



**LICENCE
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LICENCE GRANTED BY THE NIGERIAN COMMUNICATIONS COMMISSION
TO

XYZ COMPANY

FOR PROVISION OF INTERNET SERVICES UNDER SECTION 32 OF
NIGERIAN COMMUNICATIONS ACT 2003

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LICENCE GRANTED TO **XYZ COMPANY** TO PROVIDE INTERNET SERVICES UNDER SECTION 32 OF NIGERIAN COMMUNICATONS ACT, 2003.

THE LICENCE

1. The Nigerian Communications Commission (hereinafter referred to as the Commission) being a body corporate with perpetual succession and a seal, established by Section 1 of Nigerian Communications Act 2003 (hereinafter referred to as the Act) and exercise of the powers conferred on it by Section 32 of the Act hereby grants to **XYZ COMPANY** (hereinafter referred to as "the Licensee") a Licence for the period specified in paragraph 2 subject to the conditions set out in Schedules 1 and 2, to provide **Internet Services** specified in Schedule 2 (hereinafter referred to as the "licensed undertaking").
2. This Licence shall enter into force on **1st December 2003** and shall be of **Five Years** duration in the first instance, but without prejudice to Condition 17 of this Licence, shall be subject to revocations thereafter on **Twelve Months** notice in writing of such revocation.
3. This Licence shall be automatically renewed and remain valid for a further period of **Five Years** subject to the provisions of paragraph 4 and unless the Licensee has given a written notice to the Commission, at least **Twelve Months** before the expiry date shown at paragraph 2, not to renew the Licence.

4. In order for this Licence to be automatically renewed as provided in paragraph 3, the Licensee shall have agreed and paid all the new licence fees and charges due within the **Six Months** preceding the first expiry date.
5. This Licence is valid for the provision and operation of the service mentioned in Schedule 2 to this licence within Nigeria.

SCHEDULE 1

PART I.

DEFINITIONS AND INTERPRETATION **RELATING TO THE CONDITIONS IN** **SCHEDULES 1 AND 2**

In these Conditions unless the context otherwise requires, the expressions shall have the following meanings:

- | | | |
|-----|----------------------|--|
| (a) | "Act" | Nigerian Communications Act, 2003 |
| (b) | "Carrier" | A Public or Privately owned Telecommunications Network comprising Radio or Cable or Satellite sub - systems or any combination of these media deployed for the purpose of providing Domestic and International point to point and switched\unswitched point to multipoint telecommunications Services. |
| (c) | "Commission" | The Nigerian Communications Commission and agents appointed pursuant to the powers under the Nigerian Communications Act, 2003 |
| (d) | "Community" | A group of people or persons within a limited geographical area such as a housing estate, village, Local Government Area. |
| (e) | "Connectable System" | A telecommunications system approved for use in Nigeria by the Commission which entitles the Licensee to interconnection under section 96 of the Act. |
| (f) | "Licence" | A licence granted or having effect as if granted under section 32 of the Act. |

- (g) "Licensed Area" Nigeria or any of the zoned geographical areas.
- (h) "Nigeria" The entire geographical area, the territorial waters, air limits of Nigeria and any area to which the provisions of the Act apply.
- (i) "Radio Regulations" The publication of the International Telecommunications Union (ITU) that delineates radio frequencies into bands and stipulates the services applicable to each frequency band and the conditions of bringing into use of such frequencies.
- (j) "Telecommunications" Any form of transmission, broadcast or reception of signs, signals, texts, images, sounds or data by wire, by optical means, microwave or other electromagnetic means.
- (k) "Telecommunications Network Infrastructure" Any form of installation or group of installations which ensure either the transmission or the transmission and routing of telecommunications signals and the associated exchange of the control and operational information, between network termination points.
- (l) "Telecommunication Services" Any service including the transmission and/or routing of signs, signals, texts, images, sounds or data or a combination of these functions, using telecommunication process.
- (m) "Terminal Equipment" Any equipment designed to be connected directly or indirectly to a network termination point for the transmission, processing or reception of data.

