

**ASSIGNMENT OF
THE AVAILABLE RADIO SPECTRUM IN
THE 900 MHz AND 1800 MHz BANDS**

**CONSULTATION PAPER
18 JANUARY 2008**

EXECUTIVE SUMMARY

Introduction

This consultation paper invites views from the industry and interested parties on the assignment of the available radio spectrum in the 900 MHz and the 1800 MHz bands.

Available Spectrum in the 900 MHz and the 1800 MHz Bands

2. The Telecommunications Authority (“TA”) published a Spectrum Release Plan (“SRP”) in April 2007 to inform the industry of the potential supply of spectrum which may be made available to the market in the next three years through an open bidding or tendering process. In the SRP, it is indicated that frequencies in the 900 MHz band and 1800 MHz band will be made available to the market in 2008/2009 for the provision of public mobile service.

Proposed Use of the Spectrum

3. Because the available spectrum is not sufficient for a new entrant to build a new network that can compete with the incumbent mobile network operators (“MNOs”) in terms of system capacity, coverage or quality of service, the TA proposes to assign the spectrum to existing 2G MNOs for service expansion only and not to any new entrants.

4. At present, each incumbent MNO is granted a 2G mobile carrier licence that has a common expiry date on 29 September 2021. For administrative convenience, the TA proposes that the period for the frequency assignment of this exercise should be coterminous with the remaining period of validity of these licences i.e. the period of

assignment should be valid until 29 September 2021.

Payment of Spectrum Utilisation Fee

5. To be in line with the guiding principles under the Radio Spectrum Policy Framework, the use of spectrum by non-Government use should be subject to the payment of Spectrum Utilization Fee (“SUF”). In addition to the SUF based on the existing 2G mobile carrier licence SUF calculation formula, the TA proposes that the successful bidder will have to pay a one-off lump sum SUF, the amount of which will be determined by auction.

Auction Arrangement

6. The TA proposes to divide the available radio frequency spectrum into seven (7) blocks and the sealed bid auction method will be employed. Each bidder may apply for 1 to 7 frequency blocks. The priority rights of the bidders to select the frequency blocks shall be assigned in descending order, starting with the bidder who offers the highest bid. Only one frequency block can be selected each time. The bidder who has submitted the highest bid will be the first permitted to select one block. The bidder with the next highest bid will be the second permitted to select a frequency block from the remaining frequency blocks. The process shall continue so on and so forth until all frequency blocks are assigned or until there is no bidder to select the spectrum, as the case may be. The auction details will be published nearer the time of the auction.

Invitation of Comments

7. The TA would welcome views and comments on the proposals contained in this consultation paper on or before 15 February 2008.

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