

**(Q1) We note that applicants are allowed to make ONE offer for a 3G Spectrum Right in their initial offer. Will eligible bidders be allowed to make bids for other 3G Spectrum Rights during the course of the auction?**

**IDA Clarification:**

Yes. A registered Bidder may submit Valid Bids on more than one 3G Spectrum Right in any Round, provided that:

(a) the last such Valid Bid received by IDA before the end of the Round will be the only Valid Bid considered by IDA to have been submitted by that Bidder in that Round (See Section 8.3.2 of draft Auction Rules); and

(b) the Current Highest Price Bidder for a 3G Spectrum Right in a Round may submit a bid in that Round only in respect of that 3G Spectrum Right (See Section 8.3.3).

**(Q2) We note that MVNO arrangements are to be commercially negotiated and IDA will only intervene in cases where competition is restricted. Does IDA intend to regulate MVNOs?**

**IDA Clarification:**

As is the requirement today, MVNOS will be licensed as SBO(Individual) licensees and will be regulated under, inter alia, the Telecom Competition Code.

**(Q3) There are many ways an MVNO can operate, but in the purest sense, MVNOs need an allocation of spectrum (from the 3G Spectrum Right grantee in this case) and own some switching and routing equipment. Please confirm whether in this case, an MVNO would be required to obtain a Network (Spectrum) and Station (Spectrum) Licence?**

**IDA Clarification:**

So long as the MVNO has 3G spectrum and operates its own base stations, Network (Spectrum) and Station (Spectrum) licences will be required.

**(Q4) We note that IDA may require a reorganisation of the shareholding structure that has resulted from a merger activity that is completed while the auction is in progress. What if the same merger activity was completed AFTER the auction?**

**IDA Clarification:**

If the closing of the Auction has not yet been announced, IDA may (amongst other options) give the Associated Bidders the option:

- (i) to determine that one of them will continue in the Auction. If the Associated Bidders elect this option, only that one member of the Associated Bidder Group may continue to participate in the Auction; or
- (ii) to elect to reorganise themselves so that they cease to be an Associated Bidder Group by such date as is specified by IDA. The date specified by IDA by which time the Associated Bidders must have completed the reorganisation to the satisfaction of IDA may be before or after the closing of the Auction. If the Associated Bidders elect this option and commit to reorganising to the satisfaction of IDA by the specified date, each such Bidder may continue to participate in the Auction. However, if the reorganisation is not completed to the satisfaction of IDA by the specified date, such Bidders will not be permitted to continue to participate in the Auction and any 3G Spectrum Rights provisionally awarded or granted to them may be revoked, as the case may be.

If the closing of the Auction has been announced, and one or more Associated Bidder(s) are Current Highest Price Bidder(s), IDA may notify the members of that Associated Bidder Group that they may reorganise themselves so that they cease to be an Associated Bidder Group by such date as is specified by IDA. If each of the Associated Bidders commits to reorganising to the satisfaction of IDA by the specified date, each of them that is a Current Highest Price Bidder will be granted a 3G Spectrum Right, subject to compliance with the payment and forfeiture provisions and compliance with the reorganisation commitments. This means that if the date specified by IDA for completion of the reorganisation is before the date for granting the 3G Spectrum Rights, a 3G Spectrum Right will only be granted to such a person if the reorganisation has been completed to the satisfaction of IDA by that date. If the date specified by IDA for completion of the reorganisation is after the date for granting the 3G Spectrum Rights, a 3G Spectrum Right will be granted to such a person but if the reorganisation is not subsequently completed to the satisfaction of IDA by the specified date, any 3G Spectrum Right granted to such a person will be revoked.

The draft Auction Rules contain similar provisions in the event that Eligible Bidders to which 3G Spectrum Rights have been provisionally awarded under Section 3.5.1 are subsequently determined to have become Associated Bidders. (See Sections 2.3 and 3.5.4 of draft Auction Rules).

In none of these instances will IDA "require" a reorganisation, but rather the Associated Bidders may elect to reorganise themselves if they wish to be eligible for a 3G Spectrum Right.

If after the Auction has closed and 3G Spectrum Rights have been granted, IDA discovers that one or more of the grantees of 3G Spectrum Rights was an Associated Bidder during the Auction, IDA would be entitled to suspend or

cancel such grantee(s)' 3G Spectrum Right(s) pursuant to condition 1.3 of the 3G Spectrum Right.

If after the Auction has closed, due to merger or acquisition activity or otherwise two or more grantees of 3G Spectrum Rights become Associated Bidders without complying with condition 28 of the respective grantee(s)' 3G FBO licence(s), IDA may cancel or suspend the respective 3G FBO licence(s) pursuant to its powers under section 8 of the Telecommunications Act. Without the necessary 3G FBO licence, the respective 3G operator(s) would no longer be permitted to provide 3G mobile communication services.

**(Q5) For resale of 3G Spectrum Rights, will IDA leave resale arrangements to commercial negotiations or will IDA determine the price and non-price terms for such resale?**

**IDA Clarification:**

This will be left to commercial negotiations but the final arrangements will be subject to IDA's approval.

**(Q6) There is no mention of licence fees nor performance bonds for the FBO licence, as compared with the normal FBO licenses. Why is this so? Please also confirm whether the FBO licence for 3G services is subject to licence fees?**

**IDA Clarification:**

There is no need for FBO licence fees nor performance bond, unlike the existing FBO licences. The successful bidder having paid the market value for the Spectrum Rights will do its best to launch commercial services and compete in the market.

