

**AUCTION OF 1800 MHZ SPECTRUM RIGHTS (2013) AND 2.5 GHZ SPECTRUM RIGHTS (2013): CLARIFICATIONS TO INFORMATION MEMORANDUM AND AUCTION RULES**

S/N	Reference	Questions/ Comments	Clarifications
<b><u>Information Memorandum</u></b>			
1	Section (A) Para 1.1	<p>The 1800 MHz spectrum rights (2013) or 2.5 GHz spectrum rights (2013) will permit the use of the respective spectrum rights to operate telecommunication systems to provide 4G and other telecommunication services provided the party has the necessary Facilities-Based Operator (<b>FBO</b>) licence for such operations.</p> <p>(a) Please confirm that an FBO licence holder can use any combination of the respective spectrum (either 1800 MHz and /or 2.5 GHz spectrum) to fulfil this obligation.</p>	<p>IDA confirms that a Winning Bidder may use either or both the 1800 MHz and 2.5 GHz spectrum bands, depending on the outcome of the auction, to fulfil its obligation to provide nationwide 4G systems and services.</p>
2	Section (A) Para 4.1	<p>Clause 2.1 specifies that a total of 2 x 135MHz of 1800 MHz and 2500MHz spectrum will be available in the Auction. Clause 6.1 indicates that 2 x 20 MHz will be reserved for a new entrant (if any). Therefore, in the event of a new entrant(s), at least one (1) operator will obtain a total amount of less than 40MHz of 1800 MHz and 2500MHz spectrum.</p> <p>However, in order to meet the definition of 4G (i.e. <i>“a cellular mobile communications system capable of evolving to achieve the targeted peak data rates of 100 Mbits/s for high mobility and 1 Gbit/s for low mobility as defined by ITU-IMT-Advanced; meeting at the minimum the standards and specifications of either LTE (i.e. 3GPP Release 8), or WiMax (i.e. IEEE 802.16-</i></p>	<p>The requirement for Winning Bidders is, among others, to deploy and provide nationwide 4G systems and services, defined as <u>“... system capable of evolving to achieve the targeted peak data rates ...; meeting at the minimum the standards and specifications of either LTE or WiMax or standards/specifications recognised as ITU-IMT Advanced by the ITU”</u> [emphasis added]</p> <p>IDA understands that technologies such as LTE-Advanced supports carrier aggregation which allows mobile operators to aggregate non-contiguous or narrow channel bandwidths spread across different spectrum bands to achieve higher data rates and throughput performance. The actual peak data rates achieved by the Winning Bidders 4G services could vary depending on several factors, including the Winning Bidder’s network planning parameters and the quantity of spectrum deployed. To clarify, IDA has not at this juncture required Winning Bidders to provide 4G services at peak data rates of 1 Gbps. However, IDA may impose quality of service standards relating to 4G in the future.</p>

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		<p>2009) or standards/specifications recognised as ITU-IMT-Advanced by the ITU.”), the minimum spectrum required is at least 40 MHz of 1800 MHz and 2500 MHz otherwise the operator will not be able to achieve a 1 Gbit/s peak data rate for low mobility.</p> <p>(a) With the design of the auction, it is possible that an operator could obtain less than 40 MHz of 1800 MHz and 2500 MHz spectrum in which case the same operator cannot provide 4G services in the way as defined above. We ask the IDA for clarity and clarification as to how the IDA would review the provision of 4G services by such operators.</p> <p>(b) Without prejudice to the above, please confirm that where an operator is unable to obtain at least a total of 40 MHz of 1800 MHz and 2500MHz spectrum, the operator will be waived from complying with the requirement to offer a 1 Gbit/s peak data rate for low mobility</p> <p>(c) Alternatively, we ask that the IDA reviews its definition of 4G services to cater for the possibility that its operators actually acquire less than this amount of spectrum.</p>	
3	Section (A) Para 4.2 and 4.3	An operator that has been allocated spectrum under the Auction is required to meet specific nationwide coverage timelines.	IDA will inform Winning Bidders of the measurement criteria that IDA will use to assess whether the nationwide coverage requirement has been met before the deployment deadlines. IDA will provide Winning Bidders with appropriate notice of the measurement criteria.

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		(a) How would an operator be deemed as having achieved a nationwide 4G network?	
4	Section (A) Para 4.4	<p>Any operator who is granted an 1800 MHz Spectrum Right or a 2.5 GHz Spectrum Right will be required to operate in good faith to provide wholesale 4G telecommunication services upon receiving a reasonable request for such provision.</p> <p>This seems to contradict the requirement in Clause 1.1 which says that parties who obtain the 1800 MHz and/or 2.5 GHz Spectrum Rights in the Auction must operate telecommunication systems to provide 4G and other telecommunication services using their FBO licence.</p> <p>(a) Does the IDA envisage that parties who are FBOs can, instead of obtaining spectrum through this Auction, obtain wholesale telecommunication services from other FBO licensees who have obtained the spectrum?</p> <p>(b) If this is so, what are the rollout obligations of the wholesale provider vis-à-vis the wholesale acquirer – do they both need to comply with the rollout obligations in Clauses 4.2 and 4.3?</p> <p>(c) Please clarify whether FBOs can avoid the need for spectrum acquisition and the rollout obligations, and still acquire 4G wholesale telecommunication services from those FBOs who have</p>	<p>IDA clarifies that all Winning Bidders are required to utilise the spectrum acquired to deploy nationwide 4G systems and services by the specified deadlines. While Winning Bidders will not be mandated to provide wholesale 4G telecommunication services, they will be required to negotiate in good faith to provide wholesale 4G telecommunication services upon receiving a reasonable request for such provision. Winning Bidders that provide wholesale 4G telecommunication services should continue to comply with the nationwide deployment obligation. There is no contradiction between the two requirements.</p>

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		<p>acquired the spectrum?</p> <p>(d) Please confirm if operators are able fulfil coverage obligations on a wholesale basis.</p> <p>If so, this would violate international best practice with regards to coverage obligations. Coverage obligations are imposed to guarantee spectrum efficiency and to prevent spectrum hoarding, and to ensure infrastructure competition.</p> <p>Both principles would be violated if the IDA allows 4G operators to fulfil the coverage obligations on a wholesale basis as there would be areas where the operator is not utilising its spectrum while operating on the basis of wholesale (spectrum efficiency) and there is also a restricted infrastructure competition in areas where a license holder operators on the basis of wholesale.</p> <p>In an extreme scenario, an operator would auction a minimum amount of spectrum and would operate nationwide as wholesale operator without utilising the spectrum at all. This would result in spectrum hoarding.</p>	
5	Section (A) Para 4.5	The IDA has indicated that any operator granted an 1800 MHz Spectrum Right will be required to provide nationwide coverage for the mobile voice telephony service.	(a) IDA clarifies that the requirement to negotiate in good faith to provide wholesale 4G telecommunication services upon receiving a reasonable request for such provision is separate from the requirement on the Winning Bidder to utilise the acquired spectrum to provide 4G telecommunication services. If a Winning Bidder provides voice telephony

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		<p>(a) Is the operator obliged to provide wholesale mobile voice services in addition to wholesale 4G telecommunication services? If so, must the wholesale voice services be carried over the 1800MHz Spectrum Right (2013)?</p> <p>(b) Must the nationwide coverage for the mobile voice service be provided solely using the 1800MHz Spectrum Right (2013)? If not, can the nationwide coverage for the mobile voice service be provided:</p> <ul style="list-style-type: none"> <li>i. solely using the operator's other existing spectrum rights (e.g. the 900MHz Spectrum Right and/ or 2100 MHz Spectrum Right); or</li> <li>ii. using a combination of the 1800MHz Spectrum Right (2013) and the operator's other existing spectrum rights (e.g. the 900MHz Spectrum Right and/ or 2100 MHz Spectrum Right)?</li> </ul>	<p>services as a 4G telecommunication service or as part of the 4G telecommunication service package, that Winning Bidder is required to negotiate in good faith to enable such services to be provided on a wholesale basis upon receiving a reasonable request for such provision.</p> <p>(b) The requirement to provide nationwide mobile voice telephony services will be imposed on Winning Bidders that have been awarded an 1800 MHz Spectrum Right (2013) as a condition of that Winning Bidder's FBO licence. The condition will be imposed for the duration of the 1800 MHz Spectrum Right (2013), i.e. until 30 June 2030. IDA does not require that the mobile voice telephony services be provided using the 1800 MHz Spectrum Right (2013) only. Winning Bidders that wish to fulfil their FBO licence conditions using alternative spectrum bands should seek IDA's approval to do so. IDA may impose conditions on such approval.</p>
6	Section (A) Para 4.5	<p>This section states that <i>"Any operator granted an 1800 MHz Spectrum Right (2013) will also be required to provide, at the minimum, a publicly available mobile voice telephony service which meets the requirements for level "8" and "9" telephone numbers, within the service scope and obligations under its FBO licence(s). This includes the requirements to provide nationwide coverage, free access to emergency services, and uninterrupted, seamless call handover when moving from</i></p>	<p>(1) The requirement is to provide a mobile voice telephony service that meets the requirements specified by IDA. IDA has not specified a particular technology that Winning Bidders must employ to provide the mobile voice telephony service.</p> <p>(2) Please refer to the responses to questions (4) and (5).</p> <p>(3) A Winning Bidder awarded a 1800 MHz Spectrum Right (2013) will be required to provide nationwide mobile voice telephony services, which may form a 4G telecommunication service or part of the 4G telecommunication service package. The nationwide coverage obligation will include the obligation to provide coverage in MRT underground</p>

