The licensee shall cooperate with the other suppliers of telecommunications services for all reasonable requests.

۱۰-۴ Local emphasis

In this relation should be observed:

- a- The law for maximum utilization from national technical, engineering, manufacturing, industrial and executive capability in implementation of projects and creating facilities for export of services ratified on ۲۰۳،۱۹۹۷ by Islamic Consultative Parliament.
- b- Technical and support management shall be certainly Iranian, and in case of having a foreign shareholder, all decisions of Board, General and Extraordinary Assemblies of the licensee depends on agreement of at least fifty percent (۵۰٪) of the Iranian shareholders of the license.
- c- In case of having a foreign shareholder, the share of Iranian companies, one hundred percent shares of which belongs to Iranian real and legal entities, shall not be less than fifty one percent (۵۱٪) of total shares of the licensee company.

Chapter three: Amounts

Article ۱۱: Annual amounts

۱۱-۱ Payment of annual amounts to the organization

۱۱-۱،۱ List of annual amounts

The licensee should pay the following amounts on a yearly basis (contractual year) to the organization.

- a- The payable amount for the right of utilization from numbering: The licensee shall pay following amounts to the organization for utilization from the numbering capacity: in mobile network: for each ۲۰۰۰۰۰ numbers block, Rials ۲۰۰۰۰۰۰۰ (two hundred million) and in the fixed network, for each ۱۰۰۰۰ numbers block, Rials ۱۰۰۰۰۰۰ (ten million) per each contractual year. The payable amount for each block of numbers may increase yearly by the organization from the second year afterwards. However, the increase would be about (۱) inflation rate in Iran during the previous contractual year or (۲) average increase of tariffs for licensee's base services during the previous year.

Note: In the fixed network, numbering cost will be received for the existing exchanges with more than ۸۰۰۰ numbers (until date of issuance of license) based on the ۱۰۰۰۰ numbers and round blocks and more, and for the existing exchanges with less than ۸۰۰۰ numbers based on the ۱۰۰۰ numbers and round blocks and more.

- b- **The payable amount for Universal Service Obligation (USO):** ۳% of mobile lines income of previous contractual year for each contractual year. For the first year, the nominal anticipated amount for income share of the first contractual year will be used for calculation of payable amount for Universal Service Obligation.

Note ۱: The costs related to the network establishment, expansion, maintenance and support in the new points will be included in USO and declared to the licensee by the organization, and will be paid to the licensee by the organization in the frame of related rules and regulations. It is reiterated that all costs related to the maintenance of all points of the existing network is on the burden of the licensee, and not included in the USO by the organization and or the government.

Note 2: Considering the obligations mentioned in clause 4-λ, income of fixed telephone and data services will not be liable to USO payment.

- c- **Amount of organization's fee:** It will be twenty five hundredth percent (0.25%) from the income of previous contractual year for each contractual year. For the first year, the nominal anticipated amount from income share for the first contractual year will be used for calculation of payable amount of the organization's fee for the first contractual year.
- d- **Fee for utilization from frequency:** The licensee should pay the related costs declared by the organization based on the ratified tariffs for utilization from the dedicated frequencies. The fee for utilization from the dedicated frequencies may be yearly decreased or increased based on the changes in the rate of pulse and or changes in the related by-law. It is reiterated that the dedicated frequencies will be national wide as per table of annex Δ, and the related costs will be calculated national wide.

11-1,2 Method of payment of yearly amounts

Except in the cases determined somehow else in the rules or regulations, the yearly payable amounts mentioned in above clause 11-1,1, shall be made in four (4) equal installments, quarterly at the last day of the current quarter period. Payment of first installment of above amounts shall be made immediately at expiry or before expiry of three months from the date of enforcement.

11-1,3 Maximum amount

In no circumstances, the total yearly amounts determined in articles 11-1 and 12-2 during none of the contractual years shall exceed seven percent (7%) of incomes of previous contractual year (and for the first year of contract, from the nominal anticipated amount of income share during the first year of contract).

