

## Response to Queries on IM – Spectrum Auction for Next Generation Mobile Services (NGMS) in AJ&K and GB 2021

9<sup>th</sup> September 2021

Sr.	Questions/ Concerns / Requests	PTA's response
1.	We understand that a separate license would not be issued to ABC in case we acquire additional spectrum. The new frequencies would be appended to our existing renewed 2021 AJK&GB license. Please confirm.	Please see para 2(k) of the Policy Directive.
2.	There would be no increase in the rollout requirement in the event that ABC is successful in acquiring more spectrum as a result of this auction. ABC is already complying with the renewed license requirement of deploying 10 new sites per annum and this number would not be increased if we acquire more spectrum in this auction. Please clarify	The network roll-out obligations will be in accordance with T&Cs of license.
3.	No performance bank guarantees (PBG) would be required in the event that ABC is successful in acquiring more spectrum, as we have already submitted the required PBGs at the time of license renewal. Please confirm.	Para 5.4 of the IM is referred.
4.	Since the expiry date would be aligned with our existing license (effective date: 26th June 2021), the winning bid would have to be pro-rated downwards to adjust for the remaining time till the license expiry (which would be less than 15 years). Please share PTA's understating on this.	Please refer to Clause 2 (k) of the Policy Directive read with Appendix 2 (a) of the draft license template.
5.	Network Up-grade Requirement: As the terrain and area of GB is very difficult, thus PTA should show some flexibility over the up-gradation of existing sites to 4G. Our suggestion is to consider; the all existing sites (excluding VSAT) to be up-graded in 5 Years. Requesting for 5 years is mainly because of the Transmission connectivity in AJK/GB where microwave connectivity is very difficult and fiber deployment would be necessary to expand the transmission connectivity.	PTA conducted thorough stakeholder analysis at the time of renewal of license in first half of 2021 and the upgradation requirement was decided to be 3 years and 3 x CMOs have signed licenses accordingly.

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6.	Transmission Lease Media: GoP and PTA should provide support to operators to have the competitive leased media cost in AJK and GB from the lease media operator/s. Suggestion is to standardize the lease media prices in AJK and GB to have better 4G business competition in the area.	As per SMP order dated 21 <sup>st</sup> May 2021.
7.	Network Rollout Obligations: Site distribution between AJ&K and GB be considered as per population distribution i.e 6:4 (approximately); along with equal distribution in both urban and rural areas (50% each)". Further clarity is required over this point from PTA. GB area especially its rural area is very hard and difficult with respect to new rollout as well as in building the transmission network in the area, thus to maintain the ratio between AJK & GB as well as between urban and rural should be re-considered by PTA. Instead of assigning 40% to GB, it is suggested to keep 4 x Sites as minimum count for the New Rollout in GB.	Network roll out obligations are within the applicable regime and have been finalized in consultation with the stakeholders.
8.	CST Target for VSAT media: For Call Setup Time, we appreciate the revised target to 7.5 sec as proposed by authorities however still for areas running on VSAT media this target is not achievable for which authorities are requested to review and propose revised target as realistically achievable under mentioned scenario. Please note that authorities have also considered this relaxation for throughput target assignment.	PTA will evaluate the results and further deliberate on any specific case if required.
9.	Interference from Cross Border/ AJK border: How will PTA/ FAB address the rights of licensee in case of any substandard band allocation including but not limited to interfered band including external interference from cross border operations and also for border AJK and Pakistan land due to difference in frequency assignment.	<p>The portion of spectrum being offered in the current auction has been monitored across AJ&amp;K and GB. As per the results of monitoring surveys, the said spectrum is currently free from any kind of external interference. However, interference issues in future, if any, will be dealt as per procedure in vogue on case to case basis.</p> <p>The interference issues, if any, due to different assignments to different operators in AJK and Pakistan will be resolved through</p>

