

EXPLANATORY MEMORANDUM
REGULATION ON 2500-2690 MHZ
SPECTRUM AUCTION

MPS 60

TABLE OF CONTENTS

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| TABLE OF CONTENTS | 1 |
| 1 LEGISLATION | 2 |
| 2 AIM OF THE REGULATION | 2 |
| 3 JUSTIFICATION AND APPLICATION | 2 |
| SECTION 1: SCOPE OF APPLICATION..... | 2 |
| SECTION 2: REGISTRATION PERIOD | 2 |
| SECTION 3: INFORMATION TO BE GIVEN AT REGISTRATION | 2 |
| SECTION 4: CONTACT PERSON..... | 3 |
| SECTION 5: THE AUCTION SYSTEM | 4 |
| SECTION 6: SPECTRUM BLOCKS AND ASSOCIATED POINTS | 4 |
| SECTION 7: USAGE RESTRICTIONS | 4 |
| SECTION 8: BIDDING ROUNDS..... | 5 |
| SECTION 9: STARTING PRICE AND BID INCREMENTS | 5 |
| SECTION 10: PLACING BIDS | 5 |
| SECTION 11: THE STANDING HIGHEST BID | 6 |
| SECTION 12: ELIGIBILITY | 6 |
| SECTION 13: MOVING OF BIDS..... | 8 |
| SECTION 14: CANCELLING BIDS | 9 |
| SECTION 15: THE RIGHT TO WAIVE BIDDING FOR A ROUND | 9 |
| SECTION 16: CONCLUSION OF THE AUCTION | 10 |
| SECTION 17: DISQUALIFICATION OF BIDS | 10 |
| SECTION 18: INTERRUPTION OF THE AUCTION | 10 |
| SECTION 19: ENTRY INTO FORCE..... | 11 |
| 4 REFERENCE LIST | 11 |
| 5 ANNEXES | 11 |

1 LEGISLATION

Ficora's regulation on the auction of the 2500 to 2690 MHz range is based on the Act on Spectrum Auctions [1], sections 5 and 9. The act entered into force on 1 June 2009.

2 AIM OF THE REGULATION

The regulation contains auction rules for the 2500–2690 MHz spectrum auction.

The auction process is a simultaneous multiple-round (SMR) auction. All 15 frequency blocks will be auctioned at the same time, and the auction will involve several bidding rounds.

At the beginning of each bidding round, FICORA will announce a going price for each of the 15 frequency blocks. In the first bidding round, the going prices will be the starting price stated in the Act on Spectrum Auctions and bidders can place bids for frequency blocks that add up to a total of five points (see below for description of the point system). For frequency blocks for which at least one bid has been placed, one bid will be selected as the standing highest bid.

In subsequent bidding rounds, the going prices will be determined by FICORA. For frequency blocks where at least one bid has been placed, the going prices will be raised. After the first round, a bidder can choose to keep his bid as it is for the same frequency block, raise his bid, or transfer his bid to another frequency block, subject to eligibility requirements. The bidder can sit out up to three bidding rounds.

The auction concludes in the bidding round where no new bids are received and no bidders are sitting out the bidding round. The bidder who has a standing highest bid for one or more frequency blocks has won those frequencies in the auction.

3 JUSTIFICATION AND APPLICATION

Section 1: Scope of application

The regulation is applied to the auctioning of licences for the 2500–2690 MHz spectrum band. The licences grants its holder the right to practise public telecommunications subject to conditions specified in this licence and in the radio licence.

The regulation is not applied to frequencies in the 2500–2690 MHz spectrum band that are reserved for research, development, and teaching purposes. The regulation does not apply in the Åland islands.

Section 2: Registration period

Registration for the auction must be completed with FICORA by Wednesday, 7 October 2009. The registration form must have reached FICORA no later than on the last day of the registration period at 4:15pm (local time, GMT+2). Registration forms that arrive late will not be accepted. The company or entity concerned is responsible for ensuring that the registration is completed in due time.

The registration form can be submitted to any of the following contact points:

| | |
|-------------------|--|
| Visiting address: | Itämerenkatu 3A, Helsinki |
| Postal address: | P.O. Box 313, FI-00181 Helsinki, Finland |
| E-mail address: | kirjaamo@ficora.fi |
| Fax number: | +358 9 6966 410 |

Section 3: Information to be given at registration

Registration for the auction must be done in writing as set forth in the Act on Spectrum Auctions, Section 5, using the registration form in Annex 1. All information required must be given, and the registration form must be signed by an authorised signatory. The authority to sign must be clearly

indicated in the extract from the trade register, in a corresponding foreign document, or in a separate procura.

