

**UNDER SECTION 17(2) OF THE SRILANKA TELECOMMUNICATIONS ACT
NO. 25 OF 1991 AS AMENDED BY ACT NO.27 OF 1996, TO OPERATE A
TELECOMMUNICATIONS SYSTEM**

1. I, President Democratic Socialist Republic of Sri Lanka in the exercise of the powers conferred on me under section 17(2) of the Sri Lanka Telecommunications Act No. 25 of 1991 as amended by the Act, No 27 of 1996 (hereinafter referred to as "the Act") hereby grant to **Sri Lanka Telecom PLC**, a company duly incorporated in the Democratic Socialist Republic of Sri Lanka under the Companies Act No. 7 of 2007 bearing Company No. PQ7 (hereinafter referred to as "the Operator"), a Licence to operate a telecommunication system specified in Schedule 1 (hereinafter referred to as the "Licensed System") and authorise the Operator to do all or any of the acts specified in Schedule 2 subject to the Conditions set out in Schedule 3 and to revocation as provided in Schedule 4.
2. This Licence shall come into force on 09th February 2012 and shall be of 10 years' duration unless previously revoked in accordance with Schedule 4.
3. The Commission may amend the Licence from time to time where objectively justifiable and in a proportionate manner. Any amendment shall be made in accordance with Section 18 of the Telecommunications Act No. 25 of 1991 as amended.
4. The provisions of the Act and all Rules and Regulations made there under shall apply to the Operator for all purposes.

Mahinda Rajapaksa
President
Democratic Socialist Republic of Sri Lanka

Date:-

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SCHEDULE 1

THE LICENSED SYSTEM

1. The Licensed System consists of Telecommunication Systems which is established by the Licensee for the purpose of providing Domestic & International Telecommunications Service between one or more points in Sri Lanka and one or more points outside the Sri Lanka.

2. The Licensed System shall not include;
 - a. any Telecommunication System for which a Licence is not required under the Act.
 - b. any Telecommunication System which is Licensed to another Operator.
 - c. any terminal apparatus.

SCHEDULE 2

AUTHORISATION TO CONNECT OTHER TELECOMMUNICATION SYSTEMS & APPARATUS TO THE LISENSED SYSTEM AND TO PROVIDE TELECOMMUNICATION SERVICES BY MEANS OF THE LICENSED SYSTEM.

1. Nothing contained in this License shall exempt the Operator from obtaining any other license for the purpose of carrying on any function for which a person is required to obtain a license under the provisions of the Act or any other enactment.
2. Subject to that limitation and without prejudice to the Act and paragraph 1, this license authorises the connection to:
 - a. any other connectable telecommunication system, which Commission has notified the Licensee, run under a License;
 - b. any telecommunication system outside Sri Lanka except a telecommunication system which Commission has notified the Licensee should not, or as the case may be should cease to, be connected to the Licensed System;
 - c. telecommunication apparatus which is of a type approved by the Commission under the Act.
3. Subject to paragraph 1, this Licence authorises the provision, as specified Services below, by means of the Licensed System:
 - I. Voice Telephony services
 - II. Data Communications Services
 - III. Next Generation Network(NGN) Services
 - IV. Backhaul Services
 - V. Network access Services
 - VI. Leased Line Services
 - VII. Public Payphone Services
 - VIII. Maritime service
 - IX. International television transmission
 - X. INMARSAT services

SCHEDULE 3

LICENCE CONDITIONS

PART I: BASIC OBLIGATIONS

1. General

- 1.1 The Operator shall comply with the provisions in the Act and Rules & Regulations made there under.
- 1.2 The Operator shall strictly and without any undue delay comply with any directions, which the Commission may from time to time issue in exercise of its powers, functions or duties under the Act, or in this Licence.
- 1.3 The Operator shall maintain and operate the Licensed Systems as described in Schedule 1 for the provision of the Services as authorised in Schedule 2. The Operator shall not operate or provide any system or service, which has not been authorised in the Schedules 1 and 2 respectively.

2. Provision of Telecommunication Services

- 2.1 The Operator shall provide telecommunication services consisting in the conveyance of Messages by means of the Licensed System.
- 2.2 The Operator shall be responsible for installation, networking and operation of all the equipment to provide the services. The Operator shall supply all necessary literature, drawings, installation materials regarding the equipment installed for commissioning of the services. The Operator shall supply all the tools, test instruments and other accessories to the testing party of the commission for conducting the tests.
- 2.3 The Operator shall maintain the Licensed System in proper working order, in accordance with such standards conforming to international norms and standards as may be specified by the Commission from time to time, and improve and expand the Licensed System in accordance with the development plan approved by the Commission. The Operator shall not utilise used equipment in the Licensed System without the prior written authorisation of the Commission.
- 2.4 Within 3 months from the grant of this Licence, the Operator shall, after consulting with the Commission on the development goals of the Government, draw up a Development Plan in accordance with the planning objectives specified by the Commission.

- 2.5 The Development Plan shall include detailed description of the design, technical specifications and characteristics of the proposed network infrastructure and services. At a minimum, the Operator shall provide a schematic network architecture diagram showing:
- a. overall network hierarchy for delivery of services;
 - b. the type and extent of different architecture options to be deployed;
 - c. points of aggregation;
 - d. nature/type of aggregation device proposed at each level in the hierarchy, including equipment type/make;
 - e. links between points of aggregations, plus the interconnection links to other Operators and indicating the type of link proposed;
 - f. location of the network boundary point;
 - g. network management arrangements to ensure end-to-end service delivery, including reference to relevant national and international Quality of Service standards for end-to-end services, fault detection and response/restoration/repair processes and supporting systems.
- 2.6 The Development Plan shall cover such period as may be agreed between the Commission and the Operator and shall be reviewed and renewed at such intervals as may be agreed between the Commission and the Operator. For the duration of the Development Plan, the Operator shall be obliged to implement it according to its terms except to the extent that the Commission agrees to any modifications in it.
- 2.7 When the Development Plan is submitted to the Commission for approval, it may approve it or make such revisions to it as it considers necessary. In taking such a decision on the Development Plan, the Commission shall take into account the financial and technical resources that can reasonably be expected to be available to the Operator during the period of the Plan.

In the case of minor deviations, the Operator may amend the Development Plan, provided such amendments together with supporting reasons are communicated to the Commission under recorded delivery at least eight weeks prior to implementation of such amendments.

3. Broadband Backhaul Services

- 3.1 The National Backbone Network (NBN) shall be designed to have potential wholesale capacity that the Operator/other licensed Operators could deliver broadband services with a minimum 25 Mbps downlink speed with commensurate uplink speed over each individual connection irrespective of the category of user. The Operator shall have right to request the Commission to review the download speed requirements after the second year NBN operation.
- 3.2 The Operator shall design its network to support high quality voice; data and video services include symmetric applications such as high-definition video-conferencing and shall have sufficient capacity to meet current and foreseeable demand consistent with international trends.
- 3.3 The Operator shall take all reasonable steps to provide by means of the Licensed System to any operator, service provider or other business Broadband backhaul and Connectivity Services to the extent as the Commission may consider practicable in the circumstances. The Operator shall also endeavour to provide sufficient national and international telecommunication facilities including unrestricted access to Operator's submarine landing station(s) to meet the requirements of and demand for broadband backbone services.

4. Connection of Apparatus not Comprised in the Licensed System

- 4.1 No apparatus shall be permitted to be kept connected to the Licensed System if that apparatus:
 - a. in the opinion of the Operator, no longer conforms to the required technical standards and the Commission has not expressed a contrary opinion.
 - b. in the opinion of the Operator is liable to cause the death , or personal injury to any person engaged in the running of the Licensed System, or materially to impair the quality of any Telecommunication Service provided by means of any Licensed System or damage to the property of the Operator, and the Commission has not expressed a contrary opinion.

