



CITRA

الهيئة العامة للاتصالات وتقنية المعلومات
COMMUNICATION & INFORMATION TECHNOLOGY REGULATORY AUTHORITY



Request for Applications for licensing of Mobile Virtual Network Operator (MVNO) Services in Kuwait

Issued by CITRA on 14/07/2019

BACKGROUND

The Communications and Information Technology Regulatory Authority (CITRA) is the entity authorized to regulate the information and communications technology sector in Kuwait. CITRA's law of establishment No. 37 of 2014 and the amended law No. 98 of 2015 provides the legislative foundation for developing and regulating the sector where it defines its functions, governance, and financing. CITRA's Bylaws and policies provide the regulatory measures of the Telecommunication and ICT sector in Kuwait.

At present, mobile telecommunications services in Kuwait are offered by Mobile Telecommunications Company (Zain), Kuwait Telecommunications Company (VIVA) and National Mobile Telecommunications Company (Ooredoo).

The purpose of this Request for Application (RFA) is to provide instructions to applicants wishing to submit applications for a public mobile virtual network operator service license in Kuwait.

1 DEFINITIONS

The words and expressions defined in CITRA's law no. 37 of 2014 and the amended law no. 98 of 2015 shall have the same meaning when used in this RFA. The following words and expressions shall have the meaning assigned to them below unless the context of the RFA requires otherwise.

CITRA or Authority means the Communications and Information Technology Regulatory Authority.

RFA means this Request for Application for licensing mobile virtual networks operator (MVNO services in Kuwait) including its Appendices, which together contain the requirements and instructions for filing the Applications for Licenses.

Consortium means a group of members including companies/establishments and an MVNO partner that have agreed to work together as an Applicant and that have committed to establish a Kuwaiti-registered company in order to become eligible to hold the MVNO license if selected to do so in accordance with relevant laws and regulations of Kuwait.

Applicant means a Consortium that submits an Application.

Application means an application for a License to provide Mobile Virtual Network Operator Services in Kuwait filed in response to this RFA.

Authorized Signatory means any person who is duly authorized by each member of the Consortium through the provision to the Authority of a valid power of attorney made by the duly authorized representative of each member of the Consortium and attested by a notary public and in the form given in Appendix 4. In the case of a power of attorney issued in a jurisdiction other than Kuwait, it should be duly attested by the relevant Kuwaiti consular mission in the country of the member of the Consortium.

Business Proposal means the business, commercial and operational plans of the Applicant concerned.

Compliance Checklist means the list of documents contained in Appendix 9.

Container means a box or a container enclosing an original and five (5) printed copies of an Application as well as an electronic copy.

Cover Letter means the cover letter to be submitted as part of an Application in the form of the Cover Letter Form in Appendix 3.

Deadline means the date specified in Section 3.1.4 of this RFA.

Effective Date means the date of issuance of the License as specified in the License.

Eligible Applicant means an Applicant who is determined by CITRA to be eligible for selection for award of a License under the procedures set out in Section 3.2.1 of this RFA.

Evaluation Criteria means the criteria set out in Appendix 2 against which the Applications of Eligible Applicants will be evaluated.

Facilities Based Provider (FBP) means a service provider who builds, owns and operates a public telecommunication network in Kuwait.

Financial Comfort Letter means the financial comfort letter to be submitted in the form of the Financial Comfort Letter Form in Appendix 5 of this RFA.

Host FBP means the FBP providing mobile network capacity to the MVNO on a wholesale basis for resale to end-users.

Licensee means the Successful Applicant issued with a Mobile Virtual Network Operator Services License.

Mobile FBP means a licensed service provider who builds, owns and operates a public telecommunication network providing Mobile Cellular Services in Kuwait.

Mobile Virtual Network Operator (“MVNO”) means a Licensed Service Provider that resells wholesale mobile network services which are leased/purchased from a Host FBP

in order to provide retail services to the MVNO's subscribers without spectrum assignment or radio access network.

Preliminary MVNO Agreement (Preliminary Agreement) means a written, dated and signed preliminary agreement between an Applicant and a Host FBP.

MVNO Agreement (Final Agreement) means the wholesale services agreement to be entered into between a Host FBP and a Successful Applicant pursuant to the preliminary agreement for the provision and resale of the services necessary to allow it to resell services to end-users and operate its businesses on terms consistent with the general framework of MVNO agreement.

MVNO Partner means a foreign MVNO who is a member of the Consortium and who provides MVNO operating experience to the Consortium in accordance with CITRA's requirements.

Qualification Phase means the procedures described in Section 3.2.1 of this RFA during which CITRA will verify that Applicants have submitted all required documents.

Selection Phase means the procedures described in Section 3.2.2 during which CITRA will evaluate the Applications of Eligible Applicants by reference to the Evaluation Criteria to select Successful Applicants for award of the Licenses.

Successful Applicant means an Eligible Applicant who has been selected by the Authority for award of a License in the Selection Phase.

Technical Proposal means the technical plans of the Applicant as described in section 4.2.6.