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		<p><i>location to location at a speed of up to 100km/h</i>". We seek the following clarifications from the Authority:</p> <p>(1) Whether the operator must adopt, or is prohibited from adopting, any specific technology to provide the mobile voice telephony service (so long as the operator can meet the requirements specified above);</p> <p>(2) Whether the operator is allowed to provide the mobile voice telephony service over other spectrum bands that it may have rights to. We would note that, if an operator does not win sufficient spectrum in the 1800 MHz band, that operator may find it technically difficult to offer both a 4G service as well as a mobile voice service using the 1800 MHz band;</p> <p>(3) Whether the operator (including any New Entrants) would be required to offer the mobile voice telephony service nationwide (including in MRT underground stations/lines and road tunnels). If so, when the Authority would expect this nationwide coverage to commence;</p> <p>(4) Whether the operator (including any</p>	<p>stations/lines and road tunnels. The relevant deadlines to provide such coverage are the deadlines to provide coverage of the Winning Bidder's 4G systems and services.</p> <p>(4) The relevant quality of service standards that apply to an identified set of telecommunication services will be the prevailing quality of service standards prescribed for the respective services. In the case where the mobile voice telephony service is a 2G telephone service, the prevailing 2G quality of service standards will apply unless exempted by IDA.</p> <p>(5) Winning Bidders are only required to fulfil the nationwide coverage obligations as specified in IDA's Decision<sup>1</sup> and the Information Memorandum, i.e., those relating to the provision of mobile voice telephony services for Winning Bidders awarded an 1800 MHz Spectrum Right (2013) and those relating to the provision of 4G systems and services for all Winning Bidders. Provision of standalone 2G systems and services, not as part of the 4G systems and services, are not subject to the above mentioned obligations.</p> <p>(6) Winning Bidders awarded an 1800 MHz Spectrum Right (2013) are required to provide nationwide mobile voice telephony services. The conditions of the Interim Spectrum Right will be substantially similar to the conditions of the 1800 MHz Spectrum Right (2011) that was assigned to M1 Ltd, and include the condition to provide nationwide public cellular mobile telecommunication services (PCMTS). IDA notes that existing nationwide mobile operators are already subject to the condition to provide nationwide PCMTS in their respective PCMTS Spectrum Rights, and the 1800 MHz Spectrum Right or 1800 MHz Spectrum Right (2011) where relevant, and will be able to meet this condition from the date the Interim Spectrum Right is granted. Should existing nationwide mobile operators be unable to comply with the condition, they may request for an exemption from the condition with supporting reasons. Should the Winning Bidder</p>

<sup>1</sup> Decision Issued by the Info-Communications Development Authority of Singapore Framework for the Reallocation of Spectrum for Fourth Generation ("4G") Telecommunication Systems and Services.

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		<p>New Entrants) would be subject to the existing Quality of Service (“QoS”) standards for 2G Public Cellular Mobile Telephone Service in its provisioning of the mobile voice telephony service. If so, when these QoS standards would commence;</p> <p>(5) Whether, should the operator decide to offer other 2G services (excluding mobile voice telephony service), over the 1800 MHz band, whether such 2G services would be subject to any nationwide or QoS requirements; and</p> <p>(6) Whether the operator (including any New Entrants) granted the Interim Spectrum Right (referred to in Section 15 of the Information Memorandum), would be required to offer a mobile voice telephony service (meeting the requirements specified above), specifically using that Interim Spectrum Right?</p>	<p>acquiring the Interim Spectrum Right be a new entrant, IDA is prepared to exempt the new entrant from the stated spectrum right condition in view of the fact that the new entrant would not have access to other 1800 MHz spectrum lots for the duration of the Interim Spectrum Right.</p>
7	Section (A) Para 6.1	<p>A new entrant cannot be an associate of an existing nationwide operator, including the fact that it cannot have any agreement with an existing nationwide operator to act together with respect to the provision of telecommunication services nor have any agreement in place to trade, lease or transfer the right to use the spectrum acquired. The same restriction appears to apply in consideration of whether two (2) parties are Associated Bidders in the Main Auction.</p>	<p>If a prospective New Entrant Bidder has an agreement or arrangement with an existing operator that is providing nationwide mobile telecommunication systems and services to trade or lease or otherwise transfer the right to use spectrum in the 1800 MHz or 2.5 GHz spectrum bands, it will be considered an associate of the existing operator.</p> <p>If there is no such arrangement during or before the grant of a New Entrant Spectrum Right, but the New Entrant Bidder granted the New Entrant Spectrum Right subsequently wishes to enter into an arrangement with an existing operator to trade, lease or otherwise transfer all or part of the rights, it will be required to seek IDA’s approval and/or be subject to such conditions as IDA may impose.</p>

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		<p>This restriction contradicts the need for an operator to provide wholesale 4G telecommunication services and the ability of an operator to obtain wholesale 4G telecommunication services.</p> <p>(a) Please clarify whether a new entrant (before submission of the Expression of Interest, or else as a Winning New Entrant Bidder, or as a Bidder for the Main Auction) and a nationwide operator or a Bidder for the purpose of the Main Auction can have an arrangement to (i) lease/ trade the spectrum they acquire and/or (ii) co-operate in the rollout of their networks to operate telecommunication systems and 4G/other telecommunication services whether before or after the commencement of (i) the New Entrant Allocation Stage or (ii) the Main Auction.</p>	
8	Section (A) Para 6.1 <i>Footnote (i)</i>	The IDA has indicated that where a person has an agreement or arrangement with another, the latter is considered an associate. This broad restriction covers all possible areas of partnership between existing telecommunications operators and any other parties. This restriction appears unreasonable given that existing operators may already offer other telecommunications services (e.g. leased lines or WiFi networks) to other firms, and does not have the power/ ability to ensure that our existing partners do not participate as a New	Among other criteria, a person <i>A</i> is an associate of person <i>B</i> where “ <i>A</i> is a person with whom <i>B</i> has an agreement or arrangement, whether oral or in writing and whether express or implied, <u>to act together</u> with respect to the provision of telecommunication services”. Where person <i>A</i> is merely providing a wholesale or retail telecommunication service to person <i>B</i> , and persons <i>A</i> and <i>B</i> have not agreed to act together in relation to the provision of the telecommunication service, such persons are not considered to have an agreement to act together. For avoidance of doubt, this condition applies independently of the condition on the existence of an arrangement or agreement to trade spectrum in the 1800 MHz or 2.5 GHz spectrum bands referred to in question (7).



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		<p>Entrant.</p> <p>(a) Please clarify the basis for imposing such a restriction.</p> <p>(b) The enquirer requests that the IDA consider revising or removing the restriction.</p> <p>(c) Please confirm that this restriction only applies to New Entrants prior to the submission of the Expression of Interest (i.e. if The Operator is to enter into an agreement or arrangement with another person after said person has been accepted as a New Entrant, would this person still be considered an associate).</p>	
9	Section (A) Para 12.2	<p>A Winning Bidder needs to obtain or else amend its FBO licence to provide 4G telecommunication services using the 1800 MHz and/or 2.5 GHz spectrum.</p> <p>(a) If an FBO is already licensed to provide 4G telecommunication services using both 1800 MHz and 2.5 GHz, does it still require an amendment to its licence?</p>	<p>Yes, Winning Bidders that are existing FBO licensees already licensed to provide 4G telecommunication services are still required to obtain IDA's approval to amend their FBO licences. A Winning Bidder is deemed to have been notified of, and have acceded to, the specific terms and conditions to be included in the FBO Licence, including the Schedule in relation to the provision of 4G telecommunication systems and services pursuant to the grant of an 1800 MHz Spectrum Right (2013) and/or a 2.5 GHz Spectrum Right (2013) set out in Appendix 1 of the Information Memorandum.</p> <p>There is no application fee for extension of the FBO Licence. Licensees are, however, required to pay licence fees in accordance with the prevailing FBO Licence fee framework. For the avoidance of doubt, the licence fees would include the relevant fees for the provision of the respective services under the licensee's existing FBO Licence using the 1800 MHz Spectrum Right (2013) or 2.5 GHz Spectrum Right (2013), as indicated in the 4G Information Memorandum. IDA's approval will be required for any extension or renewal of an FBO Licence.</p>
10	Section (A) Para 13.1	This section states that "A 2.5 GHz Spectrum Right (2013) granted ... will be effective as of 1 July 2015 or such other	(1) IDA seeks to facilitate full-band sharing before 2015, after the completion of the Main Auction. IDA will inform relevant Winning Bidders and operators of the date of commencement of the full-band sharing arrangement. Each

