

**Individual Operating License N<sup>o</sup> [Add number]**

**Granted by**

**the Office of the Telecommunication Regulation Authority of the Federated States of Micronesia**

**To**

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**PART VIII. License Terms**

**1. Grant of License**

- (1) The Office of the Telecommunication Regulation Authority (“Authority”) of the Federated States of Micronesia (“FSM”), pursuant to its authority under Section 331, Title 21 of the Code of FSM and the FSM Telecommunications Operating License Rules (“Operating License Rules”), issues this Individual Operating License (“Individual License” or “License”) to \_\_\_\_\_ (“Licensee”) to own and operate Specified Communications Networks and provide Communications Services in [Add geographic scope of license] in accordance with the terms and conditions set forth in this License and its Schedule A.

**2. Definitions**

- (1) Unless otherwise defined herein, the terms used in this License shall have the same meanings as in Title 21 of the Code of FSM and the Operating License Rules made by the Authority.

**3. Duration**

- (1) This License is valid and effective from  [DATE]  (“Effective Date”) and shall remain in effect until:
- (a) the end of twenty (20) years from the Effective Date; or
  - (b) any date on which this License is surrendered or terminated pursuant to Title 21 of the Code of FSM, the Operating License Rules, or this License.

**4. Renewal**

- (1) This License may be renewed subject to the procedures set forth in **Sections 23 and 24** of the Operating License Rules.

**5. Transfer, or assignment**

- (1) The Licensee may not transfer, assign, or sub-license this License without the Authority’s prior written approval, pursuant to procedures in **Sections 25** of the Operating License Rules.

**6. Variation, suspension, revocation, or surrender**

- (1) This License may be modified, suspended, revoked, or surrendered according to the procedures in **Sections 27 to 30** of the Operating License Rules.

## **PART IX. General License Conditions**

### **7. Authorized activities**

- (1) The list of authorized activities is contained in Schedule A of this License, which the TRA shall update upon:
  - (a) approval of the Licensee's expansion of additional Specified Communications Networks and Communications Services; or
  - (b) upon other variation or modification of the License, as applicable.
- (2) The Licensee may provide the approved Specified Communications Networks and Communications Services authorized in this License:
  - (a) within the FSM and between the FSM and other jurisdictions; and
  - (b) on a wholesale and retail basis. **NOTE TO TRA: this subsection (b) does not apply to an Open Access Entity which may only offer wholesale service.**

### **8. Expansion of additional networks and services**

- (1) Prior to providing additional Specified Communications Networks and/or Communications Services, the Licensee shall notify the Authority in writing and comply with all obligations according to the **Section 11** of the Operating License Rules.

### **9. Notification of changes**

- (1) The Licensee shall comply with the notification requirements in accordance with **Section 33** of the Operating License Rules.

## **PART X. Compliance Conditions**

### **10. Compliance with legal obligations**

- (1) The Licensee shall comply with Title 21 of the Code of FSM and with all the regulations, rules, determinations, decisions, directives, or other orders made by the Authority;
- (2) Without limiting subsection (1), the Licensee shall comply with the terms and conditions of this License and of any associated license granted to it by the Authority.

### **11. Provision of information**

- (1) On written request by the Authority, the Licensee shall provide, in the timeframe and manner established by the Authority, such information required by the Authority to reasonably discharge its duties under Title 21 of the Code of FSM.
- (2) The Licensee may submit a written request for confidential treatment of information submitted to the Authority. The Authority shall give due regard to the request for confidentiality of sensitive information submitted by the Licensee, and shall notify the Licensee in any case in which the Authority proposes to disclose information for which the Licensee has requested confidential treatment.

**12. Permission to inspect**

- (1) The Licensee shall permit entry and inspection of any place owned by or under the control of the Licensee, pursuant to Title 21 of the Code of FSM.

**13. Contravention and Enforcement**

- (1) The Licensee shall have all the rights and obligations relating to any contravention and enforcement measures undertaken in accordance with Title 21 of the Code of FSM.

**PART XI. Service Conditions**

**14. Directories and directory assistance**

**NOTE: only applies to Licensees using telephone numbers**

- (1) The Licensee shall comply with **Section 41** of the Operating License Rules and other relevant legislation, regulations, and rules relating to the provision of directories and directory assistance services.