**(Q7) Under Section 2.2.2 (a), what is meant by financial and technical capability? What is the criteria used to determine such capability?**

**IDA Clarification:**

The applicant must provide evidence to demonstrate to the satisfaction of IDA that the applicant has sufficient financial and technical resources to both acquire a 3G Spectrum Right and to operate a network in relation to that 3G Spectrum Right.

Technical capability: paragraph 1.7 of the Application Form requires a brief summary of the applicant's relevant technical capability to be provided, and the explanatory note thereto explains that only brief details are required of the capability of, or which is available to, the applicant to operate a network in

relation to a 3G Spectrum Right, including brief details of similar experience and/or technical expertise of, or which is available to, the applicant or its shareholders.

Financial capability: paragraph 1.8 of the Application Form requires a brief summary of the applicant's financial proposal for acquiring a 3G Spectrum Right and operating a network in relation to that 3G Spectrum Right, and the explanatory note thereto explain that only brief details are required of the applicant's proposals to finance payment for any 3G Spectrum Right granted to it and the roll out and operation of a 3G Spectrum Right network.

**(Q8) Again under section 2.2.2 (C), what criteria are being used to determine what would be in the public interest?**

**IDA Clarification:**

IDA will consider whether the grant of a 3G Spectrum Right to the applicant could in any way have any adverse impact or consequences on consumer welfare and/or national interest.

**(Q9) Section 8.2.1 - how did you come up with an integer multiple of between one and more specifically, 8?**

**IDA Clarification:**

As the IDA proposes to use non-discretionary bidding with multiple valid bids, under such an approach, having nine valid bids is standard practice. There are several advantages to having non-discretionary bidding, including facilitating bid submission and limiting the possibilities for collusion

**(Q10) Again, questions about bidding on different Spectrum Rights... Sections 8.2.1, and 8.3.1,8.3.2., 8.3.3 Can the Current Highest Bidder for a particular Spectrum Right (A for example) also bid on another Spectrum Right (B or C for example) simultaneously?...Also, can one bidder end up being the highest bidder for more than one Spectrum Right?**

**IDA Clarification:**

A registered Bidder may submit Valid Bids on more than one 3G Spectrum Right in any Round, provided that:

(a) the last such Valid Bid received by IDA before the end of the Round will be the only Valid Bid considered by IDA to have been submitted by that Bidder in that Round (See Section 8.3.2 of the draft Auction Rules); and

(b) the Current Highest Price Bidder for a 3G Spectrum Right in a Round may submit a bid in that Round only in respect of that 3G Spectrum Right (See Section 8.3.3 of the draft Auction Rules).

This means that no Bidder can be the Current Highest Price Bidder for more than one 3G Spectrum Right at any one time during the Auction or at the close of the Auction.

**(Q11) Is nationwide network rollout by Dec. 31 2002 or 2003?**

**IDA Clarification:**

31 Dec 2003

**(Q12) Is GST payable on the 3G Spectrum Right Payment and if GST is payable, is the Reserve Price inclusive or exclusive of GST?**

**IDA Clarification:**

The Inland Revenue Authority of Singapore has confirmed that payment for a 3G Spectrum Right under the Auction is subject to Goods and Services Tax ("GST"). GST is currently chargeable at the rate of three (3) percent.

The Reserve Price for a 3G Spectrum Right of S\$150 million is inclusive of GST. Each Valid Bid placed and the price at which each 3G Spectrum Right will be awarded is inclusive of GST.

**(Q13) Given that Singapore will be the first country in this region to allocate 3G spectrum, could IDA confirm that it has coordinated this allocation with our immediate neighbours, Malaysia and Indonesia, to ensure no cross-border interference issues? Is the corresponding spectrum allocation in Malaysia and Indonesia currently being utilised for any purposes, eg microwave radio links?**

**IDA Clarification:**

IDA will be responsible for co-ordination with our neighbours on the overall frequency allocation as is the current practice. However, each individual operator will be responsible for detailed co-ordination with other operators, including operators in neighbouring countries, to resolve cross-border interference issues, as is the current arrangement. As for the usage of the corresponding spectrum allocation in Malaysia and Indonesia, please do your own enquiries from the relevant authorities in Malaysia and Indonesia.

**(Q14) The spectrum right includes both FDD and TDD spectrum. However, currently, most operators and vendors do not know the TDD equipment availability date. Will the nation-wide network roll-out requirement by end 2003 refer to both the FDD and TDD spectrum, or will it refer to only the FDD spectrum?**

**IDA Clarification:**

Network rollout is pertaining to rollout of base stations, mobile switching centres etc by the operator, not the use of specific parts of the spectrum.