2. The Interpretation Act Cap. 192 LAWS OF THE FEDERATION OF NIGERIA shall apply for the purpose of interpreting these Conditions.
3. Any word or expression used in these Conditions shall unless the context otherwise require have the same meaning as it has in the Act.
4. For the purposes of interpreting these Conditions headings and titles to any Condition shall be disregarded.
5. Nothing which the Licensee may do or omit to do after the date on which any provision of these Conditions enter into force shall be held to constitute a failure to comply with an obligation imposed on the Licensee by or under these Conditions to the extent that the Licensee is obliged to do or to omit to do (as the case may be) that thing by the terms of any contract subsisting immediately before that date.
6. Any reference in any of the Conditions, however expressed, to the Commission notifying the Licensee of any matter, consulting the Licensee about any matter, affording the Licensee an opportunity to make representation, taking representations made by the Licensee into account, or explaining, or giving reasons for, any matter to the Licensee, shall be without prejudice to any obligation of due process or similar obligation which the Commission is or may be under by virtue of any rule or principle of law or otherwise.

SCHEDULE 1

PART 2: General Conditions included under section 32 of the Act.

Condition 1

Compliance with the Act and Regulations

- 1.1 The Licensee shall comply with the provisions of Act of 2003 and Regulations made thereto and with any direction, determination or order that the Act provides for the Commission to give or make.

Condition 2

Approval of Tariffs, Terms and Conditions

- 2.1 The Licensee shall lodge a notice of tariffs with the Commission which sets out in relation to each kind of service that the Licensee proposes to offer:
 - a) a description of the service;
 - b) details of the nature and amounts of charges payable for the service, and
 - c) the method adopted for determining the charges.
- 2.2 If the charges in the tariff plan vary, in nature, in their amounts or both, the notice must set out, why and how the charges vary.
- 2.3 The notice must be precise and detailed enough to be used to work out the nature and amounts of charges payable for the supply of the particular service.
- 2.4 The notice of tariffs lodged with the Commission must state the period (i.e. the term) for which it is to be in force. The term must not begin until approval for the tariffs is given by the Commission or at a time when a previous tariff of the Licensee on the same service is still in force.
- 2.5 The Licensee shall not impose any terms and conditions for the provision of any specified telecommunications service until such terms and conditions have been approved by the Commission.
- 2.6 The Licensee shall provide the specified telecommunications service at the charges, terms and conditions so approved by the Commission and shall not depart therefrom without prior written approval by the Commission of the proposed charges, terms and conditions.
- 2.7 The tariffs must be in a form approved by the Commission who will provide written reasons in the event of non-approval.
- 2.8 The Licensee shall publish in a manner and at the times in paragraph 2.9 the charges, terms and conditions on which it offers to provide the specified telecommunications service in accordance with an obligation imposed by or under this Licence.

2.9 Publication shall be effected by:

- a) Placing as soon as practicable thereafter a copy thereof in a publicly accessible part of every office of the Licensee in such manner and in such place that is readily available for inspection free of charge by members of the general public during such hours as the Commission may prescribe.
- b) sending a copy thereof or such parts thereof as are appropriate to any person who may request such a copy.

2.10 Where the Licensee publishes a notice of amendment to a charge in the form of an extract from the Licensee's price list the new price shall be clearly identifiable and the operative date specified.

Condition 3

Prohibition of Cross-Subsidies

- 3.1 The Licensee shall ensure that his business under this Licence is not unfairly cross-subsidised from any other source, except in cases where the Licensee is under an obligation to provide service at a place in an area in which the demand or the prospective demand for the service is not sufficient, having regard to the revenue likely to be earned from the provision of the service in the area, to meet all the costs reasonably to be incurred by the Licensee in providing the service there, including;
- i) the cost of equipment necessary for the provision of the service there;
 - ii) the cost of installing, maintaining and operating such equipment for the purpose of providing service there, and
 - iii) the cost of the trained manpower necessary to provide the service there; in which case prior approval shall be obtained from the Commission.