**15. Provision of emergency call services**

**NOTE: only applies to Licensees using telephone numbers**

- (1) The Licensee shall comply with **Section 42** of the Operating License Rules and other relevant legislation, regulations, and rules to ensure that:
  - (a) Consumers are able to access, free of charge, any national emergency number specified in the national numbering plan from the Consumer's communications equipment used in conjunction with the Licensee's network; and
  - (b) the Licensee complies with other technical and other requirements relating to the provision of emergency call services as the Authority may adopt.

**16. Interception capabilities**

- (1) The Licensee shall provide the specified interception capabilities and real-time collection of data in accordance with Sections 380 and 381 of Title 21 of the Code of FSM.

**17. Publication of information**

- (1) The Licensee shall ensure that clear, accurate, and current information is made available to Consumers relating to information on prices and quality of service for the Licensee's Communications Services and shall publish, at a minimum, the following terms:
  - (a) the Licensee's name and office address;
  - (b) a description of the communications services offered;
  - (c) the Licensee's standard terms and conditions, including prices; and
  - (d) the standard contract conditions and procedures, as required by Section 348 of Title 21 of the Code of FSM.
- (2) The Licensee shall make this information available to Consumers by:

- (a) sending a copy in paper or digital format of the information to any Consumer who reasonably requests such a copy; and
- (b) providing a copy of the information on the Licensee’s website and/or at each office of the Licensee to enable the public to view the information free of charge during normal business hours.

**18. Metering and billing**

- (1) The Licensee shall ensure that any bill issued to a Consumer subscribing to the Licensee’s Communications Services is accurate, reflects the true and relevant amount of any service provided to the Consumer and is sufficiently detailed for the Consumer to understand the charges.

**19. Dispute resolution**

- (1) The Licensee shall adopt, implement, and maintain a dispute resolution procedure for Consumers.
- (2) The Licensee shall provide a copy of the procedure for dispute resolution to the Authority, at the Authority’s request.
- (3) The Authority may require, and the Licensee shall make, changes to the procedure where the Authority believes the procedure adopted by the Licensee is not fair or transparent for Consumers;
- (4) The Licensee shall monitor the effectiveness of its dispute resolution process and shall keep anonymized statistical records relating to its dispute procedure to enable the Licensee to monitor, on a quarterly basis, the number of disputes, categories of disputes, resolution rates, and time periods for resolution.
- (5) The Authority may require, and the Licensee shall make, changes to the manner in which the Licensee monitors the effectiveness of its dispute resolution process, including the type of anonymized statistical records the Licensee should maintain.
- (6) The Authority may request, and the Licensee shall provide, copies of the Licensee’s anonymized statistical records collected in accordance with subsection (4).

**20. Protection of Consumer information**

- (1) The Licensee shall respect and take reasonable steps to ensure the confidentiality of the personal information and communications of Consumers subscribing to the Licensee’s Communications Services and shall not disclose such personal information and communications without the Consumer’s consent, except as required by law or authorized by the Authority.

**21. Universal access service obligation**

NOTE: only applies to Licensees that the Authority has determined are subject to the universal access obligation pursuant to Section 362(1)(a) of Title 21 of the Code or if the Licensee has assumed the obligation under Section 369 of Title 21 of the Code.

- (1) The Licensee shall comply with any order, directive, agreement, or other decision issued by the Authority relating to the Licensee’s compliance with any universal access service obligation, as applicable.

## 22. Coverage requirements

NOTE: only applies to Licensees that have been awarded spectrum licenses which include coverage requirements

- (1) The Licensee shall deploy and operate the Communications Networks and Communications Services authorized by this License in manner that ensures compliance with any coverage obligations and other obligations attached to any associated spectrum license held by the Licensee, as applicable.

## PART XII. Financial Conditions

### 23. Fees

- (1) The Licensee shall pay all fees, as required by the Authority in accordance with the License Fee Schedule and Sections 31 and 32 of the Operating License Rules.