**(Q15) If Bidders choose not to designate their advisers as Authorised Representatives for the purpose of participating in the actual auction but wish to include them in the attendance of the Information Session and Trial Auction, would this be permitted? During the conduct of the actual Auction at a location to be specified by IDA, will the Authorised Representatives of Bidders be permitted to communicate with outside parties, such as their advisers, who are not present at the Auction location?**

**IDA Clarification:**

The Information Session, Trial Auction and Auction Location premises will be accessible only to the Authorised Representatives. No other persons (including without limitation persons who are employed by, advise or otherwise represent a Bidder) will be permitted to be present at the Information Session, the Trial Auction and the Auction Location on behalf of the Bidders. From the Auction Location the Authorised Representatives will only be permitted to contact and communicate with the respective Bidder which they represent. Further information regarding the Auction Location, the manner and times at which the Authorised Representatives may communicate with the respective Bidder which they represent and the procedures to be followed by Authorised Representatives on entering and leaving the Auction Location will be released prior to the Auction.

**(Q16) If IDA determines that the Auction will proceed, as part of announcing the identity of the Bidders (Para 3.4.4(b) of Appendix 1, Auction Rules), will IDA announce which Spectrum Right each Bidder has submitted its Initial Offer for?**

**IDA Clarification:**

No.

**(Q17) Given the serious implications of the events spelt out in Para 10.3(a) and 10.3(b) of Appendix 1, Auction Rules, under what circumstances would IDA choose to exercise the option of continuing the Auction nonetheless?**

**IDA Clarification:**

We are unable to elaborate at this point as much depends on the actual circumstances should any such events occur.

**(Q18)**

- a. Where will the Auction Location be situated?**
- b. What facilities will be made available to the authorised representatives at the auction location? Will a private room be made available for each bidder?**
- c. Will the authorised representatives be able to take personal computers, together with their own software models etc into the auction location?**
- d. Will discussions between authorised representatives of the same bidder at the auction site be monitored by the IDA?**
- e. Will the authorised representatives be able to communicate with their corporate headquarters, advisors etc during and between bidding rounds? Will such communications be supervised or monitored by the IDA? What forms of communication will be allowed?**
- f. Will there be any restrictions on the movements and communication (other than those relating to collusion in the draft rules) of the authorised reps outside the auction sessions? Are they allowed to attend debriefings with the bidder between sessions?**
- g. What are the rules relating to the participation of the six authorised bidders – can they come and go freely, as long as at least one authorised bidder remains?**
- h. What is the nature of the documentary evidence that the IDA requires from the bidding group with respect to the appointment of authorised bidders?**

**IDA Clarification:**

IDA intends that the Auction Location be at the same premises as the Trial Auction, the location of which will be notified to all Bidders at least one Business Day before the Trial Auction.

The Auction Location premises will be accessible only to the Authorised Representatives. No other persons (including without limitation persons who are employed by, advise or otherwise represent a Bidder) will be permitted to be present at the Auction Location on behalf of the Bidders. From the Auction Location the Authorised Representatives will only be permitted to contact and communicate with the respective Bidder which they represent. Such communication will not be monitored by IDA. Further information regarding the Auction Location, the manner and times at which the Authorised Representatives may communicate with the respective Bidder which they represent and the procedures to be followed as to how by Authorised Representatives may be appointed, and the procedures regarding how Authorised Representatives may enter and leave the Auction Location will be released prior to the Auction, including details of the facilities that IDA will provide and facilities that Bidders may bring to the Auction Location and details of the other matters raised in the queries above.

IDA requires documentary evidence satisfactory to IDA that the Authorised Representatives have been duly appointed by the respective Bidder which they represent for purposes of representing that Bidder in the Auction and that the Authorised Representatives are persons having authority to act on behalf of that Bidder in the Auction. Where the Bidder is a company, such documentary evidence may take the form of a certified true copy of a board resolution of the respective Bidder approving such matters or a power of attorney granting the Authorised Representatives the requisite authority.

**(Q19)When will the Telecommunications (Radio-Communication) Regulations 2001 be released ? (see section 1.3)**

**IDA Clarification:**

IDA will be gazetting the Telecommunications (Radio-Communication) Regulations 2001 before the end of February 2001.

**(Q20) The bandwidths of the uplink/downlink pair for Spectrum Right A are not matched as the uplink consists of 15.1 MHz and the downlink consists of 14.8 MHz (see section 1.1). The bandwidth of the unpaired portion for Spectrum Right A is not 5 MHz as indicated in the Information Memorandum. Further, the band edges specified do not coincide with the spectrum chart drawn out in the Information Memorandum. Could IDA clarify which are the right numbers?**

**IDA Clarification:**

The numbers are correct as the spectrum chart includes the guardband spectrum provision.



(Q21)

**a. Temasek Holdings holds more than 20% share (directly and indirectly) in SingTel, M1 and StarHub. Would IDA deem that all three companies are Associated Bidders ? (see section 2.3.7)**

**IDA Clarification:**

As mentioned in the Notes to the Application Form, IDA is concerned to ensure that applicants are independent entities whose policy and operational decision-making processes are not influenced by common shareholders or other connections. For example, where common shareholdings in excess of twenty per cent. exist or common directorships exist, applicants are invited to submit supporting documentation to IDA as evidence that such common shareholdings or common directorships do not affect the policy and operational decision-making process of the applicant. Accordingly, if based on supporting documentation submitted to IDA, IDA concluded that the common shareholdings between SingTel, M1 and StarHub do not affect the policy and operational decision-making processes of these entities, these entities would not necessarily be deemed to be Associated Bidders.