۱۱-۲ Income share

۱۱-۲,۱ Amount of income share

For granting license, the licensee shall pay to the organization for each solar year and within two months after the end of each year, the part of income share for the said contractual year which may be sometimes more than the guaranteed amount of income share and is payable as per contents of article ۱۱-۲,۲ for that contractual year.

The amount of income share for each solar year will be calculated based on the type of services based on the following percentages of income share:

- a- For mobile services, twenty eight and one tenth of percent (۲۸,۱٪);
- b- for fixed services, eight percent (۸٪);
- c- for data communications services and release of transmission lines, five percent (۵٪) from the income of licensee in that solar year.

Note: The share amount determined in the above clause b for fixed services will be increased proportionately with increase in the rate of intra-city call rate maximum up to ۲۰٪. Should the licensee decrease the tariff for competition conditions and or rules at any stage, the liable share fee will not decrease.

۱۱-۲,۲ Amount of guaranteed income share

The licensee shall pay to the organization the following guaranteed amounts of income share for each solar year in four equal installments at the end of each three months from the date of enforcement of licensee as follows:

- a- The guaranteed amounts of income share for mobile services

Contractual year	Guaranteed amount of mobile income (billion Rials)
First	۷۸۵۸,۱۶۵
Second	۸۴۰۶,۱۱۵

Third	۸۷۷۱,۴۱۵
Fourth	۹۱۳۶,۷۱۵
Fifth	۹۴۱۰,۶۹۰
Sixth	۹۶۸۴,۶۶۵
Seventh	۹۸۶۷,۳۱۵
Eighth	۱۰۰۴۹,۹۶۵
Ninth and next years	۱۰۲۳۲,۶۱۵

b- The guaranteed amounts of income share for fixed services

Contractual year	Guaranteed amount of fixed income (billion Rials)
First	۱۳۳۰
Second	۱۳۵۶
Third	۱۳۸۲
Fourth	۱۴۰۸
Fifth	۱۴۳۴
Sixth and next years	۱۴۶۰

Note: For data communications services and lease of transmission lines, it will be calculated based on the income of licensee and determined base of share fee (without guarantee of income).

۱۱-۲,۳ Method of payment of income share

a- The amounts of income share shall be paid by the licensee to the organization in four equal installments and at the end of each three months from the date of enforcement of licenses.

- b- Should the share income amounts exceeds the guaranteed amounts, the licensee shall pay the rest to the organization maximum within two months after the end of contractual year.
- c- The amounts paid to the organization as per article ۱۱-۲ shall be made in Iranian Rials, and through transfer to the bank account declared by the organization in the appropriate time.

Article ۱۲- Independent amounts

۱۲-۱ Amount of license fee issuance

- a- For existing status, including ۲۱,۳ million subscribers and ۲۳,۵ million fixed subscribers, the total amount of Rials ۷.۵۶۶.۰۰۰.۰۰۰.۰۰۰ (seven thousand five hundred sixty six billion Rials) is estimated, and since the licensee company is a governmental one at the time of issuance of license, the previous liable payments is not received from the licensee.
- b- For authorization of network expansion including ۱۶,۷ million mobile network subscribers and ۶,۵ million fixed network subscribers as well as Data Communications network and transmission lines, the amount of Rials ۴.۹۰۳.۵۰۰.۰۰۰.۰۰۰ (four thousand nine hundred three billion and five hundred million Rials) is estimated which shall be paid by the applicant to the organization at the time of issuance of license.

۱۲-۱ Other amounts

The licensee should pay all costs, contributions and expenses which are or will be payable according to the applicable rules and regulations in Iran to the organization, with observance of the limitations mentioned in the above article ۱۱-۱,۳.

Article ۱۳- General rules regarding payments - taxes

۱۳-۱ Non-taxable expenses

All amounts (including income share) which are payable to the organization as per articles ۱۱ and ۱۲, are not liable to any tax and charges. Such amounts shall be calculated as the deductible costs in view of corporate tax purposes.