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		<p><i>date as IDA may determine in accordance with the Auction Rules</i>". In its earlier Decision on the "Framework for the Reallocation of Spectrum for Fourth Generation ("4G") Telecommunication Systems and Services", the Authority stated that it "intends to work with neighbouring countries to commence full-band sharing earlier than 2015".<sup>2</sup> We seek the following clarifications from the Authority:</p> <p>(1) When it expects full-band sharing to commence; and</p> <p>(2) Whether, upon commencement of full-band sharing, the Winning Bidders will be allowed to use the freed 2.5 GHz band with immediate effect, and, if so:  (a) whether any additional fees (e.g., an Interim Spectrum Right fee) would be payable for such usage; and (b) how this affects any Deferred Payment Date.<sup>3</sup></p>	<p>Winning Bidder will be required to co-ordinate with other operators holding spectrum rights in the same and adjacent frequency bands and with neighbouring countries' network operators to avoid frequency interference problems in the band.</p> <p>(2) As mentioned in IDA's Decision, in relation to spectrum in the 2.5 GHz band, IDA is prepared to administratively assign spectrum that has not been assigned through existing spectrum rights to operators for use before the commencement of the 2.5 GHz Spectrum Rights (2013) to facilitate any network adjustments and transitions by operators. Administrative fees such as frequency fees and administration and processing fees will apply to such administrative assignments.</p>
11	Section (A) Para 14.1	The IDA has specified conditions for spectrum trading of the rights and privileges granted under the 1800 MHz Spectrum Right (2013) and/or 2.5 GHz Spectrum Right (2013).	If the spectrum leasing arrangement is an assignment or dealing in whole or any part of the rights and privileges granted under the spectrum right, it will be considered spectrum trading and will be subject to the relevant requirements on spectrum trading. If the arrangement relates to the provision of wholesale 4G telecommunication services, Winning Bidders will be required to comply with the relevant obligations including the obligation to negotiate in good faith upon

<sup>2</sup> Para 63 of link:

[http://www.ida.gov.sg/~media/Files/PCDG/Consultations/20120410\\_4Gtelecomm/Decision4GSpectrum.pdf](http://www.ida.gov.sg/~media/Files/PCDG/Consultations/20120410_4Gtelecomm/Decision4GSpectrum.pdf).

<sup>3</sup> As per the process set out in Section 16.4 of the Auction Rules.

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		(a) Please advise if spectrum leasing between operators with the 1800 MHz Spectrum Right (2013) and/or 2.5 GHz Spectrum Right (2013) is also subjected to the same conditions as per paragraphs 14.1 (a) to (c).	receiving a reasonable request for such provision.
12	Section (B) Para 2.3	<p>The bid increment for the sealed bid for the purpose of the New Entrant Auction is in increments of whole Singapore dollars. This differs from that for the Main Auction which is in increments of \$10,000 and no more than 10% of the Standing Price in the last completed round for each category.</p> <p>(a) The enquirer opines that the different treatment appears unreasonable and seeks the IDA's explanation for implementing different bid increments in the New Entrant Auction vs. the Main Auction.</p>	The formats for the New Entrant Auction and the Main Auction are different and the concept of an increment is different in the two formats and should not be compared in the manner the enquirer has compared them. In the case of the New Entrant Auction, the format is a single round second-price sealed bid auction, and the increment simply determines that a Valid New Entrant Bid must be provided rounded to the nearest Singapore dollar. The Main Auction is run as a clock-plus auction with multiple rounds and the bounds for the Increment in that context represent the minimum and maximum by which the Standing Price may increase from one round to the next.
13	Section (C) Para 1.4	<p>"Details of the timing and location of the Information and Training Sessions will be provided to Bidders at least one (1) Business Day in advance.</p> <p>Bidders would need at least five (5) Business Days before the Main Auction Start Date to make the necessary preparations/arrangements for the Main Auction in view of its importance and substantial investment involved. The enquirer requests for the provision of an extended timeframe.</p>	<p>The timeframe of at least one (1) Business Day's notice relates to IDA's provision of timing and location details to Bidders on the Information and Training Sessions before the start of these sessions, and not in relation to the start of the Auction.</p> <p>Where IDA determines that the Quantity Stage of the Main Auction will proceed, IDA will notify all Bidders of the Auction Start Date. IDA has not specified a period between such notification of the Auction Start Date and the Auction Start Date. However, IDA notes the enquirer's comment and will cater for at least five (5) Business Days between the Information Session and the Auction Start Date. Please refer to Section 6.1 of the revised Auction Rules</p>
14	Section (C)	The timeframe stated in this paragraph (i.e	IDA clarifies that the Deferred Payment Bank Guarantee must be valid until a

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	Para 3.3	no earlier than twenty (20) business days) for deferred payment appears to be inconsistent with the ones stated in Auction Rules Clause 16.5, Page 61 and Appendix 5, Deferred Payment BG, Clause 6.4 (i.e. no earlier than thirty (30) Business Days). Please clarify.	date no earlier than a thirty (30) business days period commencing on the Deferred Payment Date and has updated the Information Memorandum to reflect this.
15	Section (D) Timetable	<p>The Timetable states that the Authority will inform Bidders “at a later date”: (1) “<i>whether the Main Auction Quantity Stage will proceed</i>”; and (2) the “<i>Auction Start Date (if applicable)</i>”.</p> <p>We would greatly appreciate if the Authority could provide a tentative date for when these items would take place, to facilitate our internal processes and planning. We would also appreciate if the Authority could consider holding the Main Auction Quantity Stage (if applicable) in mid-August, to allow Bidders sufficient time to work-out their internal processes, and to avoid the public holiday period in early-August.</p>	<p>As stated in the Auction Rules, if the Quantity Stage of the Main Auction proceeds, IDA will within five (5) Business Days of the Application Date notify all Bidders of the Auction Start Date, among other information.</p> <p>If the Quantity Stage of the Main Auction proceeds, IDA expects the Quantity Stage to be conducted in or around August 2013, and notes the enquirer’s comment in this regard.</p>

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16	Section 5.1	<p>In order to participate in the Main Auction, a Bidder must submit an Initial Offer Document and a Bank Guarantee.</p> <p>(a) Please confirm if the Bidder may submit more than one (1) Bank Guarantee.</p> <p>(b) Please confirm if the Bidder is allowed to submit separate initial offers for the 1800 MHz Spectrum Right (2013) and/or 2.5 GHz Spectrum Right (2013).</p>	<p>(a) Persons wishing to be registered as Bidders in the Main Auction are required to submit a Bank Guarantee with their Initial Offer. IDA is prepared to accept more than one (1) Bank Guarantee, in accordance with the format specified in Appendix 7 of the Auction Rules, guaranteeing in total the Guaranteed Amount.</p> <p>(b) Persons wishing to be registered as Bidders in the Main Auction should submit <u>one</u> (1) Initial Offer, in accordance with the format specified in Appendix 6 of the Auction Rules, specifying the number of 1800 MHz Spectrum Lots <u>and</u> the number of 2.5 GHz Spectrum Lots for which that person submits an Initial Offer at the respective Reserve Prices.</p>
17	Section 5.2.5	<p>The IDA requires any existing FBO licensee who wishes to participate in the Main Auction to agree to modification of its existing FBO licence, otherwise the Initial Offer will be invalid.</p> <p>(a) What are the intended modifications?</p> <p>(b) To ensure that the Initial Offer is valid, how does the party agree with the proposed modification?</p>	<p>By participating in the Main Auction, a person will be deemed to have been notified of, and have acceded to the specific terms and conditions of the FBO Licence, including the Schedule to be contained in the FBO Licence in relation to the provision of 4G telecommunication systems and services pursuant to the grant of an 1800 MHz Spectrum Right (2013) and/or a 2.5 GHz Spectrum Right (2013). Please refer to Section 12 of the Information Memorandum, Sections 5.25 to 5.27 of the Auction Rules, and Appendix 1 of the Information Memorandum.</p>
18	Section 5.5	<p>In relation to the Bank Guarantee, could the Authority clarify whether a Bidder can submit a Bank Guarantee larger than the Guaranteed Amount? Given the sums required, we would require a significant amount of time, in-advance of making our Initial Offer to the Authority, to prepare the Bank Guarantee.</p> <p>However, our Initial Offer may change as the deadline for submission approaches. Hence, as a safeguard, we would prefer to</p>	<p>Yes, IDA will accept a Bank Guarantee guaranteeing an amount larger than the Guaranteed Amount.</p>

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		prepare a larger Bank Guarantee at the outset, and have the flexibility to reduce the actual Initial Offer submitted to the Authority.	
19	Section 6.9	This section states that “ <i>no more than eight natural persons (including the Authorised Representatives) may attend [the Information Session] on behalf of any Bidder</i> ”. We seek the Authority’s clarifications on whether Bidders can appoint external parties (e.g., appointed consultants) to be amongst these eight natural persons.	Yes, any natural person may attend the Information Session on behalf of a Bidder. For avoidance of doubt, the names and identity card/passport numbers of the natural persons attending the Information Session must have been provided by the Bidder in an annex to its Initial Offer Document.
20	Section 7	Since an Auction System may be used and bidding can possibly take place at different locations, please clarify if representatives of the Bidder (other than Authorised Representatives) who are on the Bidder’s Disclosure List can be present at the different locations to provide support. If so, are there be any limits or restrictions imposed.	Instructions on the processes and procedures relating to the Quantity Stage of the Main Auction will be provided to Bidders in the ‘Instructions to Bidders’.
21	Section 8.1	The Authority has stated that the minimum time between the end of a Round and the start of the following Round will be “ <i>no less than five (5) minutes</i> ”.  Given the complexity of the decision-making, the large amounts of money involved and the strategic issues at stake, we strongly believe that 5 minutes is too short a time for Bidders to make a decision on their next Round Bids.	The stated timeframes for each Round and between the end of a Round and the beginning of the next Round are the <u>minimum</u> timeframes. IDA may adjust the timeframes in or between Rounds at IDA’s discretion, and IDA notes the enquirer’s comment in this regard.