**b. How wide does the definition of “member of Bidder’s group” cover (section 14.5)? Does “Connected Person” extend to the Board of Directors of the ultimate holding company eg Temasek Holdings ?**

**IDA Clarification:**

Please refer to the definition of *group* in Part VII of the draft Auction Rules for clarification of the meaning and scope of a member of a Bidder’s group. You will see that *group* is interpreted broadly and includes “parent company” (please note that this reference will be amended to “holding company”) (as defined in the Singapore Companies Act (Cap. 50). Accordingly a “Connected Person” in relation to a Bidder would include a member of the board of directors of any holding company of the Bidder.

(Q22)

- a. For what amount of money will additional bank guarantees be? Will the request of additional bank guarantees be a one-off occurrence, or can the IDA ask for multiple additional guarantees during the course of the auction? If IDA asks for multiple guarantees, would there be a cap on the maximum amount that IDA can ask for and will the increments be fixed ? How far in advance will the increments be specified by the IDA?**
- b. Will full information on rules for additional guarantees be specified in advance by the IDA, or will the exact circumstances under which**

**additional guarantees will be, requested, together with the level be specified in advance by the IDA?**

**IDA Clarification:**

The details of the Additional Bank Guarantee will be stated in the Information Memorandum targeted for release on 5 March 2001.

**(Q23) Will the IDA specify the level of forfeit that a bidder must endure under the circumstances described in section 9.2 in advance of the auction? Since the amount of forfeiture will be commensurate with the severity of the breach, would the IDA please specify the amount of forfeiture for each breach specified in section 9.2.2?**

**IDA Clarification:**

The amount which shall be forfeited by a Bidder upon the occurrence of any of the events specified in Section 9.2.2 of the draft Auction Rules will depend on the circumstances, so it is not appropriate for IDA to specify any amounts now.

**(Q24) What are the circumstances under which IDA will allow Bidders to replace their Authorised Representatives ? (see section 4.4)**

**IDA Clarification:**

A Bidder may replace any of its Authorised Representatives without giving any reasons whatsoever, provided that:

- (a) such replacement may only take place prior to the commencement of the Information Session;
- (b) written notification of the replacement must be given to IDA, together with the particulars and documentation referred to in Section 3.1.2(b) of the draft Auction Rules in respect of the new Authorised Representatives; and
- (c) a Bidder must have at least one and may have no more than six Authorised Representatives at any time.

There can be no replacement of an Authorised Representative after the commencement of the Information Session.

**(Q25) When will the maximum time between rounds and the maximum round time be determined?**

**IDA Clarification:**

Typically, the rounds and the time between rounds are longer at the start of the Auction than at the end. The round and the time between rounds may be shortened as bidders get more proficient with the process. There is no maximum on the length of rounds or time between rounds independently set by the rules. On the Notification Date IDA will notify each Bidder of the time at which each Round will start and finish on the first day of the Auction (see Section 6.2(c)(ii) of the draft Auction Rules). The first Round of the Auction will start at the time specified in the aforementioned notification, unless Bidders are notified otherwise (see Section 6.4 of the draft Auction Rules). Following the end of each Round, each Bidder will be notified of the time between the finish of the Round which has just ended and the start of the next Round, as well as the duration of the next Round (see Section 8.9.1 of the draft Auction Rules).

**Q26: The rules state that only following the last session of the day will the identity be made known of active bidders, excluded or withdrawn bidders and current highest bid. Will this information also be disclosed following the first session of the day (ie. then covering both morning and afternoon session) (see Section 6.6) or even after every round ?**

**IDA Clarification:**

The information referred to above is the information that will be publicly announced by IDA (either in a public briefing session, by way of press release or on the Auction Website) following the end of the last Session of each day of the Auction (see Section 6.6 of the draft Auction Rules). IDA is not obliged to publicly announce this information more frequently during the Auction. Additional information will be notified to Bidders at additional times during the Auction, as specified in Sections 6.2, 6.3, 6.5 and 8.9.1 to 8.9.5 of the draft Auction Rules. IDA is not obliged to publicly announce such additional information.

The Current Highest Bid for each 3G Spectrum Right for the first Round will also be publicly announced on the Notification Date (see Section 6.2 of the draft Auction Rules).

**(Q27) Does a current high price bidder have to bid in a round (see 8.2.1(b)) or will he be allowed to sit out the auctions until his Bid is topped by another Bidder ?**

**IDA Clarification:**

A Current Highest Price Bidder is not required to submit a Valid Bid or exercise a Waiver in order to be active in a Round. A Current Highest Price Bidder need take no action in a Round, but will remain legally bound by its Current Highest Bid until such time as IDA notifies another Bidder that that other Bidder is the Current Highest Price Bidder for the relevant 3G Spectrum Right. However, if a Current Highest Price Bidder for a 3G Spectrum Right in a Round wishes to bid in that Round he may only submit a bid in that Round in respect of that 3G Spectrum Right (see Section 8.3.3 of the draft Auction Rules).

**(Q28)**

- a. How soon after the end of the Round will IDA provide the information in section 8.9.1? Would it be a fixed time period after each round? Will the minimum bid increment for the next round be announced at the same time?**
- b. Can the IDA offer a greater level of information on how the minimum bid increment will be set? How far in advance of each round will this minimum bid increment be known?**

**IDA Clarification:**

The information referred to in Section 8.9.1 of the draft Auction Rules will be notified to each Bidder as soon as IDA considers to be reasonably practicable following the end of each Round.