### 24. Accounts and Records

- (1) The Licensee shall maintain accounting records on a quarterly basis to enable the Licensee to accurately determine its expenses, investments, revenues, subscribers, traffic and financial position in accordance with generally accepted accounting principles.
- (2) The Licensee shall submit quarterly statements to the Authority as follows:
  - (a) first quarter statement for the period from October 1 to December 31, shall be submitted by January 31;
  - (b) second quarter statement for the period from January 1 to March 31, shall be submitted by April 30;
  - (c) third quarter statement for the period from April 1 to June 30, shall be submitted by July 31; and
  - (d) fourth quarter statement for the period from July 1 to September 30, shall be submitted by October 31;
  - (e) each quarterly statement shall include the Licensee's balance sheet and statement of operations, equity and cash flows, gross revenues, subscriber and traffic for the quarter in accordance with the prescribed form issued by the Authority.
- (3) Each year, the Licensee shall submit an annual financial statement to the Authority which shall:
  - (a) be submitted by October 31;
  - (b) be based on the records of the prior fiscal year ending September 30; and
  - (c) include the Licensee's balance sheet and statement of operations, equity and cash flows.
- (4) The Licensee shall keep all financial records for at least five (5) years from the end of the fiscal year to which they correspond.
- (5) The Licensee shall submit audited financial statements to the Authority for every fiscal year no later than 6 months after the end of the fiscal year, provided the Licensee earned over 1,000,000 United States Dollars in gross revenues during that fiscal year.
- (6) The Authority may require by written order, and the Licensee shall submit, such additional financial information reasonably necessary to verify the information reported in accordance with subsections (2) and (3) including, but not limited to:

- (a) audited financial statements of Licensees with revenues below the threshold specified in subsection (5); or
  - (b) certifications of the truthfulness and correctness of information reported signed by a qualified auditor.
- (7) The obligations set forth in subsections (1) through (6) above are in addition to any other regular filing and reporting requirements that the Authority may require to fulfill its duties and responsibilities under Title 21 of the Code of FSM or that the Licensee may be required to submit in accordance with applicable laws.

### **PART XIII. Technical Conditions**

#### **25. Compliance with technical standards**

- (1) The Licensee shall comply with all technical standards for Communications Networks, facilities, and equipment that are deployed, operated, leased or sold for purposes of this License, in accordance with Sections 355 and 356 of Title 21 of the Code of FSM, and any technical standards or rules that the Authority may issue from time to time.
- (2) In the absence of technical standards or rules issued by the Authority, the Licensee shall deploy, operate, lease, and sell Communications Networks, facilities, and equipment that:
  - (a) comply with technical standards adopted by a recognized international standard-setting body, such as the American National Standards Institute (ANSI), the Institute of Electrical and Electronic Engineers (IEEE), and the European Telecommunications Standards Institute (ETSI);
  - (b) are routinely used by providers of Communications Networks and Services in other countries; or
  - (c) the Authority has specifically approved.

#### **26. Service interruptions**

- (1) Prior to any planned interruption of service, the Licensee shall give reasonable advanced notice to the Authority and to any Consumer and other Licensees that will be materially affected by the interruption specifying:
  - (a) the services that are to be interrupted;
  - (b) the reason for the service interruption;
  - (c) the time at which the planned service interruption is scheduled to begin; and
  - (d) the estimated duration of the interruption.
- (2) For the purpose of this section, reasonable advanced notice shall be no less than five (5) days' notice.
- (3) Notwithstanding subsection (2), if the Licensee reasonably concludes that the planned interruption of services should be undertaken in a period of less than five (5) days from when the Licensee became aware of the need for such interruption, the advanced notice shall be made promptly after the Licensee becomes aware of the need for such interruption services.
- (4) In the event of an unplanned interruption of service, the Licensee shall take all:

- (a) reasonable remedial measures to promptly restore service; and
- (b) reasonable measures to promptly notify the Authority and any Consumer and other Licensees that are materially affected by the interruption specifying:
  - (i) the services that have been interrupted;
  - (ii) the reason for the service interruption;
  - (iii) the measures being taken to end the service interruption; and
  - (iv) the estimated duration of the interruption.

**27. Access to and use of radio frequency spectrum**

- (1) This License does not grant or enable the Licensee be assigned, awarded, or granted any licenses, authorizations, or permits for the use of radio spectrum or any radio apparatus subject to licensing by the Authority.
- (2) A Licensee that acquires the use of licensed radio frequency spectrum pursuant to procedures established in accordance with Title 21 of the Code of FSM, shall be subject to the rights and obligations set forth in the relevant spectrum license.

**28. Access to and use of public numbering resources**

- (1) The Licensee may request public numbering resources from the Authority, pursuant to the numbering plan adopted by the Authority.

**29. Interconnection and access obligations**

- (1) The Licensee shall be subject to interconnection and access obligations in Title 21 of the Code of FSM and the **Interconnection and Access Rules**.

**PART XIV. Competition Conditions**

**30. Prohibition on anti-competitive conduct**

- (1) The Licensee shall not engage in any anti-competitive conduct as specified in Section 343 of Title 21 of the Code of FSM.