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		Hence, we would greatly appreciate if the Authority could extend the minimum time to at least 30 minutes, and also provide Bidders with an indication on the average and maximum amount of time it would provide to Bidders in-between Rounds. In addition, after a particular number of rounds, we would also encourage the Authority to increase the minimum time periods, given the increasing amount of money involved.	
22	Section 10.1.7	This section sets out the possible range of the Increment for the 1800 MHz and 2.5 GHz Categories. The Authority would note that, an Increment close-to, or at the maximum value of “10% of the Standing Price for that Category in the last completed Round”, would result in a significant increase in the amounts payable. Accordingly, we would like to seek the Authority’s clarifications on how it will seek to determine the actual value of the Increment.	IDA will determine the increment for each Round at its discretion. In accordance with the Auction Rules, Bidders that do not wish to make a bid at the Standing Price may submit an Exit Bid at an Exit Price, which will be lower than the Standing Price of the Round.
23	Section 10.2.1	The Authority has indicated that the Round 1 bid must accord with a Bidder’s Initial Offer. Given this, would the Authority require Bidders to submit Round 1 Bids, or would the Quantity Stage start with the revelation of information for Round 1 and the revelation of prices for Round 2 (as per Section 10.6.1 of the Auction Rules)? Alternatively, would the Authority require	The Quantity Stage will commence with Round 1. The Standing Price for each Category in Round 1 will be the Reserve Price for the respective Category. In Round 1, and in Round 1 only, a Bid will be placed automatically on behalf of a Bidder that will consist of the number of lots for each Category for which such Bidder submitted an Initial Offer at the Reserve Price for the respective Category. A Bidder cannot alter or rescind this Bid in Round 1. More information on the processes and procedures for the Quantity Stage of the Main Auction will be provided in the ‘Instructions to Bidders’.

S/N	Reference	Questions/ Comments	Clarifications
<b>Auction Rules</b>			
		Bidders to log their Round 1 bids (in the Auction System or otherwise)?	
24	Section 10.3.3	This section states that “A Bidder <b>may</b> provide an Exit Bid” (emphasis added). However, based on the briefing conducted by the Authority on 30 April 2013, the Authority had stated that Bidders <b>must</b> make an Exit Bid. We would therefore seek the Authority’s clarifications whether the provision of Exit Bids are compulsory, or whether Bidders have a choice not to make Exit Bids when reducing their Eligibility.	<p>Section 10.3.3 of the Auction Rules states “A Bidder <b>may</b> provide an Exit Bid in respect of a Category in a Round only when the value of Excess Demand was strictly positive in the last completed Round.” This statement is intended to communicate that a Bidder may only provide an Exit Bid in respect of a Category in a Round when the value of Excess Demand for that Category was strictly positive in the last completed Round. Conversely a Bidder will not be able to provide an Exit Bid in respect to a Category in a Round if the Excess Demand for that Category was zero in the last completed Round.</p> <p>The only way for a Bidder to reduce Eligibility is through the provision of an Exit Bid and the provision of an Exit Bid necessarily implies a reduction in the Bidder’s Eligibility. As stated in Section 10.3.5 of the Auction Rules, where in a Round, a Bidder decreases the number of lots in a Category (“Reduction Amount”) by more than the Switch Amount into the other Category, the Bidder must provide an Exit Bid for the number of lots equal to the difference between the Reduction Amount and the Switch Amount. If a Bidder submits an Exit Bid in respect of a Category thereby reducing its Eligibility by a given number of lots, the Bidder must name an Exit Price for such number of lots. The provision of an Exit Price is compulsory when an Exit Bid is placed.</p>
25	Section 10.3.3	<p>In the event that a Bidder wishes to drop two lots that are currently being bid on in a Category, is the Bidder allowed to specify two different exit prices for these two lots? Or is the Bidder only allowed to specify a single Exit Bid?</p> <p>As the value a Bidder would place on different lots of the same spectrum may differ, it may be useful to allow Bidders to submit different Exit Bids.</p>	A bidder places a bid for generic lots within a Category in the Quantity Stage of the Main Auction, hence a single Exit Price applies to all lots in the bidder’s Exit Bid for the Category. Please refer to Section 10.3.3 of the Auction Rules which states that in a Round, a Bidder that provides an Exit Bid for a number of lots in a Category provides a <u>single Exit Price for all such lots</u> .



S/N	Reference	Questions/ Comments	Clarifications
<b>Auction Rules</b>			
26	Section 10.4.1(c)	<p>The Authority has stated that “lots that were switched out of the Category ... may be designated as Standing High Bids and the price associated with any such lot is the Prior Standing Price”. Hence, we note that the Authority may disallow Switches by Bidders, and, instead, allocate Bids made in the previous round as Standing High Bids. I.e., the Bidder is exposed to winning combination of lots that he had not bid for in that Round.</p> <p>We note that this appears to be inconsistent with the Authority’s prior statements that the 4G Auction would be a package bidding auction, and that bidders would not be exposed to winning unwanted subsets of their demand.<sup>4</sup></p> <p>We would therefore seek the Authority’s rationale for the above change.</p>	<p>When participating in a spectrum auction, a Bidder may face a number of types of aggregation risk, such as winning spectrum on a non-contiguous basis or winning less spectrum than desired. Each spectrum auction format adopted, such as the Simultaneous Multi-Round Auction (“SMRA”) and the Clock-Plus format, will expose Bidders to different levels of risk in different aspects.</p> <p>Unlike the SMRA format in which bidders bid for specific spectrum lots (and hence are exposed to the risk of winning non-contiguous lots), the Clock-Plus format removes this risk through the use of generic lots and rules governing the assignment process. However, IDA notes that the activity rules for the auction will expose Bidders to some residual risks of ‘disallowed switching’ when Excess Demand in a Category is zero (0) in the last completed Round and Excess Demand in that same Category was strictly positive in the immediately preceding Round. These activity rules were structured to, among others, reduce the incentive for Bidders to place bids solely to raise the Standing Price of a Category without the actual intention of acquiring lots in that Category, and switch out of the Category subsequently with no consequence.</p>
27	Section 10.4.4	In relation to lots of Free Eligibility, we seek the following clarifications from the	(1) No, the Quantity Stage will close the first time that Total Excess Demand equals zero (0) in a Round. Total Excess Demand is calculated as the sum

<sup>4</sup> Specifically, we note the following statements by the Authority:

- (1) Para 49 of the Authority’s Consultation Paper on the Proposed Framework for the Reallocation of Spectrum for 4G Telecommunication Systems and Services states that: “An advantage of the Clock Plus format is that aggregation risks within categories are eliminated, **as a quantity bid within a category is, de facto, a package bid that is accepted or rejected in its entirety**. This means that **bidders are not exposed to winning unwanted subsets of their demand and can be guaranteed contiguous spectrum within categories**” (emphasis added); and
- (2) Para 48 of the Authority’s Decision on Framework for the Reallocation of Spectrum for 4G Telecommunication Systems and Services states that: “As the feedback has generally been positive, IDA will retain the decision to use the Clock Plus auction format for the main auction”.

