

For information on 29 May 2001

**Subcommittee on Draft Telecommunications (Method of Determining
Spectrum Utilization Fees)(Third Generation Mobile Services)
Regulation**

Rules on “Connected Bidders”

Background

In making submissions to the meeting of the Subcommittee on Draft Telecommunications (Method of Determining Spectrum Utilization Fees)(Third Generation Mobile Services) Regulation on 19 May 2001, representatives of the six mobile network operators requested the Administration to provide more information on the aspects of the auction process and regulatory framework for 3G services that would affect their business plans.

2. On 23 March 2001, the Office of Telecommunications Authority (“OFTA”) issued a consultation paper on the proposed rules on “Connected Bidders” regarding the auctioning of spectrum for third generation mobile services, inviting comments and views from the public on the proposed rules. The mechanism to deal with “Connected Bidders” is considered necessary to:

- ◆ prevent collusion which would be against public interest and affect the integrity of the auction; and
- ◆ ensure that the market structure produced by the auctioning exercise would not adversely affect competition in the market for mobile services.

3. By the end of the consultation period, the Telecommunications Authority (“TA”) received six submissions from the existing second generation mobile services (“2G”) operators. Individual submissions can be found on OFTA’s website (www.ofta.gov.hk). This Statement presents and analyses the views and comments raised by the industry on the proposed rules on “Connected Bidders” and the TA’s responses.

4. A TA Statement summarizing the findings and conclusion of the consultation was issued on 25 May 2001 . This Statement is attached to this paper for members' information.

Office of the Telecommunications Authority

25 May 2001