The following documents must be appended to the registration form:

- Extract from the trade register or a corresponding foreign registry document indicating authorised signatory status
- Procura, if the authorised signatory is not clearly stated in the extract from the trade register
- Information on all companies and other entities belonging to the same consolidation group as the registrant, as defined in the Accounting Act (1336/1997)

Information on the companies and other entities belonging to the same corporation must include all entities that belong to the same corporation as the company registering. According to the Accounting Act [2], a parent undertaking along with its subsidiaries constitutes a group. If a reporting entity has control over an object undertaking as described in Section 5, the former is a parent undertaking and the latter is a subsidiary. According to Section 5, a reporting entity is considered to have control over another reporting entity or a comparable foreign undertaking when the reporting entity controls the majority of the shareholders' or members' voting rights in the object undertaking and when this majority is based on ownership, membership, articles of association, a deed of partnership, or similar rules or other agreement, or when it has the right to appoint or remove the majority of the members of the Board of Directors of the object undertaking or of a similar body, or of a body with the same right (where this right is based on the same circumstances as the majority of voting rights referred to above). In addition, a reporting entity has control over an entity if the reporting entity is managed together with the entity or the reporting entity has actual control over the entity of another sort.

According to the Act on Spectrum Auctions, Section 7, only one company from a given group of companies, as defined in the Accounting Act, may participate in the auction. If two or more companies from the same group register for the auction, they must indicate, when so requested by FICORA, which company is to participate in the auction. If this request is not complied with by the deadline given, FICORA may bar this party from the auction.

The relevant documents must be submitted in Finnish, Swedish, or English. If an original document is drawn up in another language, a Finnish, Swedish, or English translation must be provided. The registering company will cover all costs of such translations.

Any changes in the information given in the registration form must be reported to FICORA without delay. If the company or other entity submits false information, it may lead to disqualification as stipulated in the Act on Spectrum Auctions, Section 12.

FICORA will notify the company as to whether the registration has been accepted or not.

According to the Act on Spectrum Auctions, Section 6, FICORA will impose a €50,000 registration fee on all companies and other entities that have registered for the auction. According to Section 5 of said act, the fee must be paid before the auction starts. Only those parties that have paid the registration fee before the deadline set may participate in the auction.

Section 4: Contact person

FICORA will direct documents and other correspondence pertaining to the auction only to the contact person named in the registration form. Therefore, it is most important to make sure that the contact information is correct and up to date and that the contact person is available from the date of registration until the end of the auction.

FICORA must be notified immediately if the bidder wants to change the contact person or if there are any changes to this person's contact information. Changes can be reported via e-mail to spectrum.auction@ficora.fi and, once the auction has started, via the auction system.

Section 5: The auction system

The auction will be conducted via an electronic auction system over the public Internet. It is possible to take part in the auction from all over the world, as long as the bidder has an Internet connection. The bidder is responsible for arranging an Internet connection, including hardware and Web browser. No special hardware or software installations are needed.

The auction system can be run on any major browser. FICORA recommends use of Internet Explorer 7 but the system supports also the following browsers: Internet Explorer 8, Firefox 3.1.x, Firefox 3.0.x, Chrome 2, and Safari 4. These have been tested on Windows, Linux, and Mac operating systems (where appropriate).

FICORA will deliver the login information and passwords to the contact person referred to in Section 4, above, by registered letter to the postal address given in the registration form. The bidder is responsible for storing the passwords in the appropriate manner and ensuring that only authorised persons have access to them. Bids made by means of the passwords are binding on the bidder. FICORA recommends changing the password on the first login. The original password should be kept until the end of the auction. In addition to the login information and password, each bidder will receive a list of one-time passwords that can be used for FICORA to register a bid in the auction system on behalf of the bidder. Use of one-time passwords is detailed in Section 10.

The auction system is used for placing bids and for exchange of information between the bidder and FICORA. During the auction, FICORA will make all announcements concerning the auction primarily through the auction system. FICORA will contact the bidders by e-mail or telephone only if the auction system is temporarily out of order for technical or other reasons. If a bidder cannot access the auction system, he can contact FICORA by e-mail, phone, or fax. Contact details will be distributed to registered bidders.