S/N	Reference	Questions/ Comments	Clarifications
<b>Auction Rules</b>			
		<p>Authority:</p> <p>(1) Could the Quantity Stage close with Bidders holding on to Free Eligibility (i.e., the Bidder ends up with less spectrum than his total Eligibility as at the end of the final Round); and</p> <p>(2) Depending on the Authority's answer to (1) above, would Free Eligibility count towards the Excess Demand in any of the Categories? If not, could the Authority clarify whether, if a Round ends with Excess Demand zero in both Categories (but with Bidders holding on to Free Eligibility), there would be any Increments applied to the Standing Price for the following Round?</p>	<p>of Excess Demand across both Categories and any Free Eligibility.</p> <p>(2) No, Excess Demand in a Category is calculated for the last completed Round as the higher of (i) zero (0); and (ii) the number of lots bid in that Category at the Standing Price of the last completed Round less the number of lots available in that Category. If Excess Demand in a Category is zero (0) in the last completed Round, the Standing Price in that Category does not change from the last completed Round to the following Round, i.e. no Increment will be applied for the following Round. For avoidance of doubt, this means that if Excess Demand is zero (0) in both Categories at the end of a Round, but there is Free Eligibility (because Standing High Bids at the Prior Standing Price for a Category are released), then Total Excess Demand is strictly positive and the Quantity Stage does not end. In the following Round, the Standing Price will not increase in either Category, and the Bidder with lot(s) of Free Eligibility may bid such lot(s) in either Category.</p>
28	Section 10.6.1	In relation to the information provided to all Bidders, we seek the Authority's confirmation on whether Bidders will be informed of the amount of Free Eligibility available. We note that, if the amount of Free Eligibility is not communicated to all Bidders, this will have an impact on possible auction strategies (as Bidders without the Free Eligibility would not know the true demand for lots in the last completed Round).	Please refer to Section 10.1.4 of the Auction Rules. After a Round is completed, the Authority will communicate to Bidders before the start of the following Round the value of Excess Demand in each Category in the last completed Round and the Total Excess Demand in the last completed Round. To the extent that the sum of the Excess Demands across both Categories is not equal to the Total Excess Demand, any such difference must come from lots of Free Eligibility.
29	Section 12.3	The IDA indicates that the Closing Price for a Category will be the lowest price associated with the Standing High Bids in	The Closing Price, in respect of a Category, will be a single Closing Price that will apply to all lots in that Category.

S/N	Reference	Questions/ Comments	Clarifications
<b>Auction Rules</b>			
		<p>each Category.</p> <p>(a) Please confirm if this means that there could be a different price for each bidder in each Category, or the same price applies to all bidders in the respective Category.</p>	
30	Section 13	<p>With regard to Phase 2 of the assignment stage, if Winning Bidders agree on the assignment for part of a Winning Bidder's allocation (e.g. 15 MHz) in a spectrum band (e.g. 1800 MHz spectrum band) but do not agree on the assignment for the remaining portion of that Winning Bidder's allocation (e.g. 5MHz), will Phase 2 of the assignment stage proceed for only the 5 MHz of spectrum or for all 20 MHz of the Winning Bidder's allocation?</p>	<p>Please note that IDA may accept or reject a proposal in its sole discretion under Section 13.2.9 of the Auction Rules. As such, any proposal for an agreement of part of the assignment is subject to the approval of IDA. If IDA accepts a proposal for an assignment of part of a Winning Bidder's allocation in a spectrum band in the enquirer's example, then in Phase 2 of the Assignment Stage, IDA will provide all Contending Winning Bidders with all possible combinations of contiguous spectrum assignments for each Contending Winning Bidder in accordance with the Auction Rules. The contiguity of the spectrum lots in the combinations provided will only be in relation to the spectrum lots contended, i.e. in the example provided, only the contended lot of that Winning Bidder's assignment will form part of the combinations in the Assignment Bid Options. However, that Winning Bidder should note that there is therefore a possibility that the contended lot will not be contiguous with the non-contended lots in the same spectrum band, depending on the outcome of the Assignment Stage. If a Winning Bidder wishes to obtain a contiguous assignment of its spectrum lots in a spectrum band and is not prepared to accept non-contiguous assignments, it should ensure that the assignment for all its spectrum lots in that spectrum band are non-contended, or contend the assignment of all its spectrum lots in that spectrum band.</p>
31	Sections 13.2.2(b)(i) & (ii), 13.2.3(b)(i) and 13.2.3b(ii)	<p>In relation to these sections, we would like to seek the Authority's confirmation that a Winning Bidder can be both a Non-Contending Winning Bidder as well as a Contending Winning Bidder for both the 1800 MHz and 2.5 GHz Categories.</p>	<p>Yes, all Winning Bidders may agree that a particular Winning Bidder is a Non-Contending Winning Bidder in respect of one spectrum band but a Contending Winning Bidder for the other spectrum band.</p>
32	Section 13.3.2 &	<p>Please provide examples or detailed illustrations of the Sealed-Bid Auction.</p>	<p>Please refer to the new Annex 3 of the revised Auction Rules.</p>

S/N	Reference	Questions/ Comments	Clarifications
<b>Auction Rules</b>			
	13.3.5 and 13.3.8	Specifically for S13.3.2, 13.3.5 and 13.3.8.	
33	Section 13.3.5	We would like to seek the Authority's confirmation that there is no minimum bid for any one of the Assignment Bid Options, so long as the bid is in increments of whole Singapore dollars (i.e., S\$1 constitutes a Valid Assignment Bid).	IDA confirms that there is no minimum bid for any Assignment Bid Option. S\$1 constitutes a Valid Assignment Bid. Assignment Bids shall be submitted according to the Auction Rules in increments of whole Singapore dollars, above a minimum amount of S\$0. Where a Contending Winning Bidder fails to submit an Assignment Bid for any Assignment Bid Option, IDA will deem that it has submitted an Assignment Bid of S\$0 for that Assignment Bid Option.
34	Section 13.3.8	<p>In the Assignment Stage, Winning Bidders will be required to pay for the amount associated with their Winning Assignment Bid whereas in the New Entrant Allocation, the Winning Bidder is only required to pay the second-highest Valid New Entrant Bid. Both the Assignment Stage and the New Entrant Allocation are conducted using sealed bids.</p> <p>(a) The enquirer opines that the same principle should apply to both stages, and the Assignment Stage should be based on the second-highest bid combination.</p>	<p>Both the New Entrant Allocation stage and the Assignment Stage will use a sealed bid auction format. The two auctions are for different purposes and address different concerns. IDA considered the relative merits of either a first price rule or a second price rule for each sealed bid auction separately. There is no reason to believe that exactly the same rules should be implemented both for the New Entrant Allocation stage and for the Assignment Stage when they address different matters.</p> <p>For the New Entrant Allocation stage where a <u>single</u> set of four (4) 2.5 GHz Spectrum Lots will be bid for and with a <u>single</u> winning new entrant bid to be awarded, a second price rule would be simple to implement and should be more effective at eliciting straightforward, value-based bids by New Entrant Bidders.</p> <p>For Phase 2 of the Assignment Stage, implementing a second price rule would be much more complicated than for the New Entrant Auction. As there could be multiple winners of spectrum in a Category, each taking different quantities of lots, there may be many different Assignment Bid Options. Accordingly, the algorithm to determine prices based on a second price rule may be complicated, as it could be based on denying a combination of other Contending Winning Bidders from a particular configuration of spectrum, rather than just one other Contending Winning Bidder. IDA considered the complexity of such an implementation with the relative merits of any efficiency gains in arriving at its Decision of 16 January 2013.</p>

S/N	Reference	Questions/ Comments	Clarifications
<b>Auction Rules</b>			
35	Section 13.3.8 (c)	<p>In the Assignment Stage, Winning Bidders will be required to pay for the amount</p> <p>We note that, in certain cases to break ties, the Authority may employ random selection.</p> <p>We would appreciate the Authority's confirmation that any tie-breaking would occur on a per-bidder basis, and not on a per-lot basis.</p>	<p>Where in Phase 2 of the Assignment Stage, two or more feasible combinations of Valid Assignment Bids yield the same highest value and IDA decides to employ a random selection method to determine the winning assignment from among these feasible combinations, the random selection will be between combinations of Valid Assignment Bids, i.e. a 'per combination basis' and neither a 'per-bidder' nor 'per-lot' basis.</p>
36	Section 16.5 and 16.6	<p>The IDA had indicated that any application for deferment of payment must be made using the Deferred Payment Form and accompanied by the relevant Bank Guarantee(s).</p> <p>(a) Please confirm that the Winning Bidder may submit more than one (1) Bank Guarantee.</p> <p>(b) Please provide more clarity on the interval between the Quantity Stage and the Assignment Stage of the Main Auction as The enquirer will require between two (2) to four (4) work weeks to secure the relevant banking facility for issuance of a bank guarantee(s).</p>	<p>(a) Section 16.5 of the Auction Rules state that Winning Bidders may submit <u>one or more</u> Bank Guarantees in relation to the deferred payments.</p> <p>(b) Winning Bidders are required to submit any application for deferred payment to IDA in accordance with the Auction Rules no later than ten (10) Business Days after the closure of the Assignment Stage of the Auction. IDA notes the comment in relation to securing the relevant banking facility for issuance of a bank guarantee(s), which may affect the interval between the Quantity Stage and the Assignment Stage.</p>
37	Section 18.1	<p>The condition appears to restrict any parties [including vendors and operators, or even between operators] from making arrangements in respect of purchases or wholesale telecommunication services or equipment supply.</p> <p>(a) Please confirm that parties can continue to negotiate their vendor</p>	<p>Section 18.1 of the Auction Rules states that <i>"No Bidder will enter into, or permit to subsist, any arrangement whatsoever, (whether oral or in writing, formal or informal) with any equipment provider or software supplier or other person which places or may place any restriction on the quantities of equipment or software or other goods or services which the provider, supplier or other person supplies or offers to supply to <b>another Bidder</b> or on the price or any other term or condition upon which such equipment or software or other goods or services is supplied or offered to be supplied to <b>any other Bidder</b> in connection with planning, building or operating a network to be operated in</i></p>

