

GUIDANCE PAPER

Subcontractor Services for International Call Shops

Guidance Paper No. 1 of 2007

LAU/0507/055

A Guidance Paper issued by the Telecommunications Regulatory Authority concerning the provision of international telecommunications services through sub-contractors (“The Call Shops Guidance Paper”)

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Purpose: To provide explanation and guidance to the procedures surrounding the approval of subcontractor services for the provision of international calls through “call shops”.



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BACKGROUND

Introduction

This paper is designed to act as a guideline for those persons interested in operating Call Shops and Call Cabins in accordance with the law.

The Telecommunications Regulatory Authority (“**TRA**”) was formed pursuant to Legislative Decree No. 48 of 2002 promulgating the Telecommunications Law (the “**Telecommunications Law**”). TRA’s responsibilities include promoting effective and fair competition and protecting the interests of users of telecommunications services.

To ensure that TRA is able to effectively carry out these duties, all persons that provide telecommunications services in the Kingdom of Bahrain must have an appropriate licence from TRA¹ and must follow the licence conditions and relevant laws applicable to telecommunications operators.

This licensing requirement extends to all operators that offer telecommunications services to the public, whether directly or through intermediaries. Such intermediaries include shops providing call services to the public (colloquially referred to as “call cabins” or “call shops”, but referred to as “**sub-contractors**” or “**resellers**” in this paper).

TRA is aware that there has been a significant increase in the number of applications for approval of reseller agreements between licensed telecommunications operators and sub-contractors.

Where appropriate, TRA will take enforcement action against breaches of the Telecommunications Law, such as where a person is offering a telecommunications service without a licence. However in the first instance, TRA will attempt to educate the market as to the appropriate legal infrastructure and requirements.

Sub-contractor services – “Call Shops”

The sub-contractors this paper discusses are typically small shops or internet cafes, offering international call services to the public, usually using voice over internet protocol (“**VoIP**”) technology.

This paper applies only to those sub-contractors that intend to provide call services under the licence of already licensed operators within the Kingdom of Bahrain (typically section 3 of the licensee’s operating licence²), and does not discuss the licensing requirements for persons wishing to establish their own telecommunications services or networks. Information on this can be obtained from the licensing section of TRA’s website, at <http://www.tra.org.bh/en/licensing.asp>. Internet cafe providers who are

¹ This is a requirement under section 24 of the Telecommunications Law. The Telecommunications Law is available on the TRA’s website, www.tra.org.bh. Please note that only the Arabic text is authoritative.

² This is not the same provision as the Provision of Services for Resale provisions found in most licenses, e.g. section 13 of the National Fixed Licence.

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concerned about the legitimacy of allowing PC-to-PC calls on their premises are referred to the TRA's position papers on VoIP, issued on 17 April 2004 (ref. MOU/DC/268) and on 7 April 2007 (ref. LAU/0507/054).

Section 3 of National Fixed Services Licences, International Services Licences and Internet Service Providers Licences each permit the provision of services through either an affiliate³ or subcontractor, provided that the licensee remains fully liable for any obligation arising in relation to the provision of the licensed services and the TRA provides its written approval of the agreement between the licensee and the affiliate or subcontractor, for example, the call shop owner.

A number of licensees offer licensed services through this sub-contracting mechanism. Persons or companies wishing to offer international call services as a subcontractor have a duty to ensure that their services are legitimate. Therefore they have a responsibility to ensure that their service provider is licensed by TRA. A full list of licensees and the types of licences that they hold is available on TRA's website.⁴

To assist both licensees and potential subcontractors the TRA has prepared the following guidelines and checklist to assist interested parties understand TRA's approval process. These guidelines and checklist are an indication of TRA's internal procedure for considering and processing such applications, provided for information only. It is not binding on TRA and TRA may amend these procedures internally if it considers it appropriate to do so. If such changes are to be made on a general or lasting basis then TRA will update these procedures as soon as is feasible and practicable.

³ "Affiliate" as defined in each of these above licenses.

⁴ See <http://www.tra.org.bh/en/LicensingCurrent.asp> for list in English.

GUIDELINES AND PROCEDURE FOR REVIEWING INTERNATIONAL TELECOMMUNICATIONS SERVICES RESELLER AGREEMENTS

1. Introduction

This guide is intended to outline the basic procedure for reviewing what are commonly referred to in the Bahraini telecommunications industry as “reseller” agreements relating to telecommunications services and, in particular, international telecommunications services.

These “reseller” agreements are often used by licensed operators for the provision of services in telephone cabins or internet cafes, operated by sub-contractors. These are colloquially referred to as “call cabins” and “call shops”.