The Minimum Bid Increment for each 3G Spectrum Right will not be notified to Bidders or announced, but will be factored into the calculation of each possible Valid Bid which will be notified to Bidders in accordance with Section 8.9.1 of the draft Auction Rules

The determination of the Minimum Bid Increment is within the discretion of IDA, but will not exceed 10 per cent. of the relevant Current Highest Bid (see Section 8.4.2 of the draft Auction Rules).

**(Q29) What period of advance notice will IDA give before restarting the Auction or a Round ? (see section 10)**

**IDA Clarification:**

The amount of notice given to Bidders of any restart of the Auction or a Round will depend on the circumstances.

**(Q30) What is the criteria for satisfying nationwide roll-out by 2003?**

**IDA Clarification:**

IDA will carry out coverage tests.

**(Q31) Does the IDA guarantee not to sell any spectrum rights that are not sold in the auction for an amount lower than the auction reserve price, in the event that some, but not all, of the spectrum rights are sold in the auction at, or above, the reserve price?**

**IDA Clarification:**

IDA's objective is to ensure that scarce resources are fairly allocated at market-based pricing. The price of any 3G Spectrum Rights not sold in this Auction but sold subsequently will depend on the circumstances; however, there is no reason to believe that any unsold Spectrum Right will be valued at less than the reserve price.

**(Q32) Given IDA will impose a license condition requiring nation-wide rollout by 31 December 2003, please confirm that 2G roaming beyond this date will not be required by IDA. If required beyond 31 December 2003, please clarify why.**

**IDA Clarification:**

If a new 3G entrant fails to reach a roaming agreement with an existing 2G operator within 90 days of commencing negotiations, at the request of the new entrant, IDA will intervene to resolve the roaming dispute between the new entrant and any one 2G operator of the 3G entrant's choice. The duration of any roaming agreement reached through IDA's intervention will be for a period of no more than four years. IDA had reviewed the period to set for roaming and considered similar roaming arrangements in other countries. Given the geographic size of Singapore, IDA determined that a period of no more than four years would be appropriate. This is notwithstanding IDA's licence condition requiring nationwide rollout by 31 Dec 2003.

**(Q33) Please elaborate further on what constitutes “unduly restrictive or anti-competitive practices” in relation to MVNO access to 3G networks. Are 3G licensees required to provide MVNOs with access to their 3G networks or is the provision of access to MVNOs solely at the discretion of the 3G licensee? i.e. will a regulatory obligation to provide access to MVNOs be imposed on 3G licensees?**

**IDA Clarification:**

IDA will leave MVNOs to negotiate and reach commercial agreements with 3G operators and IDA will only intervene where unduly restrictive or anti-competitive practices or unfair methods of competition are carried out in accordance with the provisions, principles and spirit of the Telecom Competition Code. Please refer to sections 7 and 8 of the Telecom Competition Code for an explanation of how IDA will review such practices.

**(Q34) Please clarify the meaning of “nationwide network roll-out”.**

**IDA Clarification:**

Nationwide geographical coverage of the 3G network by the operator.

**(Q35) The Spectrum Rights are not equal in terms of the amount of spectrum allocated:**

**A - 14.8MH Paired and 5.1MH unpaired;**

**B - 15.0MH Paired and 5.0 MH unpaired;**

**C/D – 14.8MH Paired and 5.0 MH unpaired.**

**Please clarify why the Spectrum Rights are not equal in terms of the amount of spectrum allocated.**

**IDA Clarification:**

The band plan is based on IDA’s technical assessment of the best way to allocate the currently available spectrum for 3G.

**(Q36) Section 1.1 - Please clarify/identify any other technical differences among the Spectrum Rights (if any).**

**IDA Clarification:**

We believe that these are matters for Bidders to assess.

**(Q37) Section 2.1.3 - What constitutes "a change of ownership or control structure"? Does a transfer of say 5% of the total issued shares constitute a change of ownership? Does it make a difference if the transfer (whether of 5% or more than 50%) is a transfer to another company within the same group or with the same ultimate holding company? Would the issue of change of "control" be determined only with reference to the shareholding in the applicant? If any transfer of any number of shares constitutes a change of ownership, this would be a daily occurrence in the case of a listed public company. Furthermore, would an issue of new shares (as opposed to a transfer of shares) constitute a change of ownership?**

**IDA Clarification:**

A change in the ownership or control structure of an applicant is only relevant for purposes of Section 2.1.3 of the draft Auction Rules to the extent that it is a change in the ownership and/or control structure of the applicant “as described in paragraph 1.5 of that person’s Application Form”. Please see the Notes to paragraph 1.5 of the Application Form for further details of what changes must be notified to IDA by persons who submitted Application Forms. For example, the Notes specify that only rights relating to more than 20 per cent. of a class of shares in the Applicant or a member of the Applicant’s group must be referred to in paragraph 1.5 of the Application Form, so the transfer of a lower percentage of shares would not need to be notified to IDA.

**(Q38) Section 2.2.1 - If an applicant has not been notified within the five-day period that it is an Eligible Bidder, should the applicant assume that it is not an Eligible Bidder?**

**IDA Clarification:**

As stated in Section 2.2.1 of the draft Auction Rules, IDA will notify *each* person who submitted an Application Form whether or not it is an Eligible Bidder.