After registration, FICORA will deliver detailed instructions regarding the auction system to the bidders. The bidders will have the opportunity to familiarise themselves with the auction system in a trial auction to be held approximately two weeks prior to the start of the actual auction. FICORA will communicate the trial auction date to the bidders after registration.

Section 6: Spectrum blocks and associated points

The division of the spectrum into blocks is based on the Auction Act, Section 3. To facilitate the implementation of the auction rules, each spectrum block has been assigned a value in points. The number of points corresponds to the number of megahertz in the spectrum block, where 10 MHz = one point. One FDD block of 2x5 MHz is worth one point, and a TDD block of 50 MHz has five points.

The point values associated with each spectrum block are given in Annex 2 to this regulation.

The paired spectrum blocks of 2500–2570 MHz and 2620–2690 MHz are referred to as blocks FDD1 to FDD14. The spectrum block of 2570–2620 MHz is called the TDD block here. The labels are used to identify the blocks and do not restrict the technologies to be used for those blocks. Technical usage conditions are regulated in the radio licence.

Section 7: Usage restrictions

There are usage restrictions for spectrum blocks FDD1, FDD2, FDD5, FDD6, FDD9, FDD10, FDD13, and FDD14, and in part of the TDD block that will be valid until further notice. The usage restrictions are based on Statute 680/2007 of the Council of State, on the utilisation plan for the frequency bands allocated for television and radio broadcasting as well as to telecommunications subject to licence [3]. Said spectrum blocks are reserved for research, development, and teaching purposes in certain limited geographical areas. The usage restrictions are defined in detail in the technical conditions of the radio licence. The areas where usage restrictions apply are in the Espoo, Tampere, Jyväskylä, Salo, and Oulu regions. Moreover, there are restrictions on usage near the Metsähovi radio observatory, located in the Kirkkonummi municipality.

The full rules concerning usage restrictions and description of the specific geographical areas involved are provided in the radio licence.

The spectrum blocks reserved for research, development, and teaching purposes in certain limited geographical areas are not included in the auction. The auctioned spectrum blocks do not comprise secondary or other access rights to the spectrum blocks reserved for research, development, and teaching purposes. Access rights to these regional spectrum blocks are granted by means of a separate procedure.

Section 8: Bidding rounds

The auction will be conducted in one or more bidding rounds. The auction will continue until no new bids have been placed during a bidding round.

Each bidding round consists of three phases:

- Reporting phase
- Bidding phase
- Calculation phase

Bidding rounds will take place on weekdays between 10am and 4pm local time (GMT+2). FICORA will announce starting and end times to the bidders beforehand and primarily through the auction system. If the auction will go on for several days, the next day's schedule will be announced at the end of the previous bidding day. The length of the bidding rounds may vary. As needed, FICORA may change the duration and schedule of the bidding rounds. All amendment to the timetable will be announced primarily via the auction system.

The auction is planned to start on 17 November 2009 at 10:00am local time (GMT+2). FICORA will confirm the starting time of the auction with the bidder's contact person no later than a week before the start of the auction.

Section 9: Starting price and bid increments

During the first bidding round, all bids are placed at the starting price. It is not possible to buy spectrum blocks at a lower price in the auction. The starting price of a spectrum block is defined according to section 9.2 of the Auction Act and is 15,000 euros per megahertz. The starting price for a 2x5 MHz FDD block is 150,000 euros and for a TDD block of 50 MHz is 750,000 euros. The starting price for each spectrum block is given in Annex 2 to the regulation.

From the second bidding round onward, FICORA will determine the bid increments for each spectrum block. The increments are defined on the basis of the bids made in the previous bidding round. The new going price for a spectrum block may be higher than, lower than, or the same as that in the previous bidding round. FICORA will raise the price of a spectrum block when bids have been made. If no new bids were made, the going price will not be increased. The going price of a spectrum block may be lower only if a bidder has moved its standing highest bid. If one or more bidders remove their bids for a spectrum block, leaving no standing bids for that spectrum block, the price of the spectrum block will return to the starting price. Prices may differ from one block to another.

Going prices will be announced to bidders via the auction system during the reporting phase.

Section 10: Placing bids

By making a bid on a spectrum block, the bidder commits to paying for it the amount stated in the bid.