2 GOVERNMENT LEGISLATION

This section sets out a brief summary of the regulatory measures established by CITRA to control the telecommunications sector in Kuwait.

2.1 Regulatory Framework

2.1.1 CITRA has issued and will continue issuing Regulatory Framework Documents which detail the Authority's position on several areas and will be available on CITRA's website which include the following:

- I. Fixed and Mobile Service Licensing.
- II. License Classifications and Scope of Fixed and Mobile Services.
- III. Quality of service.

- IV. Interconnection Guidelines.
- V. National Numbering Plan.
- VI. Mobile Number Portability.
- VII. Any other applicable regulations, guidelines and decisions.

The applicants are requested to familiarize themselves with the applicable Regulatory Framework.

2.2 Foreign Ownership

Foreign ownership in the licensee will be subject to the relevant laws and regulations of Kuwait.

2.3 Licensing

CITRA will issue licences to the successful applicants in accordance with its rules and regulations under law 37 of 2014 and the amended law no. 98 of 2015

2.4 Number Allocation

Numbers will be assigned to the Licensee in accordance with the provisions stated in the National Numbering Plan. The Licensee shall use such numbers in accordance with the Authority's regulations including the National Numbering Plan and any Decisions issued by CITRA to regulate numbering.

2.5 Mobile Number Portability

The Licensee shall provide Mobile Number Portability to its end-users pursuant to CITRA regulations.

2.6 MVNO Hosting

- 2.6.1 In this initial licensing phase, each MVNO shall be hosted by a single Host FBP.
- 2.6.2 No Host FBP shall host more than one MVNO.
- 2.6.3 Subsequently, following an evaluation of the market, CITRA at its discretion may consider:
 - I. Allowing MVNOs to move to another Host FBP.
 - II. Hosting of an MVNO by more than one Host FBP.
 - III. Hosting of more than one MVNO by a Host FBP.
 - IV. When it is appropriate to add further MVNOs.

3 LICENSING SCHEDULE AND PROCESS

3.1 Licensing Schedule

The licensing schedule shall be as follows:

- 3.1.1 Interested parties can obtain this RFA starting on 14/07/2019 from the CITRA website at no cost.
- 3.1.2 Potential applicants may submit any questions they have concerning the RFA by no later than 22/08/2019 using the communication protocol set out in section 6.7 of this RFA.
- 3.1.3 CITRA will reply to the questions by 03/10/2019.
- 3.1.4 Applications may be submitted under the procedure stated in section 5 of this RFA at any from 06/10/2019 to 14/11/2019 at 2pm Kuwait time.
- 3.1.5 CITRA will evaluate the application of each applicant and announce the successful selected applicants in the manner provided for in section 3.2 and appendix 2 of this RFA from 17/11/2019 to 06/02/2020.

Appendix 1 of this RFA contains the license award process timetable that summarizes the licensing processing schedule.

3.2 Licensing Process

3.2.1 Qualification phase

In order to be an eligible applicant, an applicant must fill all documents required to be delivered with the application as listed in the compliance checklist (Appendix 9), all of which shall be complete, accurate and in due form in accordance with the terms of this RFA and, where required, duly signed by an authorized signatory on behalf of the applicant.

Applicants satisfying all of the requirements under this section will be accepted as eligible applicants and proceed to the selection phase. Applicants who do not satisfy all of these requirements will be rejected and their applications will not be considered further.

3.2.2 Selection phase

3.2.2.1 The applications of eligible applicants will then be evaluated by CITRA against the evaluation criteria described in appendix 2.

3.2.2.2 Applications of Eligible Applicants will be separated into up to three sets by reference to the name of the Host FBP

with which each Applicant intends to trade, as indicated by the Preliminary MVNO Agreement filed by each Applicant, and the highest scoring Application from each set will be selected as a Successful Applicant. containing at least the following:

- I. The name of the Host FBP.
- II. The name of the Applicant.
- III. The scope and timing of wholesale services to be provided by the Host FBP to the Applicant.
- IV. Sufficient information to permit the Applicant to confirm the viability of its detailed business case, and stating, clearly, categorically and without other conditions that the Host FBP will enter into the final MVNO Agreement should the Applicant be selected for the award of a License.

3.2.2.3 Any eligible Applicant who fails to score at least 80 % of the maximum possible score on the evaluation may be rejected by CITRA.

3.2.3 Issue of the Licenses

3.2.3.1 Following completion of the Selection Phase, CITRA will announce the names of the Successful Applicants.

3.2.3.2 Before the issuance of the License, each Successful Applicant will be required to:

- a) Establish a Kuwaiti registered company from the Ministry of Commerce pursuant to the relevant laws and regulations. The company shall not be entitled to change its articles of association and company objectives approved by the Ministry of Commerce without submission of reasonable justification to CITRA and obtain its consent in writing.
- b) Submit a copy of the signed Management Agreement certified by the Ministry of Justice.
- c) Submit a copy of the signed final MVNO Agreement.

d) Each Successful Applicant shall comply with the provisions above within 120 days of the date of the announcement by CITRA on its official web site.

