



**Pakistan Institute
of Public Finance Accountants**

Model Solutions

**Telecommunication
Rules, Accounts and
Procedures Application)**

AGP | CGA

May Exam-2026

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Q.1. PROCEDURE FOR GRANT OF A LICENSE:

On receipt of an application for grant of license, the Authority shall fix a date for a hearing to which the applicant shall be invited by the Authority to attend for the purpose of examining the applicant's requirement for grant of a license to establish, maintain and operate a telecommunication system or provide a telecommunication service and the Authority shall give the applicant not less than ten days' prior written notice of the date of the hearing. If the applicant, or its duly authorized representative, fails to appear before the Authority on the date fixed for the hearing, it may proceed to examine the application on the basis of information and documents provided with the application and may decide to grant the license on the basis of information provided or may decide to reject the application if it determines that the information provided with the application is incomplete or inadequate with regard to the telecommunication system or telecommunication service proposed by the applicant.

At the hearing on the date fixed, the applicant may submit additional information as may be required by the Authority to justify the grant of the license applied for. The Authority shall examine the applicant's requirement for grant of a license and shall inform the applicant in writing of the status of the application within one hundred and twenty days from the date of submission of the application.

If an applicant has provided all material information and the application is otherwise complete in respect of all documents required to be filed with the application, the Authority shall give detailed reasons for its rejecting the application. Any applicant aggrieved by the decision of the Authority may, within thirty days from the date of order, prefer appeal to the Authority.

Q.2. 7.1 REGULATORY FRAMEWORK AND ROLE OF PTA The aim of the broadband policy is to simplify the licensing mechanism for the promotion of broadband services in particular and all types of data communication services in general. In pursuance of the already approved deregulation policies (section 13) existing licenses for the Data, ISPs, and EIS are proposed to be phased out after the expiry of their current license tenure or converted into class license. Those who opt to adopt the new class regime will be eligible to the incentives being provided in the Broadband policy. As part of class license the existing Data, ISPs, and EIS and new broadband operators will be free to sign bandwidth and local loop agreements with operators of their choice within policy framework for LDI/LL licensees. The existing data/Internet licensees can opt to continue under their existing license till its expiry within terms and conditions of their license, thereafter they will be governed under class license template. This action will result in simplification of regime with the incentive of lower class license upfront registration charges and elimination of recurring charges etc. The template for class license (registration) of Data, ISPs, and EIS and broadband Service Providers will be made by PTA taking into account conditions specifying requirements of security, violations, voice and illegal termination and penalties thereto. The template will also take care of substantive conditions of contractual obligations to be included in operator and customer agreements. PTA would also specify the necessary requirements for the SLAs and QOS to be incorporated in LL/LDI agreements and in broadband service providers' performance obligations. The idea of registration with PTA is to make sure that all the clauses of the policy are adhered to by the new service providers and for the purpose of national security. While formulating the class license templates, PTA, by incorporating suitable clauses regarding matters pertaining to the use of VSAT by Broadband service providers and VPN and related services, will ensure the protection of the interests of all stake-holders. The overall role of the regulator (PTA) is encompassed in the following text. These regulatory obligations would encompass all the broadband service providers irrespective of their delivery mechanism. Class Licensing

7.1.1 Pursuant to section 13 of the Telecom Sector Deregulation Policy existing licenses for the Data, ISPs, and EIS will be phased out after the expiry of their current period of validity and will be converted into class license and they will be eligible to the incentives being provided in the Broadband policy. The broad band service will also fall under the class license regime to ensure uniformity. The existing Data, ISPs, and EIS licensees can opt to continue under their existing license till its expiry within terms and conditions of their license or to be governed under class license template regime.



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7.1.2 The existing Data, ISPs, and EIS licensees, who want to provide broadband services, will have to comply with the class license templates for the broadband operators including QoS provisions and service level agreements (SLAs).

7.1.3 PTA will prepare the class license templates and registration terms of Broadband, Data, ISPs, and EIS under the class licensing scheme taking into account conditions specifying requirements of security, violations (including illegal voice origination/termination) and penalties thereto.

7.1.4 The templates will incorporate substantive conditions of obligations to be included in the network transport contracts between broadband operator and the LL/LDI as well as the customer agreements of the broadband operators. The templates will also set time lines for the LDI/LL operators for the availability of their infrastructure for the Broadband operators and the mechanism of the monitoring for the designed SLAs.