۱۳-۲ Additional costs

The amounts stipulated in articles ۱۱ and ۱۲ include all payments and payable amounts by the licensee for utilization from the granted license, numbers block and dedicated frequencies during the initial period of granting the license. With observance of contents of article ۱۸-۲, should (۱) payments or charges in addition to what is stipulated in articles ۱۱ and ۱۲ is imposed on the licensee, or (۲) the payable amounts as per the articles ۱۱-۱ and ۱۲-۲ exceed ۷% mentioned in article ۱۱-۱-۳, the amount of any additional payment or charge and any payable amount which exceeds the maximum mentioned in article ۱۱-۱-۳, shall be deducted from the guaranteed income amount and if necessary, the payable income share for the contractual year. It is reiterated that payment of amounts for compensation of losses as per article ۱۸,۲ is exempted from the above limitation.

۱۳-۳ Sales and corporate taxes

The licensed services are liable to all general sales taxes and charges applicable in Iran for sale of services and goods. The licensee should also pay all corporate taxes and other income taxes applicable generally to the companies in Iran.

Hereby, it is stipulated that the connection cost (subject of article ۹-۲-۱ (a)) is not and will not liable to any sales or services tax and charges.

If any additional tax or charges is imposed by the government of Islamic Republic of Iran, it will be applicable to all operations of Telecommunications sector.

Chapter four: Relations with executive organizations

Article ۱۴- Cooperation with the organization

The licensee should always account, respond and do utmost cooperation with the organization and its authorized representatives for the tasks assigned to the organization according to the state's rules and regulations and present license agreement.

The licensee shall particularly make available its facilities for implementation of administrative and judicial orders for tracing of communications.

Article ۱۵- Keeping the records and inspection

۱۵-۱ Records, accounts and invoices

The licensee shall keep with itself the sufficient information records enabling the organization to supervise and obliging the licensee to effective compatibility of its commitments under this license agreement.

The licensee shall keep proper accounting records in a form compatible with the accepted principles of accounting and anyway sufficient for clear description of its performance and business, and display the costs, incomes and financial status of its operations.

The licensee shall keep the records of invoices (if possible, in an electronic form) for ten years from the date of issuance of the said invoices.

۱۵-۲ Reporting and inspection

In order to supervise on the commitments of licensee and oblige it to concord with the license, the organization will be entitled to inspect the documents, reports, invoices, evaluations, tax manifests or other information kept by the licensee, and prepare a copy of them if necessary. Without hurting the contents of article ۱۷ (Supervision), the authorized authorities on behalf of the organization have right to enter the locations, buildings and where the licensee's documents are kept at any time during the working hours with a ۴۸ hours notice, and use their right.

The licensee shall submit or prepare immediately and in the form requested by the organization in written, the documents, reports, invoices, bills, evaluations, tax manifests

or the information which may be required by the organization for supervision and obliging the licensee to fulfill its commitments as per the license, to the organization.

Moreover, the licensee shall submit following documents:

- Annual report to the organization regarding details of actions taken by the licensee for fulfillment of its commitments as per the license.
- Audited financial statements related to the performance of licensee within four (۴) months from the end of fiscal year.

Article ۱۶- Public emergency cases

۱۶-۱ Emergency case related to natural disasters

In case of occurrence of a force major or a local, regional or national crisis like earthquake, flood and similar events, the licensee shall do its best for supply of all required telecommunications services requested by the Iranian authorities. For this purpose, the licensee shall make necessary coordination with the organization and follow their instructions.

Within six (۶) months after date of enforcement, the licensee shall submit to the organization its program for the procedures and operations that it will apply in case of occurrence of force major, and update the said program upon request of organization.

۱۶-۲ Emergency situation related to national security

In case of occurrence of an emergency situation or crisis related to the national security, the license shall coordinate with the competent department defined by the organization about the subject, and do its best for supply of all telecommunications services as per instructions of organization or the introduced competent department.