3.2.3.3 The Authority shall, without liability to the Successful Applicant who has failed to fulfil all of its obligations under the section above, take any necessary action at their discretion for example to subsequently select in its place the next highest scoring Eligible Applicant in the same set as that of the failing Successful who shall also be subject to the same procedures described in section (3.2.3.2).

3.3 Eligibility of Existing Licensees

3.3.1 Existing Mobile FBPs in Kuwait are not eligible to apply for a License under this RFA.

3.3.2 Existing mobile FBP's in Kuwait are not eligible to own or control, directly or indirectly, more than 10% of the shares in any Applicant.

3.3.3 In addition, telecommunications service providers in Kuwait or in any other countries who currently hold 25% or more of shares in a Mobile FBP in Kuwait are neither eligible to apply, nor permitted to have any ownership in or control over any Applicant.

4 INSTRUCTIONS TO APPLICANTS AND APPLICATION CONTENTS

4.1 Part 1 - Cover Letter

A duly completed Cover Letter Form, as per Appendix (3) of this RFA, dated and signed by an Authorized Signatory.

Applicants should attach all the information that is required pursuant to this Section 4 of this RFA to the Cover Letter.

4.2 Part 2 - Main Proposal

The Main Proposal of the Application should include the following information:

4.2.1 Applicant's details:

a) Legal name or proposed legal name of the Licensee.

- b) Details of the ownership structure or the proposed ownership structure of the Licensee.
- c) Detailed information on each member of the Consortium. Such details must include the name, legal status, registered office address, a description of the business of each Consortium member, and the percentage ownership of the share capital held in the Consortium.
- d) The financial statements of any controlling shareholder that owns, or any proposed shareholder that will own, 25% or more of the Applicant's shares or, if applicable, the financial statements of the Applicant. These financial statements must be provided for the preceding two fiscal years and should include an audited or certified income statement and balance sheet.
- e) Either a certified resolution of the boards of directors of all proposed shareholders in the Licensee or a notarized letter of authorization from each of the proposed shareholders in the Licensee which authorizes the Applicant to file the Application.
- f) The Ownership Arrangements Letter as described in section 4.2.3.
- g) A copy of the signed Preliminary MVNO Agreement made between the Applicant and the proposed Host FBP. Only one Preliminary MVNO Agreement may be submitted by the Applicant.
- h) The Financial Comfort Letter.
- i) The Compliance Checklist.

4.2.2 Management Agreement

The Applicant shall submit a copy of the draft Management Agreement that will be entered into on award of the License to provide the Applicant with access to the technology, professional know-how, operational and management experience required to operate the MVNO services. This Management Agreement must be effective from the date of the issuance of the license. Any subsequent amendments to the terms of the draft Management Agreement will be subject to the prior approval of CITRA.

4.2.3 Ownership Arrangements Letter

The Applicant must submit an Ownership Arrangements Letter in the form shown in Appendix 8 that will be in place between the members comprising the Applicant's Consortium.

No modifications or add-ins are allowed to the list or ownership percentages of Consortium members submitted by the Applicant after filing its Application and prior to the issue of the License. Any request for amendments after the issuance of the license will be determined in accordance with CITRA's regulations.

4.2.4 MVNO Partner Experience

The MVNO Partner shall own or control at least Forty percent (40%) of the share capital of the Consortium.

The Application shall include details of the track record of the MVNO Partner's MVNO business experience in foreign markets. This shall include the following:

- I. Number of years of that partner's experience
- II. Number of its MVNO businesses currently in operation in at least two countries
- III. Number of its subscribers in each market in each country
- IV. Total gross revenues of each of its MVNO businesses over the past five years in each country.
- V. A description of the MVNO services currently offered in those businesses in each country.
- VI. A description of its operational processes and approach in each country.

4.2.5 Business Proposal

The Applicant shall provide information to show that the overall business plan is viable, realistic and adequately funded and is consistent with the details contained in the Technical Proposal. The Business Proposal Form attached as Appendix 6 of this RFA should be used for the Business Proposal.

The Business Proposal shall include:

- a) High level corporate strategy, including how and to what extent it would contribute to the Kuwait's telecommunications market.

b) Market Study including market forecast, market segmentation, customer penetration and uptake, proposed services and associated prices, and covering the first five year of planned operation.

c) Customer Service and after sales support plan, proposed related service levels and the continuous service quality improvement plan.

d) Organization, including management, marketing, sales, customer service, operations and maintenance.

e) Human Resource Plan, detailed human resource plan and committed degree of national manpower in accordance with Kuwait's laws, rules and regulations.

f) A financial summary of the proposed MVNO Services business in Kuwait covering each of the first five years of operation based on the Pro-Forma Financial Summary attached as Appendix 7 of this RFA. This will include:

- Financial plan.
- Profit and loss statement.
- Balance sheet.
- Cash flow statement and key assumptions driving the revenue model.
- Bottom up analysis of the capital and operating costs for the MVNO services.

4.2.6 Technical Proposal:

The Applicant shall provide a Technical Proposal with their application which should include:

a) A concise description of the proposed approach to the rollout and provision of MVNO Services in Kuwait.

b) A description of any infrastructure plan, and systems and processes planned, including details of:

- Network operations.
- Customer service and after sales support, and proposed service levels.

