



Regulatory Context



ZAIN BAHRAIN

CHALLENGES

Cross Border Interference

Operators using 2.6 GHz and 3.5 GHz spectrum have continued to face significant cross border interference from neighboring countries.

ZAIN'S RESPONSE

- In Q2-Q4 2022, operators conducted extensive measurements to demonstrate the accuracy of the claim of interference and to showcase such to national regulatory authorities.
- Following extensive engagements and discussions, a frequency coordination agreement was signed in Q2 2023 amongst national regulatory authorities in Saudi Arabia, Kuwait, Bahrain, Qatar, UAE, Oman, and Iran to cover bands such as 2.6 GHz and 3.5 GHz.
- In Bahrain, the Telecommunications Regulatory Authority (TRA) is reviewing a coordination agreement with Saudi Arabia and Qatar for 4G and 5G services. Coordination with the operators in Iran has also commenced.

Regulatory Fees

The recent amendment to the Telecom Law has changed the annual license fee cap from 1% to 2%. The TRA issued a public consultation to change the effective rate in the Schedule of Fees regulation. The TRA has issued the final report on the consultation document confirming the 2% annual license fee. Schedule of Fees regulation has been amended accordingly from 1st Jan 2024.

All mobile network operators (MNOs) sent a letter to the Ministry of Transportation and Telecommunications to push back the Annual Fee increase. Another letter is being drafted including other local operators to be sent to the TRA. Zain is studying the actions to be taken after the confirmation of the 2% annual license as it will increase significantly 2024 OPEX.

Spectrum Award/Auction

In 700 MHz, 1400 MHz, 2300 MHz, 2500 MHz and 3800 MHz bands.

Zain is lobbying for a managed assignment of the spectrum process and the TRA has sent a survey about frequency efficiency and future use of bands.

Group Regulatory Compliance

Compliance is an important aspect of any organization's activities, irrespective of the industry as it ensures the organization can avoid penalties or reputational damage.

- Zain recognizes the criticality of adherence to various compliance requirements and has adopted a structured approach towards ensuring the same.
- Zain Group Regulatory Affairs officially launched the Regulatory Compliance Program (RCP) in Zain Bahrain to embed robust regulatory compliance control frameworks in line with ISO 37301 (Compliance Management) and ISO 31000 (Risk Management) standards.
- In January 2023, the RCP portal was launched to track all compliance obligations.

ZAIN IRAQ

CHALLENGES

Quality of Service (QoS) Fine

Communication & Media Commission (CMC) has issued a penalty notice to Zain Iraq for purportedly failing to meet LTE QoS targets.

ZAIN'S RESPONSE

The penalty is not justified because:

- CMC did not follow established procedures outlined in the licensing contract, regulations, and corrective measure instructions,
- CMC made an error in its calculation of the penalty by using the overall subscriber count (including 2G, 3G, and 4G) instead of exclusively considering the number of 4G subscribers,
- CMC's measurements did not comply with the existing regulations,
- CMC did not comply with the license articles regarding coverage obligations,
- Zain challenged the decision before the Board of Appeal.

Spectrum Fees

The high spectrum fees have historically been a topic of concern for telecommunication operators in Iraq due to their substantial impact on operational costs.

- Ongoing advocacy efforts by MNOs to address QoS targets, spectrum availability and spectrum pricing to align these with international standards.
- Extensive workshops held in Q4 2023 to address QoS and to lower spectrum pricing.

Spectrum Shifting in 900 MHz band

Zain reported the interference during the process of shifting the 900 MHz band MHz refarming.

- A Joint arrangement with Asiacel to conduct measurement across the 900MHz, 2100 MHz, and other bands with an international vendor to:
 - > Identify the source of interference
 - > Check the clearness of the 2600 MHz band.
- Lobbying targets with CMC
 - > Interference in different bands.
 - > QoS imposed unachievable due to the interference.
 - > convince the CMC to release more spectrum.
 - > compensation to Zain such as waiving the penalty imposed.