Chapter five: Supervision and indemnity

Article ۱۷- Supervision

All costs and investments for establishment of licensed network and operations shall be on competitive terms and in a way to guarantee achievement of objectives and financial interests of the licensee's business plan.

The organization could supervise on the method of fulfillment of contents of license, the applicable rules and regulations in the Islamic Republic of Iran, especially in the way applied for establishment and operation of licensed network, supply of licensed services, and utilization from the frequencies allocated to the licensee.

The individuals authorized by the organization will have right to enter to the locations, buildings and places wherein the standalone or connected equipment to the licensed network are installed or the documents related to the licensed network or licensed services are kept for execution of this supervision. Entry to the subscribers' properties buildings is only possible with prior written permit of the related subscriber or upon the authentic order issued by the court.

Upon knowing that the licensee has violated its commitments during the current contractual year or the previous year, the organization could issue obligatory written instructions for indemnity of violation and or imposition of losses for lack of fulfillment of applicable commitment mentioned in article ۱۸ (Indemnity of losses for lack of fulfillment of commitments and payment of additional amounts to the organization) and article ۱۹ (Suspension and cancellation).

Article ۱۸- Indemnity

۱۸-۱ Indemnity for competitive losses

Should the organization emphasize that the licensee has violated article ۸-۸ of license (competition), in addition to the solutions mentioned in article ۱۹ for indemnity for violation, the organization could bind the licensee to pay the amount of suffered losses as per clause ۱۸-۳ for violation of commitments.

۱۸-۲ Indemnity for violation of commitments for implementation and expansion

Should the organization recognize that within the deadlines mentioned in annex ۴, the licensee has not fulfilled the minimum commitments, and has not compensated its failure within six (۶) months from the date of notice by the organization (deadline), payment of indemnity for violation of commitments for implementation and expansion would be as follows:

a- In supply of mobile services:

a-۱ Failure in coverage of cities (۱۰) billion Rials for each city in proportion with the lack of coverage which are not covered at the end of deadline. This commitments will be extendable at the end of each contractual year (including extension at the end of year when the due time has expired) until compensation of the situation.

a-۲ Failure in population coverage: For each percent of population coverage less than the due figure for each contractual year as per annex ۳ which is not covered till the end of deadline, and for each month of delay after the deadline until when the said population are covered in the said contractual year as follows:

۱- Rials ۱,۳ billion for first three (۳) months

۲- Rials ۱,۵ billion for the next three (۳) months

۳- Rials ۲,۴ billion for the next years

Should the said failures are completely compensated within one month, the payable amount for that month will be determined proportionately.

a-۳ Failure in coverage of roads: Rials five (۵) billion for each ten (۱۰) km of the roads which are not covered at the end of due deadline as a result of failure in road coverage mentioned in annex ۳ for each related contractual year. The said deadline will be extended at each contractual year (including end of the contractual year at the end of which the deadline expires) until correction of situation.

b- Failure in accomplishment of commitments for supply of fixed services and supply of data transmission services specified in annex ۴ will be based on the comment and ratification.

۱۸-۳ Indemnity for violation of other commitments

Should the organization recognizes that the licensee (۱) has violated each of the major contents and terms of license except contents of article ۷-۹ (Commitments of implementation and expansion, and (۲) has not compensated the violation within six (۶) months from the date of the organization's notice in this regard (deadline). The organization could oblige the licensee to pay compensation for maximum Iranian Rials thirty (۳۰) billion for each contractual year in addition to the amount of income share which it shall pay to the organization for the related contractual year.