- Service performance monitoring and the continuous improvement of service quality.
- Customer billing.

4.2.7 Application Fee

The Applicant shall pay CITRA a non-refundable 15,000 KWD (fifteen thousand Kuwaiti dinars)

5 PROCEDURES FOR FILING AN APPLICATION

- 5.1 Each page of the original Application must be signed and stamped by an Authorized Signatory.
- 5.2 An original and five (5) copies of the Application shall be packaged together in a Container(s). Each Container shall be sealed, packed and closed, so that it is not possible to open it. Improperly marked or sealed packages may be rejected by CITRA.
- 5.3 The total size of the Application should not exceed 100 A4 pages with font size no less than 12 points and all pages must be numbered Applicants may attach additional information as appendices to the Application.
- 5.4 Each of the original and five (5) copies of the Application packaged together in the Container(s) shall be submitted in a single sealed envelope or package clearly marked "Application for License to provide MVNO Services". The original and each of the five copies shall be respectively marked as "Original" and "Copy". In the event of any discrepancy between the original and the copies, the original shall prevail.
- 5.5 Applicants are also required to submit a softcopy which enable search capabilities in any of the following formats (Adobe Acrobat®, Microsoft Word®, Microsoft PowerPoint®, Microsoft Excel® or HTML).
- 5.6 Applicants must deliver the Container(s) by hand to the following address:
 Financial affairs - Communications and Information Technology Regulatory Authority
 Floor (56)
 Al-Hamra Tower
 Sharq
 Kuwait

- 5.7 In case the application contained any errors, the person or persons signing the Application shall sign on any correction.
- 5.8 Failure by any Applicant to provide all the information required in the Application by CITRA may lead to the rejection of such Application.
- 5.9 Each Applicant will be required to submit in a separate envelope marked “Application Fee”, an application a certified check drawn on a bank located in Kuwait approved by the Central Bank in favor of “Communication and Information Technology Regulatory Authority” with the amount stated in section 4.2.7.

6 GENERAL PROVISIONS

6.1 Request for Clarification

- 6.1.1 Questions concerning the RFA must be submitted to CITRA in Arabic or in English. All questions should contain the name, address and e-mail address of the questioner. All questions must refer to the relevant Sections in the RFA and its Appendices.

6.2 Confidentiality of Applications

- 6.2.1 CITRA shall treat all Applications received in relation to this RFA as confidential before the issuance of the Licenses, but Applications will not be returned to Applicants.
- 6.2.2 CITRA shall not be liable in any respect whatsoever to any Applicant or any of its members or representatives for damages or harm resulting from a failure to maintain such confidentiality.

6.3 CITRA Use of Applications

CITRA shall have the right to use or reproduce ideas and information contained in an Application without notice or compensation of any kind to the Applicant.

6.4 Cost of Application

The Applicant shall bear all costs associated with the preparation and filing of its Application. CITRA will in no case be responsible for these costs, regardless of the conduct or outcome of the Application.

6.5 Reservation of Rights

- 6.5.1 CITRA retains the copyright over this RFA and related documents. Reproduction of these documents for purposes other than this licensing process without CITRA’s written permission is subject to applicable copyright rules and regulations of Kuwait. The information contained in

this RFA or subsequently provided to Applicants on behalf of CITRA is provided to Applicants on the terms and conditions set out in this document.

- 6.5.2 This RFA is not an agreement and does not constitute an offer by CITRA to any other party.
- 6.5.3 It is not the role of CITRA to consider the investment objectives, financial situation and needs of each Applicant.
- 6.5.4 CITRA shall have no liability whatsoever to any Applicants or, where applicable, to any of their Consortium members, owners or shareholders or any other person resulting from use of or reliance on any of the information so provided.
- 6.5.5 Each Applicant should conduct its own investigations and analysis and should check the accuracy, reliability and completeness of the information set out in this RFA and obtain independent advice from appropriate sources prior to use of or reliance on that information.
- 6.5.6 Notwithstanding any other provisions in this RFA, for whatever reason and without incurring any costs or liabilities or any obligation to inform the Applicants of the reasons for its actions, CITRA reserves the absolute and unfettered right, in its sole discretion:
 - a) To take any action, including amending, updating and supplementing this RFA and any other CITRA documents in accordance with the laws of Kuwait and CITRA.
 - b) To modify the licensing process set out in this RFA and any other CITRA documents.
 - c) To accept or reject any one or more Applicants who have filed an Application and to waive any minor informalities or defects in Applications received and to reject any Applicant or Application which CITRA reasonably believes may pose a risk to national security, safety or scarce resources or which, following the issuance of a license, may lead to an anti-competitive environment in the market for public telecommunications services in Kuwait.
 - d) To annul, postpone and/or terminate the licensing process at any time before the License is issued without any liability on CITRA.
- 6.5.7 CITRA is not legally obliged to select any Applicant as a Successful Applicant, or to issue a License to any Applicant.
- 6.5.8 Neither the Government of Kuwait nor any of its agencies, employees, representatives, advisors or consultants, including CITRA , shall incur any

liability whatsoever to any Applicant or to any of its owners or shareholders or any other person because of any decision made or action taken by CITRA, about the evaluation and selection of an Applicant or the carrying out or termination of the RFA process.