**PART XV. Final Conditions**

**31. Force majeure**

- (1) If the Licensee, despite reasonable efforts, is prevented or delayed from complying with any of the terms and conditions of this License by any event beyond the Licensee's control, such as by war, terrorism, insurrection, civil commotion, public health emergencies, major labor unrest (other than disputes solely between the Licensee and its employees) or any man-made disasters or any natural disasters, such as fire, flood, cyclone or earthquake ("Force Majeure Event"), the Licensee shall notify the Authority, as promptly as reasonably practicable, and in any case within fifteen (15) days after the Force Majeure Event has occurred, of:
  - (a) the nature, expected duration and expected effects of the Force Majeure Event;
  - (b) the specific terms and conditions of this License with which the Licensee cannot comply; and

- (c) the measures the Licensee is taking to overcome the consequences of the Force Majeure Event.
- (2) The Authority shall not take enforcement action against a Licensee for failure to comply with any terms and conditions of this License with which the Licensee, despite making all reasonable efforts, was unable to comply as result of the Force Majeure Event.
- (3) The Licensee shall take all commercially reasonable measures to resume service as soon as the Force Majeure Event ceases.

**32. Notices**

- (1) Unless the Authority and the Licensee mutually agree otherwise, notices from the Authority to the Licensee under this License shall be in writing and shall be sent by electronic or registered post to the contact representative designated by the Licensee.

**33. Severability**

- (1) Every term and condition of this License shall be construed as a separate and severable provision so that if any term or condition or part thereof is determined to be invalid or unenforceable, the remainder of this License shall remain in full force and effect.



## Schedule A

### List of activities authorized by the Individual License

NOTE TO TRA: Sections (1) and (2) below apply to all Individual Licensees, except those designated as an Open Access Entity. For an Open Access Entity, see below.

Identify only those networks that the TRA has authorized the Licensee to provide. In the event that a licensee completes the notification process with the TRA to offer additional networks, then the additional networks would be added to the Licensee's license.

- (1) The Licensee is authorized to construct, own, and operate Specified Communications Networks and provide Communications Services identified in sub-sections (2) and (3) of this Schedule A. The Specified Communications Networks and Communications Services may be provided on a:
  - (a) domestic and/or international basis;
  - (b) wholesale and/or retail basis; and
  - (c) prepaid and/or postpaid basis.
- (2) The list of authorized Specified Communications Networks are as follows. Authorization of the Specified Communications Networks are independent of any necessary assignments or licenses for radio frequency spectrum resources.
  - (a) Terrestrial cable transmission facilities. The Licensee may construct, own, and operate any terrestrial wireline facilities, and provide authorized Communications Services over such facilities.
  - (b) Terrestrial radio communications transmission facilities. The Licensee may construct, own, and operate any terrestrial fixed wireless or mobile wireless facilities, and provide authorized Communications Services over such facilities.
  - (c) Submarine cable and cable landing station facilities. The Licensee may construct, own, and operate any submarine cable and cable landing station, and provide authorized Communications Services over such facilities.
  - (d) International gateway services facilities. The Licensee may construct, own, and operate switching and transmission facilities connecting domestic Communications Networks to Communications Networks in other countries.
  - (e) Satellite earth station facilities/apparatus. The Licensee may construct, own, and operate earth station facilities/apparatus located in FSM for the transmission and reception of radio signals between the earth station facilities/apparatus and a satellite space station, and to provide authorized Communications Services over such facilities/apparatus. Such satellite earth station facilities/apparatus may be fixed, mobile, or transportable.
- (3) The list of authorized Communications Services are as follows:
  - (a) Wireline connectivity and data transmission services. The Licensee may offer wireline connectivity and transmission services using any terrestrial wireline facility.
  - (b) Wireless connectivity and data transmission services. The Licensee may offer wireless connectivity and transmission services using any terrestrial wireless or satellite facility.

- (c) Fixed and/or mobile public voice services. The Licensee may access public telephone numbers according to the **Numbering Plan** in order to provide fixed or mobile voice telephony services to the public.
- (d) Public Internet access services. The Licensee may provide access to the Internet, thereby enabling connectivity to all or substantially all Internet end points.

**NOTE TO TRA: Section (1) below applies only to a Licensee designated as an Open Access Entity.**

- (1) The Licensee is authorized to construct, own, and operate the following Specified Communications Networks on an international and domestic basis under this Individual License:
  - (a) establishment, management, and operation of submarine and terrestrial cable assets for the transmission of data for communications, which shall be provided on:
    - a wholesale-basis only to Individual or Class Licensees; and
    - non-discriminatory and cost-based terms.