



NCC Suspends Issuance of *Licences*

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Background

In a public notice issued on the 17th of May, the Nigerian Communications Commission (NCC) notified stakeholders of the temporary suspension of licences in three categories, namely: Interconnect Exchange License ('IEX'), Mobile Virtual Network Operator License ('MVNO'), and Value-Added Service Aggregator License ('VAS'). This suspension, however, does not affect applications that have been received before the 17th of May, as they will be considered on their merits.

The temporary suspension is supposed to enable the NCC to review key areas within these categories, including competition levels, market saturation, and current market dynamics. The NCC's decision may not be unconnected to the inactivity of most licencees. It has been reported that MVNO licencees are struggling to secure commercial agreements with mobile network operators ('MNOs'). If MVNOs are unable to roll out operations within 12 months of licensing, the licences may be suspended or revoked.

Affected Licences

A. IEX Licence

The IEX licence empowers licencees to install, maintain, and operate interconnection and transmission facilities for the conveyance of voice and data traffic amongst MNOs in Nigeria. They can transmit voice and data traffic on behalf of these operators for local and national calls and services. They can also establish Points of Presence in various parts of Nigeria for the purpose of interconnecting with the network providers. The NCC website lists over 35 licencees, with some licences expiring as early as July 2024 and others as far as 2033. Licences last ten years, subject to renewal.

B. MVNO Licence

MVNOs generally offer telecom services relying on the infrastructure of MNOs. MVNOs are licensed in five tiers. Tier 1 (the lowest) is referred to as a Services Virtual Operator. They can own their distinct brand, sales and distribution channels, offer device sales and phone management services, have limited control over their tariffs, manage customer relations platforms, own content applications, host and distribute VAS and run SMS.

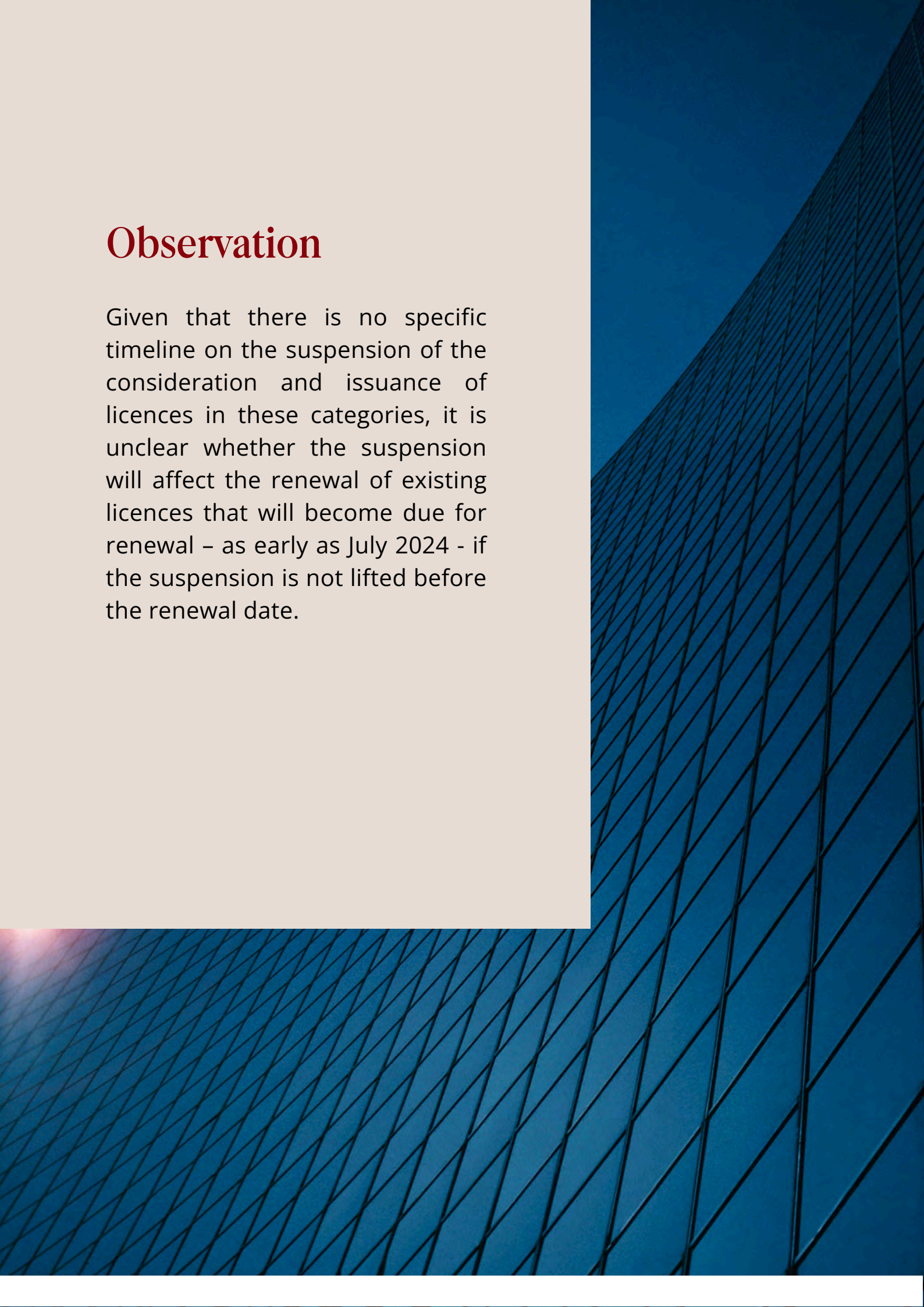
A Tier 5 licencee (the highest) is referred to as a Unified Virtual Operator. They can offer all the services in Tiers 1 – 4, with the freedom to choose what tier of services they prefer to offer, covering SIM issuance, owning their unique mobile network code independently of the host MNO, installing capacity to offer aggregation, and engaging in Shared Rural Coverage Agreement with licensed spectrum owners within underserved and unserved regions. Thus far, only one company has been licensed at Tier 1, 11 at Tier 2, 15 at Tier 3, 7 at Tier 4, and 11 at Tier 5. All licences are due to expire in 2033, save one, which expires in 2034, as the NCC only started issuing MVNO licences in 2023. It is also the newest licence category introduced by the NCC.