5. Payment of Fees

- 5.1 The Operator shall make during the currency of the Licence, on or before 31st January of each year following the issue of the Licence, the following payment:
 - a. One per cent (1%) of the value of all additions to capital investment made during the preceding financial year of the operator; and
 - b. A cess imposed under Section 22G of the Act.

- 5.2 If the operator fails to make the payments by the 31st of January as specified in paragraph 5.1, Operator shall be required to pay an additional charge as may be determined by the Commission.

PART II: TECHNICAL OBLIGATIONS

6. Use of Telecommunication Equipment in the System

- 6.1 Prior to the operation of the Licensed System, the Operator shall be required to obtain the Commission approval for the telecommunication infrastructure of the Licensed System and the type of the technology to be employed for provision of authorised services. Subsequent changes to the telecommunication infrastructure of the Licensed System and/or introduction of new technologies to the network shall be notified to the Commission in advance for approval.

7. System Architecture and Network Design

- 7.1 The Operator shall maintain an up-to-date record of the configuration of the system used for the provision of telecommunication services. This record shall include the following details and shall be supplemented by schematic diagrams where the Commission considers appropriate:
- a. The description, nature, specification and configuration of building blocks, including embedded software and information programmed into the nodes or remote computer equipment and switches in or connected with the system, the interconnection between the building blocks and all incoming and outgoing telecommunication circuits connected to the Licensed System;
 - b. The information identifying the circuits such as circuit identification number of the provider of the circuit, type, quantity and the special features and functions available on or in connection with these circuits.
- 7.2 The Operator shall design its network to support high quality voice, data and video services include symmetric applications such as high-definition video-conferencing and shall have sufficient capacity to meet current and foreseeable demand consistent with international trends.

8. Changes to the System

- 8.1 The Licensee shall give notice in writing to the Commission and shall notify all parties affected of any changes it intends to implement in the specification or performance of the Systems which would require changes to any equipment connected to the System. The period of notice, in consultation with the Commission, shall be appropriate to the likely impacts on the parties affected.

- 8.2 The Operator shall obtain the prior approval of the Commission before implementing such changes, where the Commission considers proposed changes to the Licensed System referred to in paragraph 8.1, would cause another licensed Operator of the Commission has to make major changes in its own network in order to maintain the interoperability with the System of the Operator.

9. Technical Standards

- 9.1 The Operator shall comply with any technical standard prescribed by the Commission for the purposes of ensuring technical compatibility, avoiding technical harm to network or preventing safety hazards to personnel in the connection of telecommunication apparatus to the Licensed System.
- 9.2 The Commission shall have right to direct the Operator to demonstrate that the service complies with the technical standards prescribed by the Commission and the Operator shall comply with such directions.
- 9.3 The Operator shall comply with the electromagnetic compatibility standards as may be specified by the Commission from time to time.

10. Operation of Radio Communication Stations

- 10.1 The Operator shall utilize the assigned frequencies entirely for the provision of the licensed undertaking. The Operator further covenants that it shall, in the use of the frequency spectrum, conform to the general allocation of frequencies in the ITU Radio Regulations.
- 10.2 The Operator shall use its best endeavours to ensure that the location, assigned frequencies, emissions, output power, polarisation, antenna characteristics and other technical parameters of each telecommunications installations for radio communication shall at all times conforms to the technical standards as specified by the Commission. The Operator shall not change the location of the telecommunications installations for radio communication or its technical parameters without the prior written approval of the Commission.
- 10.3 The Operator shall take all necessary steps to ensure that the use of the telecommunications installation for radio communications is safe and does not cause interference to other existing radio communication networks operating in the same band or in other bands.

- 10.4 The Operator shall also take appropriate measures to ensure that its radio Communication equipment is adequately protected from interference that may be caused by networks operating in the same band or in other bands.
- 10.5 The Operator shall ensure that non-ionising radiation emissions from its telecommunications installations for radio communication are within the limits specified by the Commission and that it complies with the standard on human exposure to radio frequency radiation adopted and published by the Commission from time to time.

11. Numbering

- 11.1 The Operator shall conform to the National Numbering Plan prescribed by the Commission in the operation of the Services and directions issued by the Commission in respect of the usage, allocation and assignment of numbers. The Operator shall take all necessary steps to ensure that the numbers allocated are efficiently utilised.
- 11.2 The Commission reserves the right to alter and/or reallocate numbers allocated to the Operator at any time, upon written notice. Numbers assigned to the Operator is the property of the Commission and the Operator shall have no proprietary right to the numbers assigned. The Operator shall consult the commission prior to the reallocation of numbers and codes within the National Numbering Plan.
- 11.3 The Operator shall maintain a record of the status of all numbers allocated to it by the Commission and shall, on request, make that information available to the Commission. The Operator shall ensure that the allocation of individual numbers or number ranges by the Operator to its customers is carried out in an objective, transparent, non-discriminatory and timely manner.
- 11.4 The Operator shall make any changes in any equipment, facilities or processes required in order to continue to comply with the National Numbering Plan or any directions issued by the Commission from time to time. The Commission may change the numbers allocated to the Operator at any time. The Operator shall comply with any direction of the Commission in relation to the implementation of number changes and informing users of such changes. The Operator shall bear all the cost incurred due to compliance.
- 11.5 The Commission may withdraw any numbers or numbering ranges allocated to the Operator if, in the opinion of the Commission:

- a. the numbers are unused and unlikely to be put into use in the foreseeable future;
 - b. withdrawal is necessary as part of a change to the National Numbering Plan.
- 11.6 The Operator shall not charge its customers for allocations of numbers except where authorised and in accordance with any direction from the Commission. The Operator shall reserve and use the access codes, designated by the Commission, as being for use as emergency access codes, exclusively for calls to the emergency services.

PART III: INTERNATIONAL SERVICE OBLIGATIONS

12. International Commitments

- 12.1 The Operator shall at all times comply with the provisions of the constitution and Convention of the International Telecommunication Union (ITU) and the regulations and recommendations annexed to it, and without limiting the generality of the foregoing, the recommendations made by the Radio communication Sector and Standardisation Sector established under the Convention and any other international convention, agreement, arrangement, or treaty to which Sri Lanka is or shall become a party.
- 12.2 The Commission shall notify the Operator from time to time of any such convention, agreement, arrangement, or treaty, which Government entered.

13. Provision of International Service

- 13.1 The Operator shall take all reasonable steps to provide by means of the Licensed System to any person to whom it provides Telecommunication Services by means of such Systems and who so requests, International telecommunication Services to the extent as the Commission may consider practicable in the circumstances. The Operator shall also endeavour to provide sufficient international telecommunication facilities to meet the requirements of and demand for international telecommunication services.
- 13.2 The Operator shall require to build, operate & maintain international Telecommunications infrastructure, which include back-haul facilities, international gateway facilities, cable landing stations, Earth Station facilities and submarine cable/satellite transponder capacity, depending on the selected means of provision. The Commission provides Operator with the necessary regulatory support and assistance in order to Operator may gain access to relevant infrastructure (access to Intelsat facilities and submarine cable landing rights etc.) for the provision of international telecommunication services.
- 13.3 The Operator shall provide International telecommunication Services to all the countries, which ITU has assigned or may assign country code, via the cheapest and most direct route. If there is no direct route existing between the Sri Lanka and overseas destination concerned, the Operator shall use the most direct transit route for both incoming & outgoing telecommunication traffic with the consent of the Commission, the relevant transit and destination administrations.

- 13.4 The Operator shall obtain the approval of the Commission to provide International Simple Resale (ISR) service on a route-by-route basis for the provision of the service. The Operator shall not operate the ISR service between Sri Lanka and any foreign destination unless the legislation and/or policies at that destination permits or does not prohibit the operation of such service. The Operator shall provide documentary proof from the relevant authorities in the foreign country that ISR between Sri Lanka and the foreign country is permitted.