6.6 Other Provisions

- 6.6.1 Disqualification prior to issuance of License: CITRA may refuse to evaluate Applicants and remove them from further consideration for any of the reasons below:
- a) Failure to comply with any of the procedures or other requirements established by this RFA;
 - b) Any attempts by the Applicant to influence the evaluation of Applications;
 - c) Any corrupt practice by the Applicant, to influence the action of a public official in relation to the licensing process established by this RFA;
 - d) Any fraudulent practice by the Applicant, including misrepresentations of fact or intention, and collusive practices, prior to or after submission of Applications, designed to undermine the integrity of the RFA process.
- 6.6.2 Applicants are not allowed to contact any member of the Board or staff of CITRA and its Advisors in any way whatsoever to seek clarifications or other information regarding this RFA document other than by the means given in this RFA. Any breach of this requirement will result in the disqualification of the Applicant.
- 6.6.3 Disqualification After Issue of License: If at any time CITRA learns that any of the activities referred to in Section 6.6.1 of this RFA has occurred, CITRA will take a proper penalization action in accordance to law no. 37 of 2014 and the amended law no. 98 of 2015, bylaw and other legislations. The provisions of this Section are in addition to any criminal or civil legal action that may be available to or taken by any government entity or regulatory authority, including CITRA.
- 6.6.4 This RFA shall be exclusively subject to, and interpreted solely in accordance with the CITRA laws and regulations.
- 6.6.5 The Application and associated documentation must be submitted in Arabic languages and a translation in English may be submitted with it. If any discrepancies exist, the Arabic version shall prevail.

6.6.6 All amounts of currency stated in the Application shall be expressed in Kuwaiti Dinars (KWD).

6.7 Communications about the Licensing Process

6.7.1 All correspondence with CITRA, other than the filing of the Application, shall be submitted to either of the following addresses:

a) By e-mail to: cod@citra.gov.kw

b) Delivery by hand to:

Financial affairs - Communications and Information Technology
Regulatory Authority

Floor (56)

Al-Hamra Tower

Sharq

Kuwait

6.7.2 All correspondence should contain the name, address, and e-mail address of the sender for the dispatch of any written response.

Appendix 1 Award Process Timetable

Appendix 1

[Note to Applicants: please refer to Section 3.1 of the RFA]

INITIAL LICENSE issuance PROCESS TIMETABLE

Phase/ Event	Period
Submission of questions on RFA	14/07/2019 – 22/08/2019
Answers on RFA questions	25/08/2019 – 03/10/2019
Submitting applications	06/10/2019 – 14/11/2019
Evaluation and announcement of successful selected application	17/11/2019 – 06/02/2020

Appendix 2 Evaluation Criteria

Appendix 2

EVALUATION CRITERIA

The criteria against which Applications from Applicants will be evaluated, and the percentage scores will be awarded in relation to each criterion in proportion to the appropriateness of the information provided and the extent to which the Applicant has met or exceeded the minimum requirements stated.

Evaluation criteria		Percentage
1. Business Proposal		45%
1.1	Corporate Strategy, including how, and by how much, the Applicant's business would contribute to the Kuwaiti telecommunications market.	
1.2	Market Study including market forecast, market segmentation, customer penetration and uptake, proposed services and associated prices, and covering the first five year of planned operation	
1.3	Customer service and after sales support plan, proposed related service levels and the continuous service quality improvement plan.	
1.4	Services and Service Innovation, including the planned services of the Licensee, the timing of the introduction of these services, and proposed approaches to service innovation.	
1.5	Organization, including management, marketing, sales, customer service, operations and maintenance.	
1.6	Human Resource Plan, including human resource plan and committed degree of national manpower in accordance with Kuwait laws, rules and regulations.	
1.7	A financial analysis of the proposed MVNO Services business in Kuwait covering each of the first five years of operation using the Pro-Forma Financial Summary attached as per Appendix 7 of this RFA. This will include a profit and loss statement, a balance sheet, a cash flow statement and a financing plan. The financial information provided is to include key assumptions driving the revenue model and a bottom up analysis of capital and operating costs.	

2. Technical Proposal		25%
2.1	A concise description of the proposed rollout and approach to the provision of MVNO Services in Kuwait including: – Proposed service launch date; –planned points of presence. These points of presence are for sales, verification of subscriber identity, answering customer queries, addressing customer concerns, and the activation of services in accordance with the related regulations.	