S/N	Reference	Questions/ Comments	Clarifications
<b>Auction Rules</b>			
		supply agreements or even their wholesale of telecommunication services agreements without breaching this condition.	<i>relation to any 1800 MHz Spectrum Lot(s) and/or 2.5 GHz Spectrum Lot(s)."</i> <i>[emphasis added]</i>  Parties may continue to negotiate their vendor supply agreements in compliance with the Auction Rules.
38	Annex 1A	We would like to seek the Authority's confirmation that the lower band of spectrum lot 15 should be "1780 – 1785", and not "1780 – 1885" as currently stated.	Yes. Please refer to the revised Auction Rules.
39	Annex 2 (Section 2 – Example on Switching and Eligibility)	<p>We would like to seek the Authority's confirmation on whether Bidders can propose switches that exceed the amount of excess demand in a particular Category.</p> <p>For example, consider the example provided by IDA in this Section 2 of Annex 2 of the Auction Rules.</p> <p>Suppose that Bidder A has bid exactly as this example specifies in rounds 1 and 2 — that is, Bidder A bid 6 lots in the 1800 MHz Category and 5 lots in the 2500 MHz Category. Moreover, suppose that Excess Demand in the 1800 MHz Category after Round 2 was 3 lots.</p> <p>Given this example, would Bidder A be allowed to propose a switch of, for example, 4 lots from the 1800 MHz Category to the 2500 MHz Category (with no Exit Bids)?</p> <p>As a point to note, we are not asking whether the Switch would be granted for all 4 lots. Our understanding is that it would</p>	<p>Yes. In the example in Section 2 of Annex 2 of the Auction Rules, in Round 2, Bidder A placed a bid at the Standing Price for six (6) 1800 MHz Spectrum Lots with no Exit Bids in that Category. Excess Demand in the 1800 MHz Category was strictly positive at the end of Round 2, hence, no Standing High Bids have been designated for that Category at the end of Round 2. In Round 3, a Bidder may submit a bid to reduce the number of lots bid in the 1800 MHz Category by four (4) and correspondingly increase the number of lots bid in the 2.5 GHz Category by four (4), thereby not submitting an Exit Bid in the 1800 MHz Category.</p> <p>As the enquirer has noted, if after Round 3 in which Bidder A has submitted a bid to reduce the number of lots in the 1800 MHz Category (with a corresponding increase in number of lots in the 2.5 GHz Category), Excess Demand in the 1800 MHz Category was zero (0), some or all of the lots that Bidder A proposed to reduce in the 1800 MHz Category may be designated as Standing High Bids at the Prior Standing Price.</p> <p>For clarity, if Excess Demand in the 1800 MHz Category was zero (0) at end of Round 2 when it was strictly positive the Round before, the six (6) lots bid by Bidder A will be designated as Standing High Bids at the Standing Price. Bidder A will not be allowed to change these Standing High Bids in Round 3.</p>

S/N	Reference	Questions/ Comments	Clarifications
<b>Auction Rules</b>			
		only be granted in the event that another Bidder simultaneously switches from the 2500 MHz Category into the 1800 MHz Category). We are merely asking whether the Bidder would be allowed to propose the Switch.	
40	Annex 2 (Section 2 – Example on Switching and Eligibility)	<p>Relating to the question immediately above, are Bidders allowed to place Exit Bids that exceed (in lots) the amount of Excess Demand in a particular Category? For example, suppose that a Bidder in a given Round placed a bid that included 4 lots in the 2500 MHz Category. Excess demand for 2500 MHz is 3 lots in that same Round.</p> <p>Would the Bidder be allowed to place an Exit Bid for all 4 lots in 2500 MHz in the subsequent Round? We acknowledge that, depending on Bids placed by others, the Bidder may still be the Standing High Bidder on some or even all of these 4 lots in the subsequent Round. We simply request clarity on whether placing this Bid is allowed.</p>	<p>Yes. If in a Round (say Round 2), Bidder A specified in its Bids four (4) lots in the 2.5 GHz Category that the Bidder offers to purchase at the Standing Price of that Category, and Excess Demand in that Category was strictly positive at the end of Round 2, no Standing High Bids will be designated for that Category at the end of that Round. In the next Round, Bidder A may provide an Exit Bid in respect of the 2.5 GHz Category since the value of Excess Demand was strictly positive in the last completed Round (Round 2). If Bidder A provides an Exit Bid for a number of lots (up to four (4) lots in this example) in the 2.5 GHz Category, it must provide a single Exit Price for all such lots.</p>