14. International Service Circuit Routings

- 14.1 The Operator shall provide the detailed information on the technical configuration and circuit routing of the licensed system used for routing of messages between the licensed system and the Authorised overseas Systems for the provision of International Service route-by-route basis. The detailed information referred to in above shall include details on any transit nodes, switches involved in the routing of calls and routing information programmed into the switch or any remote computer equipment for each overseas destination.
- 14.2. Operators shall not alter the:
- a. Calling Line Identity (CLI) of the original calling party and the original calling party CLI shall be passed on in the conveyance of a call accordingly;
 - b. change the access code, in the handling of outgoing traffic, dialled by the calling party.

15. International Traffic & Transit Service

- 15.1 The Operator shall endeavour to use Sri Lanka as a transit point for routing of international telecommunication traffic between overseas Operators. The total transit traffic channelled through the licensed system in each year shall be at least 15% of its annual international inbound traffic. The share of the transit traffic in each international route shall not be less than 10% of annual international inbound traffic in that particular route.
- 15.2 If Operator fails to meet the obligation in paragraph (15.1) at the end of each year, the Operator shall be liable to pay a penalty fee that shall be 15% of the Operator annual Collection fee. The penalty fee shall be paid within 3 months period following the end of each financial year. Any and all amount of penalty that are not paid when due and owing shall be paid with interest which based on the prevailing interbank interest rate as determined by the Commission.

- 15.3 The Operator shall require to furnish statistics of the volume of inbound and outbound traffic routed through the Licensed System in each month on a quarterly basis in such a way that:
- a. Monthly total billable minutes of outbound traffic from end-customers via public switched telephone networks for each route;
 - b. Monthly total billable minutes of outbound traffic from end-customers via leased lines for each route ;
 - c. Monthly total conversation minutes of inbound traffic delivered to end-customers via public switched telephone networks for each incoming route;
 - d. Monthly total conversation minutes of inbound traffic delivered to end-customers via leased lines for each incoming route.

16. International Settlement Regime

- 16.1 The Operator shall furnish all accounting rates and accounting arrangements to the Commission under recorded delivery of the particulars of such routes and the accounting rates at least six weeks prior to the commissioning of international services. The Operator may with a view to fulfilling the requirements specified in this paragraph, negotiate with operators running Authorised Overseas Systems.
- 16.2 Any subsequent changes to agreements shall be notified to the Commission. Such notification, which shall include the new rate, the rate division applicable, the currency, the effective date and the distant carrier, is to be made no later than 2 week before the date of such change to the accounting rate. Where changes to the accounting rate are made retrospectively, Operator is required to notify the change no later than 2 week after the date that the change to the accounting rate is agreed.
- 16.3 Any changes of a temporary nature to the accounting rate shall be notified to the Commission with the exception that the notification must be made 48 hours before the temporary change to the accounting rate, such temporary changes being limited to a maximum duration of six weeks per route per year in each direction.

16.4 The Commission shall have power to make a determination on the question of whether an accounting rate, method of settlement or division of the accounting rates has or is likely to have an effect to the detriment of other licensed operators and users of international conveyance services in Sri Lanka on international routes. Where such a determination is made, the Commission may direct the Operator to take such steps necessary to remedy the situation or to cease to convey any messages to the far end country.

17. Restriction on Exclusive Arrangement for International Services

- 17.1 The Operator shall not enter into any agreement or arrangement :
- a. which unfairly preclude or restrict, to the detriment of the national interest and;
 - b. that has the effect of substantially and effectively distorting competition in the provision of international telecommunication services between that country and Sri Lanka.

PART IV: INTER OPERATOR OBLIGATIONS

18. Interconnection and Access

- 18.1 The Operator shall have access, and shall provide access, to the connectable systems operated by other Licensed Operators. The Operator shall establish and maintain sufficient points of interconnections with adequate capacity subject to the provision of the Act the terms and conditions of the interconnection and access shall be commercially negotiated between the Operator and other Licensed Operators. The operator shall keep the Commission informed the nature and the quality of the traffic carried over interconnection which is subject to the provision of the Act and this License. In the event that the parties cannot reach an agreement, the Commission shall determine the matter.
- 18.2 The Operator shall take every endeavour to facilitate open access to its network, including measures or models to ensure equivalence of access prices and non-price terms and conditions, and arrangements for allowing other Operators to differentiate their service offerings to customers.
- 18.3 The Operator shall use all reasonable endeavours to ensure that Interconnection is done promptly, efficiently and at charges, which are costs based so as to compensate the costs of the Operator for provision of interconnection.
- 18.4 The Operator shall comply with the Interconnection Guidelines as may be specified by the Commission from time to time.
- 18.5 In connecting the service to other telecommunication network, which operates under a Licence granted under the Act, the Operator shall comply with any technical specification prescribed by the Commission for the purposes of ensuring technical compatibility, avoiding technical harm to network.

19 Access Charges

- 19.1 The Operator may in accordance with the rules made by the Commission may impose upon a person running a Connectable system who provides Telecommunication services to others a charge (hereinafter referred to as Access charge) for the provision of such Telecommunication services by means of a connection to the Licensed System provided that all the conditions set out in the paragraph 19.2 are fulfilled.

19.2 The said conditions are that:

- a. the Access Charge , or the method adopted for determining it , is the same all such persons;
- b. the Operator has furnished to the Commission under acknowledgement particulars of the Access Charge or the unit costs, method adopted for determining it and either
 - i. the Commission has approved that Charge or that method: or
 - ii. it has failed to give written notice of its disapproval within a period of 4 weeks and
- c. the Commission has arrangements which as nearly as practicable secure that all persons to whom there are provided by means of the Connectable system , are required to pay charges at least equal to the Access Charges which would have been so payable.

20 Control of Obstruction

20.1 The Operator shall take reasonable measures to install, maintain and operate the service and the network in such a manner as not to cause any physical obstruction to the installation, maintenance, operation, repair, or replacement of the systems of any licensed Operator.

21 Telecommunications Infrastructure Sharing

21.1 Where the Commission considers it is necessary for the Operator to share its telecommunications infrastructure with other telecommunication Operators in the national and/or public interest, the Commission may issue directions requiring the Operator to co-ordinate and co-operate with other licensed Operators for sharing of telecommunications infrastructure. The Operator shall comply with such directions. Prior to issuing any direction under this paragraph, the Commission shall give a reasonable opportunity for the Operator to make representations on the telecommunications infrastructure to be shared.

21.2 The telecommunications infrastructure referred to in paragraph 21.1 shall include:

- a. ducts, pits, tunnels, manholes, towers, masts, poles and antennae sites where radio communications facilities have been installed.

- b. reasonable space within the Operator's premises or other sites for the purposes of housing the equipment of another licensed Operator of the Commission to establish interconnections with Operator.

PART V: COMMERCIAL OBLIGATIONS

22. Tariffs for Services

- 22.1 The Operator shall lodge a notice of tariffs with the Commission, which sets out in relation to each kind of authorised service in Schedule 2 that the Operator 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.
- 22.2 The notice shall 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. The notice of tariffs lodged with the Commission shall state the period (i.e. the term) for which it is to be in force.
- 22.3 The Operator shall outline how its proposed tariffs have been determined with reference to the underlying costs of providing services and demonstrate that the underlying costs are incurred on an efficient basis. The Operator shall explain the basis on which they have derived the cost of capital, including how investment risks have been calculated. The Commission shall have reserve the right to determine a price cap for the authorised services in Schedule 2.
- 22.4 For subsequent revision of tariffs, the Operator shall give the reasons for a change of tariffs in the previous tariff plan. The revision of tariffs shall not be effective until approval of the Commission is granted or at a time when a previous tariff of the Operator on the same service is still in force.
- 22.5 The Operator shall not impose any terms and conditions for the provision of any specified service until the Commission has approved such terms and conditions.
- 22.6 The Operator shall provide the specified service at the charges, terms and conditions so approved by the Commission and shall not depart from without prior written approval by the Commission of the proposed charges, terms and conditions.
- 22.7 The Operator shall publish in a manner and at the times in paragraph 22.9 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.