2. Regulatory Background

2.1 *Telecommunications Law*

Under section 24 of the Telecommunications Law, no person may operate a Public Telecommunications Network or provide a Telecommunications Service in the Kingdom of Bahrain without obtaining a License.

Under section 25 of the Telecommunications Law, TRA has the power to grant such a Licence. As stated in section 28 of the Telecommunications Law, these Licences are personal and the benefit of the licences may not be assigned without TRA’s prior written consent.

2.2 *Licence conditions*

Under section 3.2 of the generic individual international telecommunications services licence, licensees “... may, with the prior written approval of the Regulator, ... sub-contract the provision of any or all of the licensed services to another person; provided, however, that the licensee shall continue to be fully liable for any obligation arising in relation to the provision of such licensed service...”.

Therefore, licensees require TRA’s permission prior to reselling services through sub-contractors.

2.3 *Company structure and authorised activities*

Under Bahraini law, companies have a commercial registration or “CR” number. It is also possible to set up “branches” under the same CR number, provided that each branch is owned by the same person or persons. If a company does have several branches, each branch

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will have the same CR number but individual (consecutive) branch numbers. Each branch may have a different name.

Each branch office will have a list of authorised activities. The list of activities is predefined and coded by the Ministry of Industry & Commerce ("MOIC"). The MOIC will provide that list of authorised activities to people upon request. For example, if a branch office wishes to provide call cabin services, it must have activity number 642019 or 524051 (telephone cabins services for local & international telecommunications) on its list of activities.

2.4 MOIC No Objection Form

When a company or branch office is set up, its list of activities must be approved by the MOIC. Similarly, companies/branch offices must apply to the MOIC when they wish to add new activities to their list of activities.

If any of the activities are related to telephone cabins for local and international telecommunications or telecommunications licenses issued by TRA, the MOIC will prepare a No Objection Form ("MOIC Form") for TRA to approve.

The licensees should then provide TRA with the MOIC Forms for TRA to stamp its approval or rejection.

3. Criteria for approval of reseller agreements

Without prejudice to its right to approve or reject reseller agreements on a case by case basis, TRA will in principle approve reseller agreements that do not limit the Licensee's obligation to the consumer to provide a service of suitable quality.

Due to the volume of resellers and to limit the need for TRA to introduce an application fee, TRA must insist on dealing with licensees directly. As a minimum, the Licensee must ensure that its application meets the criteria listed in the Annex.

4. Approved reseller agreements

Where TRA has **approved** a reseller agreement it will keep copies of the relevant reseller agreement and approved MOIC Forms and return the original forms to the licensee directly, not to the reseller. It is then the responsibility of the licensee to lodge the appropriate documents with the MOIC.

5. Rejected reseller agreements

Where TRA has **rejected** a reseller agreement it will return the original reseller agreement to the licensee and rejected MOIC Forms to the MOIC directly. TRA will provide reasons for the rejection to the licensee. In most cases, a licensee and reseller are free to reapply after

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a rejection, however the reasons for rejection should be remedied or addressed.

6. TRA requests for clarification

Where TRA requires further information regarding an application to determine if it can approve or must reject the application, TRA will write to the licensee directly. TRA may retain the reseller agreement and/or MOIC Forms or it might return them with the letter should, in the opinion of TRA, further action be required on the part of the licensee or reseller (e.g. the agreement has not been finalised with signatures).

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7. ANNEX: APPLICATION CHECKLIST

Document	Applying for a new company or new branch office	Adding a new activity to an existing branch	✓/✗
MOIC Form	Has the form expired? (Usually three months from the date of issue.)	Has the form expired? (Usually three months from the date of issue.)	
MOIC Form	Check CR number (if available) and owner's name on MOIC register.	Check CR number (if available), owner's name and branch name on MOIC register.	
MOIC Form	Body of the application should state the <i>owner's</i> name.	Body of the application should state the <i>branch office's</i> name.	
MOIC Form	The applicant must include a request to practice the appropriate activity, which is "telephone cabin services for local and international telecommunications".	The applicant must include a request to practice the appropriate activity, which is "telephone cabin services for local and international telecommunications".	
Reseller Agreement	This must be in the form of an approved reseller agreement. In particular, it should not attempt to limit the licensee's obligations to the consumer with regards to the provision of the service.	This must be in the form of an approved reseller agreement. In particular, it should not attempt to limit the licensee's obligations to the consumer with regards to the provision of the service.	
Reseller Agreement	This should be in the name of the company or owner.	This should be in the name of the branch office.	