**(Q39) Section 2.2.2 (a) - Please specify the objective parameters and criteria by which IDA shall assess the financial and technical capability of an applicant to acquire a 3G Spectrum Right and operate a network in relation to that 3G Spectrum Right.**

**IDA Clarification:**

The applicant must provide evidence to demonstrate to the satisfaction of IDA that the applicant has sufficient financial and technical resources to both acquire a 3G Spectrum Right and to operate a network in relation to that 3G Spectrum Right.

Technical capability: paragraph 1.7 of the Application Form requires a brief summary of the applicant's relevant technical capability, and the explanatory note thereto explains that only brief details are required of the capability of, or which is available to, the applicant to operate a network in relation to a 3G Spectrum Right, including brief details of similar experience and/or technical expertise of, or which is available to, the applicant or its shareholders.

Financial capability: paragraph 1.8 of the Application Form requires a brief summary of the applicant's financial proposal for acquiring a 3G Spectrum Right and operating a network in relation to that 3G Spectrum Right, and the explanatory note thereto explains that only brief details are required of the applicant's proposals to finance payment for any 3G Spectrum Right granted to it and the roll out and operation of a 3G Spectrum Right network.

**(Q40) Section 2.2.2(c) - Please clarify/identify and elaborate on the type and nature of the public interest considerations contemplated by IDA in its determination of an Eligible Bidder.**

**IDA Clarification:**

IDA will consider, inter alia, whether the grant of a 3G Spectrum Right to the applicant could in any way have any adverse impact or consequences on consumer welfare and/or national interest.

**(Q41) Section 2.2.3 - Would the five-day period be sufficient for IDA to obtain all the information and clarifications relating to an applicant (which may involve further correspondence) to determine the matters set out in Section 2.2.2?**

**IDA Clarification:**

It is expected that five Business Days will suffice for such purposes and if this is not sufficient time, IDA may determine that persons who submitted Application Forms be notified whether or not they are an Eligible Bidder on a later date (see Section 2.2.1 of the draft Auction Rules).

**(Q42) Section 2.3.1 - When would IDA make the determination as to whether it considers an applicant to be an Associated Bidder? Is this to be done not later than the time when it determines and notifies an applicant that it is an Eligible Bidder?**

**IDA Clarification:**

When assessing the Application Forms submitted, IDA will consider whether two or more persons are Associated Bidders and if on the basis of the



information provided in the Application Forms IDA determines that two or more persons are Associated Bidders, IDA will notify them accordingly at that time (namely, before IDA notifies persons whether or not they are Eligible Bidders pursuant to Section 2.2.1 of the draft Auction Rules).

In addition, if at any time during the Auction IDA determines that, as a result of merger and acquisition activity or otherwise, two or more Bidders are or have become Associated Bidders, IDA will notify such Bidders accordingly at that time (see Section 2.3.4 of the Auction Rules).

If IDA determines on the basis of Application Forms submitted that two or more persons are not Associated Bidders, IDA will not subsequently determine that those persons are Associated Bidders unless there is any change in the circumstances of those persons (such as merger or acquisition activity) or IDA becomes aware of information relating to those persons which was not previously disclosed to IDA but which should have been disclosed to IDA by those persons under the Auction Rules and which information is relevant to the determination of who are Associated Bidders.

**(Q43) Sections 2.3.2, 2.3.4 and 2.3.7**

- a. In the absence of an exhaustive statement of the criteria which render a Bidder an Associated Bidder, it may not be easy to determine the nature and scope of "reorganisation" required. Would IDA also specify in any such notification under Section 2.3.1 the reasons or matters which render an applicant an Associated Bidder? Would an applicant be given an opportunity and time to explain or refute any of the reasons or matters set out? Section 2.3.7 specifies the matters which would not render a Bidder an Associate Bidder. It would be more helpful and useful to Bidders to set out the matters which render a Bidder an Associated Bidder.**
- b. Please clarify/identify and elaborate on what would cause IDA to deem that two or more Bidders are or have become Associated Bidders.**
- c. Please identify/clarify the objective criteria applied by IDA in making such determination. Please define Associated Bidder.**

**IDA Clarification:**

Please see Note 1.11 of the Notes to the Application Form for elaboration on the criteria IDA will consider in determining whether two or more persons are Associated Bidders. If persons who have submitted Application Forms or Bidders, as the case may be, are uncertain of the nature and scope of reorganisation required of themselves so that they cease to be an Associated Bidder Group, at the time IDA will provide such guidance on such matters as

IDA considers appropriate in the circumstances. In notifying persons who have submitted Application Forms or Bidders, as the case may be, that they are considered to be Associated Bidders, IDA may in its discretion specify the grounds for IDA's determination that such persons are Associated Bidders. If IDA determines that any persons are Associated Bidders, IDA will give such persons an opportunity to explain why such persons do not consider themselves to be Associated Bidders.

**(Q44) Section 3.1.2 - It is not clear whether any one of the Authorised Representatives can alone act and bind the Eligible Bidder? What is the scope of the authority being conferred on the Authorised Representatives under the Auction Rules?**

**IDA Clarification:**

Any one Authorised Representative can act alone and bind the Bidder that it represents. The Auction Rules do not confer any authority on the Authorised Representatives. The Bidders confer the authority in appointing the Authorised Representatives and are required to provide IDA with documentary evidence that each of such Authorised Representatives has been appointed as a person having authority to act alone on behalf of, and bind, the relevant Bidder in the Auction.