C. VAS Aggregation Licence

VAS Aggregators provide concentration points to limit the number of devices connected to network operators. They provide direct and secured connections linking VAS content providers and network service providers with the capacity to transmit VAS to end users. According to the NCC website, there are over 40 licensed VAS aggregators in Nigeria, with the earliest licence expiring in December 2024 and the latest in 2029. Licences typically last five years.

Observation

Given that there is no specific timeline on the suspension of the consideration and issuance of licences in these categories, it is unclear whether the suspension will affect the renewal of existing licences that will become due for renewal – as early as July 2024 - if the suspension is not lifted before the renewal date.



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LEGAL PRACTITIONERS & ARBITRATORS

LAGOS, NIGERIA

4th Floor, Marble House
1, Kingsway Road, Falomo
Ikoyi, Lagos

Telephone: (0201) 2793367; 2793368,
4736296, 4617321-3;

Facsimile: (+ 234 1) 2692072; 4617092

E-mail: lagos@aelex.com

ABUJA, NIGERIA

4th Floor, Adamawa Plaza
1st Avenue, off Shehu Shagari Way,
Central Business Area,
FCT Abuja, Nigeria.

Telephone: (+234 9) 8704187, 6723568,
07098808416

Facsimile: (+234 9) 5230276

E-mail: abuja@aelex.com

PORT HARCOURT, NIGERIA

2nd Floor, Right Wing UPDC Building 26,
Aba Road P.O. Box 12636, Port Harcourt
Rivers State, Nigeria.

Telephone: (+234 84) 464514, 464515,
574628, 574636

Facsimile: (+234 84) 464516, 574628

E-mail: portharcourt@aelex.com

ACCRA, GHANA

Suite C, Casa Maria, 28 Angola Road, Kuku
Hill, Osu GP Address 080-3525 Accra,
Ghana

Telephone: (+233-302) 224828, 224845

Facsimile: (+233-302) 224824

E-mail: accra@aelex.com