Bids are placed via the electronic auction system. The bidder submits the bid by ticking the blocks he wants to bid for at the going price. The bid must be submitted before the bidding phase is closed. FICORA recommends that the bidders submit bids in good time. Submitting a bid at the last minute may be risky, since the submission may fail on account of interruption of the Internet connection or because of other technical failures. The system will inform the bidder of whether the bid was successfully submitted and registered in the system. If desired, the bidder may print out receipts for the bids he has placed.

If, because of a technical difficulty or for other reasons, the bidder is unable to place bids via the auction system, bids can be placed by fax or other means approved by FICORA. In special cases

where the bidder cannot use a facsimile, FICORA may approve other means of submitting a bid, such as SMS. Bidders must always obtain express permission from FICORA for using other means than a fax for submitting bids. FICORA registers bids submitted by fax or other means in the auction system. Registration can only be performed if the bidder provides the single-use password reserved for this purpose to FICORA.

Only bids that are placed before the end of the bidding phase are accepted. Bids arriving late will not be accepted. Even bids made by fax or other means must be submitted and received by FICORA before the end of the bidding phase. Such a bid may be entered in the system database even after the bidding phase has ended.

During the bidding phase, the bidder may change his bid by submitting a new bid. There is no limit to the number of times a bid can be changed. The bid that has been submitted most recently at the time the bidding phase ends remains valid.

Bids must be made according to the regulation. It is not possible to submit a bid that does not correspond to the auction rules. If a bidder tries to submit an invalid bid, he will get an error notification from the system and the submission will fail. The bidder must then correct his bid and submit again. If the bid is made by fax or other means, the bidder is responsible for ensuring that the bid corresponds to the auction's rules.

During the first bidding round, the bidder can place bids for frequency blocks whose total number of points corresponds to a maximum of five. This limitation is based on the Act on Spectrum Auctions, section 4.3, according to which spectrum blocks can only be granted to the amount of 50 MHz per organisation. This means that during the first bidding round a bidder may bid for the TDD block (five points) or for five separate FDD blocks (5x1 point). Bids made during the first bidding round have a decisive effect on the bidder's eligibility to place bids in the following bidding rounds. The bidder may not bid for more spectrum later in the auction than the number of points of his bid(s) in the first round.

In subsequent bidding rounds, the bidder can place bids for frequency blocks whose total number of points corresponds to the bidder's eligibility, as defined in Section 12.

According to the Act on Spectrum Auctions, Section 9, all bids made during the auction are binding until the end of the auction. A bid may only be cancelled if it is replaced by a higher bid or a transferred bid, as stated in Section 14. The bidder can stop bidding at any time, but previously made bids will stay valid. Even if a bidder would stop bidding, FICORA recommends that the bidder actively monitor the auction until the end. A bid made earlier in the auction may be reactivated; i.e., it may become the standing highest bid because of moving or disqualification of another bidder's bid.

Section 11: The standing highest bid

After each bidding round, the auction system determines the standing highest bid for each frequency block. The standing highest bid for a frequency block is the bid that has the highest value. If there are several equal bids for the same frequency block, the standing highest bid and the mutual ranking of the bids are established by casting lots. The bids are ranked automatically by the system. The bid ranked first will become the standing highest bid. Other bids will remain valid and binding.

Section 12: Eligibility

A bidder's right to place bids in each bidding round is called eligibility. The term used in the Finnish regulation is 'huuto-oikeus'. In order to maintain his eligibility, the bidder must be active in the auction. The intent of this activity requirement is to speed up the auction and have it concluded within reasonable time.

Eligibility is announced in number of points, and it indicates how many bids the bidder can make in a given bidding round. Eligibility is calculated separately for each bidding round and is based on the bidder's activity in the previous bidding round. The bidder will see his current eligibility via the auction system.

In the first bidding round, the bidder's eligibility is five points.

In the second and following bidding rounds, eligibility points are calculated as $A+B+C-D$, where

- A refers to points associated with frequency blocks for which the bidder had standing highest bids at the beginning of the bidding round,
- B refers to points associated with frequency blocks for which the bidder placed new bids during the bidding round,
- C refers to points associated with frequency blocks for which a previously placed bid became the standing highest bid because of another bidder's cancellation or disqualification, and
- D refers to points associated with frequency blocks for which the bidder cancelled standing highest bids during the bidding round.

To retain his eligibility, a bidder must

- keep his standing highest bid unchanged,
- raise his bid,
- move his bid to another frequency block, or
- waive participation in the bidding round according to Section 15.