Condition 4

Prohibition of Linked Sales

- 4.1 The Licensee shall not make it a condition of:
- a) providing any telecommunication service;
 - b) supplying any telecommunication equipment; that any person should acquire from the Licensee or from any other person specified or described by the Licensee;
 - i) any telecommunication service other than the telecommunication service requested save where that service cannot be provided without the provision of that other telecommunication service; or
 - ii) any telecommunication equipment not incorporated in the Systems supplied save where the telecommunication service requested cannot otherwise be provided or the telecommunication equipment cannot otherwise be used.
- 4.2 Except where the Commission has agreed otherwise, the Licensee shall not do any of the things described in sub-paragraphs (a) and (b) of paragraph 4.1 together with the other thing in a manner or for charges or on terms or conditions more favourable than would be available for doing one thing without that other thing.
- 4.3 Notwithstanding paragraphs 4.1 and 4.2 the Licensee may where it supplies as part of the same transaction or interconnected series of transactions two or more items of telecommunications equipment, offer quantity discounts or more favourable terms and conditions in respect of quantity in relation to such equipment which it so supplies whether those items or equipment are of the same or different descriptions.

Condition 5

Prohibition on Undue Preference and Undue Discrimination

- 5.1 The Licensee shall not (whether in respect of charges or other terms or conditions applied or otherwise) show undue preference to or exercise undue discrimination against any particular person or persons of any class or description in respect of;
- a) the provision of a service under this Licence; or
 - b) the connection of any equipment approved by the Commission.
- 5.2 The Licensee shall be deemed to have shown such undue preference or to have exercised such discrimination if it unfairly favours to a material extent a business carried on by it or by its lawful telecommunications associates in relation to any of the matters mentioned in paragraph 5.1 so as to place at a significant competitive disadvantage persons competing with that business.
- 5.3 Any question relating to whether any act done or course of conduct pursued by the Licensee amounts to such undue preference or such undue discrimination shall be determined by the Commission, but nothing done in any manner by the Licensee shall be regarded as undue preference or undue discrimination if and to the extent that the Licensee is required to do that thing in that manner by or under any provision of this Licence.

Condition 6

Code of Practice for Consumer Affairs

- 6.1 The Licensee shall in consultation with the Commission, prepare and publish in accordance with Condition 2.9 not later than three months after the date the provision of a telecommunications service comes into operation a Code of practice including:-
- (a) guidance to their customers and employees in respect of disputes or complaints relating to the provision of service by them;
 - (b) Advice to such customers on charging, billing and enquiries in relation thereof; and
 - (c) Advice and procedures on the proper use of the service by such customers.
- 6.2 The Licensee shall consult with the Commission once every year about the operation of the Code of Practice.

Condition 7

Separate Accounts for all Activities.

- 7.1 This Condition applies for the purpose of ensuring that a Licensee establishes as soon as reasonably practicable, not later than 12 months of this Licence coming into force, accounting and reporting arrangements sufficient to enable the Licensee's finances in relation to a Licensed Commercial Telecommunications undertaking to be assessed and reported separately from its other Licensed Commercial telecommunication undertakings and from the other Commercial activities of the Licensee.
- 7.2 The Licensee shall:
- (a) maintain accounting records in such a form that the activities of one commercial telecommunications undertaking and another licensed undertaking are separately identifiable or separately attributable in the books of the Licensee, being records sufficient to show and explain the transactions of each of those Businesses;
 - (b) Prepare in respect of each complete financial year of the Licensee, or of such lesser periods as the Commission may specify, accounting statements setting out costs (including capital costs), revenue and financial position of each of the Businesses and including a reasonable assessment of the assets employed in and liabilities attributable to each of them and showing separately, in the case of yearly accounting statements, the amount of any material item of revenue, cost, asset or liability which has been either:
 - i] charged from or to any other business of the Licensee together with a description of the basis of the value on which the charge was made; or
 - ii] determined by apportionment or attribution from an activity common to the Business and any other business of the Licensee and if not otherwise disclosed, the basis of the apportionment or attribution.
 - iii) procure in respect of each of those accounting statements prepared in respect of a complete financial year of the Licensee a report by the Licensee's Auditor stating whether in his opinion that statement is adequate for the purposes of this Condition; and