22.8 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 Operator 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.

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

23. Separate Accounts for Certain Activities

23.1 The Operator shall establish from the beginning accounting and reporting arrangements sufficient to enable the Operator's finances in relation to the various Licensed services and activities not requiring a Licence to be assessed and reported on separately from the other activities of the Operator. The Operator shall comply with any directions made by the Commission from time to time in relation to the preparation and delivery of accounting statements.

23.2 The Operator shall:

- a. maintain accounting records in such a form that the activities of the systems business and the mobile terminal equipment supply business are separately identifiable or separately attributable in the books of the Operator, being records sufficient to show and explain the transactions of each of those businesses;
- b. prepare in respect of each financial year of the Operator, or of such lesser periods as the Commission may specify but not more frequently than quarterly, accounting statements setting out, and in the case of yearly statements fairly presenting the costs (including capital costs), revenue and financial position of each of those businesses, service and region wise 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 Operator 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 Operator and, if not otherwise disclosed, the basis of the apportionment or attribution;
- c. procure in respect of each of the accounting statements prepared in respect of a financial year of the Operator a report by the Auditor stating whether in his opinion that statement is adequate for the purposes of this Condition; and
- d. deliver to the Commission a copy of each of the accounting statements and of the reports relating thereto required under sub-paragraph (b) not later than six months after the end of the period to which they relate.

For the purposes of this paragraph the cost of any business does not include profits of that business.

- 23.3 Accounting statements prepared under paragraph 23.2(b) in respect of each financial year shall be prepared in the formats and in accordance with the accounting principles and rules which apply to the annual accounts of the Operator and shall state the accounting policies used.

24 Anti- Competitive Practices

- 24.1 The Operator shall not enter into any agreement, arrangement or understanding that shall in any way prevent or restrict competition in relation to the operation of Licensed System, provision of authorised services and acquisition of any telecommunication installations, services or apparatus. In particular, the Operator shall not enter into linked Sale or Exclusive Dealing Arrangements.
- 24.2 The Operator shall ensure that there are no cross subsidies between such parts of the Operator's business as the Commission may determine in consultation with the Operator.
- 24.3 The Operator shall establish such accounting and reporting arrangements so as to enable the Operator's finances in relation to different parts of its business to be assessed and reported on separately.

- 24.4 Where the Commission determines that the Operator has engaged in Anti-Competitive Practices, the Operator shall take such steps as the Commission may direct for the purpose of remedying the situation.

25 Prohibition on Undue Preference and Undue Discrimination

- 25.1 The Operator shall not (whether in respect of the charges or other terms or conditions applied or otherwise) show undue preference to, or exercise undue discrimination against, particular persons or persons of any class or description. In particular, the Operator shall not give any undue preference to, or receive an unfair advantage from, a business carried on by it or an associated or affiliated company, if the Commission is of the opinion that the competitors of the Operator could be placed at a substantially disadvantage position or the competition would be prevented or significantly restricted.
- 25.2 Any question relating to whether any act done or course of conduct pursued by the Operator amounts to such undue preference or such undue discrimination shall be determined by the Commission, but nothing done in any manner by the Operator shall be regarded as undue preference or undue discrimination if and to the extent that the Operator is required to do that thing in that manner by or under any provision of this License, or where the Operator gives any discount to its large customers provided that such concessions are extended without discrimination to all customers falling within this category.

26. Ownership of the Licensed System

- 26.1 The Operator shall at all times own and operate the Licensed System and is not permitted to transfer of shares or sell, lease /transfer the whole or part of the Licensed System to any person during the first five years operation. For subsequent change of ownership of the Licensed System, the Operator shall obtain the prior approval of the Commission.
- 26.2 The Operator shall not issue or transfer or redeem shares such as would give rise to a change in control of the Operator or a material change in the ability of the Operator to perform the authorised Services without the prior consent of the Commission.

27. Pre-Notification of Joint Ventures

- 27.1 Where the Operator enters into an agreement –
- a. with any person or persons for the establishment or control of any body corporate for the purpose of :
 - i. the running of a telecommunication System which requires a Licence, under this Act; or
 - ii. providing telecommunication Services in Sri Lanka which necessarily involve the running of a Licensed System; or
 - iii. the production of Telecommunication Apparatus for supply in Sri Lanka where that production would lead to a monopoly situation which would not otherwise exist in relation to the supply of Telecommunication Apparatus of any description in Sri Lanka;
 - b. for the establishment of a partnership; for any of the purposes or in any of the circumstances referred to in paragraph (a);
 - c. in the nature of a joint venture for any of the purposes or in any of the circumstances referred to in paragraph (a) ;

27.2 The Operator shall, unless the Commission otherwise agrees, notify the Commission not later than 30 days before the taking effect of any such agreements, giving particulars of those agreements.

For the purpose of this Condition, "Monopoly Situation" has the same meaning as in Section 12 of the Fair Trading Commission Act No: 1 of 1987.

28. Associates

28.1 Where any Associate of the Operator does anything which the Operator is prohibited from doing under the Licence or fails to do anything which the Operator is required to do under the Licence, the Operator shall take such reasonable steps to ensure that the Associate takes such remedial steps to rectify the consequences of the commission or omission as the case may be, as directed by the Commission.

For the purposes of this Condition a person is an Associate of the Operator;

- a. if he is a Subsidiary of, or is another body corporate in which the Operator has a substantial interest; or
- b. it is a holding company of or controls the Operator.

PART VI: CUSTOMER SERVICE OBLIGATIONS

29. Privacy & Confidentiality

- 29.1 The Operator shall take all reasonable steps to safeguard the privacy & confidentiality of any telecommunication messages conveyed by means of the Licensed System.
- 29.2 The Operator shall not use information provided by its customers or obtained in the course of provision of service to its customers other than for and in relation to the provision by the Operator of the service under this licence.
- 29.3 The Operator shall not disclose information of a customer without consent of the customer except under the following circumstances:
- a. where disclosure is deemed necessary by the Commission for the violation of the provisions of the Act or the relevant security agencies or law enforcement or for Prevention/detection of crime or prosecution of offenders;
 - b. where sharing of information with other licensed Operators is necessary to detect, prevent or investigate into fraud under the directions of the Commission.

30. Metering & Billing

- 30.1 The Operator shall install and use metering and billing systems that are reliable and accurately record the extent of the Service provided to its Customers and any other Operator. The Operator shall, in relation to metering and billing systems used for the provision of the service, keep such records and make them available for inspection.
- 30.2 The Operator shall conduct tests, upon the request of the Commission, on metering equipment to assess its accuracy, reliability and conformity to the technical standards as specified by the Commission. The Operator shall submit the test result to the Commission within the period as the Commission may determine.
- 30.3 The Operator shall take appropriate measures to issue bills with periodicity as determined by the Commission in consultation with the Operator, to the users of the service, indicating the charges provided to the subscribers.

- 30.4 The Operator shall provide, to each of its subscribers, a basic level of itemised billing at no extra charge to the Subscriber. The Operator shall ensure that each itemised bill shows a sufficient level of details, such as type of service and the units for which charges are made, the starting time of the each connection, the number called and the duration and number of units for each call, to allow verification and control of the charges incurred in using its licensed System.
- 30.5 The Operator shall set out in any account or invoice sent to any such operator or customer the true extent of the service actually provided to that Operator or Customer in the period to which the account or invoice relates.
- 30.6 The Operator shall upon the written request of the Commission and within 14 (fourteen) days of such request, conduct tests on the metering equipment to assess its accuracy, reliability, and conformity to the technical standards, if any, specified by the Commission. The Operator shall submit the test results to the Commission within 14 days after the date of the test or such other longer period as the Commission may determine;
- a. Permit the Commission to inspect its metering and billing system at any time and to cooperate in facilitating any such inspection; and
 - b. Alter, adapt, modify or improve such system in accordance with any reasonable requirement which the Commission may specify in writing from time to time.