۱۸-۴ General rules for indemnity

a- Before making any decision by the organization for payment of indemnity by the licensee, the organization will give a fair opportunity to it to express its comments and justify its situation. Should there is dissidence in technical subjects, the licensee and organization could nominate an independent technical expert for investigating the reality.

b- Should violation of commitment or delay in implementation of commitments is caused by (۱) occurrence of a force major event and or (۲) the conditions out of reasonable control of licensee, and it is approved by the organization, the licensee will not be liable to payment of indemnity mentioned in article ۱۸.

c- Payment of amount of indemnity imposed on the licensee, shall be made within two months from the date of receipt of the organization's decision for payment of indemnity as per article ۱۸. Payment of indemnity will be as per regulations of article ۱۱-۲-۳.

d- Payment of indemnity to the organization will not hurt the licensee's obligation for fulfillment of its commitments by virtue of license agreement and or imposition of any other compensational action accessible as per law or by virtue of this license (including but not limited to the compensational actions mentioned in article ۱۹).

Article ۱۹- Suspension and termination

۱۹-۱ Suspension of license

In case of major violation of contents of license agreement, the organization could suspend the license for maximum six (۶) months at any stage, provided that a reasonable opportunity has been already given to the licensee for correction of problems and failures, but it has not taken any action for compensation and satisfying the organization.

۱۹-۲ Termination of license and decrease of license validity period

۱۹-۲-۱ Failure in fulfillment of payment commitments and insolvency

a- When the licensee has not paid license amounts (including income share) on the due time and has not taken any action for its payment within one (۱) month after receipt of notice from the organization.

b- When the licensee becomes insolvent or bankrupt or is liquidated or a general transfer has been performed in the favor of the creditors.

۱۹-۲-۲ Occurrence of failure

a- Should one or more of following events of failure happen, and the licensee does not take any action for compensation of the said failure within six (۶) months after receipt of notice and satisfying the organization, the organization could terminate the license or decrease its validity upon its discretion.

b- Events of failure include:

۱- When the licensee does not observe the required terms as per article Δ (Applicable terms for the licensee);

۲- When the licensee transfer or decides to transfer the licensee in contrary to article ۴.

۳- When the licensee commits violation of its major commitments as per article ۸ and or article ۹ more than twice in a contractual year.

¶- Non observance of contents of clause 1-7 regarding lack of fulfillment of contents National Defense and Public Security as instructed by Intelligence Ministry.

19-2-3 Commitments for implementation and expansion

Should (1) the licensee commits a major violation in commitments for implementation and expansion mentioned in annex ¶ for a period more than twelve (12) months from the due date mentioned in article 18-2 regarding each of the commitments for implementation and expansion mentioned in annex ¶, the organization could terminate the license.

19-2-4 Method of termination of license

a- Before making decision about termination of license or decrease of license validity, the organization shall give a fair opportunity to the licensee to express its comments and justify its situation.

b- Should violation of commitments is caused by occurrence of a force major event; the licensee will not be considered as violator of its commitments (especially as per articles 19-2-2 (b) and 19-2-3).

c- In case of termination or decrease of validity of license, the organizations' decision will be binding three months after its declaration to the licensee, unless the decision is made based on the failures mentioned in articles 19-2-1 (b), 19-2-2 (b-1) (b-2), where the decision within will be binding after one month from its declaration to the licensee.

d- In case of termination of license or expiry of its validity as per clause d article 3-4, the licensee shall transfer the established capacity and related equipment to the substitute supplier of telecommunications services introduced by the organization with the expertise pricing.

Article 20- The rights and authorities of organization and other references

The contents and regulations of this license agreement will not affect the rights and authorities given to the organization and other Iranian authorities as per legal and supervision regulations, for more clarification including:

- Authorities for receiving compensation
- Authority for suspension or termination of license or right of utilization form the frequencies allocated to the licensee.

Article ۲۱- Clarification and right of request for revision

The organization shall give a reasonable opportunity to the licensee to express its comments regarding any decision made by the organization as per license terms which may have a major effect on the licensee, including but not limited to any decision about imposition of payment, amount of indemnity, any decision regarding modification of license terms, any refusal from extension of license validity, any refusal from allowing transfer of license and any refusal from a modification in the license shareholding. The duration will be determined by the organization accordingly.

The organization shall consider carefully the licensee's comments in an appropriate manner.