The bidder can choose to raise his standing highest bid. He can also transfer a standing highest bid to another frequency block.

In most cases, a bidder's eligibility will remain the same or decrease. Eligibility can increase only through reactivation of a bid – i.e., when a previously placed bid becomes the standing highest bid because another bidder's bid has been moved or disqualified.

If a bidder's number of eligibility points would increase from 0 to 1 because of another bidder's bid being cancelled or disqualified, the total number of eligibility points will be 2. The intent of this rule is to give a bidder the possibility to bid for at least two points of spectrum, or 2x10 MHz.

A bidder's eligibility will never exceed the number of points associated with bids the bidder made in the first bidding round. In other words, if a bidder made a bid in the first round for four FDD blocks, corresponding to four points (4x1 point), he cannot bid for the TDD block (five points) or for five FDD blocks in the next rounds.

EXAMPLE 1:

Three bidders participate in the auction: bidders A, B, and C.

1st round

In the first round, each bidder has five eligibility points. Bidder A places bids for five blocks (FDD1 to FDD5), B bids for four blocks (FDD3 to FDD6), and C bids for the TDD block.

Only one bid was made for each of blocks FDD1, FDD2, FDD6, and TDD, and those bids are standing highest bids at the end of the bidding round.

Two equal bids were placed for blocks FDD3, FDD4, and FDD5, and the ranking of these bids is determined by lot. Bidder A is ranked highest for block FDD5 and B for blocks FDD3 and FDD4.

| Round 1 | A | A | B | B | A | B | | | | | | | | | C |
|---------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------|--------|--------|--------|--------|-----|
| | FDD 1 | FDD 2 | FDD 3 | FDD 4 | FDD 5 | FDD 6 | FDD 7 | FDD 8 | FDD 9 | FDD 10 | FDD 11 | FDD 12 | FDD 13 | FDD 14 | TDD |

After the first round, bidder A's eligibility is five points: zero standing highest bids in the previous bidding round (as there was no previous round) + five new bids - zero cancelled standing highest bids. Correspondingly, B's eligibility is four points and C's eligibility is five points.

2nd round

During the second bidding round, A raises his bid for blocks FDD3 and FDD4 and leaves his other bids unchanged. By his doing so, A's eligibility remains at five points: three points for standing highest bids at the beginning of the round (FDD1, FDD2, and FDD5) + two points for new bids placed during the bidding round (FDD3 and FDD4) - zero cancelled standing highest bids.

B moves his standing highest bid from block FDD3 to block FDD7 and leaves his other bids unchanged. By doing so, B reduces his eligibility to three points: three points for standing highest bids at the beginning of the bidding round (FDD3, FDD4, and FDD6) + one new bid placed during the bidding round (FDD7) - one cancelled standing highest bid (FDD3). Since B does not raise his bid on block FDD5, where bidder A has the standing highest bid, B's eligibility is reduced.

Bidder C leaves his bid unchanged. Thus, C's eligibility remains at five points: five points for standing highest bid at the beginning of the bidding round + zero new bids - zero cancelled bids.

| | | | | | | | | | | | | | | | |
|---------|-------|-------|--------|--------|--------|-------|-------|-------|-------|--------|--------|--------|--------|--------|-----|
| Round 2 | | | A | A | | | B | | | | | | | | |
| Round 1 | A | A | B A | B A | A B | B | | | | | | | | | C |
| | FDD 1 | FDD 2 | FDD 3 | FDD 4 | FDD 5 | FDD 6 | FDD 7 | FDD 8 | FDD 9 | FDD 10 | FDD 11 | FDD 12 | FDD 13 | FDD 14 | TDD |

Section 13: Moving of bids

A bidder can transfer his bids from one spectrum block to another during the auction. Bids can be moved between FDD blocks and also from FDD to TDD and vice versa, all subject to eligibility requirements. A bidder can transfer any of his bids, including standing highest bids.

The switch is made by cancelling one or more bids and placing new bids that sum to the same number of points as the cancelled bids. New bids must be placed on blocks for which the bidder does not already have a bid. The new bid must be higher than the standing highest bid for the block in question. The cancelling and placing of new bids must be done in the same bidding round.