31. Customer Protection

- 31.1 The Operator shall comply with any directions issued by the Commission for the purposes of protecting the interests of its customers or Users time to time.
- 31.2 The Operator shall, in consultation with the commission, prepare and publish within three months of the date on which this licence enters into force, a code of practice for the customer complaints handling, resolution of customer disputes and in relation to non-payment of bills and disconnection. The Commission may from time to time issue directions to the Operator specifying any modifications or additions that it considers should be made to the code or as to the publication, republication, implementation or further modification of the code.

- 31.3 The Operator shall participate in good faith in any dispute resolution procedure established by the Commission for the resolution of such disputes. The Operator shall be solely responsible for the treatment of the subscribers' complaints, issue of bills to its subscribers, attending to claims and damages arising out of this operation.
- 31.4 The Operator shall, in the manner and at the times specified by the Commission, publish the standard terms and conditions under which it provides each category of authorised Services to its customers. The Operator shall ensure that a statement of all applicable terms and conditions of each category of authorised Services is promptly made available for inspection at the request of any member of the public.
- 31.5 The Operator shall deliver to the Commission copies of all standard-form contracts from time to time issued by the Operator in connection with the provision of authorised services to the customers.

PART VII : UNIVERSAL SERVICE OBLIGATIONS

32. Service Commitments

- 32.1 The Operator shall be obliged to provide the Telecommunications Service over the Licensed System to every person in Sri Lanka who requests it. The Operator shall supply the Telecommunications Service to any person, on its usual terms and conditions, within a reasonable period of a request for Telecommunications Service at the charge as may be authorised by the Commission from time to time.
- 32.2 The Operator shall be required to install and to connect to an item of Customer Premises Equipment capable of making use of the Telecommunications Service and responsible for maintenance and repair of that item of Customer Premises Equipment supplied by the Operator.

33. Public Payphone Service

- 33.1 The Operator shall, in compliance with the any direction of the Commission time to time, provide and maintain Public Payphone Service in Sri Lanka.
- 33.2 The Operator shall ensure that the access to emergency calling services without the use of any card or is available at all Public Pay phones.

- 33.3 The Operator shall display prominently on all Public Payphones at which it provides a notice specifying:
- a the minimum charge for payable of a call and permissible method of payment;
 - b the location of the Public Payphone sufficient to enable it to be located as swiftly as practicable by Emergency Organisation;
 - c the statement that emergency calls can be made without charge;
 - d a statement whether or not incoming calls can be received; and
 - e contact information in the event of service complaints.
- 33.4 The Operator shall not withdraw the from service of any Public Pay phone that it has provided other than revenues from that Public Payphone in any period of twelve consecutive months have been fallen below the maintenance cost of that Public Payphone. The Operator shall keep informed the commission such withdrawal prior to do so.

34. Public Emergency Call Service

- 34.1 The Operator shall provide a Public Emergency Call Service by means of any member of the public may, at any time and free of charge through customer premises equipment capable of voice telephony and any public payphone, communicate as much as practicable with the Emergency Organisations such as police service, the fire and ambulance services and any other national emergency services which may from time to time designate, for the purpose of notifying them of an emergency.
- 34.2 The Operator shall, in consultation with the Emergency Organisations and Government Ministries & Departments, make arrangements for the provisions or, as the case may be, rapid restoration of telecommunication that may be required in Emergency occurring in Sri Lanka.

35. Special Provisions for the Disadvantaged

35.1 The Operator shall consult the Commission from time to time about, and endeavour to implement measures to make available or to continue to make available Telecommunication Services (including Public Payphone services) and Maintenance Services capable of satisfying the reasonable demands of:

- a. the disabled (especially persons with a hearing impairment);
- b. persons of pensionable age.

35.2 The Operator shall, if requested so to do by the Commission, participate in the work of any advisory body for matters affecting the persons referred to in sub-paragraphs (a) and (b) of paragraph 35.1

36. Maritime and Aeronautical Emergency Service

35.1 The Operator shall provide distress and urgency services for the safety of the life at sea, and in the air for the purpose of notifying them of an emergency, without charge, in accordance with the International Telecommunications Union and other relevant international organisations.

37. Directory Information Services

37.1 The Operator shall publish a Directory containing all commercial information, names, address and number of the customers. The Operator shall provide or make available, free of charge, printed directories to the each customer, the form and contents of which shall be mutually determined by the Operator and the Commission. Directory information services shall be available to the users free of charge.

37.2 The Operator shall maintain a complete, accurate and up to date database of its customers' for the sole purpose of facilitating provision of directory information services. If any customer does not wish to be listed in the directory, the Operator is free to delete his name from the directory after taking concurrence of the subscriber in writing

PART VIII: OTHER OBLIGATIONS

38. Construction of NBN

- 38.1 The Operator shall be permitted to engage in the business of operating and maintaining a NBN Network in Sri Lanka, and for that purpose the Operator may construct, install, repair, replace, reconstruct, and retain the Optical Fibre Cable Network.
- 38.2 The Operator shall comply with the existing and future laws, rules and regulations of the relevant Government authorities responsible for roads, public ways and environment.
- 38.3 Prior to construction or alteration, the Operator shall in each case file plans with relevant authorities, and shall receive necessary approvals before proceeding construction works. The Operator shall be responsible for obtaining such approvals from relevant authorities as may be necessary for the installation, maintenance, work and use of the system.
- 38.4 The Operator shall keep accurate installation records of the location of all facilities in the streets and public ways and shall furnish them to the relevant authorities upon request. Upon completion of new or relocation construction of facilities in the streets and public ways, the Operator shall provide the relevant authorities with installation records showing the location of the facilities.
- 38.5 The Operator shall co-ordinate and co-operate with any other fixed line Operator having outside plant network in respect of construction & maintenance of Optical Fibre Cable Network outside the Operator's premises or sites and shall comply with any guidelines issued by the Commission.
- 38.6 The Operator shall take reasonable measures to install, maintain and operate the Optical Fibre Cable Network such as wires, cables, fixtures, and other equipment in accordance with the requirements specified by the Commission and other applicable code of provisions of relevant authorities in such a manner that they will not interfere with any constructions, installations, use and maintenance of the streets and public ways, railway track, electricity distribution network and any public utility organizations or the ability to provide such services.

- 38.7 Construction, installation and maintenance of the Optical Fibre Cable Network shall be performed in an orderly and in conformance with all applicable codes. All cables and wires shall be installed, where possible, parallel with and in a manner similar to the installation of electricity and telecommunications lines. Multiple cable configurations shall be arranged in parallel and bundled with due respect for engineering considerations.
- 38.8 The Operator shall promptly, at its own expense, restore, repair or replace the same to the satisfaction of the other relevant authorities in case of the Operator disturbs the surface or subsurface of any street or public way. All constructions made by the Operator for constructing/installing Optical Fibre Cables shall be properly safeguarded for the prevention of accidents.

39. Provision of Broadband Access and Connectivity Services

- 39.1 The Operator shall take all reasonable steps to provide by means of the Licensed System to any operator, service provider or other business Broadband Access and Connectivity Services to the extent as the Commission may consider practicable in the circumstances. The Operator shall also endeavour to provide sufficient national and international telecommunication facilities to meet the requirements of and demand for broadband backbone services.
- 39.2 The Operator shall require building, operating & maintaining the necessary Telecommunications infrastructure, which includes back-haul facilities, point-to-multipoint systems, and any other access technology depending on the selected means of provision.
- 39.3 The Operator shall facilitate open access to NBN for other licensed Operators at technically feasible points under non-discriminatory terms, conditions (including technical standards and specifications) and rates and of a quality no less favourable than that provided for its own services or for its subsidiaries or other affiliates.
- 39.4 The Operator shall specify the technical arrangements to facilitate open access to the NBN and services.