7.1.5 PTA will also lay down a comprehensive framework for the required QoS and other performance obligations for the broadband operators. The resulting inter-operator and customer-operator SLAs will reflect these obligations. Detailed SLA and QoS parameters will be published regularly and updated periodically keeping pace with technological developments, by PTA.

Q.3. Obligations on PTCL

In order to facilitate market liberalization, PTCL, is obliged to:

Prepare all transit and tandem switches for interconnection and Implement within six months of policy notification, all needed upgrades in the transit switches to the capacity orders submitted by new entrants. PTCL shall not be required to implement upgrades in respect of orders not accompanied by pre-payment of 3 months port cost. PTCL shall pay needed penalties in case of delay in providing ordered PoIs, to be determined by PTA.

Prepare 50% (measured by lines in service) of local Main Switching Units (“MSU”) for interconnection within one year. The remainder to be done in two equal stages within the subsequent two years. Unbundling of service and cost accounting information should be done based on the principles of transparency, orientation, and allocation based on activities and related cost drivers. They shall be sufficiently detailed to allow the clear identification of (a) activities related to interconnection - covering both

interconnection services provided internally and interconnection services provided to others; and (b) other activities, so as to identify all elements of costs and revenues. Details of the basis of their calculations and the allocation methods used shall be provided, including an itemized breakdown of fixed assets and structural costs. Sufficient records must be kept to allow independent audit of these cost accounts. PTCL will issue a “Reference Interconnection Offer” (RIO) to be used as the default interconnection offer for interconnection with PTCL pending determination of LRIC based pricing. PTCL can implement amendments to the interim RIO, subject to the prior approval of PTA.

Q.4. The following policy enablers for the above categories of DSL services will promote quick growth and competition in the DSL broadband services:

5.2.3 There will be no restriction on the number of broadband service providers in the market. Any company or entity shall be able to provide broadband services provided that it has met the terms and conditions given under the section ‘regulatory framework’ One of the major reasons for the lack of growth in the broadband users in Pakistan is the restriction in the number of operators allowed to offer broadband DSL services. Unrestricted competition will escalate the growth of Broadband users, similar to the growth seen in the dial up Internet sector. Since the



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incumbent's initiatives are of key importance in the recently deregulated telecom sector, this policy just like the de-regulation policies of the fixed and mobile sector puts some obligations on PTCL to act as stimulus for the smooth entry of new providers into the market.

5.2.4 PTCL will offer the content service provider (ISPs, Multimedia content providers) data stream access to the customer. Rather than a potential content provider having to obtain leased lines from PTCL, pay collocation charges and invest in exchange side broadband related equipment, the PTCL manages the transmission link from the customer to the services providers POP for a flat rate service charge. In order to ensure efficient and fair use of PTCL's resources and space for all service providers, the incumbent will offer wholesale services to retailers in exchanges for which the retail service providers have provided a viable business plan. 19 This service obligates PTCL to install DSLAMS in its exchanges through which it will provide the ports to its wholesale customers and may also use those DSLAMS to provide retail service to customers. The wholesale service will simplify the broadband service offering by all ISPs and content providers and escalate the spread of the service. Effectively the service providers will be interconnecting at the data stream level rather than the physical copper level.

5.2.5 PTCL will offer non-discriminatory shared access to its last mile copper, i.e. the service providers can install their own exchange side broadband equipment in PTCL's exchanges. The line will be available to other operators for data services only (as the policy's aim is to promote broadband). PTA will monitor the shared access for fair competition. This will distribute the investment load between the operator and incumbent. And the service provider will be able to deploy its DSLAMS where it makes business sense.

5.2.6 PTCL will have sufficient dedicated staff for the facilitation of the access to its exchanges in order to ensure speedy provisioning of the service to the broadband service providers. PTCL will be required to provide the service within a predetermined time frame.

5.2.7 Service level agreements will be signed between the ISP, the LL/LDI operators and the broadband service provider in case they are all separate entities. Service level agreements will also need to be signed between the wholesale service provider and the retail service provider. In the case of non-availability of desired network infrastructure from any existing LDI/LL licensee, the broadband service provider (either retail or wholesale), can lay down their own purpose specific transport/local loop infrastructure just for providing broadband services, after three months of failure to obtain the network transport desired.

5.2.8 To contribute to the policy subscriber targets, PTCL will reduce the monthly rental charge for the copper loop in order to make it viable for the service provider to offer broadband services at an affordable price level.