A bidder can transfer bids only if he has sufficient eligibility. If the bidder has four eligibility points, he may transfer bids associated with a maximum of four points. A bidder who has five eligibility points can move his bids from FDD blocks to the TDD block or vice versa. Switching from FDD to TDD is done by cancelling all five bids on the FDD blocks and placing one new bid on the TDD block. A switch from TDD to FDD is done by cancelling the bid for the TDD block and placing five new bids on the FDD blocks.

If the standing highest bid for a block is moved away from that block or disqualified, a new standing highest bid will be determined. The next highest bid or, if more than one bid has been made for the same amount, the one that is ranked highest will become the standing highest bid. If all bids for a given spectrum block are moved away or disqualified, the block will return to its starting price.

EXAMPLE 2:

The auction continues from the situation described in example 1.

3rd round

In the third round of bidding, A decides to move his bids from blocks FDD1–FDD5 to the TDD block. He is able to make the switch since he has the required five eligibility points; he performs the switch by cancelling his five bids for blocks FDD1–FDD5 and placing a new bid on the TDD block. After the third round, A's eligibility remains at five points: five points for standing highest bids at the beginning of the bidding round (FDD1 to FDD5) + five points for new bids placed during the bidding round (TDD) - five points from cancelled standing highest bids (FDD1 to FDD5).

B decides to leave his bids unchanged and does not place any new bids. Because A moved his bids from FDD4 and FDD5, B's bids on those blocks are defined as standing highest bids. B's eligibility

risers to four points: two for standing highest bids at the beginning of the bidding round (FDD6 and FDD7) + zero new bids + two points for bids that were reactivated because of another bidder transferring his bids (FDD4 and FDD5) - zero cancelled bids. After the third round, all of B's valid bids (FDD4 to FDD7) are standing highest bids.

C decides to leave his bid unchanged for the TDD block. Because of this, C's eligibility remains at five points: five points for standing highest bids at the beginning of the bidding round + zero new bids - zero cancelled bids. In the third round, C was outbid by A and A's bid became the standing highest bid for the TDD block. The bid made by C in the first bidding round is still valid, even though it no longer is the standing highest bid.

| | | | | | | | | | | | | | | | | |
|---------|-------|-------|-------|----------|---------------|----------|----------|-------|-------|--------|--------|--------|--------|--------|-----|----------|
| Round 3 | | | | | | | | | | | | | | | | A |
| Round 2 | | | A | A | | | B | | | | | | | | | |
| Round 1 | A | A | | B | A B | B | | | | | | | | | | C |
| | FDD 1 | FDD 2 | FDD 3 | FDD 4 | FDD 5 | FDD 6 | FDD 7 | FDD 8 | FDD 9 | FDD 10 | FDD 11 | FDD 12 | FDD 13 | FDD 14 | TDD | |

Section 14: Cancelling bids

According to the Act on Spectrum Auctions (Section 9), all bids are valid until the end of the auction. In this regulation, cancelling of bids is used only in connection with moving and raising bids. A bidder cannot cancel his bid without replacing it with a new bid.

A bid can be cancelled in only two cases:

- a) replacement of the bid with a higher bid for the same frequency block and
- b) moving of the bid to another frequency block.

The bidder can stop bidding, but he cannot withdraw previously made bids from the auction.

Section 15: The right to waive bidding for a round

Each bidder has the right to sit out three bidding rounds without his eligibility being reduced. The aim of this rule is to prevent loss of eligibility due to technical difficulties and to give the bidder the opportunity to gain more time for reflection and preparation (for example, if the person making the bids on behalf of the bidder needs to exceed his mandate). The Finnish term used for waiver is 'oikeus jättää tarjouskierron väliin'.

If a bidder has not placed any bids during a bidding round and if he would lose eligibility, a waiver will be entered on his behalf. The auction system will enter a waiver for him automatically only if the bidder has not submitted any bids during the bidding round in question. One cannot apply for a waiver more than three times.

The bidder can also decide explicitly to sit out a bidding round. The decision must be announced via the electronic auction system before the end of the relevant round of bidding. The waiver applies to the bidding round as a whole, and it cannot be used in part. If a bidder decides to waive bidding for any given round, he cannot place any bids in that bidding round.

When waiving is automatic or done explicitly by the bidder, the bidder's eligibility is not reduced. The bids made in previous rounds remain valid. In the next round, the bidder can continue bidding.

The bidder has the option of announcing that he chooses not to forego bidding in a given round. This is done by resubmitting/accepting the bids made in previous bidding rounds. In this case, the bidder's eligibility is calculated according to the description in Section 12.

