

Auction of Radio Spectrum
for the Provision of Broadband Wireless Access Services
- Third Batch of Questions and Answers

The Telecommunications Authority (the “Authority”) has received further questions in relation to the Information Memorandum published on 3 October 2008. The Authority now under Section F.2.1 of the Information Memorandum sets out his responses to the questions.

Terms not otherwise defined herein shall have the same meaning ascribed thereto in the Notice issued by the Authority on 3 October 2008 (the “Notice”), or as the case may be, in Appendix D “Glossary of Terms” of the Information Memorandum.

SPECTRUM SUPPLY (SS)

SS.5 Paragraph C.2.4 (f) of the Information Memorandum states that “...[Mainland] China has made the relevant filing with the International Telecommunication Union (“ITU”) on the planned launch of a broadcasting satellite with the limits of power flux-density described in the Resolution 903 entitled “Transitional measures for certain broadcasting-satellite/fixed-satellite service systems in the band 2500 – 2690 MHz” adopted in the World Radiocommunication Conference 2007 of ITU”. Please clarify if there is any particular band within 2500 - 2690 MHz, which Mainland China will plan to launch the broadcasting satellite service, and the timeframe?

Ans. As stated in paragraph C.2.4 (f) of the Information Memorandum, the band that Mainland China has made the filing with the ITU on the planned launch of a broadcasting satellite service is in the range from 2635 to 2660 MHz. There is currently no information as to when the service coverage will be extended to Hong Kong.

AUCTION ARRANGEMENTS AND LOGISTICS (AL)

AL.23 In view of the need for regulatory certainty, viable business plans, prudent capital expenditure and the likelihood that the spectrum bands being auctioned cannot be practically utilized until several years later, would OFTA please indicate:

- (a) Under what circumstances the unassigned spectrum would be brought back onto the market in the future?**
- (b) What considerations would the TA take into account when deciding on the minimum SUF for the unassigned spectrum?**
- (c) What factors would the TA consider when deciding how much of the unassigned spectrum to make available?**

Ans. Regarding (a) and (c), if there are any Frequency Bands left unassigned after the Auction, the Authority will review the circumstances to assess the way forward. Whether and when there will be another auction for the unassigned spectrum would depend on the circumstances, e.g. the reason for the failure to assign and the market demand for the Frequency Band concerned. Suppose, throughout the Bidding Stage, no Bidder was interested in a particular Frequency Band and it was left unsold, it might not worth holding another auction only for that Frequency Band. On the other hand, if there was keen competition for the Frequency Band but it was not assigned because of the default and the disqualification of the Provisional Successful Bidder, the situation would be different.

Regarding (b), the Government will take into consideration international benchmarks, local market conditions, technological development, etc. in setting the minimum SUF nearer the time of the next auction for the unassigned spectrum.

OTHERS (OT)

OT.4 As the Performance Bond has now been reduced by 50% “in the light of the financial turmoil” and to mitigate any difficulties which potential bidders may have in “acquiring new credits”, will

OFTA now (a) similarly reduce the minimum SUF and/or (b) raise the spectrum cap above 30 MHz to ensure that the spectrum is more affordable and the maximum amount can be assigned to potential bidders in order to provide BWA services more efficiently to the benefit of users?

Ans. The Authority is minded to maintain Minimum Fee and Spectrum Cap as originally proposed. For details, please refer to our answers to OT.3 and AL.15 in the second batch of questions published on 14 November 2008.

**Office of the Telecommunications Authority
1 December 2008**