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		operator to operator coordination as per current practice and best international practices.
10.	Rationalization Execution Time plan / Interference suspect: For Rationalization our understanding is that one month time would be allocated for preparation after publication of IM. For implementation, authorities need to clarify and also consider reasonable time to allow complete shifting. Also, how PTA /FAB address any interference faced as a result of spectrum shifting assigned as part of rationalization plan.	In addition to response at para 9 above, clause 1.5 of the IM is referred, please.
11.	DL Throughput Target: Considering rising traffic trend, meeting 4 Mbps in 15 years may not be possible. Forecast in this regard is not accurate available from network side. PTA/FAB to confirm how this concern would be addressed. Also, it needs to be confirmed that DL Throughput will be RLC, LCC or Application throughput.	The requirement for DL user data throughput is 4 Mbps and relates to <i>user</i> data (application) throughput and not RLC or LCC.
12.	Mean Opinion Score Target: Proposed standard for MOS i.e. => 3.0 for P.862.3 (POLQA) or latest ITU/Relevant forum recommendation should not be applicable to operators offering voice on 2G technology only. In case the measuring algorithm is updated as per proposal then target threshold should be revised accordingly for 2G technology case.	The same will be considered as per applicable regime.
13.	MNP Clarity: PTA should provide a clear roadmap on the implementation of Mobile Number Portability (MNP) services in AJK-GB (on the same grounds as that of Pakistan).	Please refer to clause 2.3 of the License.

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14.	<p>Left Out / Vacated Spectrum: As PTA is aware, recently spectrum in the 1800 MHz band has been vacated by M/S ABC (that was acquired under the Warid license). Based on this, there is a critical need for additional spectrum. ABC believes that the vacated spectrum of 8.8MHz in 1800 band by M/s ABC should be released to other CMOs in AJK and GB, so that their operational needs can be met through this vacated spectrum. The PTA should provide a clear road map for availability of this spectrum, so that the CMOs can plan accordingly.</p>	<p>The said band will be considered for future auction as per Policy of the Government.</p>
15.	<p>Implementation of USF mandate in AJK &amp; GB: As PTA is aware, licensees have been contributing shares of their revenue to the USF fund since the issuance of a license in 2006. However, till date no project has been initiated in AJK and GB. Therefore, the Policy/framework or rollout plan in AJK be considered and shared with CMOs.</p>	<p>USF contributions in AJ&amp;K and GB are dealt as per applicable regime.</p>
16.	<p>Technology Neutrality: Article 2(e) of the Policy Directive dated 11<sup>th</sup> August 2021 states that the "spectrum assignment will be 'technology neutral' ... within the applicable framework of the Government of Pakistan". The Authority should provide clarity regarding whether any technology can be used on the spectrum, without any further government approval or policy formulation.</p>	<p>Please refer to clause 3 (c) of Policy Directive and PTA determination order dated 22nd July 2019.</p>
17.	<p>Base Price Determination by PTA, not GOP: Base price of spectrum (i.e. effectively the reserve price for spectrum auction) is a term and condition of auction. Only the PTA can determine the T&amp;Cs of auction (including base price/reserve price) u/s 5(2)(r) of the Act. The Federal Government cannot assume this mandate provided under law to the Authority. The PTA should determine the base price of the spectrum itself through a proper determination. In the present case, the Federal Government has determined the base price of spectrum, through the Policy Directive dated 11<sup>th</sup> August 2021.</p>	<p>It is clarified that as a consequence of stakeholder consultation carried out by PTA through Consultant, the base price of spectrum has been recommended by the Authority and duly approved by GoP.</p>