40. Roll- Out Targets

40.1 The Operator shall specify the strategy for the detailed planning and management of the roll-out of the NBN, including any consultation arrangement, planning approvals, infrastructure survey and data collection requirements and monitoring arrangements. The Operator shall clearly detail the methodology for the measurement and reporting of the percentage of homes and businesses that have access to services from the NBN.

40.2 The Operator shall deploy NBN in such a way as to have its network coverage in all Divisional Secretariat Areas of twenty five administrative districts of in Sri Lanka by means of the Licensed System. The Operator shall have established interconnection points in all Divisional Secretariat Areas of twenty five administrative districts as shown in the table below:

Province	District	Divisional Secretariat Areas
Western Province	Colombo	Colombo ,Homagama ,Maharagama ,Dehiwala ,Kesbewa Kolonnawa ,Seethawaka ,Kotte ,Ratmalana ,Kaduwela, Padukka ,Thimbirigasyaya ,Moratuwa
	Gampaha	Gampaha ,Divulapitiya ,Wattala ,Dompe ,Biyagama ,Negombo ,Mirigama Ja-Ela ,Mahara ,Katana ,Minuwangoda ,Attanagalla ,Kelaniya
	Kautara	Kalutara ,Horana ,Madurawela ,Dodangoda ,Palindanuwara, Panadura ,Ingiriya ,Millaniya ,Mathugama ,Walallavita Bandaragama ,Bulathsinhala ,Beruwala ,Agalawatta □□
Central Province	Kandy	Kandy (Gangawata Korale),Akurana ,Udadumbara ,Kundasale, Yatinuwara ,Pathahewaheta ,Ganga Ihala Korale ,Thumpane ,Pathadumbara ,Minipe ,Harispattuwa ,Udunuwara ,Delthota ,Pasbage Korale ,Poojapitiya ,Panvila ,Medadumbara, Hatharaliyadda ,Doluwa ,Udawalpala
	Matale	Matale ,Naula ,Ambanganga Korale ,Rattota ,Galewela ,Pallepola Laggala-Pallegama ,Ukuwela ,Dambulla ,Yatawatta ,Wilgamuwa
	Nuwara-Eliya	Nuwara Eliya ,Walapane ,Kothmale ,Ambagamuwa, Hanguranketha

Southern Province	Galle	Karandeniya ,Thawalama ,Baddegama ,Hikkaduwa ,Yakkalamulla ,Gonapinuwala ,Benthota ,Elpitiya ,Neluwa Welivitiya-Divithura ,Bope-Poddala ,Imaduwa ,Balapitiya Niyagama ,Nagoda ,Ambalangoda ,Akmeemana ,Habaraduwa
	Matara	Matara ,Pasgoda ,Akuressa ,Kamburupitiya ,Thihagoda ,Dickwella ,Pitabeddara ,Mulatiyana ,Welipitiya ,Hakmana Weligama ,Kotapola ,Athuraliya ,Malimbada ,Kirinda Puhulwella,Devinuwara
	Hambantota	Hambantota ,Thissamaharama ,Weeraketiya ,Beliatta ,Sooriyawewa ,Ambalantota ,Katuwana ,Tangalle ,Lunugamvehera ,Angunakolapelessa Okewela ,Walasmulla
Northern Province	Jaffna	Jaffna ,Valikamam South-West ,Valikamam East ,Vadamaradchi North, Island South ,Island North ,Valikamam North, Vadamaradchi South-West Thenmaradchi Delft ,Valikamam West ,Valikamam South ,Vadamaradchi East ,Nallur , Karai Nagar
	Vanni	Vavuniya ,Vengalacheddikulam ,Vavuniya North ,Vavuniya South
North central Province	Kurunegala	Kurunegala ,Ehetuwewa ,Rasnayakapura ,Polpithigama ,Wariyapola ,Panduwassnuwara ,Maspotha ,Mawathagama ,Kuliyapitiya West ,Narammala ,Giribawa ,Ambanpola ,Nikaweratiya ,Ibbagamuwa Kobeigane ,Katupotha ,Mallawapitiya ,Kuliyapitiya East ,Udubaddawa Alawwa ,Galgamuwa ,Kotavehera ,Mahawa ,Ganewatta ,Bingiriya ,Bamunakotuwa ,Rideegama ,Weerambugedara ,Pannala ,Polgahawela
	Puttalam	Puttalam ,Karuwalagaswewa ,Mundalama ,Madampe ,Mahawewa ,Vanathavilluwa ,Kalpitiya ,Chilaw ,Arachchikattuwa ,Nawagattegama Nattandiya ,Dankotuwa ,Pallama ,Anamaduwa ,Mahakumbukkadawala Wennappuwa
Eastern Province	Trincomalee	Trincomalee - Town & Gravets,Morawewa ,Kinniya ,Verugal ,Padavi Sri Pura ,Thambalagamuwa ,Muttur ,Gomarankadawala ,Kuchchaveli ,Kantalai ,Seruvila

	Batticaloa	Batticaloa ,Koralai Pattu ,Manmunai North ,Manmunai Pattu (Araipattai),Koralai Pattu South ,Koralai Pattu North ,Eravur Pattu ,Manmunai West Porativu Pattu ,Koralai Pattu West (Oddamavadi) ,Eravur Town Kattankudy ,Manmunai South & Eruvil Pattu
	Digamadulla	Ampara, Padiyathalawa,Samanthurai, Karativu, Eragama,Damana, Lahugala,Mahaoya, Uhana,Kalmunai, Ninthavur,Akkaraipattu, Thirukkivil,Dehiattakandiya, Navithanveli,Sainthamarathu, Addalachchenai,Alayadiwembu,Pothuvil
North Central Province	Anuradapura	Anuradhapura ,Medawachchiya ,Rambewa ,Galenbindunuwewa Nachchadoowa ,Thambuttegama ,Kekirawa ,Galnewa ,Padaviya ,Mahavilachchiya ,Kahatagasdigiliya ,Mihinthale ,Nochchiyagama ,Thalawa ,Palugaswewa ,Palagala ,Kebithigollewa ,Nuwaragam Palatha Central ,Horowpothana ,Nuwaragam Palatha East ,Rajanganaya Thirappane ,Ipalogama
	Paolonnnaruwa	Elahera ,Medirigiriya ,Thamankaduwa ,Hingurakgoda ,Welikanda Lankapura ,Dimbulagala
Uva Province	Badulla	Badulla ,Meegahakivula ,Passara ,Uva-Paranagama ,Ella ,Mahiyanganaya Kandaketiya ,Lunugala ,Welimada ,Haputale ,Rideemaliyadda Soranathota ,Hali-Ela ,Bandarawela ,Haldummulla □
	Monaragala	Moneragala ,Siyambalanduwa ,Buttala ,Sevanagala ,Bibile ,Badalkumbura Katharagama ,Medagama ,Madulla ,Wellawaya ,Thanamalvila
Sabaragamuwa Province	Rathnapura	Balangoda ,Embilipitiya ,Kahawatta ,Kolonna ,Opanayaka, Weligepola Eheliyagoda ,Godakawela ,Kalawana ,Kuruvita ,Pelmadulla ,Ayagama Elapattha ,Imbulpe ,Kiriella ,Nivithigala ,Ratnapura
	Kegalle	Kegalle ,Mawanella ,Warakapola ,Yatyanthota ,Rambukkana ,Aranayaka Ruwanwella ,Dehiovita ,Deraniyagala ,Galigamuwa ,Bulathkohupitiya □