2.2	<p>A description of any infrastructure plan, and systems and processes planned, including details of:</p> <ul style="list-style-type: none"> • Network operations; • Customer service and after-sales support, and proposed service levels; • Service performance monitoring and the continuous improvement of service quality; and • Customer billing. 	
3. MVNO Partner Experience		30%
3.1	<p>This includes:</p> <ol style="list-style-type: none"> a) The number of years of that partner’s experience. b) Number of its MVNO businesses currently in operation (MVNO Partner must operate MVNOs in at least 2 countries). c) Number of its subscribers in each country (MVNO Partner must have at least 1 Million customers in total across all countries). d) Total annual gross revenues of all its MVNO businesses over the past five years (MVNO Partner must have total annual gross revenues of at least KD 10 million in any of the last 3 years). e) A description of the MVNO services currently offered in those businesses. f) Description of the MVNO partner’s operational processes and approaches in each foreign market. g) Details of the levels of customer service and after-sales support present in each foreign market. h) Examples of service innovation introduced in each foreign market. i) Evidence of the beneficial contributions made to the telecommunications market in each foreign market. 	

Appendix 3 Cover Letter Form

Appendix 3

[Note to Applicants: please print this form and complete in accordance with Section (4.1) of the RFA]

COVER LETTER FORM

Financial affairs - Communications and Information Technology Regulatory Authority

Floor (56)

Al-Hamra Tower

Sharq

Kuwait

[Insert Date]

Name of Applicant.....

Dear Sirs,

Re: Request for Applications for the Licensing of MVNO Services in Kuwait

1. Having examined the RFA, we the undersigned hereby apply for the grant of a License to provide Mobile Virtual Network Operator Services.

[Note to Applicant: Please provide a description of each of the Consortium members]

2. We have duly completed this letter and enclose herewith:

a) Main Proposal as detailed in Section 4.2 of the RFA.

b) The [powers of attorney/notarized certificates] that clearly evidence the authority to sign of the signator[y/ies] of this cover letter and other documents filed with our Application that require signature (using the Power of Attorney Form attached as Appendix 4 of the RFA).

c) A Financial Comfort Letter (using the Financial Comfort Letter Form attached as Appendix 5 of this RFA).

d) A Separate envelope marked "Application Fee" of non-refundable 15,000 KWD (fifteen thousand Kuwaiti Dinars only) contains a certified check drawn on an approved bank located in Kuwait approved by the Central Bank of Kuwait in favor of "Communication and Information Technology Regulatory Authority".

e) An Ownership Arrangements Letter (using the Ownership Arrangements Letter Form attached as Appendix 8 of this RFA).

f) A signed copy of the Preliminary MVNO Agreement.

g) A copy of the draft Management Agreement.

h) Details of the experience of the MVNO Partner (Section 4.2.4).

i) A completed Compliance Checklist (using the Compliance Checklist Form attached as Appendix 9 of the RFA).

3. We confirm our agreement to the terms, conditions and provisions of the RFA.

4. We agree that, in the event of a discrepancy between this cover letter and the RFA, the RFA shall prevail.

5. We have been studying the requirements of the business plan carefully, therefore we as applicant full responsibility for applying and implementing all indicated in this document, including but not limited CITRA's law, Bylaw and other legislations.

6. We confirm that all information provided in our Application and all associated documentation is complete, true and accurate in every detail and by having applied, we are bound by the information and commitments made by us.

7. For the avoidance of doubt:

a) In this letter, words and expressions shall have the same meanings as are respectively assigned to them in the RFA.

b) This letter and all other documents comprising our Application shall be governed by and construed in accordance with the laws of Kuwait.

8. We undertake that, if we are selected as a Successful Applicant, we shall:

a) Pay all required fees and amounts stipulated in the RFA.

b) Perform all other obligations required by the RFA including without limitation all requirements set out in Section 4 of the RFA.

Yours faithfully,

[Signature of Authorized Signator[y/ies]]

[Name of Authorized Signator[y/ies]]

[Name of Applicant]

[Date]

Appendix 4 Power of Attorney

Appendix 4

[Note to Applicant: please print this form, complete and submit with Application]

POWER OF ATTORNEY

Name of Applicant.....

Re: Request for Applications for the Licensing of MVNO Services in Kuwait

This power of attorney is made on [] by [] (registered number []) whose registered office is at [] (the **Company**).

The Company hereby appoints [] of [] to be its true and lawful attorney (the **Attorney**) with the full power and authority of the Company in its name to:

a) Execute on the Company's behalf in whatever manner required any document or thing lawfully necessary to affect the Application for the Mobile Virtual Network Operator License in such form as the Attorney in his absolute discretion may reasonably deem necessary or desirable; and

b) Do or cause to be done all such acts and things as the Attorney in his absolute discretion may reasonably deem necessary or desirable to carry out and give effect to the Application for the Mobile Virtual Network Operator License or any related matter.

The Company undertakes to ratify whatever the Attorney may do in its name or on its behalf in exercising the powers contained in this document.

This power of attorney is governed by the laws of the State of Kuwait.

IN WITNESS of which this power of attorney has been executed as a deed and has been delivered on the date which first appears above. [Signed as a deed by []]

Acting by [] And []

..... Director

Appendix 5 Financial Comfort Letter Form

Appendix 5

[Note to Applicant: please print this form and complete in accordance with Section 4.2 of the RFA]

FINANCIAL COMFORT LETTER FORM

Financial affairs - Communications and Information Technology Regulatory Authority

Floor (56)

Al-Hamra Tower

Sharq

Kuwait

[Insert Date]

Name of Applicant:

Dear Sirs,

Re: Request for Applications for the Licensing of MVNO Services in the State of Kuwait

We, [insert name of signing bank] understand that [Name of Applicant] has made an offer to acquire a MVNO License in the State of Kuwait.

