



LOOP HOLDERS LICENSING POLICY

Abstract

The purpose of this document “Draft Loop Holder Licensing Policy” is to provide guidelines, eligibility criteria, Tariff and licensing procedure to the persons / companies interested to obtain Loop Holder License.

**Pakistan Electronic Media Regulatory Authority
(PEMRA)**

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1. Context:

Pakistan Electronic Media Regulatory Authority (PEMRA), established under the PEMRA Ordinance 2002, as amended by the PEMRA Amendment Act 2007 (the PEMRA Ordinance thereafter), has the mandate to regulate, inter alia, the establishment and operation of all broadcast media (Satellite TV, Radio) and distribution services (Cable TV, IPTV, Mobile TV, DTH, etc.) in Pakistan.

The Authority has so far granted around 3838 Cable TV Licenses to cover almost 80% population area of the country. The cable operators are entitled to install their own headend equipment and establish their own distribution network to reach the subscribers. As per license Terms & Conditions signed by the Cable TV Operators, they are not allowed to sublet their rights to any other entity however, contrary to this condition, most of the cable operators have signed contracts with local people to distribute their signals in their respective areas, indirectly creating a second tier in Cable TV Distribution Service as “Loop Holder” who are not registered with PEMRA. Thus not in revenue net of the Authority. In realization to this situation, the Authority introduced a category of “Loop Holder” License in its Rules 2009 whereby the Loop Holders were entitled to obtain the Signals from PEMRA Licensed CTV Operator under an Interconnection Agreement and distribute to the subscribers. However, only a few hundred Loop Holders got registered with the Authority.

In light of its commitment to the International Telecommunication Union (ITU), PEMRA announced a roadmap for Digitalization in 2010 however the deadlines for digitalization could not be realized. The new Chairman, Mr. Absar Alam after joining PEMRA on 7th December, 2016 held a number of consultative meetings with the Cable Operators and jointly announced a deadline of 30th September, 2016 in a Press Conference for Switch Over and implementation of Condition Access System (CAS) in 12 major cities of Pakistan.

In response to the announcement, an undiscovered body with name of “Pakistan Loop Holders Association” contacted the Authority and presented their concerns over huge investments without having a legal status in the industry. The Loop Holders were of the view that they are the players who are directly involved with the subscriber and are liable to provide services under an interconnection agreement thus may be regulated with PEMRA. They also indicated that the goal

of digitalization cannot be achieved by the Authority without their participation. So, assenting to the argument, the Authority has decided to review its Policy for Loop Holder Licensing which is already in place however not in practice.

2. Definitions:

- i. **“loop holder”** means a person who obtains signals from Cable TV licensee and further distributes the same to multiple subscribers without inserting any further programmes or advertisements;
- ii. **“cable television operator”** means any person who owns, controls, manages or operates any cable television system under a license of the Authority;
- iii. **“head-end”** means a set of equipment for receiving the terrestrial and satellite TV channels for re-transmission or distribution at a specific location;

3A. Objectives of Loop Holders Policy:

Following are the objectives of Loop Holders Licensing Policy:

- 3.1 To bring the last mile Cable TV operators into regulatory ambit of PEMRA by granting them “Loop Holder Licenses”.
- 3.2 To protect the investments of Loop Holders.
- 3.3 To facilitate the Cable TV Industry in order to achieve the goals set by the Authority for digitalization.
- 3.4 To facilitate the growth of Electronic Media Industry.

3B. Purpose: The purpose of Loop Holder Licensing Policy is to provide guidelines, eligibility criteria, Tariff and licensing procedure to the persons / companies interested to obtain Loop Holder License.

4. Guidelines for Applicants

- i. Under this policy, loop holder licenses as per provisions of PEMRA laws will be issued for providing cable TV services to subscribers without the installation of head-ends.
- ii. The applicant meeting the eligibility criteria as determined by the Authority will be eligible to obtain a license by applying to the Authority on prescribed application form along with requisite documents and payment of fee as prescribed by the authority from time to time.
- iii. Loop holder licenses will be issued on case to case basis.
- iv. A person is required to provide Interconnection Agreement (or agreements as the case may be) as per format approved by the Authority signed with the licensed cable TV operator(s) for the respective area of operation along with application for Loop Holder License & other allied documents.
- v. The loop holder can only get signal from a Licensed Cable TV Operator in the respective area of operation by entering into Interconnect Agreement which shall be subject to approval of the Authority
- vi. Interconnect Agreement between the cable TV operator and loop holder, regarding provision of signal shall be attested by 1st class magistrate and verified by the RGM concerned.
- vii. A Loop holder licensee shall not be allowed to install its own head-end.
- viii. An operator shall be allowed only one loop holder licence in the same area of operation.
- ix. Loop holder licensee shall not be allowed to provide signal to other loop holder licensees or Cable TV Licensees.
- x. The Loop holders shall only be permitted to operate within the area of its operation as specified by the authority within the approved area of operation of a licensed cable TV operator. Provided that where it is not possible to meet this condition i.e. where a cable operator does not exist in the area of operation of a loop holder, only a cable operator license will be awarded by the Authority. Provided further that minimum two cable TV licenses will be awarded.
- xi. The Authority shall ensure minimum of two loop holder licenses in a specific area of operation to exclude monopolies as required under section 23 of PEMRA Ordinance 2002 (Amendment Act 2007).