- 40.3 Subject to the provisions of this license, Operator shall be required to meet the roll-out Targets as set out in the Condition 40.4.
- 40.4 The Operator shall exceed following network roll -out targets (interconnection points) during its first five (5) years period of operation The effective date of the commencement of NBN shall be the date after three months from the issuance of license for purpose of fulfilling the roll -out targets.
- a. 20% Divisional Secretariat Areas of each district first year after the effective date of the commencement of NBN;
 - b. 40% Divisional Secretariat Areas of each district second year after the effective date of the commencement of NBN;
 - c. 60% Divisional Secretariat Areas of each district third year after the effective date of the commencement of NBN;
 - d. 80% Divisional Secretariat Areas of each district forth year after the effective date of the commencement of NBN; and
 - e. 100% Divisional Secretariat Areas of each district fifth year after the effective date of the commencement of NBN.
- 40.5 For the purpose of calculating the each year the roll -out targets, the Operator shall furnish the Commission a report on the network roll-out achieved in compliance with the implementation timetable referred to the paragraph 40.4 on a quarterly basis. The network roll-out targets shall be measured in each case as at the end of each year.
- 40.6 If the Operator fails to achieve the required network roll-out targets at the relevant period as specified in Condition 40.4, the Commission shall impose the monitory penalties set out in paragraph 40.8 against the Operator the Operator. Monetary penalties payable shall be due three (3) months following the end of the relevant year in which such monetary penalties become payable. Any and all amount of penalty that is not paid when due and owing shall be paid with interest which based on the prevailing interbank interest rate as determined by the Commission.
- 40.7 The Operator shall furnish the Commission list of Divisional Secretariat Areas to be covered in each year of the operation at least six month prior to the commencement of the date of roll-out targets specified in the paragraph 40.4. After the second year NBN operation, the Operator may request the Commission to exempt certain Divisional Secretariat Areas specified in paragraph 40.2 from the fulfilment of the roll- out targets on the ground of network deployment is not economically feasible.

The Commission will take in to the consideration the justification put forward by the Operator for its inability to meet the roll-out in particular year. If the Commission is satisfied that the Operators' request is reasonable and objectively justifiable, the respective Divisional Secretariat Area(s) will be exempted from charging penalty payments for the relevant year.

Provided that, any areas exempted by the Commission relevant to a particular year, will be added to the subsequent year as an area to be covered under the roll out targets set out in clause 40.4. At the end of 5th year, if any areas so exempted cannot be covered due to reasons set out above, the operator shall be required to submit to the Commission a list of such areas with a roll out plan 3 months prior to the expiration of 5th year. The Commission may approve such plan with necessary amendments and inform the operator the rollout targets for the completion of these areas. In any event, the rollout targets for these areas shall not exceed three years from the end of 5th year specified in clause 40.4 above.

- 40.8 The penalty payable (p) shall be calculated at four different times i. e. first, second, third and fourth year after the issuance of this license. The penalty shall be payable for the each district only if the actual interconnection points established in that district is less than targets specified in paragraph 40.4. The amount payable (p) shall be governed by the following formulae.

$$P = \text{Rs. } 5,000,000 (X-Y)$$

Where

X = Number of electorates to be covered in each district under the paragraph 40.4 as at end of each year.

Y = Actual number of Divisional Secretariat Areas covered in each district under the paragraph 40.5 as at end of each year.

41. Performance Security

- 41.1 The Operator shall furnish the Commission with an irrevocable bank guarantee or other form of performance guarantee acceptable to the Commission (the "Performance Security").
- 41.2 The amount of the Performance Security shall be USD 2,000,000 (United States Dollars Two million).
- 41.3 The Performance Security shall be issued by a commercial bank recognised by the Central Bank of Sri Lanka, having a branch office in Sri Lanka, and that is otherwise acceptable to the Commission.

- 41.4 The Performance Security shall be maintained for the period of 72 months, commencing from the date of the commencement of NBN operation.
- 41.5 The Performance Security shall be forfeited, in whole or in part, by the Operator if:
- a. the Operator fails to achieve the required Roll out targets by the end of each relevant roll-out phase; and / or
 - b. the Operator fails to meet the required service availability and quality specifications.

42. Right to Inspect & Test

- 42.1 The Operator shall allow the authorised representatives of the Commission to enter and inspect without prior notice the sites, places and premises where the Operator has installed telecommunication equipment, or used for the provision of the service, to verify that the Operator is in compliance with the licence conditions. The authorised representatives of the Commission shall have the right to inspect without prior notice the sites, premises and installations of the operator wherever situated. The right of inspection shall extend to access to inspect leased lines, junctions, terminating interfaces, processing hardware/software, memories of live, magnetic and optical varieties, wired options, distribution frames, and to enter into dialogue with Input/output devices or terminals.
- 42.2 The Operator shall provide the necessary infrastructure including but not limited to equipment, manuals, diagrams required by the authorised representative of the Commission to inspect, test, read or measure any telecommunication installations, telecommunications equipment or apparatus.
- 42.3 The Commission or its authorised representatives shall have the right to request the operator to demonstrate and explain any operations carried out by the operator at the time of inspection and any time thereafter when required to do so.
- 42.4 The Operator shall permit the authorised representatives of the Commission to inspect without prior notice records, documents and statements of accounts relating to the Operator's business for the due implementation of provisions in the Act and the License. The Commission or authorised representative after inspection has the right to call for certified copies of any records or document and the operator on such request shall provide certified copies as requested.

43. Requirement to Furnish Network Plans and other Information to the Commission

- 43.1 The Operator shall provide the Commission with transmission plans, switching plans and overall network plans includes optical fibre cable route maps, signalling plans, traffic information, technical configuration, circuit routing and other relevant technical data which the Commission may by notice or direction require for the exercise of its functions.
- 43.2 The Operator shall furnish to the Commission, in such manner and at such times as the Commission may request, such information related to the business, including financial information, statements of accounts, estimates, returns and other records or information as the Commission may reasonably require for the purpose of exercising its functions.

44. Quality of Service Standards

- 44.1 The Operator shall comply with Quality of Services (QoS) standard conforming to international norms and standards as specified by the Commission from time to time for the provision of authorised services. The Operator shall provide relevant data, carry out surveys and tests or provide the requisite facilities to enable the Commission to carry out such surveys and tests or to monitor the services provided for the purpose of ascertaining the quality of service rendered by the Operator to its customers or to any other Licensed System. The Operator shall make available such data and the results of any such surveys or tests as and when required by the Commission.
- 44.2 The Operator shall install equipment and devices that meet ITU-T standards for measuring the Quality of the NGN Services. The Commission shall order the Operator to install or upgrade the equipment and devices to the required standards within 30 days from the date of such instruction if the Commission has reason to believe that measuring equipment devices or methods are not installed or do not meet the required standards.

45. Lawful Interception and Content Filtering

- 45.1 The Operator shall design NBN to accommodate the directives of the national security authorities and law enforcement agencies in respect of lawful interception and shall extend technical assistance to them in the instances investigations are carried out.
- 45.2 The Operator shall incorporate the feature of ISP-level content filtering into the Licensed System when network is dimensioned.

46. Prohibition of Obscene, Unauthorised Messages

- 46.1 The Operator shall not undertake to carry objectionable, obscene, unauthorised or any other content, messages or communications through the Licensed System.
- 46.2 The Operator is obliged to provide all the tracing facilities of the nuisance or malicious data, messages or communications transported through his equipment and network, to authorised officers of the Commission, when such information is required for investigations of crimes or in the interest of national security. Any damages from default on the part of Operator in this respect shall be the sole responsibility of the Operator.

47. Safety

- 47.1 The Operator shall take proper and adequate safety measures for the safeguarding of life and property in connection with all installations, equipment and apparatus operated or used, including safeguards against exposure to any electrical or radiation hazard emanating from the installations, equipment or apparatus used under this Licence.
- 47.2 Wherever the facilities or related construction activity of the Operator create a serious hazard to public safety or welfare, the Operator shall take all necessary actions to immediately abate the hazard. If the Operator cannot contact the relevant authorities immediately, the Operator shall proceed to abate the hazard immediately and shall notify the Commission and make any required changes as soon as possible.

PART VIII: GLOSSARY

Accounting Separation

The preparation of separate accounts for different business and parts of businesses run by the same company or group of companies, so that the costs and revenues associated with each business and part of a business (and transfer between them) can be separately identified and properly allocated.