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- Zain Group Regulatory Affairs officially launched the Regulatory Compliance Program (RCP) in Zain Iraq to embed robust regulatory compliance control frameworks in line with ISO 37301 (Compliance Management) and ISO 31000 (Risk Management) standards.
- In Q3 2023, the RCP Portal went live in Iraq.

ZAIN JORDAN

CHALLENGES

5G Spectrum

Licence issued (3700-3800 MHz) but previously used by the army.

ZAIN'S RESPONSE

- A letter to the Telecommunication Regulatory Commission (TRC) asking for the spectrum utilization time and the evacuation process by the army as competitors been granted clean spectrum.
- Zain is coordinating with the Army (SCC) to provide backhauling links to expedite the evacuation process
- The spectrum evacuation process is completed. Waiting an official confirmation.

TRC Collusion Claim

The TRC and the Ministry of Industry and Trade claim that Orange and Zain colluded to raise their prices.

- In response to macro-economic challenges, Zain and other MNOs have sought to increase prices.
- Zain independently raised prices to match Orange's offering.
- Challenging TRC claim against prices increase by Zain and other operators due to the macro-economic situation.

Group Regulatory Compliance

Compliance is an important aspect of any organization's activities, irrespective of the industry as it ensures that the organization can avoid penalties or reputational damage.

Zain is taking steps to introduce its Regulatory Compliance Program in 2024 in Jordan to ensure compliance with laws, regulations, and other instruments issued by the national regulatory authority.

ZAIN KUWAIT

CHALLENGES

Tower and Sites Regulation

Decisions from several government authorities (Ministry of Finance, Public Authority for Industry, and the Communication and Information Technology Regulatory Authority (CITRA)) to significantly increase the rental fees for towers.

Fixed Network Development Project

Ministry of Communications (MOC) is seeking a reputable international telecommunications operator to partner with it to manage and extend the fixed communications network. The tender to recruit the partner has been launched.

Group Regulatory Compliance

Compliance is an important aspect of any organization's activities, irrespective of the industry as it ensures the organization can avoid penalties or reputational damage.

ZAIN'S RESPONSE

- In July 2023, Zain sent a letter to CITRA to challenge the proposed rental increase.
- An objection was filed on CITRA new regulations (8/2023) 18 September 2023.

- Zain met with MOC and its consultants.
- In October, Zain shared a document containing a list of questions that are organized across five main aspects of the PPP setup.

- Zain recognizes the criticality of adherence to various compliance requirements and has adopted a structured approach towards ensuring the same.
- Zain Group Regulatory Affairs officially launched the Regulatory Compliance Program (RCP) in Zain Kuwait to embed robust regulatory compliance control frameworks in line with ISO 37301 (Compliance Management) and ISO 31000 (Risk Management) standards.
- In Q3 2023, the RCP Portal went live in Kuwait.

ZAIN SAUDI ARABIA

CHALLENGES

600,700,3800-400 MHz Auction

Communications, Space & Technology Commission (CST) postponed the auction supposed to take place on 16 October 2023.

Cross-Border Interference

Operators using 2.6 GHz and 3.5 GHz spectrum have continued to face significant cross-border interference from neighboring countries.

Coverage and Speed Commitments

CST issued new regulations and KPI's regarding coverage and speed commitments for service providers in Saudi Arabia.

Group Regulatory Compliance

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ZAIN'S RESPONSE

Zain to participate in the committee that will include CST, MCIT and operators to discuss the obligations further. Committee still not formed.

- In Q2-Q4 2022, operators conducted extensive measurements to demonstrate the veracity of the claim of interference and to showcase such to national regulatory authorities.
- Following extensive engagements and discussions, a frequency coordination agreement was signed in Q2 2023 amongst national regulatory authorities in Saudi Arabia, Kuwait, Bahrain, Qatar, UAE, Oman, and Iran to cover bands including 2.6 GHz and 3.5 GHz.

