

GOVERNMENT OF PAKISTAN
MINISTRY OF INFORMATION TECHNOLOGY & TELECOMMUNICATION
(IT & TELECOM DIVISION)

No. 1-2/2020-DT

Islamabad, the 04th August 2021

Subject: - **POLICY DIRECTIVE FOR THE AUCTION OF NEXT GENERATION MOBILE SERVICES (NGMS) SPECTRUM IN PAKISTAN FOR IMPROVEMENT OF MOBILE BROADBAND SERVICES**

The spectrum auctions for Next Generation Mobile Services in Pakistan were conducted in 2014, 2016 and 2017 respectively under the Policy Directives issued by the Federal Government of Pakistan. Subsequently, the demand for data services grew exponentially and in a short period of 07 years the broadband subscribers in the country increased from mere 14 million in 2014 to over 100 million in April 2021.

2. A significant surge in the demand of broadband services has been witnessed particularly during the COVID-19 pandemic. This ever-increasing reliance on wireless mobile broadband services necessitated the demand for availability of more spectrum and hence to meet the connectivity needs of the citizens of Pakistan.

3. After considering the recommendation of the Auction Advisory Committee (constituted by the Federal Government vide 1-2/2020-DT dated 1st October 2020, amended 24th March 2021); based on the inputs from the Consultant, PTA and FAB;

Federal Government in exercise of powers conferred under Section 8(2) of the Pakistan Telecommunication (Re-organization) Act 1996 (Amended 2006), hereby issues the following policy directive for auctioning the available radio frequency spectrum in 1800 MHz and 2100 MHz bands for compliance by Pakistan Telecommunications Authority:

- a. A transparent, competitive process shall be formulated by the PTA for auctioning 12.8 MHz paired spectrum in the 1800 MHz band and 15 MHz paired spectrum in the 2100 MHz
- b. PTA shall issue an Information Memorandum specifying therein the detailed procedure of the auction, including eligibility criteria and steps for participating in the auction process. The auction shall accordingly be conducted by PTA in

minimum possible time after issuance of Policy Directive by the Federal Government.

- c. The spectrum assignment shall be “Technology Neutral” and usable for all existing and upcoming advanced generations/technologies, within the applicable policy framework of the Government of Pakistan.
- d. To ensure optimal utilization of radio frequency spectrum, PTA shall endeavor to provide each CMO with the opportunity to acquire such additional spectrum that will enable it to hold, in total, spectrum in multiples of standard 5MHz paired spectrum blocks.
- e. Post spectrum auction, all CMOs shall be required, within a reasonable time as determined by the PTA, to comply with the rationalization plan as may be issued by the PTA in consultation with FAB to ensure the optimal utilization of contiguous spectrum holdings in 1800MHz band.
- f. The base price for 2x1 MHz (1 MHz paired) spectrum in 1800 MHz is USD 31 Million while the base price for 2x1 MHz (1 MHz paired) spectrum in 2100 MHz is USD 29 Million respectively.
- g. Existing CMOs and New Entrants are eligible to participate in this auction subject to a spectrum cap of 40% in complete 1800 MHz band.
- h. Transactions related to Spectrum Auction i.e. Spectrum fee and related markup shall be US Dollar denominated, however, the amount shall be paid either in US Dollar or in equivalent Pak Rupees. For the purpose of conversion, National Bank of Pakistan TT selling rate prevailing on the date preceding the date of payment shall be used.
- i. Payment terms shall be as under:
 - i. *Full upfront payment (100%);*
 - or*
 - ii. *Minimum 50% upfront payment, while the remaining to be paid in 5 equal instalments in 5 years with cumulative mark-up rate of one year LIBOR+3%;*

- iii. *Moreover, if auction winner intends to pay the remaining balance liability on account of initial spectrum fee at any time before the end of 5 years, it would be acceptable and without any pre-payment penalties. However, mark-up at the rate LIBOR + 3% shall be payable on the balance amount till the date the final payment is made.*
- j. A new license shall be issued to the successful bidder for the auctioned spectrum. The tenure of frequency assignment shall be 15 years.
- k. Provisions for Spectrum Trading/Sharing as per the approved regulatory framework shall be incorporated in the new licenses.
- l. Terms and conditions relating to improved Coverage and Quality of Service (QoS) etc., shall be incorporated by PTA in order to enhance mobile broadband proliferation in the country.



04/08/2021

(Muhammad Omar Malik)

Committee Secretary/Member Telecom

Chairman, Pakistan Telecommunication Authority