



Application Guidelines for Obtaining ICT Facilities-Based and Service-Based License

**Telecommunications Division
Bhutan InfoComm and Media Authority
Royal Government of Bhutan**

1. INTRODUCTION

- 1.1 With the enactment of Bhutan, Information, Communications and Media Act (“the Act”) in the year 2006, the ICT market has been liberalized.
- 1.2 As per Section 36 of the Act requires any person to obtain licence for provisioning of certain ICT facilities and Services from the Office of the Bhutan InfoComm and Media Authority (“ the Authority”) establish under the provision of the Act to regulate ICT and Media Sector within the Kingdom of Bhutan.
- 1.3 The Act permits only a private ICT facility set-up within a single set of private premises without any link or effect on public ICT system to operate without the need to obtain licence from the Authority.
- 1.4 For the purpose of obtaining ICT facility or ICT service licence, the Authority developed this guideline which describes an overview of the licensing framework for intending to deploy facilities-based operations and the services-based type of operations.

2. FACILITIES BASED OPERATORS (FBO) LICENCE

- 2.1 Facilities-based operations refers to the deployment and/or operation of any form of telecommunication network, systems and/or facilities by any person for the purpose of providing telecommunication and/or broadcasting services outside of their own property boundaries to third parties, who may include other licensed telecommunication operators, business customers or the general public. Parties intending to deploy such operations will require a FBO Licence from the Authority.
- 2.2 Telecommunication networks, systems and facilities include any telecommunication infrastructure for the carriage of telecommunication or broadcast traffic. The traffic can be cross-border or local in nature, and the network coverage can be nationwide or only confined to selected geographical areas in Bhutan. These may include mobile communications systems (e.g. base stations, mobile switching centers) required to offer

public mobile phone, paging, trunked radio or mobile data services; and fixed telecommunication systems (e.g. switches, optical fibre, cable ducts, submarine cables, frontier stations, international cable and satellite gateways) required to offer local and international voice, data and leased circuit services. Interested parties should note that separate licenses or authorization may be required from other relevant government agencies for the deployment and/or provision of certain types of networks and/or services.

2.3 The types of ICT Facilities that require FBO License include:

- i. Public switched telephone facilities, whether fixed, wireless or cellular, using either packet or circuit based switching or routing techniques;
- ii. Communication Systems used for interconnection;
- iii. Cable facilities, cables and cable landing points, whether underground or on land, which originate on, or terminate on, or traverse the territory of Bhutan;
- iv. Communication Systems incorporating orbiting or geo-stationary satellites, including very Small Aperture Transmission (VSAT) satellites, which are used for the transmission of messages; and
- v. Dark fibre or other unlit fibre.

3. SERVICE BASED OPERATORS (SBO) LICENCE

3.1 Any person intending to lease telecommunication network elements (such as transmission capacity and switching services) from any Facilities-Based Operator (FBO) licensed by the Authority so as to provide their own telecommunication services, or to resell the telecommunication services of FBOs, to third parties; **OR**

3.2 Operators who have deployed telecommunication network, systems and facilities within their own property boundaries, but wish to offer telecommunication services to third parties resident within their property boundaries; should apply to the Authority for a Services-Based Operator (SBO) Licence.

3.3 The types of ICT Services that require SBO License include:

- i. **Telephony:** All forms of wholesale telephony or any other form of supply of communication system capacity, whether as interconnection services or as airtime, by one ICT Licensee to one or more other ICT Licensees or by an ICT Licensee to subscribers or all forms of retail telephony involving the transmission to and from subscribers of signals over communication systems, including the domestic and international transmission of voice, data, facsimile, moving image or still image messages, regardless of the method of transmission.
- ii. **Leased Circuit:** Both International and domestic leased circuit to any person or company.
- iii. **Television:** All forms of terrestrial television broadcasting transmitted from a station in Bhutan or all forms of television broadcasting distributed by cable or satellite from a distribution point located in Bhutan.
- iv. **Internet services:** This includes all services provided over Internet system regardless of the scope or type of services.
- v. **Application service providers:** The supply of directory listing in any medium, format or sequence in information whereby the identity of subscribers may be made public.

4. ELIGIBILITY CRITERIA

2.4.1 Any individual or group of individual who:

- a) is a citizen of Bhutan;
- b) has reached the age of majority;
- c) is of sound mind¹;
- d) has not violated any provisions of the Act; and
- e) has not been, under the laws of Bhutan, (i) declared insolvent, and/or (ii) found guilty of a criminal offence concerned either under the Act or any other Act, unless his reputation has been restored through due process of law,

may apply in writing to the Authority for FBO or SBO license as required under Section 93(2) of the Act.

4.1 Application Procedure

4.1.1 Parties interested may apply for Licence to the Authority in person or fax (+975-2-326909) or by email (bicma@bicma.gov.bt or telecom@bicma.gov.bt)

2.4.2 The applicant shall be submitted in the format prescribed below:

a) Organisation and Corporate information

- i. Details of the applicant: Name of the applying individual/ group of individual or company, contact telephone number, facsimile number, e-mail address, and name and designation of a contact person within the application's organization.

- ii. Details of the partner, if FDI is involved, including the profile.
- iii. Comprehensive curriculum vitae of the applicant including details of the applicant's current activities.
- iv. Name of the organization (company) proposed.
- v. Detailed information on the proposed company, its corporate and shareholding structure, if applicable.

b) Financial Information and Business Plan

The financial information should include:

- i. Projected capital and operating expenditure.
- ii. A breakdown of the proposed capital expenditure and working capital requirements for the first five years of operation.
- iii. Documentary evidence to prove that the applicant has the financial capacity to meet the capital investment required in carrying out the activity proposed including the proposed source of funds.