In 2023, Zain, STC, and Mobily lost the court case against CST's KPI's for network coverage and speed. Currently awaiting a Supreme Court decision.

Zain is taking steps to introduce its Regulatory Compliance Program in 2024 in Saudi Arabia to ensure compliance with laws, regulations and other instruments issued by the national regulatory authority.

ZAIN SUDAN

CHALLENGES

2023 Spectrum Auction

Telecommunication and Post Regulatory Authority (TPRA) allocated 20 MHz in 700 MHz band for trial.

ZAIN'S RESPONSE

- Commercial utilization is allowed.
- The allocation will be renewed annually.
- The annual cost is set based on the auction results in the 800 MHz band. (USD 13 m per year for the 20 MHz block).

Landing Station

Final approval and agreement sign-off pending for environmental survey and other minor approvals (localities and power authorities).

- Final landing station approvals for Africa-1 submarine cable were successfully secured. The landing station will contribute positively to both revenue increase and cost reduction.
- Zain is currently seeking some other minor approvals from localities and power authorities.

Annual License Renewal Fee

TPRA is requesting 1.3% of gross revenue. (Current fee is 2.5% net profit as per the license agreement).

- Zain Sudan is insisting on the 2.5% of net profit as per the license agreement.
- Before the conflict, Zain has filed a case at the Court of Appeal, which was rejected.
- Zain will escalate this matter further at the appropriate time.

Group Regulatory Compliance

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- Zain recognizes the criticality of adherence to various compliance requirements and has adopted a structured approach towards ensuring the same. Zain Group Regulatory Affairs officially launched the Regulatory Compliance Program (RCP) to embed robust regulatory compliance control frameworks in line with ISO 37301 (Compliance Management) and ISO 31000 (Risk Management) standards. Unfortunately, the RCP implementation plan is delayed due to the conflict in Sudan the program will resume by January 2024.

ZAIN SOUTH SUDAN

CHALLENGES

800 MHz Spectrum Acquisition

Zain network has reached its capacity. National Communication Authority (NCA) offered Zain the opportunity to acquire 800 MHz spectrum.

ZAIN'S RESPONSE

- A total of 2 x 10 MHz in the 800 MHz band for 4G LTE acquisition, to bring Zain's total holdings to 2 x 60 MHz, is on hold.
 - > The acquisition fee is USD 3M + 5% admin fee + USD 200K annual fee.
 - > Acquisition payment schedule, payment currency, and interest payable for deferred payments are not clear yet.
 - > Ongoing discussion with NCA for a final price and licence duration of 800MHz band.
 - > Spectrum license will have a term of 5+ years (from Q3 2023 until January 2029) as per the Harmonization Agreement.
- Utilization of the current holding of the 2100 MHz band to increase the capacity.

International Roaming (ONA)

NCA requested MNOs feedback regarding the implementation of the ONA via a questionnaire.

- The traffic over 30 days to be considered as international roaming and not ONA roaming traffic.
- Billing system still could not be updated to cater the requirements of the ONA regulation.
- In October 2023, a questionnaire was provided to all MNOs seeking their feedback regarding the ONA implementation.
- Zain provided its feedback and is awaiting the NCA response.

NCA Tariff adjustment

NCA exchange rate is at SSP 618.75 : USD 1, market exchange rate is now at SSP 1150 : USD 1.

- Zain will seek the NCA's feedback regarding the tariff adjustment in 2023 to match the current exchange rate set by the Central Bank.
- Discussion put on hold due to engagement with NCA regarding the 800 MHz spectrum acquisition.

Group Regulatory Compliance

Compliance is an important aspect of any organization's activities, irrespective of the industry as it ensures that the organization can avoid penalties or reputational damage.

- Zain is taking steps to introduce its Regulatory Compliance Program in in 2024 in South Sudan to ensure compliance with laws, regulations, and other instruments issued by the national regulatory authority.