Anti-Competitive Practice

Any practice whereby the Operator, in the course of business, pursues a course of conduct which of itself or when taken together with a course of conduct pursued by persons associated with him, has or is intended to have or is likely to have the effect of, restricting, distorting or preventing competition in connection with the production supply or acquisition of goods in Sri Lanka or the supply or securing of services in Sri Lanka.

Apparatus Supply Business

- a. The following activities of the Operator or of any subsidiary of the Operator:
- b. the supply of any telecommunication apparatus neither comprised nor to be comprised in the Licensed System; and
- c. the installation, maintenance, adjustment, repair, alteration, moving, removal or replacement of any telecommunication apparatus where those activities are not part of the Systems Business.

Auditor

The Operator's auditor for the time being appointed in accordance with the requirements of the Companies Act.

Backhaul

Backhaul is a high capacity inland circuit. It represents the connection between a cable landing station and an operators existing domestic infrastructure.

Broadband	A term used to describe large-capacity networks that are able to carry several services at the same time, such as data, voice and video.
Building Block	A device which provides input/output relationship with the aid of circuit components.
Cable landing station	The means by which an international operator connects an undersea cable to backhaul.
Commission	The Telecommunications Regulatory Commission of Sri Lanka established under the Act.
Connectable System	A telecommunication system which is authorised to be run under a Licence which authorises connection of that system to the applicable System.
Connection Service	A telecommunication service consisting in the conveyance of any message which has been or is to be, conveyed by means of the Licensed System.
Cross Subsidy	The financing of losses made in one market by pricing below incremental costs from profits made in another.
Customer	Any person who has indicated willingness in writing with the Operator to receive Telecommunication Services from the Operator on the Operator's terms and conditions, or has in writing entered into a contract with the Operator for the provision of such service.
Data	A representation of facts, concepts, or instructions in a formalised manner suitable for communication, interpretation or processing by a machine such as Telex machines, Fax machines, Computers, etc. which do not include two-way speech.

Ducts

The tubes through which cables are laid.

Electromagnetic compatibility

The condition which prevails when telecommunications equipment is performing its individually its designed functions in a common electromagnetic environment without causing or suffering unacceptable degradation due to unintentional electromagnetic interference to or from other equipment in the same environment.

.Exclusive Dealing Arrangement

Any arrangement whereby the Operator makes the acquisition from any person in Sri Lanka, or outside Sri Lanka by the Operator or any of its wholly owned subsidiaries, or the installation or servicing by any person in Sri Lanka or outside Sri Lanka for itself or any such subsidiary of any Telecommunication Apparatus of any description conditional upon agreement :

- a. to supply to the Operator, or to supply or not to supply to any other person, apparatus of a different description;
- b. to provide to the Operator or to provide or not to provide to any other person any Telecommunication Service of a different description; or
- c. to transfer to the Operator or to any other person any interest in industrial or intellectual property with a view to restricting unreasonably the freedom of the supplier of the apparatus or the provider of the service in question to exploit his industrial or intellectual property in order to confer on the Operator or some other person an unfair competitive advantage.

Financial Statements

Documents that collectively make up, inter alia, the regulatory accounts reflecting accounting separation and interconnection standard services. The statements are audited to check that they fairly represent the financial results for the Businesses which are divided for regulatory purposes (inter alia to help disclose unfair cross subsidies between and within business and that interconnection charges can be shown to be fairly derived from costs and applied without discrimination).

Interconnection

The physical and logical connection of two Operators' networks thereby allowing customers of one system to connect with customers of the other, or to access services provided from the other system.

International Gateway

A communication server which enables Licensed System to interconnect with other compatible system in overseas.

ITU (International Telecommunication Union)

A United Nation Organisation that co-ordinates use of the spectrum and creation of technical standards for communication equipment.

Interoperability

Interoperability means the technical features of a group of interconnected systems (systems includes equipment owned and operated by the customer which is attached to the public telecommunication network), which ensure end-to-end provision of a given service in a consistent and predictable way.

Leased line

A fixed unswitched communication link that is rented for exclusive 24- hour, 7-days-a- week use from one location to another location.

Licensed Operator

Any person who, at the relevant time, has the benefit of a License granted under Section 17 of the Act.

Link

A connection maintained or to be maintained between two nodes for the purpose of transmission of messages.

Linked Sale

A sale where the Operator agrees to :

- a. provide any Telecommunication Service by means of or in relation to the Licensed System.
- b. supply any Telecommunication Apparatus for connection to the Licensed System;
- c. connect any other system or apparatus to the Licensed System on the condition that the person who has requested such Telecommunication Service, Telecommunication Apparatus or connection service shall acquire from the Operator or from any other person specified or described by the Operator:
 - i any Telecommunication Service other than the Telecommunication Service requested, save where that service cannot be provided without the provision of that other service; or
 - ii any Telecommunication Apparatus not incorporated in the Licensed System, save where the Telecommunications Service requested cannot otherwise be provided or the Telecommunication Apparatus requested cannot otherwise be used.

National Backbone Network A fibre optic broadband network that connects other networks together and provides service to homes and businesses either through licensed Operators or directly. The network will achieve speeds up to 25Mbps for 90% of Sri Lanka within 5 years period .

Network

A collection of nodes and links which are connected to together by means of transmission paths and which can include a variety of functional units such as switching centres, repeaters etc.

Network Access Services Network Access Services are services that can be technically and economically provided by NBN Operator directly to the other Operators using its network made up of high-speed lines between major switching points.

Next Generation Network A packet-based network able to provide services including Telecommunication Services and able to make use of multiple broadband, QoS-enabled transport technologies and in which service-related functions are independent from underlying transport-related technologies. It offers unrestricted access by users to different service providers.

Node means an exchange used for switching of messages or a branching node of a transmission bearer used for transmission of such messages to the destination.

Non-Ionising radiation It is a type of energy, in the lower range of the electromagnetic spectrum, which does not have the ability to remove ions from molecules.

Non-proprietary technical standard means:

- a. the standard is fully published;
- b. equipment meeting the standard is available from alternative suppliers on a competitive basis; and
- c. permission to use any intellectual property rights associated with the standard may be readily obtained at a reasonable cost.

Open access where a network operator grants access to its network to any other licensed Operator who may reasonably request it.

Predatory Pricing A firm deliberately sacrificing short-run profits in order to weaken competitors or drive them out of the market enabling it to earn monopoly rents in the longer term by sustaining prices (and therefore profits) at a level higher than would otherwise obtain in a competitive market.

Price Discrimination Supplying the same product/service to different customers at different prices in relation to differences in costs. Conventional price discrimination is possible where the supplier is able to segment the market, either on the basis of (known) different demand characteristics, or by a self-selecting set of volume related tariffs.

Software

The messages transmitted or processed through a communication medium. This term also refers to the instructions (programs) written for programmable computers.

Telecommunications Network

The Transmission equipment and, switching equipment and other resources which permit the conveyance of signals between defined termination points by wire, by radio, by optical or by other Electro-magnetic means.

Transponder

The part of a satellite that receives an incoming signal from an Up-link and retransmits it on a different frequency to a down-link.

SCHEDULE 4

REVOCAATION

1. The Minister may at any time revoke this Licence by 30 days' notice in writing given to the Operator at its registered office in any of the following circumstances:

if the Operator agrees in writing with the Minister that this Licence should be revoked;

if any amount payable under Condition 5 is unpaid and remains unpaid for a period of 14 days after the Commission notifies the Operator that the payment is overdue, which notification shall not be given earlier than the sixteenth day after the day on which the payment became due;

- a. if the Operator fails to comply with an order of the Commission under the Act and that order is not subject to appeal proceedings and such failure is not rectified within 3 months after the Commission has given notice in writing of such failure to the Operator;
- b. if the operator fails to comply with any rule or regulation for the time being in force under the Act.
- c. if it is found that the issue of the Licence had been based on inaccurate or incorrect information provided by the Operator.