Upon the request of licensee, the organization shall immediately and in an appropriate way submit to the licensee the reasons for such decisions in written.

Except in cases mentioned in another way, the licensee has right to object against such decisions. The objection shall be made within three (۳) months in an Iranian competent court. The objection shall not suspend implementation of decisions related to it.

Article ۲۲- Modifications in the license

۲۲-۱ Modifications

Each of contents of license agreement may be modified as follows:

- a- As per the prior and written agreement between the licensee and the organization;
- b- In case of amendment in the rules and regulations of Islamic Republic of Iran;

If necessary, in view of article २२-१, the term “modification” includes the partial or complete deletion.

Contents of article ११, १२ and १३ may be modified just with a written agreement between the licensee and the organization.

The organization, shall send a written notice to the licensee for any modification as per article २२-१, and shall give the licensee sufficient opportunity (which is reasonable considering the situation and conditions) to make necessary adjustments without suffering an unreasonable cost or stopping its work. Should the modifications are made without a written agreement between the licensee and the organization, and should the modifications have a major undesirable effect on the situation of the licensee or its business perspective, the licensee would have right to receive a fair and sufficient compensation, and the amount of such compensations will be settled with the amounts of income share which shall be paid to the organization accordingly.

The licensee could request for modification in the terms and conditions of license agreement in case of occurrence of major modifications affecting the licensee’s capability in preserving the level and or practicality of possibility for supply of its services according to the terms of license agreement or continuous supply of its services. The request shall be documented with the appropriate justified documents. While considering the special situations and conditions affecting on the situation of the licensee, the organization will pay sufficient and fair attention to the request.

२२-२ Method

The organization shall issue a notice including the reasons for modification in the contents of license agreement before modifying any of terms and articles of license agreement.

The licensee will have maximum ३० days opportunity from the issuance of notice to send to the organization its objection with sufficient documentation, and the organization shall investigate the matter within forty five (ॴ।) days after receipt of written objection by any beneficiary party in relation with the said modifications.

Article ۲۳- Settlement of disputes with other suppliers of telecommunications services

The licensee could request the organization to settle its disputes with other suppliers of telecommunications services regarding the licensed services.

The organization shall make decision in this regard within forty five (۴۵) days, and then, it shall provide the concerned parties with written reasons for its decision.

Article ۲۴- Form of correspondences

All notices, requests, applications or other correspondences deemed necessary or authorized by virtue of license agreement shall be made in written.

The organization shall send all correspondences to the licensee's registered offices address. In this relation, the licensee commits to send to the organization immediately its registered offices address, and inform it of any change of address.

Article ۲۵- Other agreements

Nothing in this license waives the licensee from the legal necessities for receiving additional agreements, permits, giving authorities or additional permissions which may be required for establishment and operation of the licensed network, supply of licensed services and in general, benefiting its rights or fulfilling its commitments under this license.

Article ۲۶- Illegal utilization

The licensee shall not use or authorize knowingly utilization from the licensed network or the licensed services for any purpose in contradiction with the prevailing rules.

The licensee shall take all common commercial actions which are under its control for making sure about non utilization from the licensed network and licensed services for such purposes.

The licensee shall include a similar term indicating forbiddance of utilization from the licensed network and licensed services for this purpose in its contracts with the subscribers and other suppliers of telecommunications services.

Article ۲۷- Force Major

Should the licensee fails to fulfill its commitments due to the conditions like war, strike, rebellion, fire, blood, explosion, earthquake or any other reason out of its control, provided that it informs the organization immediately and in a proper way about the force major case, the organization could not call the licensee as a party violating the terms of agreement (For more clarification, forbiddance caused by imposition of embargo or penalties in case of licensee's failure or violations are not considered as the affairs out of its control)

The licensee shall immediately take necessary actions to restore the situation of services rapidly, and minimize the effects of force major event on the subscribers and inform the organization from the beginning about its practical actions.