Based on our thorough review of the following:

- The Request for Applications for the Licensing of MVNO Services in the State of Kuwait (the RFA);
- The financial resources available to the Applicant.

We are confident that the Applicant will have sufficient access to funding to meet its peak financing requirements of KD [] during the first five years of the business plan.

Our review and assessment is based on the information that was available to us at this date, and is subject to various conditions. These include no substantial delays in the License award process and the execution of documentation required.

This letter is not intended to create legal relations between us and is not a commitment to provide financing to the Consortium.

This letter is governed by the laws of the State of Kuwait and the courts of the State of Kuwait shall have exclusive jurisdiction to settle any disputes arising out of or about this letter. The parties accordingly submit to the exclusive jurisdiction of the courts of Kuwait.

Yours faithfully,

[Signature of Authorized Signator[y/ies]]

[Name of Authorized Signator[y/ies]]

[Name of Issuing Bank]

[Date]

Appendix 6 Business Proposal Form

Appendix 6

[Note to Applicant: please print this form and complete in accordance with Section 4.2 of the RFA]

BUSINESS PROPOSAL FORM

Financial affairs - Communications and Information Technology Regulatory Authority

Floor (56)

Al-Hamra Tower

Sharq

Kuwait

[Insert Date]

Name of Applicant:

Dear Sirs,

Re: Request for Applications for the Licensing of MVNO Services in Kuwait

We, [insert name of Applicant] confirm that the attached document is our Business Proposal to provide Mobile Virtual Network Operator Services in Kuwait. As such, this Business Proposal is subject to the terms and conditions set out in the RFA for Mobile Virtual Network Operator Services in Kuwait and the Cover Letter submitted with our Application.

Yours faithfully,

[Signature of Authorized Signator[y/ies]]

[Name of Authorized Signator[y/ies]]

[Name of Applicant]

[Date]

Appendix 7 Pro Forma Financial Summery

Appendix 7

[Note to Applicants: please print this form and complete in accordance Section 4.2 of the RFA]

PRO FORMA FINANCIAL SUMMARY

Name of Applicant:

Re: Request for Applications for the Licensing of MVNO Services in Kuwait

Unit	Years after commercial launch				
	Year 1	Year 2	Year 3	Year 4	Year 5
<i>Market Assumptions</i>					
Population			Millions		
% Growth			%		
% Addressable Market			%		
Addressable Market			Millions		
Penetration Rate			%		
<i>Operator assumptions</i>					
Market Share			%		
Market Share of Gross Adds			%		
Market Churn			%		
Average Number of Subscribers			Millions		
% Postpaid Subscribers			%		
On-net minutes			Minutes millions		
National minutes			Minutes millions		
International minutes			Minutes millions		
Incoming minutes			Minutes millions		
Total minutes of use			Minutes millions		
<i>Revenue assumptions</i>					
Postpaid ARPU			KWD		
Voice ARPU			KWD		
Messaging ARPU (SMS/ MMS)			KWD		
Data ARPU			KWD		
Prepaid ARPU			KWD		
Voice ARPU			KWD		
Messaging ARPU (SMS/ MMS)			KWD		
Data ARPU			KWD		
Average ARPU (Postpaid and Prepaid)			KWD		
Voice ARPU			KWD		
Messaging ARPU			KWD		
Data ARPU			KWD		
Service Revenue			KWD million		
Equipment Revenue			KWD million		
Interconnect Revenue			KWD million		
Other Operating Revenue			KWD million		

Total Revenue	KWD million
Operating Cost Structure	
Average Acquisition Cost per Subscriber	KWD
Marketing Cost per Subscriber	KWD
Total Subscriber Acquisition Cost	KWD million
<i>% of Revenue</i>	%
Average Administration Cost per Subscriber	KWD
Total Administration Cost	KWD million
<i>% of Revenue</i>	%
National Roaming Costs	KWD million
Interconnect Costs	KWD million
Wholesale service costs	KWD million
Other costs of sales	KWD million
Total cost of sales	KWD million
<i>% of Revenue</i>	%
Sales, marketing and distribution expenses	KWD million
General and administrative expenses	KWD million
Other operating expenses	KWD million
Total Operating Expenditure	KWD million
<i>% of Revenue</i>	
EBITDA	KWD million
<i>% of Revenue</i>	%
Number of Employees	#
Capital Cost Structure	
Network equipment	KWD million
Billing equipment	KWD million
Customer services equipment	KWD million
General IT systems	KWD million
Total Capital Expenditure	KWD million
<i>% of Revenue</i>	
EBIT	KWD million
<i>% of Revenue</i>	
Net Income	KWD million
<i>% of Revenue</i>	

Applicant shall also state the proposed Capital for the Company at its founding:.....KWD

Appendix 8 Ownership Arrangements Letter Form

Appendix 8

[Note to Applicant: please print and complete]

OWNERSHIP ARRANGEMENTS LETTER FORM

Financial affairs - Communications and Information Technology Regulatory Authority

Floor (56)

Al-Hamra Tower

Sharq

Kuwait

[Insert Date]

Name of Applicant: (“the Applicant”)

Dear Sirs,

Re: Request for Applications for the Licensing of MVNO Services Kuwait

We, *[insert name of Applicant]* wish to apply for a MVNO License in Kuwait.