The Business Plan information should include:

- i. Comprehensive business plan.
- ii. Projected volume of business, indicative prices for the services and market share for the first five years of operation.
- iii. The forecast internal rate of return and payback period of the investment.
- iv. The segment of the market (specific geographical area) that the applicant will target.

- v. Distribution, marketing and promotion strategy.
- vi. The service roll-out for the next five years including description of the activities that will take place in a given time framework such as pre-commencement and post commencement of services.

c) Infrastructure and Technologies

The infrastructure and technology details should include:

- i. Details of the proposed technology used for delivery of services.
- ii. Details of Location of the facility to host the servers (For Internet services only).
- iii. Detail on the Internet backbone connectivity (For internet services only).
- iv. Details on transmission including the location of transmission and geographical coverage.
- v. Type of infrastructure that you wish to share with other facility/ service providers based on a negotiated agreement.
- vi. **Network Configuration:** Refer to the overall infrastructure and the components of the networks to enable the provision of the services. This should include, where relevant the network management capabilities, routing plan, transmission plan, signaling plan and diversity plans.
- vii. **Network coverage:** The planned locations and technical details of stations, exchanges, radio base station sites and other equipment to be installed and frequency spectrum to be used.

- viii. **Service Coverage, Capacity and Improvement:** The planned geographical coverage of the network upon launch of services and the network capacity expansion plans for the first 5 years of operation; and commitments for improvements to infrastructure facilities for the next 5 years.

- ix. **Network Interconnection:** Technical proposals for interconnections with existing network of the licensed service providers the interconnection configuration, point of interconnection interface requirements and diversity arrangements.

- x. **Network Code of Practice, Security and Protection:** Network performance with an indication of the minimum standards and details of network security, IT/system security and physical network protection.

- xi. **Network technologies:** Technologies employed for the systems to deliver services with the rational for the choice of technologies selected.

d) An Impact Report

An impact analysis report on the following subject:

- i. How the applicant's operations will benefit/impact the development of the ICT services.

- ii. Strategies that will be employed to compete effectively in the Bhutanese ICT sector.

- iii. Details of any initiatives that would be undertaken towards sharing of infrastructures.

5. LICENCE FEE AND DURATION

The fee as well as the duration of the licence for both categories (FBO and SBO) is listed below:

Licence Type	Eligibility	Application Fee (Nu.)	Annual Licence Fee (Nu.)	Processing Time	Licence Period
Facility Based Operator (FBO)	Any individual or group of individuals or company can apply	Nu. 100,000.00	1 % of AGR AGR means Adjusted Gross Revenue	1 month	10 years
Service Based Operator (SBO)	Any individual or group of individuals or company can apply	Nu. 10,000.00	Subject to Authority's determination	1 month	5 Years

Note:

Licence fees paid to the Authority shall not be refunded (whether on a pro-rated basis or any other basis) in the event that the licence is cancelled by the Authority in the following circumstances:

- i. where the licensee failed to commence services as stipulated in the licence terms and conditions; or
- ii. where the Authority cancels the licence under relevant section of the Act.

6. PROCEDURES FOR AWARDING OF LICENCE

- 6.1 After the receipt of the application, it will be reviewed and assessed by the Telecommunications Division of the Authority.
- 6.2 Additional queries on any shortfall or lapses such as no or inadequate information or lack of supporting documents would be further sought by the Division.
- 6.3 The applicant will be asked to present this proposal to the Assessment Committee. The time and venue for the presentation will be conveyed to the Applicant by Telecommunications Division, either through email or letter or phone.
- 6.4 After completing the assessment, the recommendation for either grant or deny of licence will be submitted to the Director.
- 6.5 Accordingly, the applicants shall be informed in writing whether their applicant has been selected for award of licence or not. If the application is not selected then the detail reason for failure to award the licence will be furnished as required by the Act.

NOTE:

The whole process will be completed within two weeks from the submission of the application provided all required information is submitted.

7. CORRESPONDENCE/ENQUIRY

Any enquiry concerning the licensing procedures can be addressed to:

CHIEF

Telecommunications Division

Bhutan InfoComm and Media Authority (BICMA)

Chang Olakha, Thimphu

Post Box 1072

Tel : +75-2- 325527 or 321506/07

Fax: +975- 2 -326909

Email: telecom@bicma.gov.bt or bicma@bicma.gov.bt

NOTE:

1 This document has no legal standing and is not intended as a substitute for legal advice. While every effort has been made to provide an accurate and authoritative account of the licensing regime, the licence(s) to be granted to successful applicants will be the complete authoritative text.

2 The information contained in this document is intended to assist interested parties in applying for the relevant licences. It does not bind the Authority to any particular course of action in relation to the handling of any application, or to the terms of any licence to be granted, or to grant any licence to any party. The Authority reserves the right to change its policies and/or to amend this document without prior notice.

3 The grant of a licence is at the sole discretion of the Authority. The Authority reserves the right not to accept any application submitted. The Authority will undertake to explain to the applicant concerned, on the applicant's request, why the applicant is unsuccessful in its application for a licence.

4 The reserves the right to disclose the identities of parties who have submitted applications. All other information received will be treated in confidence.