- iv] deliver to the Commission a copy of each of the accounting statements and of the reports relating thereto required under sub-paragraphs (a) and (b) above as soon as reasonably practicable and in any event not later than six (6) months after the end of the period to which they relate.
- 7.3 Accounting statements prepared under paragraph 7.2(b) in respect of each financial year shall so far as reasonably practicable, be prepared in the formats and in accordance with the accounting principles and rules which apply to the annual accounts of the Licensee and shall state the accounting policies used.
- 7.4 The Auditor means the Licensee's auditor for the time being appointed in accordance with the requirements of the Company and Allied Matters Act Cap.59 LAWS OF THE FEDERATION OF NIGERIA 1990; and references to the costs of any business do not include profits of that business.

Code of Practice on the Confidentiality of Customer Information

- 8.1 The Licensee shall take all reasonable steps to ensure that those of its employees who are engaged in the licensed Telecommunications undertaking observe the provisions of a Code of Practice which:
- a) specifies the persons to whom they may not disclose information about a customer of the Licensee or that customer's Business which has been acquired in the course of the telecommunications Business without the prior consent of that customer;
 - b) regulates the information about any such customer or his business which may be disclosed with his consent.
- 8.2 The Licensee shall within three months of the date on which this Licence enters to force submit a draft of the Code of Practice to the Commission for its approval and if the Licensee and the Commission fail to agree on the provisions of the code they shall be determined by the Commission.
- 8.3 This condition is without prejudice to the duties at law of the Licensee towards its customers

Condition 9

Arbitration of Disputes with Customers

- 9.1 If the Licensee provides switched telecommunications services it shall include in the standard terms and conditions on which it provides telecommunication services provisions giving persons who have entered into contracts with it for the provision of telecommunication services by the Licensee the opportunity to refer to an inexpensive independent arbitration procedure, instead of to a court of law, any dispute relating to the provision of these services which does not involve a complicated issue of law or a sum greater than such sum as the Commission may from time to time determine. The arbitration procedures and the method of appointment of the arbitrators shall be subject to consultation with the Commission.

Condition 10

Transfer of Licence

- 10.1 The Licensee shall not transfer or assign its Licence to another party without the written approval of the Commission and such approval shall be made valid only by the application of the seal of the Commission.
- 10.2 A person to whom a Licence is to be transferred shall apply to the Commission for a Licence to carry on the relevant telecommunications undertaking on the prescribed application form and shall satisfy the conditions set down by the Commission before any transfer of licence may be considered.
- 10.3 Where the Licensee seeks to transfer its Licence to another person, it shall comply with all terms and conditions of its licence as at the date of transfer; and shall have paid all outstanding fees to the Commission.
- 10.4 The Commission may defer the consideration of any application for Licence or transfer of Licence as long as it deems fit and may, in its absolute discretion, either grant it or refuse to grant same.

Condition 11

Approval of Joint Ventures

- 11.1 The Licensee give particulars of any of the agreements or arrangements to which this condition applies for approval of the Commission before the taking into effect of such agreements or arrangements.
- 11.2 These agreements and arrangements are:
- a) an agreement with any person for the establishment or control of any body corporate for the purpose of:
 - i. providing telecommunications services in Nigeria which requires a Licence; or
 - ii. the production of telecommunications equipment for supply in Nigeria where that production would lead to a monopoly situation which would not otherwise exist in relation to the supply of telecommunications equipment of any description in Nigeria;
 - b) an agreement for the establishment of a partnership for any of these purposes and in those circumstances;
 - c) any other agreement or arrangement in the nature of a joint venture for the purpose of providing telecommunications services which requires a Licence.