41	Annex 2 (Section 5 – Example on Free Eligibility)	<p>In this example, suppose that at the end of round 7 Bidder C had 1 SHB at Exit Price of S\$18,100,300 in the 1800 MHz Category.</p> <p>However, different from this example, suppose that Bidder C had 3 lots of Free Eligibility. Were Bidder C to use those 3 Free Eligibility lots to bid in the 1800 MHz Category in round 8, please confirm whether, in the event that Bidder A, B, and D's bids in the 1800 MHz Category remain unchanged from round 7, Bidder C would be removing its own SHB at Exit Price of S\$18,100,300.</p> <p>Also, please confirm the total number of SHB that Bidder C would have in Round 8.</p>	<p>Where Excess Demand in a Category is zero (0) and Standing High Bids have been designated at the end of a Round, and new bids at the Standing Price have been placed in the following Round, Standing High Bids will be released in ascending price order in accordance with Section 10.4.3 of the Auction Rules.</p> <p>It is unclear from the question how Bidder C's three (3) lots of Free Eligibility would arise (as opposed to the two (2) lots of Free Eligibility in the example given in Section 5 of Annex 2 of the Auction Rules), as Bidder D's bid for two (2) 1800 MHz Spectrum Lots in Round 7 would only have released two (2) of Bidder C's Standing High Bids at the Prior Standing Price. Furthermore, without a change in the number of lots at the Standing Price in the Bid in respect to the 2.5 GHz Category, Bidder C's Eligibility would exceed nine (9) lots assumed by this example.</p> <p>In the example given, if Bidder C uses its Free Eligibility in Round 8 to offer to purchase that number of lots at the Standing Price (whether two (2) lots as stated in the example in Section 5 of Annex 2 of the Auction Rules or three (3) lots as stated in the question), Standing High Bids at the Prior Standing Price will be released before Standing High Bids at the Exit Price. Since, in the example given, Bidder B has five (5) Standing High Bids at the Prior Standing Price at the end of Round 7, two (2) (or three (3), as the case may be) of Bidder B's Standing High Bids at the Prior Standing Price will be released.</p> <p>In this example, at the end of Round 8, Bidder C would have two (2) Standing High Bids at the Standing Price and one (1) Standing High Bid at the Exit Price of \$18,100,300.</p> <p>To respond to the question more generally and abstracting from the specific example provide by the enquirer, it is possible for a Bidder's increase in the number of lots in its Bid at the Standing Price in respect to a Category to release its own Standing High Bid at an Exit Price in that Category. There are two specific circumstances to note.</p> <p>First, a Bidder's increase in the number of lots in its Bid at the Standing Price in respect to a Category may release its own Standing High Bid at an Exit Price in that Category in ascending price order. For example, suppose the table below represents the situation at the end of a Round.</p>
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			<table border="1"> <thead> <tr> <th></th> <th><b>Standing High Bids (“SHB”) 1800 MHz</b></th> <th><b>Lots at the Standing Price 2.5 GHz</b></th> <th><b>Free Eligibility</b></th> </tr> </thead> <tbody> <tr> <td>Bidder A</td> <td>5 SHB at Standing Price of S\$18,125,000 1 SHB at Exit Price of S\$18,100,000</td> <td>3</td> <td></td> </tr> <tr> <td>Bidder B</td> <td>5 SHB at Standing Price of S\$18,125,000 1 SHB at Exit Price of S\$18,100,200</td> <td>3</td> <td></td> </tr> <tr> <td>Bidder C</td> <td>1 SHB at Exit Price of S\$18,100,300</td> <td>5</td> <td>3</td> </tr> <tr> <td>Bidder D</td> <td>2 SHB at Standing Price of S\$18,125,000</td> <td>2</td> <td></td> </tr> </tbody> </table> <p>If in the following Round Bidder C uses its Free Eligibility to offer to purchase three (3) lots at the Standing Price in respect to the 1800 MHz Category and there are no other changes to other Bidders’ Bids in that Category, such lots at the Standing Price will release lots designated as Standing High Bids in ascending price order as follows – one (1) Standing High Bid at an Exit Price of S\$18,100,000 from Bidder A, one (1) Standing High Bid at an Exit Price of S\$18,100,200 from Bidder B, and one (1) Standing High Bid at an Exit Price of S\$18,100,300 from Bidder C.</p> <p>Second, a Bidder’s increase in the number of lots in its Bid at the Standing Price in respect to a Category may release its own Standing High Bid at an Exit Price in that Category out of ascending price order if the Bidder would otherwise violate the Spectrum Cap in respect to that Category. For example, suppose the table below represents the situation at the end of a Round.</p> <table border="1"> <thead> <tr> <th></th> <th><b>Standing High Bids (“SHB”) 1800 MHz</b></th> <th><b>Lots at the Standing Price 2.5 GHz</b></th> <th><b>Free Eligibility</b></th> </tr> </thead> <tbody> <tr> <td>Bidder A</td> <td>5 SHB at Standing Price of S\$18,125,000 1 SHB at Exit Price of S\$18,100,000</td> <td>3</td> <td></td> </tr> </tbody> </table>		<b>Standing High Bids (“SHB”) 1800 MHz</b>	<b>Lots at the Standing Price 2.5 GHz</b>	<b>Free Eligibility</b>	Bidder A	5 SHB at Standing Price of S\$18,125,000 1 SHB at Exit Price of S\$18,100,000	3		Bidder B	5 SHB at Standing Price of S\$18,125,000 1 SHB at Exit Price of S\$18,100,200	3		Bidder C	1 SHB at Exit Price of S\$18,100,300	5	3	Bidder D	2 SHB at Standing Price of S\$18,125,000	2			<b>Standing High Bids (“SHB”) 1800 MHz</b>	<b>Lots at the Standing Price 2.5 GHz</b>	<b>Free Eligibility</b>	Bidder A	5 SHB at Standing Price of S\$18,125,000 1 SHB at Exit Price of S\$18,100,000	3	
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			<table border="1"> <tr> <td>Bidder B</td> <td>5 SHB at Prior Standing Price of S\$18,000,000 1 SHB at Exit Price of S\$18,100,200</td> <td>3</td> <td></td> </tr> <tr> <td>Bidder C</td> <td>1 SHB at Exit Price of S\$18,100,300</td> <td>6</td> <td>2</td> </tr> <tr> <td>Bidder D</td> <td>2 SHB at Standing Price of S\$18,125,000</td> <td>2</td> <td></td> </tr> </table> <p>If in the following Round Bidder C uses its Free Eligibility and switches from the 2.5 GHz Category to offer to purchase a total of six (6) lots at the Standing Price in respect to the 1800 MHz Category, and none of the lots Bidder C switched out of in the 2.5 GHz Category have been designated as Standing High Bids at the Prior Standing Price (i.e. Bidder C's switches are allowed), and there are no other changes to other Bidders' Bids in that Category, such lots would first release Bidder C's Standing High Bid at an Exit Price of S\$18,100,300, even though this is out of ascending price order, because otherwise Bidder C could exceed the spectrum cap for the 1800 MHz Category. Next, such lots would release the five (5) Standing High Bids from Bidder B at the Prior Standing Price.</p>	Bidder B	5 SHB at Prior Standing Price of S\$18,000,000 1 SHB at Exit Price of S\$18,100,200	3		Bidder C	1 SHB at Exit Price of S\$18,100,300	6	2	Bidder D	2 SHB at Standing Price of S\$18,125,000	2	
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Bidder C	1 SHB at Exit Price of S\$18,100,300	6	2												
Bidder D	2 SHB at Standing Price of S\$18,125,000	2													
42	Example for Section 6	Please provide an illustration of the results of Round 7 (Clause 6.4).	<p>Please refer to the illustration added in Annex 2 of the revised Auction Rules.</p> <p><b>After Round 7:</b></p> <table border="1"> <thead> <tr> <th></th> <th>Standing High Bids ("SHB") 1800 MHz</th> <th>Lots at the Standing Price 2.5 GHz</th> <th>Free Eligibility</th> </tr> </thead> <tbody> <tr> <td>Bidder A</td> <td>5 SHB at Standing Price of S\$18,125,000 1 SHB at Exit Price of S\$18,100,000</td> <td>3</td> <td></td> </tr> </tbody> </table>		Standing High Bids ("SHB") 1800 MHz	Lots at the Standing Price 2.5 GHz	Free Eligibility	Bidder A	5 SHB at Standing Price of S\$18,125,000 1 SHB at Exit Price of S\$18,100,000	3					
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43	Others: Example for Clarification	<p>Suppose that excess demand in the 1800 MHz Category is 2. Two bidders (Bidder 1 and Bidder 2) simultaneously attempt to switch two lots of demand each from the 1800 MHz Category into the 2500 MHz Category.</p> <p>Assume that the tie-breaking rule allows Bidder 2 to switch 2 lots to the 2500 MHz Category while Bidder 1 is allocated Standing High Bids at the Prior Standing Price for the 2 lots it attempted to Switch.</p> <p>We understand that the clock price of the 1800 MHz Category stops (as excess demand = 0) but the price clock of the 2500 MHz Category increases. Some rounds into the future, Bidder 2 switches 2 lots from the 2500 MHz Category back into the 1800 MHz Category.</p>	<p>Please refer to Section 10.4.4. of the Auction Rules.</p> <p>The enquirer's understanding is incorrect. At the point where Bidder 2 is allowed to switch two (2) lots from the 1800 MHz Category to the 2.5 GHz category, demand for the 1800 MHz at the Standing Price is two (2) lots short of the number of lots available (because Bidder 1's Standing High Bids are at the <b>Prior Standing Price</b> and they are not lots of demand at the Standing Price). When Bidder 2 switches back two (2) lots into the 1800 MHz Category, demand for the 1800 MHz at the Standing Price is exactly equal to the number of lots available and Excess Demand is zero (0). The Standing Price for the 1800 MHz Category does not change. Bidder 1 has two (2) lots of Free Eligibility. These are lots of "Free" Eligibility because they are not associated with any Category. These lots do not represent demand at the Standing Price for either Category and in particular they are not lots of demand for the 1800 MHz Category.</p> <p>At this point in the enquirer's example, since Excess Demand in the 1800 MHz Category is zero (0), no Bidder may switch from that Category and no Bidder may place an Exit Bid for lots in that Category. Bidder 1 has two (2) lots of Free Eligibility. As stated in Section 10.4.4, when a Bidder has Free Eligibility</p>												

		<p>Bidder 1's 2 Standing High Bids in the 1800 MHz Category are removed, and it should now have two units of Free Eligibility. Please confirm that Bidder 1 is then able to either:</p> <p>(1) attempt to switch eligibility from the 1800 MHz Category to the 2500 MHz Category;</p> <p>(2) bid for lots in the 1800 MHz Category at the new (higher) Standing Price; or</p> <p>(3) place an Exit Bid in the 1800 MHz Category at a price that exceeds the price at which Bidder 1 was the Standing High Bidder after having attempted to switch from the 1800 MHz Category to the 2500 MHz Category.</p>	<p>at the end of a Round, the Bidder may use such Free Eligibility in the following Round to increase the number of lots at the Standing Price in either Category. Any lot of Free Eligibility not used for this purpose is deemed to be part of an Exit Bid for which no Exit Price can be designated.</p>
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S/N	Reference	Questions/ Comments	Clarifications
<b><u>Other Questions- Bank Guarantee</u></b>			
44	Overall	<p>The current BG text appears to be construed as an accessory guarantee rather than an on demand guarantee typical of Bank Guarantees. Hence, the banks propose to adopt a format that is in accordance with the Association of Banks in Singapore ("ABS") guidelines for independent, on demand guarantees issued by the banks in Singapore.</p>	<p>IDA notes that Appendices 2, 5 and 7 of the Auction Rules require the banks to unconditionally and irrevocably undertake to IDA that it will pay to IDA the amounts in question <u>upon first written demand</u> by IDA. Banks providing the respective Bank Guarantees are thus required to pay on-demand. IDA further notes that similar Bank Guarantees have been provided by banks in Singapore in relation to previous spectrum auctions conducted by IDA, and is of the view that the format provided is acceptable to banks in Singapore.</p>
45	Clause 3.1 (a)	<p>The following amendment was proposed:  (a) guarantees to IDA the payment of the <u>sum demanded by IDA upon the Bank's receipt of IDA's demand in writing.</u></p>	<p>IDA is agreeable to incorporate the changes suggested. Please refer to Appendices 2, 5 and 7 of the revised Auction Rules.</p>