We warrant and undertake to you that:

(a) the Applicant has entered into a Preliminary MVNO Agreement (as defined in the Request for Applications) with *[name of Host FBP]* (“Host FBP”), a true, complete and accurate copy of which has been provided to CITRA.

(b) under the arrangements between the Applicant and the Host FBP, the Host FBP does not and, should the License be awarded to this Applicant, will not at any time:

- i. own, directly or indirectly, more than ten percent (10%) of any class of shares in the Applicant.
- ii. nominate any person to the board of directors of the Applicant (or Consortium).
- iii. exercise control over the Applicant.

(c) no other Mobile FBP owns any shares in the Applicant or can exercise any control over the Applicant.

(d) appropriate confidentiality arrangements are in force between the Applicant and the Host FBP and:

- i. the Applicant has secured the agreement of the Host FBP that the Host FBP will not disclose any information contained within its Application to any other Applicant.
- ii. should the License be awarded to the Applicant, the Applicant will not, within a period of five years from the date of the issuance of the License, disclose to the Host FBP or any other FBP any information relating to its retail or retail marketing strategies, its customer care strategies or its intended range of retail services or pricing or bundling strategies as they are or evolve from time to time.

(e) [Name of MVNO Partner] will own at least Forty percent (40%) of the shares in the Applicant and has agreed to enter into a five-year Management Agreement with the Applicant to provide it with the technology, know-how and operational and management experience required to enable it to provide MVNO services in Kuwait; and a true, complete and accurate copy of such agreement has been provided to CITRA as part of the Application.

(f) no telecommunications service provider incorporated in another country which holds twenty five percent (25%) or more of any class of shares in a Mobile FBP in Kuwait owns or will own any shares in the Applicant or is able or will become able to exercise control over the Applicant.

The warranties and undertakings contained in this letter are integral to the award process and are of a continuing nature. If any warranty is untrue or any undertaking is breached, we confirm that CITRA may treat this as a breach of the conditions of the License and proceed in the manner provided for under CITRA Statutes.

The provisions of this letter shall cease to apply in relation to any information that has ceased to be confidential and is then in the public domain.

This letter is governed by the laws of Kuwait and the courts of Kuwait shall have exclusive jurisdiction to settle any disputes arising out of or about this letter. The parties accordingly submit to the exclusive jurisdiction of the courts of Kuwait.

Yours faithfully,

[Signature of Authorized Signator[y/ies]]
[Name of Authorized Signator[y/ies]]
[Name of Applicant]
[Date]

Appendix 9 Compliance Checklist

Appendix 9

[Note to Applicant: please print and complete]

COMPLIANCE CHECKLIST

Financial affairs - Communications and Information Technology Regulatory Authority

Floor (56)

Al-Hamra Tower

Sharq

Kuwait

[Insert Date]

Name of Applicant.....

Dear Sirs,

Re: Request for Applications for the Licensing of MVNO Services in Kuwait

Note: Where the Applicant is compliant, no additional notes or reservations shall be added. In any case where the Applicant is not fully compliant with one or more of the following criteria a full explanation must be provided. Note that this compliance checklist is merely a summary of the RFA requirements, and in the case of any contradiction between the contents of the RFA and the contents of this checklist, the RFA shall prevail.

Compliance Checklist	Compliant (Yes/No)	Reference to page numbers in the Application
Cover Letter (Section 4.1). I. Cover Letter Form (Appendix 3). II. Power of Attorney (Appendix 4).		
Main Proposal (Section 4.2).		
I. Applicant's details (Section 4.2.1), including all items referred to in its sub-sections. II. Copy of the signed Preliminary MVNO Agreement (Section 4.2.1). Note: The Applicant shall submit only one Preliminary MVNO Agreement. III. Copy of the draft Management Agreement with a foreign MVNO (Section 4.2.2). IV. Details of the experience of the MVNO Partner (Section 4.2.4). V. Documentation verifying the MVNO partner minimum requirements of at least two countries of operation, 1 Million customers in total across all countries, and total annual gross revenues of at least KWD 10 million in any of the last 3 years. VI. Financial Comfort Letter (Appendix 5). VII. Ownership Arrangements Letter (Appendix 8). VIII. Business Proposal (Section 4.2.5) including Business Proposal Form as described in Appendix 6 and Pro-Forma Financial Summary as described in Appendix 7. IX. Technical Proposal (Section 4.2.6).		
Application Fee (Section 4.2.7 and Section 5.9).		

[Signature of Authorized Signator[y/ies]]

[Name of Authorized Signator[y/ies]]

[Name of Applicant]

[Date]