Article ۲۸- Costs

The licensee is responsible for all expenses, costs and other commitments including financial and etc. for implementation of rights and commitments subject of license. The organization will not bear any responsibility for such costs or commitments.

Article ۲۹- Waiver

Waiver of any violation from the contents of license will not be effective and binding unless it is declared in written. Except in the cases where it is mentioned somehow else, waiver of right is limited to the scope of related violation.

Article ۳۰- Titles

The titles used in this agreement are only for description and will not be considered as a part of agreement determining the said rights and commitments in this agreement.

Article ۳۱- Applicable law

The law of Islamic Republic of Iran is applicable to the agreement and it will be interpreted and understood under this law. Iranian courts are exclusively competent for investigation and making decision about disputes related to the license agreement.

Article ۳۲- New regulations

Any new regulation ratified by Communications Regulations Committee for accomplishment of legal tasks regarding regulation of market, terms of competition, rights of subscribers, tariff, ..., and notified to all licensees for supply of similar services is binding for the licensee.

Article ۳۳- Integrity of agreement

This agreement is manifestation of agreement and understanding by both parties, and any previous understanding, explanation or expression regarding the subjects related to the license agreement (including its annexes) is not worthy of citation even for interpretation, and will not be considered.

**Deputy to Minister and Head of
Radio Communications & Regulations Organization
Mahmoud Khosravi**

**Deputy to Minister and Head of
Board of TCI
Vafa Ghaffarian**

**Managing Director
Feizi**

Annex ۱: Legal entity of licensee

The licensee is TCI (Specialized Parent), the Articles of Association of which has been approved by the Board of Ministers in the meetings dated ۱۸,۲,۲۰۰۴ and ۱۰,۴,۲۰۰۴ based on the common proposal No. ۱۰۰/۴۱۶۰۳ dated ۱۴,۲,۲۰۰۴ of Ministries of ICT, Finance and Economic Affairs and State's Management and Planning Organization (MPO) by virtue of article ۴ of Act of Third Economic, Social and Cultural Development Plan of Islamic Republic of Iran ratified on the year ۲۰۰۰.

Annex ۲- Cost of interconnection between the licensee and other telecommunications services suppliers

The percentage mentioned in the following table is the criterion for calculation cost and share of each of parties for interconnection between the licensee's network with that of other telecommunications services suppliers (except Irancell network).

Type of connection	Share of origin	Share of destination
Interconnection between operators	۸۰٪	۲۰٪

The above percentages will be based on the governmental base tariffs.

It is emphasized that tariff for transmission of traffic through Parent Infrastructure Network (intercity and international traffic) will be based on the tariffs ratified by Communications Regulations Committee.

Annex 3- Numbering

The structure and capacity of numbering allocated to the licensee is as follows:

1- Mobile Network

Numbering structure in the mobile network of licensee is as 9AB XXX XXXX, where the capacity allocated to the licensee for Mobile Communications Company is based on A=1, B=0 to 9, X=0 to 9, and for Talia Co. (contractor of licensee) is based on A=3, B=2 and X=0 to 9.

2- Numbering structure of in the fixed network of the licensee is as ABD DEF XXXX, (ABC is the area code no.) where X=0 to 9, F=0 to 9, E=0 to 9, D=2 to 8, C=0 to 9, B=1 to 9, A=1 to 8, and the allocated capacity would be based on the permit for roll-out of exchanges by the organization.