Condition 12

Associates

- 12.1 Without prejudice to the Licensee's obligations under these conditions in respect, in particular, of anything done on its behalf, where;
- a} any Associate of the Licensee does anything which the Licensee is prohibited from doing under these Conditions or fails to do anything which the Licensee is in the circumstances required to do; and
 - b} the Commission is of the opinion:
 - i. that in consequence the Licensee is seeking to or is in a material and substantial way avoiding obligations which would apply under these Conditions if the thing had been done or not done by the Licensee; and
 - ii. that having regard to the duty imposed on it by Section 4 of the Act it ought to make a direction under this Condition, then the Licensee shall take such reasonable steps to ensure that the Associate ceases to do that thing or otherwise to remedy the matter as the Commission directs him to take.
- 12.2 For the purpose of this Condition a person is an Associate of the Licensee if he is a subsidiary of or another body corporate controlled by it.

Condition 13

Pre-notification of Changes in Shareholding

- 13.1 Except as specified in paragraph 13.2 the Licensee shall notify the Commission of any change in the control of any of the shares in the Licensee to which this condition applies and any such notification shall be given as soon as practicable after the change in question is proposed.
- 13.2 The Licensee shall not be obliged to notify the Commission of any such change where the number of such shares the control of which it is proposed to change when aggregated to the number of such shares the control of which has been changed at any time after the granting of this licence (whether or not the change has previously been notified to the Commission in accordance with the paragraph) does not exceed 10% of the total number of shares in the Licensee to which this condition applies.
- 13.3 The Licensee shall notify the Commission not later than 30 days before the taking effect of any of the arrangements of the description mentioned in paragraph 13.4.
- 13.4 Those descriptions of arrangements are:
- (a) any arrangement for obtaining a listing of any shares in the Licensee on the Nigerian Stock Exchange; and
 - (b) any arrangement for dealings in any shares in the Licensee on an unlisted market in Nigeria.
- 13.5 This Condition applies to all shares in the Licensee the holder of which for the time being is entitled to vote on any matter at a general meeting of the Licensee.

Condition 14

Payment of Fees

- 14.1 The Licensee shall pay the following amounts to the Commission at the times stated;
- a) on the grant of the Licence the sum of ₦500,000 (Five Hundred Thousand Naira) and 5% surcharge (=N= 25,000) to cover Administrative cost and 5% VAT (=N= 25,000)
 - b) annually thereafter a levy which shall represent two and a half (2^{1/2}%) per cent of the Annual Gross Turn-over of the business carried out under this Licence in the financial year before the last complete financial year of the Licensee.
- 14.2 Gross turn-over shall be construed as revenue accruing to a Licensee in respect of the telecommunications undertaking for which the Licence is issued but shall exclude:
- a) Revenue spent for settlement of connection charges due to NITEL PLC or any other operator.
- 14.3 The most recent audited account or where this is not available, the management account or any other account or projection of the Licensee's operations will be admitted for the purpose of calculating the turn-over for the year under consideration and may be duly adjusted when the years audited account becomes available.

Requirement to furnish Information to the Commission

- 15.1 The Licensee shall furnish to the Commission, in such manner and at such times as the Commission may request, such documents, accounts, estimates, returns or other information and procure and furnish to it such reports as it may reasonably require for the purpose of exercising the functions assigned to it by or under the Act.
- 15.2 In making any such request the Commission shall ensure that no undue burden is imposed on the Licensee in procuring and furnishing such information and, in particular, that the Licensee is not required to procure or furnish a report which would not normally be available to it unless the Commission considers the particular report essential to enable it exercise its functions.
- 15.3 Without prejudice to the generality of paragraph 15.1 the Licensee shall, if the Commission so requests, furnish to it within 6 months of its financial year end a "Financial Statement". If the Commission so requests, there will be appended to the statement a report from the Licensee's Auditor stating whether in his opinion the methods of allocation of costs, assets and liabilities are reasonable and whether the statement has been properly prepared applying those methods and is adequate for the purposes specified in paragraph 15.5.
- 15.4 Before making any request under paragraph 15.3 the Commission shall give the Licensee notice, not later than three months before the beginning of the first financial year for which statements are to be requested, of its intention to do so.
- 15.5 In this Condition, "Financial Statement" means an accounting statement the purposes of which are to set out and fairly present the costs (including capital costs), revenue and financial position of the Licensee's services including a reasonable assessment of the assets employed in and liabilities attributable to those services. The level of desegregation as between services specified in, and in relation to the financial information contained in, the statement shall be such level as the Commission may require from time to time after consultation with the Licensee.