5.2.9 Service level agreements stating benchmarks for QoS will have to be signed between customers and broadband service provider.

Q.5. Monitoring of compliance, enforcement and early termination.-

- (1) The Authority may monitor compliance by licensees with their licenses in accordance with the terms of their licenses and the Act.
- (2) If the Authority considers, whether or not as a result of any complaint or made by another person as a result of monitoring by the Authority, that the licensee has contravened any condition of the license, the Authority may serve a written notice requiring the licensee to show cause, within thirty days after the date of the notice, as to why an enforcement order



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should not be issued.

- (3) If the licensee appears before the Authority to give an explanation, or submits a written explanation to the Authority, within the period specified in sub-rule (2), to the satisfaction of the Authority, the enforcement order shall not be issued.
- (4) If the licensee fails to respond to the notice referred to in sub-rule (2) or satisfy the Authority in respect of the alleged contravention in accordance with sub-rule (3), the Authority may issue an enforcement order requiring the licensee to remedy the contravention within such period, which shall be less than thirty days from the date of service of the enforcement order, as the Authority may reasonably consider appropriate.
- (5) If the licensee fails to comply with the enforcement order served under sub-rule (4), the Authority may, by further enforcement order in writing hereinafter referred to as "final order":- (a) (b) (6) levy a fine which may extend to three hundred and fifty million rupees; or in the case of a grave or persistent contravention of its license, require the licensee to cease that contravention within such further period of time, not being less than thirty days from the date of service of the final order, as the Authority may reasonably consider appropriate, failing which the Authority may take action under sub-rule in respect of such contravention. Subject to sections 23 and 24 of the Act, the Authority may terminate the license on service of not less than thirty days a notice in writing to the licensee if the licensee:- (a) (b) (c) 10. commits a grave, or persistent, contravention of its license and fails to comply with a final order which order has not been set aside by, or is not the subject of any appeal or other proceedings before any court, the Authority or the Federal Government as referred to in section 7 of the Act, served in respect of that contravention within the period specified in that order, or any longer period allowed to the licensee by the Authority; fails to pay any overdue fee under the license, which fee is not the subject of any dispute in good faith between the licensee and the Authority and in respect of which any appeal or proceedings have been initiated by the licensee, within sixty days following service on the licensee of written notice requiring payment together with a written warning that action will be taken under this sub-rule if the contravention is not remedied within the period specified in the notice; or becomes insolvent or if a receiver is appointed in respect of a substantial part of the assets used by the licensee for undertaking activities under the license

Q.6. Channels of Communications

Except as provided in sub-rule (2), all correspondence with the Government of a foreign country or a Pakistan diplomatic mission abroad or a foreign mission in Pakistan or an international organization shall normally be conducted through the Foreign Affairs Division: Provided that by means of general or special orders to be issued by the Foreign Affairs Division, direct correspondence may be allowed under such conditions and circumstances as may be specified.

(2) All requests to a foreign Government or an international organization for economic or technical assistance shall be made through the Economic Affairs Division, which shall correspond with the foreign Government, etc., in accordance with the prescribed channel. The Economic Affairs Division may allow, by general or special orders, such requests to be made direct.

(3) Correspondence with Provincial Governments shall be conducted directly by the Division, in respect of the subjects allocated to them, subject to the provisions of rule 8, and it shall ordinarily be addressed to the Secretary of the Department concerned in the Provincial Government: Provided that under general or special orders to be issued by a Division, its Attached Department may be authorized to correspond directly with the Department of a Provincial Government under



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such conditions and circumstances as may be specified therein.

(4) Copies of the correspondence with the Provincial Government in respect of the affairs of former and acceding states, if any, and Tribal Areas shall be endorsed to the States and Frontier Regions Division, provided that Division may, by means of general or special orders, specify the class or classes of correspondence which shall be conducted through that Division.

(5) All correspondence with the headquarters of the Defence Forces viz. General Headquarters, Naval Headquarters, Air Headquarters, or their subordinate formations, shall normally be conducted through the Defence Division: Provided that by means of general or special orders to be issued by the Defence Division direct correspondence may be allowed under such conditions and circumstances as may be specified: Provided further that the provisions of this sub-rule shall not affect normal communications between a Service Commander and the Civil Authorities in his area of inter-department discussion in which Service representatives are required to take part.