**(Q45) Sections 3.2.2 and 3.2.3 - For the purpose of calculating the commencement of the period of two Business Days, does the obligation under Section 3.2.2 arise only after and upon the end of the Round and would the period commence on the first Business Day after the date on which the Round ends?**

**IDA Clarification:**

The obligation to submit an Additional Bank Guarantee arises upon the Bidder submitting a Valid Bid which is equal to or exceeds the threshold referred to Section 3.2.2 of the draft Auction Rules. The Additional Bank Guarantee must be submitted to IDA on the second Business Days thereafter (unless IDA agrees to extend this period a further Business Day) (see Section 3.2.3 of the draft Auction Rules).

**(Q46) Section 3.4.4 (b) - In Section 3.4.4. (a) it is stated that Bidders will be notified within 2 Business Days of the Initial Offer Date that the auction will proceed. 3.4.4. (b) on the other hand fails to give a precise date about when the Auction Start date and the identity of the bidders will be announced. Please clarify when IDA would make the announcement under 3.4.4(b).**

**IDA Clarification:**

IDA intends to make the announcement under Section 3.4.4(b) of the draft Auction Rules on the same date as Bidders are notified under Section 3.4.4(a) of the draft Auction Rules.

**(Q47) Section 3.5.2 - It is not clear what IDA would do in the event that IDA receives no more than one offer at the Reserve Price for some of the 3G Spectrum Rights and more than one offer at the Reserve Price for the rest of the Spectrum Rights. Will IDA provisionally award the Spectrum Rights to the Bidders in the former case and proceeds with the Auction for the Spectrum Rights in the latter case?**

**IDA Clarification:**

If more than one Offer is made at the Reserve Price in respect of any 3G Spectrum Right, IDA will proceed with the Auction in respect of each of the four 3G Spectrum Rights and no 3G Spectrum Right will be provisionally awarded under Section 3.5.1 of the draft Auction Rules.

**(Q48) Should the reference in Section 6.1 to Section 3.3.1 be to 3.3.3 instead?**

**IDA Clarification:**

Yes.

**(Q49) Section 6.3(a) - In the event that IDA receives no Initial Offer for a Spectrum Right and the Current Highest Price Bidder in respect of that Spectrum Right is therefore IDA itself, will IDA announce that it is the Current Highest Price Bidder in respect of that Spectrum Right?**

**IDA Clarification:**

In such event in the first Round IDA will be deemed the Current Highest Price Bidder for that 3G Spectrum Right. This will not be announced, however, as the Current Highest Price Bidders are not announced in respect of the first Round (see Section 6.2 of the draft Auction Rules).

**(Q50) It would appear from Section 8.3.2 that although a Bidder may in a Round submit bids for more than one 3G Spectrum Right, the only Valid Bid of that Bidder would be the Valid Bid last submitted by it before the end of that Round. Therefore, what purpose would be served by a Bidder submitting in a Round separate bids for separate 3G Spectrum Rights when by virtue of this Section and Section 8.2.2 only one of that Bidder's bids (namely the last submitted by that Bidder in that Round) would be regarded as a Valid Bid of that Bidder?**

**IDA Clarification:**

In the course of the Round a Bidder (other than the Current Highest Price Bidder) may want to change the bid or bids it has submitted previously in that Round, including the 3G Spectrum Right for which it bids. There is no reason for IDA not to allow the Bidder to do so. This allows the Bidder some flexibility and IDA will consider only the last Valid Bid received by IDA from the Bidder before the Round ends.

**(Q51) Section 8.3.3 stipulates that the Current Highest Price Bidder for a 3G Spectrum Right in a Round may submit a bid in that Round in respect of that 3G Spectrum Right only. But if the Current Highest Price Bidder (as defined in sub-paragraph (c) of the definition of "Current Highest Price Bidder") for a 3G Spectrum Right in any Round is determined only at the end of that Round, then we wish to clarify why there should be a question of such Bidder submitting any other bid in the same Round? Such Bidder would be bidding in the next Round and the question is whether such Bidder would be allowed to bid for any other 3G Spectrum Right (which appears to be permitted in Section 8.3.2) in addition to the particular 3G Spectrum Right to which its Current Highest Bid relates? Please clarify.**

**IDA Clarification:**

The Bidder who bids the Current Highest Bid for a 3G Spectrum Right in a Round is the Current Highest Price Bidder for that 3G Spectrum Right in the following Round, and remains so unless and until IDA announces following the end of that Round or a subsequent Round that another Bidder is the Current Highest Price Bidder for that 3G Spectrum Right. As a precautionary measure, in the interests of preventing another Bidder from submitting a Valid Bid in excess of the Current Highest Price and that other Bidder accordingly becoming the Current Highest Price Bidder in respect of the relevant 3G Spectrum Right, the Current Highest Price Bidder at the time may wish to bid an amount in excess of the Current Highest Bid which it previously submitted.

Whilst a Bidder is the Current Highest Price Bidder in respect of a 3G Spectrum Right ("***Bidder X***"), Bidder X is not permitted to bid in respect of any other 3G Spectrum Rights. If following the end of a Round another Bidder is notified that it is the Current Highest Price Bidder in respect of the 3G Spectrum Right in respect of which Bidder X was the Current Highest Price Bidder in that Round, Bidder X may then bid for any 3G Spectrum Rights in the following Round.