Revocation

- 16.1 Notwithstanding paragraph 2 of this Licence the Commission may at any time revoke this Licence by Twelve Months notice in writing given to the Licensee at its registered office where the Licensee is in breach of any of the Conditions attached to this Licence and the breach has not been rectified within 21 days after the Commission had notified the Licensee of the breach.
- 16.2 Notwithstanding paragraph 2 of this Licence the Commission may at any time revoke this Licence by Three months notice in writing given to the Licensee at its registered office in any of the following circumstances:
- (a) if the Licensee agrees in writing with the Commission that this Licence be revoked;
 - (b) if the Licensee ceases to carry on its Business for which this Licence is granted;
 - (c) if any amount payable under Condition 14 of Schedule 1 is unpaid 14 days after it became due and remains unpaid for a period of 14 days after the Commission notified the Licensee that the payment is overdue, such notification not to be given earlier than the sixteenth day after the day on which the payment became due;
 - (d) if within six months of the granting of this licence, the Licensee has not commenced full operation to the satisfaction of the Commission;
 - (e) if the Licensee fails to ensure that its equipment is type approved by the Commission or a body approved by or accredited to the Commission;
 - (f) if the Licensee:
 - (i) is unable to pay its debts,
 - (ii) enters into receivership or liquidation,
 - (iii) takes any action for voluntary winding-up or dissolution or such action is taken by any other person or enters into any scheme of arrangement (other than in any such case for the purpose of reconstruction or amalgamation) upon terms and within such

period as may previously have been approved in writing by the Commission or if a receiver or trustee is appointed or if any order is made for its compulsory winding-up or dissolution.

Condition 17

Exceptions and Limitations on Obligations in Schedule 1

Unless the context otherwise requires the Licensee's obligations under these Conditions shall have effect subject to the following exceptions and limitations:

- 17.1 The Licensee shall not be held to have failed to comply with an obligation imposed upon it by or under these Conditions if and to the extent that the Licensee is prevented from complying with that obligation by any physical, topographical or other natural obstacle, by the act of any National authority, Local Authority or International organisation or as a result of fire, explosion, accident, emergency, riot or war.

**SCHEDULE 2: Specific Conditions for the Provision and Operation of
INTERNET SERVICES**

Condition 1

Scope of Operation

1.1 This Licence shall be for the provision and operation of Internet services.

Condition 2

Technical Requirements

- 2.1 The Licensee shall comply with the technical standards specified by the Commission.
- 2.2 The Licensee shall not alter any of these specifications except with the written approval of the Commission.

Condition 3

Approval of Equipment

- 3.1 The Licensee shall ensure that its equipment is type approved by the Commission or a body approved by the Commission before commencement of operations.

Condition 4

Limitations

- 4.1 The Licensee shall not disseminate, cause to be disseminated, or allow to be accessed through it's network:
- a) Any information which directly or indirectly casts aspersion on a religion, political group, ethnic group or race;
 - b) any pornographic article;
 - c) Any obscene article within the meaning of section 233 of the Criminal Code Act, Cap. 77, Laws of the Federation, 1990;
 - d) Any seditious publication within the meaning of section 50 of the Criminal Code Act, Cap. 77. Laws of the Federation, 1990.
- 4.2 This Licence does not permit the Licensee to offer any other Value Added Network service except with the prior written approval of the Commission.
- 4.3 This Licence does not permit the Licensee to establish a Network for the provision of this service by implementing it's own wire or radio link other than such links provided by a Carrier or Operator.