3- Numbering structure in the fixed intelligent network is as 900 XX YYYYYY, 909 XX YYYYYY, where X=0 to 9 and Y=0 to 9, and following numbers are allocated to the licensee:

909 2X YYYYYY	X=0 to 9	Y=0 to 9
900 X1 ZZZZZ	X=2,5	Z=0 to 9

Annex ۴: Commitments for expansion and implementation

۱- Mobile network

۱-۱- Commitments for roll-out

Considering the present situation of ۲۱.۳۰۰.۰۰۰ existing subscribers, commitments for roll-out during the license years are as follows:

- End of first year ۳.۷۰۰.۰۰۰ (three million seven hundred thousand) subscribers
- End of second year ۳.۰۰۰.۰۰۰ (three million) subscribers
- End of third year ۲.۰۰۰.۰۰۰ (two million) subscribers
- End of fourth year ۲.۰۰۰.۰۰۰ (two million) subscribers
- End of fifth year ۱.۵۰۰.۰۰۰ (one million five hundred thousand) subscribers
- End of sixth year ۱.۵۰۰.۰۰۰ (one million five hundred thousand) subscribers
- End of seventh year ۱.۰۰۰.۰۰۰ (one million) subscribers
- End of eighth year ۱.۰۰۰.۰۰۰ (one million) subscribers
- End of ninth year ۱.۰۰۰.۰۰۰ (one million) subscribers
- From tenth year afterwards, roll-out will be based on the existing conditions of market, demand and competition

۱-۲- Radio coverage commitments

- a- coverage of all cities maximum within one year after issuance of license
- b- coverage of new cities maximum within ۸ months after declaration by Ministry of Interior
- c- coverage of all main roads within one year after date of issuance of license
- d- coverage of all rail roads within one year after date of issuance of license
- e- coverage of branch roads (cities between centers of provinces) maximum within two years after date of issuance of license

Coverage commitments refer to the radio coverage throughout the area of urban services based on the ratification of the esteemed Board of Ministers and the main roads are defined by Ministry of Road and Transportation.

۱-۳- Population coverage commitments

Never during the implementation period of this license, shall network population coverage be less than ۸۵٪.

۱-۴- Subscribers' access to the network

- a- Subscribers' access to the network in the cities under coverage with service grade of ۳٪.
- b- Subscriber's access to the network in the roads under coverage with service grade of ۵٪.

۱-۵- Network Quality of Service (QoS)

- a- Disconnected calls:
 - at the end of first year less than ۴٪.
 - at the end of second year less than ۳٪.
 - at the end of third year less than ۳٪.
 - at the end of fourth year and afterwards less than ۱٪.

Above parameters (۲-۱ and ۳-۱) will be calculated and evaluated based on the busy hour and worst case.

۲- Fixed network

۲-۱ Commitments for roll-out

Considering the present situation of ۲۳.۵۰۰.۰۰۰ existing subscribers, commitments for roll-out during the license years are as follows:

- End of first year 1,500,000 (one million five hundred thousand) subscribers
- End of second year 1,000,000 (one million) subscribers
- End of third year 1,000,000 (one million) subscribers
- End of fourth year 1,000,000 (one million) subscribers
- End of fifth year 1,000,000 (one million) subscribers
- End of sixth year and afterwards, roll-out will be based on the existing conditions of market, demand and competition.

3- Data Communications and Information Technology (IT)

The commitments of licensee in the field of data communications and information technology will be declared later by the organization with coordination of licensee.

Annex Δ- Allocated frequencies for access in GSM band

The frequencies allocated to the licensee in GSM band for mobile network and rural networks is as follows:

Bandwidth (MHZ)	Receiving band (MHZ)	Sending band (MHZ)	Geographical area	Frequency band
۲x۱۸,۶	۹۱۴,۹_۸۹۶,۳	۹۵۹,۹_۹۴۱,۳	Tehran	GSM۹۰۰
۲x۱۲,۸	۹۰۲,۷_۸۹۸,۱ ۹۰۶,۷_۹۱۴,۹	۹۴۳,۱_۹۴۷,۷ ۹۵۱,۷_۹۵۹,۹	Other parts	GSM۹۰۰
۲x۴	۹۰۲,۷_۹۰۶,۷	۹۴۷,۷_۹۵۱,۷	Rural areas (except Isfahan province)	GSM۹۰۰
۲x۱۵	۱۷۲۵,۱_۱۷۳۹,۹	۱۸۲۰,۱_۱۸۳۴,۹	Whole country	GSM۱۸۰۰