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18.	Inconsistency between IM and PTA Rules and Regulations: Section 8(1) of the Pakistan Telecommunication Rules, 2000 (the "Rules") and Regulation 18 of the Pakistan Telecom Authority (Functions and Powers) Regulations 2006 (the "Regulations") state that all licenses shall be granted for a period of not less than twenty-five (25) years. PTA will be issuing licenses for a period of fifteen (15) years. This legal anomaly needs to be addressed	All actions are being initiated as per applicable legal regulatory framework.
19.	License Renewal Policy issue: If a policy is to govern license renewals, then such policy should exist (and be applicable) at the time of license renewal application, not at the time of license renewal grant. Accordingly, since the date of license renewal is 30 months prior to expiration, then any policy that will govern said renewal should also exist (and be effective) as of 30 months prior to expiration of license. Having said so, ideally the existing Policy Directive (under which this License Template is being issued) should right now clearly prescribe the T&Cs of license renewal (and said terms should be directly reflected within the License Template itself). This will ensure that all stakeholders are aware and cognizant of their license rights at the outset (and should avoid any disputes and ambiguities at a later date).	Licenses will be renewed in accordance with applicable legal frame work.
20.	Cumbersome FAB approval required for base station installation: FAB's approval for base station cases is a cumbersome requirement and an unnecessary approval layer. However, if it is to be implemented, then there should be a corresponding requirement on FAB to grant any approvals submitted to it in pursuance of this clause within fifteen (15) days of application, lapse of which may be construed as deemed approval by FAB on the application.	The applications for site clearance are processed by FAB as per the mandate given under Sections 42 and 43 of the Act within given timelines.
21.	<p>No GOP Commitments: No assurance or undertaking is being provided by the GOP, PTA or FAB regarding fitness of spectrum or interference. In this regard, it is advised that:</p> <p>a) The individual roles and responsibilities of each instrumentality of the GOP (the Authority, MOIT and FAB) vis-a-vis removal of spectrum interference should be clearly expressed in the</p>	Please refer to response of query number 9 above

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	<p>Information Memorandum and the terms and conditions of license granted through this auction;</p> <p>b) A redressal and dispute resolution mechanism process for spectrum interference should be clearly expressed in the Information Memorandum and covered through license terms and conditions; and</p> <p>c) The GOP should provide a clear and express undertaking regarding the merchantability, fit-for-use and interference-free nature of the spectrum being auctioned and said undertaking should (1) not be subject to any limitation/waiver of liability, and (2) clearly spell out the remedies available to the operators from the GOP in case of spectrum interference.</p>	
22.	<p>Determination and Regulation of SMP: The PTA should clearly determine the SMP prior to conducting the auction, such that all stakeholders are clear regarding their rights and obligations prior to committing financially towards the auction. Furthermore, clarity is required regarding the meaning of 'relevant geographical market' under Article 2.2 of the draft license template. Furthermore, reference is made to the Articles 8.2 and 9.1.3 of the draft license template, where the PTA has powers to regulate tariffs and termination charges for SMPs. Similar powers should be added by the Authority in the Pakistan NGMS license, to regulate SMPs across the country.</p>	<p>For the determination of SMP operators, PTA has identified AJ&amp;K and GB as a separate geographical market. Accordingly, issuance of determinations for SMP operators in relevant markets of AJ&amp;K and GB are under process. Articles 8.2 and 9.1.3 are same in Cellular Licenses of AJ&amp;K and GB and Pakistan.</p>
23.	<p>MTR Reduction: Pakistan currently has a high ratio of mobile termination charge In comparison to all the comparable markets. ABC is of the view that MTR reduction will provide equal opportunity to telecom operators with lower market share to have better competitiveness with the operators with major market share along with lower prices for end consumers and reduced cost for mobile operators than can translate into better offerings for end users.</p>	<p>PTA has already initiated consultation on review of MTR. After due process, the Authority will issue determination for revision of MTR.</p>