- xii. The highest category of loop holder license will be LH-5 corresponding to maximum of 10,000 subscribers.
- xiii. The licensed cable TV operators who are providing cable TV services but have not yet installed head-end shall continue to operate as such during validity of its current license. An interconnect agreement by an applicant for loop holder license with such licensed cable TV operator will also be considered valid. However, a grace period of 6 months /one year will be granted to such operators to install their own head-ends within a period of one year with effect from the date of approval /notification of this policy across the board & even in cases where the existing cable TV licenses of such operators are expiring in one year from the date of approval / notification of this policy.
- xiv. Cable operators shall provide its signal to licensed loop holders in its area of operation specified by the Authority.
- xv. NOC/ dues clearance certificate shall be required from the cable operator, if its Loop Holder licensee is desirous of shifting to another licensed cable TV operator.
- xvi. Loop Holder licensee shall be awarded for a period of five years, and renewable as per provisions of PEMRA laws.
- xvii. Loop Holder operators shall not be allowed to inject any signal including but not limited to in-house channels.
- xviii. Loop holder licensees shall be required to establish its office and complaint center in a commercial area/market within one month of issuance of licence & make available its telephone number for complaints to the subscribers.
- xix. In case of any violation committed by the Loop Holder, the cable operator shall act as determined by the Authority.
- xx. Any change in management, shareholding, partnership etc. shall be subject to prior written approval of the Authority.
- xxi. Loop holder licensee shall be liable to pay its licence fee, renewal fee, annual renewal fee, subscriber fee, applicable taxes etc. to the Authority as determined from time to time.
- xxii. Loop holder licensee shall abide by all PEMRA laws and the local laws of the country.
- xxiii. The loop holder may be allowed to have more than one Loop Holder Licenses in different area of operations. Provided that a maximum number of distribution service licenses that may be issued to a person or any of its directors or partners where such

person is a company or firm, directly or indirectly, shall not exceed a total of four distribution service licenses.

5. Fee & tariff:

- i. Application processing fee for Loop Holder license shall be Rs.5000/
- ii. License fee and annual renewal fee for loop holder licensees shall be as under which may be varied by the Authority from time to time:

S#	LH Category	Number of Subscribers	License fee (Rs.)	Annual renewal + Subscriber fee*
1	LH	500	10,000	10,000
2	LH-1	1000	60000	30000
3	LH-2	3000	80000	40000
4	LH-3	5000	100000	50000
5	LH-4	7000	150000	75000
6	LH-5	10000	175000	87500

*Subscriber fee @Rs. 1 per subscriber/month or as determined by the authority from time to time.

6. Eligibility Criteria / Documents Required:

The following documents will be required along with the application;

- a. Application form along with processing fee
- b. Interconnect agreement with the Licensed CTV Operator
- c. Character certificate of CEO from local Police
- d. CNIC of CEO and partners if any
- e. 2 Photographs of CEO and partners if any
- f. Undertaking on stamp paper regarding Non-defaulter of Govt.
- g. NTN Certificate
- h. License Fee (after approval of the license)
- i. Registration of the company with SECP (For LH-3 and above) with minimum paid up capital of Rs. 3.0 million.

- j. Attested copies of updated Form-29, Form-A/partnership deed (For LH-3 and above)
- k. The applicant should not have been defaulter of PEMRA in the past, no default certificate to be obtained from concerned RGM
- l. Minimum Profession Experience of 6 months-one year which shall be supported inter alia by any of the following:
 - i. Proof of provision of cable TV services in any area
 - ii. Proof of subscriber details e.g. register, invoices, bills
 - iii. ROW charges paid to utility companies e.g. WAPDA etc.
- iv. Proof of Income tax / sales tax deposited with relevant departments on account of cable service etc.