It is not possible to waive bidding in the first round. If a bidder does not place any bids in the first bidding round, he cannot participate in the following bidding rounds and therefore cannot win any spectrum in the auction.

Section 16: Conclusion of the auction

FICORA declares the auction concluded after a bidding round wherein no bidders have placed new bids on any frequency blocks. In this context, placing a bid according to Section 10, transferring bids according to Section 13, and passing on a bidding round according to Section 15 are regarded as placement of new bids.

The auction concludes at the same time for all frequency bands. FICORA announces the conclusion of the auction to bidders via the auction system.

After the last bidding round, the standing highest bids become winning bids. The winners of the auction are those bidders who have the standing highest bid on one or several frequency blocks after the auction has been concluded.

According to Section 14 of the Act on Spectrum Auctions, an auction winner must pay a licence fee corresponding to the winning bid in equal annual instalments during the licence period. The first five instalments are paid at once at the start of the licence period. The payment is imposed by FICORA.

After the conclusion of the auction, FICORA informs the Ministry of Transport and Communications of the result of the auction. Following this, the government grants the licences to the auction winners in accordance with the Act on Spectrum Auctions, and FICORA collects the first instalment of the licence fee, as described in Section 14 of the Act on Spectrum Auctions. A telecommunications company that has received a licence and paid the first instalment of the licence fee can apply for a radio licence from FICORA. The spectrum blocks auctioned may be brought into use only once FICORA has granted a radio licence.

Section 17: Disqualification of bids

FICORA and the Finnish government can disqualify a bidder's bid in certain circumstances, specified in Section 12 of the Act on Spectrum Auctions. A bid can be disqualified during or after the auction. Since the grounds for disqualification concern the bidding company or other organisation's qualification to place bids and participate in the auction, all of the bids placed by said bidder will be disqualified. It is not possible to disqualify an individual bid while other bids placed by the same bidder remain valid.

If a bid is disqualified pursuant to Section 12 of the Act on Spectrum Auctions before FICORA has announced the auction as concluded, all bids made by the disqualified bidder will become void. If the void bid was a standing highest bid, the bid that is ranked second will be selected as the standing highest bid.

If a winning bid placed by the bidder is disqualified only after the conclusion of the auction, all of said bidder's winning bids will become void. A bidder whose winning bids have been disqualified is not entitled to obtain a licence. Where other parts of the auction are concerned, the results will stand. The spectrum blocks whose winning bids have been disqualified can be re-auctioned in accordance with Section 20 of the Act on Spectrum Auctions. The government makes the decisions concerning the organisation and time of any supplementary auction.

Section 18: Interruption of the auction

FICORA may interrupt an auction if surprising or unforeseen incidents that have a significant impact on the auction transpire during the auction. These incidents include extensive power cuts, disruption of Internet connections, and technical failure of the auction system. Moreover, a bidder's actions that violate the auction rules may result in the interruption of the auction.

The auction may be resumed directly from the point at which it was interrupted. If so required, FICORA will render one or more bidding rounds void, in which case the auction will be resumed from the situation preceding the invalidated bidding round. Declaring a bidding round void may be necessary, for instance, in a situation in which the auction system has crashed during a bidding round in a manner leaving some bidders unable to register their bids. If necessary, FICORA may void all bidding rounds, in which case the auction will start from the beginning.

Section 19: Entry into force

This regulation enters into force on 4 September 2009 and will be valid until further notice.

4 REFERENCE LIST

[1] Act on auctioning certain radio frequencies (462/2009, Act on Spectrum Auctions)
<http://www.finlex.fi/fi/laki/kaannokset/2009/en20090462.pdf>

[2] Accounting Act (1336/1997)
<http://www.kht.fi/documents/7/kirjanpitolaki.pdf> (NB: English text at the end of the document)

[3] Statute No. 680/2007 of the Council of State: On the utilisation plan of the frequency bands allocated to television and radio broadcasting as well as to telecommunications subject to licence and its amendments, especially amendment 5.3.2009/116 and amendment 18.6.2009/453:
(available in Finnish and Swedish only)
www.finlex.fi/fi/laki/alkup/2007/20070680
www.finlex.fi/fi/laki/alkup/2009/20090116
www.finlex.fi/fi/laki/alkup/2009/20090453

5 ANNEXES

The regulation includes two annexes:

Annex 1: Registration form

Annex 2: Auctioned spectrum blocks and points