S/N	Reference	Questions/ Comments	Clarifications
		<u>accompanied by IDA's statement stating that the sum being demanded represents Liabilities to IDA which are not paid by (the) Bidder</u> when due; and	
46	Clause 3.1 (b)	Please refer to comments under "Overall" (Q 44). In accordance with ABS guidelines, banks will not be obliged to enquire into the circumstances of any demand.	IDA notes that Clause 3.1 of Appendices 2, 5 and 7 of the Auction Rules do not oblige the banks to enquire into the circumstances of any demand.
47	Clause 3.2	<p>The IDA has indicated that the Bank will be liable for the Guaranteed Amount an all interests under Clause 12 [which is defined as 5 % per annum over DBS Bank's prevailing base rate, and is payable on demand and accrued from the date of demand up to the time of actual payment].</p> <p>(a) The enquirer suggests that the IDA allow a grace period for the Bank to make payment by inserting a clause into Section 6. We propose the following:</p> <p>6.5 The Bank shall be obliged to effect the payment required under such a claim within 7 business days of receipt. The Bank shall be under no duty to inquire into the reasons, circumstances or authenticity of the grounds for such claim and shall be entitled to rely upon any written notice thereof received by the Bank (within the period specified in Clause 6.4 hereof) as final and conclusive.</p>	IDA is agreeable to incorporate the changes suggested. Please refer to Appendices 2, 5 and 7 of the revised Auction Rules.
48	Clause 4	We understand that this clause contradicts the independent, on-demand structure of	IDA is of the view that Clause 4 of Appendices 2, 5 and 7 of the Auction Rules is relevant to indemnify IDA against all losses, claims, costs, charges and

S/N	Reference	Questions/ Comments	Clarifications
		BGs and hence, the banks are not agreeable to this clause which also appears redundant.	expenses to which it may be subject or which it may incur under or in connection with the respective Bank Guarantees, in the event that the Liabilities are not recoverable for any reason. IDA further notes that this clause was incorporated in Bank Guarantees used in previous spectrum auctions.
49	Clause 6	<p>The following changes were proposed for this Clause:</p> <ol style="list-style-type: none"> <li>1. To remove all conflicting non-termination clauses which contradict the validity period of BG;</li> <li>2. Incorporation of a right of termination for the banks; and</li> <li>3. For Clause 6.4, the proposed changes underlined:</li> </ol> <p>“6.4 This Guarantee shall remain valid until 30 September 2013 (“Guarantee Validity Period”). IDA <del>reserves</del> <u>shall have</u> the right to extend the Guarantee Validity Period as may be required, <u>subject to the Bank’s approval and extension of this Guarantee</u>. Claims, if any, must be received by the Bank on or before the date falling four (4) months after the Guarantee Validity Period.</p>	<p>IDA is agreeable to include a cap on the extended Guarantee Period for Appendices 2 and 7 of the Auction Rules, as follows: “This Guarantee shall remain valid until 30 September 2013 (“Guarantee Validity Period”). IDA shall have the right to extend the Guarantee Validity Period to a period no later than <u>six (6) months from 30 September 2013</u>. Claims, if any, must be received by the Bank on or before the date falling four (4) months after the Guarantee Validity Period.”</p> <p>Please refer to Appendices 2 and 7 of the revised Auction Rules.</p> <p>In order to guarantee the respective payments to IDA, IDA does not accept the suggestion to incorporate a right of termination for the banks.</p>
50	Clause 6.4	<p>The IDA has indicated that it reserves the right to extend the Guarantee Validity Period as required which is tantamount to an evergreen or open-ended Bank Guarantee.</p> <p>The enquirer suggests that:</p> <ol style="list-style-type: none"> <li>(a) the IDA remove this sentence from the document; or</li> <li>(b) cap the extended Guarantee Validity Period (e.g. no longer than three (3)</li> </ol>	

S/N	Reference	Questions/ Comments	Clarifications
		to six (6) months from 30 September 2013).	
51	Clause 8	As the format of the BG is already not conforming with ABS guidelines or standard banking practices for on-demand guarantees, the banks submit to delete this entirely as they cannot be held responsible for the validity of a format that is specifically demanded by the beneficiary.	IDA is of the view that this clause is necessary to ensure that the Bank's obligations under the Bank Guarantee are warranted as legally binding and enforceable. IDA further notes that this clause was incorporated in Bank Guarantees used in previous spectrum auctions.
52	Clause 16	Based on the current clause, the banks may be placed in a position where they may have to deal with a beneficiary that they are not commercially comfortable with. Hence, the proposal is to restrict the assignment subject to the bank's consent. At the very minimum, the assignment should be subjected to prior written notification to the bank, advising details of the assignment including the identity of the assignor and assignee.	IDA is of the view that this clause is necessary to afford IDA with the right to assign the benefit of the Bank Guarantee in the event that this may be required. IDA will give notice of an assignment to the Bank following such assignment. That said, IDA will clarify that it has no intention of transferring its rights under the Bank Guarantee at this juncture. IDA further notes that this clause was incorporated in Bank Guarantees used in previous spectrum auctions.
53	Clause 17	Communication by FAX is unacceptable in terms of security and authentication. Hence, the banks propose to delete Clause 17.2(b) entirely.	IDA notes that the option of communication by fax is one of multiple communication options that are accepted under Clause 17 of Appendices 2, 5 and 7 of the Auction Rules. Other options, such as delivery by hand or registered post, are also available. In previous spectrum auctions conducted by IDA, IDA expanded the options for IDA and banks to also communicate through registered post. Hence, IDA will retain fax as one of the options for communication.

S/N	Reference	Questions/ Comments	Clarifications
<b>Other Questions- Deferred Payment Bank Guarantee</b>			
54	Overall	<p>The enquirer requests that the BG requirement for the deferred payment option be waived for existing operators. Instead of BG, IDA could consider other cost effective options to require full payment by existing 4G operators such as:</p> <ul style="list-style-type: none"> <li>• Letter of Undertaking</li> <li>• Auction Rules</li> <li>• Spectrum Right conditions</li> <li>• FBO Obligations</li> </ul>	<p>The option to defer the payment for the spectrum rights to no later than six (6) months before the commencement of the relevant spectrum rights was provided by IDA to allow potential bidders greater flexibility to manage their finances in relation to the total amount payable until a date closer to the commencement of the spectrum rights. At the same time, given that the Winning Bidders would have made a binding commitment to IDA to purchase the relevant spectrum rights at the closing prices of the auction, along with associated fees and charges, IDA would have to manage the risks of any default. That being the case, IDA had already considered that a BG for at least 75% of the total amount payable, rather than a BG for the full amount payable, would be appropriate. IDA is of the view that the alternative options suggested do not offer the same level of assurance to IDA that a Winning Bidder will make payment for the spectrum rights that it has committed to procure in the 4G auction.</p>



S/N	Reference	Questions/ Comments	Clarifications
<b>Other Questions- Misc</b>			
<b>Appendix 3 (Interim 1800 MHz Spectrum Right (2013) Template)</b>			
55	Section 1.1 and Section 11.4	The template specifies that the Grantee must use the Interim Spectrum Right for operating “ <i>Public Cellular Mobile telecommunication systems</i> ” and provide “ <i>nationwide PCMTS coverage</i> ”. We would like to seek the Authority’s clarifications on whether it expects the Grantee to provide nationwide PCMTS coverage with immediate effect from the award of the Interim Right?	Please refer to the response to part 6 of Question 6.
<b>Appendix 6 (Initial Offer Document)</b>			
56	Section 1.8 and Note 1.8	We note that Section 1.8 refers only to the 2.5 GHz spectrum band. However, Note 1.8 refers to both the 1800 MHz and 2.5 GHz spectrum bands. We seek the Authority’s clarifications on whether there is any inconsistency in the drafting.	Please refer to the amended Appendix 6 of the Auction Rules.
<b>Appendices 8 and 9 (Spectrum Right Templates)</b>			
57	Section 11.4	Section 11.4 of Appendices 8 and 9 states that “ <i>The Grantee must provide nationwide 4G telecommunication services coverage using the Assigned Radio Frequency Spectrum</i> ”.  We would like to seek the Authority’s confirmation that a Grantee who is awarded spectrum in both the 1800 MHz and 2.5 GHz spectrum bands is not required to provide nationwide 4G telecommunication services coverage in <b>both</b> frequency bands (i.e., that Grantee does not need to have two separate nationwide 4G networks).	IDA confirms that a Winning Bidder may use either or both the 1800 MHz and 2.5 GHz spectrum bands, depending on the outcome of the auction, to fulfil its obligation to provide nationwide 4G systems and services.

58	Section 14.3	<p>The IDA requires that an operator which is granted the 1800 MHz Spectrum Right (2013) and/or 2.5 GHz Spectrum Right (2013) is required to share the spectrum with another operator for short term usage during national events, including suspension and/or cessation of its operations during such events to enable shared use of the spectrum.</p> <p>The enquirer submits that an obligation requiring the operator to suspend or cease its own operations during national events to allow an alternative operator to provide services on the basis of the license holder's spectrum violates international best practice. Such an obligation would be unique in Singapore. Furthermore, such an obligation is not feasible as this would massively impact the license holder's operation and would risk network integrity.</p> <p>(b) Please confirm that the IDA will first allocate all reserved spectrum for use during such events prior to requiring an operator to share its spectrum.</p>	<p>IDA notes the enquirer's concern. IDA confirms that it will assign all reserved spectrum, where feasible, for national events prior to requiring an operator to share the spectrum assigned through its spectrum rights. Where IDA intends to require an operator to share the spectrum assigned through its spectrum rights for a short term during national events, IDA will work with and provide reasonable advance notice to the operator to manage the impact on the operator's systems and services.</p>
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