**(Q52) Section 8.6.4 - If a Bidder exercises a Waiver before the end of that Round, the Bidder (including the Current Highest Price Bidder) would be deemed not to have submitted a bid in that Round. Is this correct?**

**IDA Clarification:**

If a Bidder which is not a Current Highest Price Bidder exercises a Waiver and does not subsequently submit a Valid Bid before the end of the Round, that Bidder will be deemed not to have submitted a Valid Bid in that Round. A Current Highest Price Bidder cannot exercise a Waiver.

**(Q53) Section 8.6.5 - Whenever an Automatic Waiver is exercised with respect to any Bidder, will that constitute the use of one of the three waivers? It would appear that this is the case – please confirm.**

**IDA Clarification:**

Yes

**(Q54) Section 8.8(a) - Same clarification as that with respect to Section 8.6.5 is raised here**

**IDA Clarification:**

Yes

**(Q55) Section 8.10 - Under what circumstances will IDA reduce such Minimum Bid in subsequent Rounds?**

**IDA Clarification:**

Where IDA considers this would be appropriate in the circumstances, and in particular where IDA considers that such incentives should be provided to increase the level of activity in respect of the relevant 3G Spectrum Rights.

**(Q56) Section 9.1.1 - IDA is entitled to exclude a Bidder from the Auction if it acted in a manner which IDA considers to be prejudicial to the Auction and this may result in a forfeiture of up to the Guaranteed Amount under Section 9.2.2(b). What conduct constitutes conduct "prejudicial to the Auction"?**

**IDA Clarification:**

**Colluding, providing incorrect or misleading information in an Application Form and disrupting the Auction proceedings are examples of conduct which IDA may consider to be prejudicial to the Auction for purposes of Section 9.1.1 of the draft Auction Rules.**

**(Q57) Section 9.2.2(a) - What conduct constitutes conduct which "disrupts the Auction"?**

**IDA Clarification:**

A Bidder's failure to comply with the Auction Rules is an example of conduct which IDA may consider disruptive of the Auction for purposes of Section 9.2.2(a) of the draft Auction Rules.

**(Q58) Sections 9.1.3 and 9.1.5 - Under what circumstances will IDA reduce such Minimum Bid in subsequent Rounds?**

**IDA Clarification:**

Where IDA considers this would be appropriate in the circumstances, and in particular where IDA considers that such incentives should be provided to increase the level of activity in respect of the relevant 3G Spectrum Rights.

**(Q59) Section 10.3 When will IDA make a decision on its choice of the options (i) to (iv)?**

**IDA Clarification:**

IDA will make such a decision as soon as IDA considers reasonably practicable in the circumstances.

**(Q60) Section 13.1 - Even if a Bidder is a Current Highest Price Bidder (with respect to any Round and any particular 3G Spectrum Right), it does not follow that it would be awarded the 3G Spectrum Right. Will a Bidder's Bank Guarantee be returned in the event that it is not awarded any 3G Spectrum Right within the ten Business Days after the close of the Auction?**

**IDA Clarification:**

The Current Highest Price Bidder in respect of the relevant 3G Spectrum Right upon the closing of the Auction will be provisionally awarded that 3G Spectrum Right (see Section 12.1 of the draft Auction Rules). If upon the closing of the Auction a Bidder is not the Current Highest Price Bidder for any 3G Spectrum Right and that Bidder is not subject to any Forfeitures, that Bidder's Bank Guarantee will be returned to that Bidder within ten Business Days of the announcement of the closing of the Auction.

**(Q61) Section 15 - How long does the restriction on engaging in anti-competitive activity apply? Does it continue to apply after the close of the**

## **Auction and to Bidders who were not awarded any 3G Spectrum Right?**

### **IDA Clarification:**

The restriction under Section 15 of the draft Auction Rules on engaging in anti-competitive activity remains applicable to all Bidders from the Application Date until the closing of the Auction.

**(Q62) Definitions : "Current Highest Price Bidder" – By the definition in sub-paragraph (d), the IDA would be the Current Highest Price Bidder wherever one Bidder has failed to submit an Additional Bank Guarantee even though other Bidders may have done so – please confirm that this is correct and if so why should this be so.**

### **IDA Clarification:**

IDA would only be deemed the Current Highest Price Bidder in respect of a 3G Spectrum Right if IDA determines to continue or restart the Auction and the Current Highest Price Bidder for that 3G Spectrum Right failed to submit an Additional Bank Guarantee when required or was excluded from the Auction. Other Bidders are able to submit a Valid Bid for that 3G Spectrum Right in the Round and the Bidder who then submits the highest such Valid Bid for that 3G Spectrum Right will be the Current Highest Price Bidder for that 3G Spectrum Right in the following Round.

### **(Q63) Application Form - Note 1.4(e)**

**Does the term "holders" refer to the persons in whose names the shares in the Applicant are registered?**

### **IDA Clarification:**

Yes.

### **(Q64) Application Form - Note 1.5(j)**

**The term "concerned" is defined to include a person who has entered into any agreement to assist the Applicant in any way in connection with bidding for a 3G Spectrum Right. Does this include accountants and legal advisers and system, technical and other consultants or advisers?**

### **IDA Clarification:**

Yes.