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24.	<p>ABC understand that new spectrum will be incorporated in its renewed license as per Policy Directive; however, PTA is requested to issue separate draft license template for the operators with renewed license if they buy additional spectrum in this auction. In this regard, following points need clarity specifically:</p> <p>a) Whether operators with renewed licenses in 2021/ABC have to meet additional rollout obligation(s) over and above its commitment under the renewed license dated 24<sup>th</sup> June 2021 or not?</p> <p>b) What will be the license template for ABC/operators who have signed license in June 2021?</p>	<p>Pls refer to Appendix 2(a) of the license.</p>
25.	<p>It is requested to clarify whether only Appendix-2(a) will be added to ABC renewed 2021 License only or complete license shall be signed with new spectrum assignment and effective as well as expiry dates.</p>	<p>Please refer to response of query 4 above.</p>
26.	<p>Moreover, 0.2 MHz in 900 MHz is also due to be allocated by PTA and FAB. Kindly ensure equal treatment for all operators and clarify expiry dates of spectrum(s), as there will be gap between the date of CMOs' renewed licenses (June 2021 in case of 3 CMOs) and date of assignment of new spectrum after completion of auction process (~September 2021) and rationalization Process subsequently (including 0.2 MHz in 900 MHz for which ABC has given expression of interest).</p>	<p>Please refer to response of query 4 above.</p> <p>Whereas 900 MHz will be dealt separately outside of this auction process.</p>
27.	<p>Regarding payment per lot in the 1800 MHz categories. Could PTA please confirm that all winners of spectrum within one category pay the same (market clearing) price per product lot?</p>	<p>Prices within a given category (Product 1 or Product 2) in 1800 MHz band will be the same across all lots.</p>
28.	<p>Regarding bids in the "Refinement round". The refinements bids should be "between" the clock-round price in the current and previous round. Does "between" mean that the refinement bid</p>	<p>No</p>

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	potentially could be exactly equal to the clock-round price in the current or previous round?	
29.	Are the refinement bid submitted in whole USD?	Yes
30.	Prior to the start of the Clock Auction bidders will receive information on the identities of all bidders. Will bidders (before the Clock-Auction) also be informed about the identity of qualified bidders for a later SMRA auction?	Actual Identities of bidders will not be disclosed.
31.	If an operator acquires additional spectrum in 1800 band, how long would it take for 1800 rationalization to take place, post-auction, so that the operator gets all its 1800 holding (existing + new) as one contiguous block?	Pls refer to Timeline Table 1 in the IM.
32.	<p>This question is important, because if total spectrum sold in the auction is &gt;8.9MHz, than almost all the operators (including ABC) may need to move a bit, in order to accommodate contiguity for all. The contiguity of 1800 holding is critical for LTE re-farming and efficient usage of spectrum.</p> <p>a) Please clarify that the winning party will be entitled to contiguous assignment of the newly acquired spectrum in totality – i.e. all of the newly acquired spectrum will be contiguous to the previously assigned spectrum</p> <p>b) For the sake of clarity, if a party with a current assignment of 8.8 MHz in the 1800 band wins an additional 11.2 MHz, will the new assignment be 20 MHz in a single assigned block?</p>	Para 2 (g) of the Policy Directive is referred, please.
33.	As part of the 1800 rationalization process, would the principle followed for MNO 1800 placement order be the same, as is being discussed in Pak auction process i.e. operators would retain their current order in the 1800 band?	As per rationalisation plan.
34.	As being discussed in Pakistan auction process, this principle ensures minimum disruption for the operators, as each one has to shift slightly to the left or to the right for rationalization, and no radical shifting is forced on any operator. Clarity on this issue is critical for	Based on outcome of auction and as per rationalisation plan.

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	ABC, as ABC wants its eventual 1800 holding to be all placed below 18xx MHz, because of hardware limitations.	
35.	When exactly “after receipt of all relevant Initial Spectrum Fee” will the rationalization plan be issued?	Please refer to Table 1 of IM, soon after receipt of payment of ISF.
36.	Clarity on the submission of company documents duly attested/certified by SECP / relevant authorities in AJ&K and GB; is this mandatory or copies / attested copies by SECP Pakistan would suffice.	Mandatory requirement as per check list.
37.	Certificate on original letterhead from the Group /Joint venture/Consortium members that they are the authorized participants for Spectrum Auction of NGMS in AJ&K and GB through the Applicant – we need clarity if this applies to ABC Pakistan (Private) Limited; we have not made a submission against this point in previous auctions as ABC Pakistan is itself participating not as an authorized representative of any Group /Joint venture/Consortium.	Not relevant for existing licensees.
38.	Which licenses are to be adjusted/extended?	Please see query number 4 in response.
39.	What would the magnitude (months) of the adjustment/extension be?	Please see query number 4 in response.
40.	What could the “necessary payments” be?	Please see query number 4 in response.