

Submission in response to Consultation Paper

Arrangements for the Frequency Spectrum in the 2.5/2.6 GHz Band upon Expiry of the Existing Assignments for the Provision of Public Mobile Services and the Related Spectrum Utilisation Fee (19 Sep 2024)

1, SmarTone Mobile Communications Limited (“SmarTone”) is pleased to provide its comments to the captioned Consultation Paper jointly issued by the Communications Authority (“CA”) and the Secretary for Commerce and Economic Development (“SCED”) on 19 September 2024.

2, SmarTone welcomes the opportunity to comment on the proposed arrangements for re-assignment of the 50 MHz of spectrum in the 2.5/2.6 GHz band upon expiry of the existing assignment term in May 2028. SmarTone currently holds 2 x 10 MHz in the 2.5/2.6 GHz band which is due to expire in 2028 and amounts to 14% of the total available spectrum in the band. The opportunity to have access to more spectrum in the band would enable any interested parties to acquire additional spectrum in the band to enhance their network capacity, thereby improving their mobile service customers’ experience.

3, SmarTone submits that the long-term interest of mobile service users would be best served by a regulatory and competition environment that fosters fair and effective competition in the market. Effective competition in the market depends on access to sufficient spectrum by all players in the market, and that is why it is important to ensure that no single operator would be dominant in terms of spectrum holding, thereby restricting competition in the market.

4, With the above in mind, SmarTone would like to provide its views with regard to the questions contained in the Consultation Paper.

Re-assignment of Spectrum by Auction

Question 1: Do you agree with the use of a market-based approach by way of auction for re-assignment of the Available Spectrum pursuant to the Spectrum Policy Framework?

5, SmarTone is interested in acquiring additional spectrum in the 2.5/2.6 GHz band in order to increase capacity and improve spectral efficiency in the band, so as to provide better service experience to our customers. Hence, with respect to the Available Spectrum in the 2.5/2.6 GHz band, SmarTone has no adverse comment on the use of a market-based approach for the current exercise.

6, SmarTone submits that the reserve price should be set as low as possible in order to avoid distorting the market value of the spectrum.

Band Plan

Question 2: Do you have any views on the proposal that the Available Spectrum be divided into five paired frequency blocks with a bandwidth of 2 x 5 MHz each?

7, SmarTone agrees that the Available Spectrum could be divided into five frequency blocks each with a bandwidth of 2 x 5 MHz, which is the minimum allowable channel bandwidth for the band according to the 3GPP standard.

8, On the use of FDD or TDD mode of operation for the Available Spectrum, SmarTone agrees with the CA's proposal that the existing FDD mode of operation should continue to be used. The industry may conduct further review on the mode of operation in light of any significant change in the market in the future.

Spectrum Cap

Question 3: Do you have any views on the proposed spectrum cap of 2 x 10 MHz to be imposed on each bidder for the re-assignment of the Available Spectrum?

9, To ensure a balanced and competitive telecommunications market, we propose increasing the spectrum cap for each bidder to 3 x 10 MHz. This adjustment takes into account the distribution among assignees including the Existing Assignment due to expire on March 30, 2039 and will prevent over-concentration of spectrum, fostering a more equitable distribution of resources. By allowing each bidder access to a larger share of the spectrum, we can encourage greater participation and investment from multiple players, which will drive innovation, improve service quality, and ultimately benefit consumers. We believe a new spectrum cap will be crucial for maintaining a dynamic and fair market environment.

Eligible Bidders ù

Question 4: Do you have any views on re-assigning the Available Spectrum by allowing all interested parties to apply for participation in the auction, subject to the minimum qualification requirements and the connected bidder restriction?

10, We have no objection to the proposal, except that no connected bidder should be allowed to participate in the auction as mentioned above.

Auction Format

Question 5: Do you have any views on the adoption of the SMRA auction format for the re-assignment of the Available Spectrum?

11, If the Available Spectrum is going to be assigned by means of auction, we have no objection to the adoption of the SMRA auction format.

Licensing and Validity Period

Question 6: Do you agree with the proposed arrangements for the alignment of the expiry date of the existing assignments of the Available Spectrum and the payment of SUF for the extended period of assignment of the frequency block A5?

12, We have no particular comment on this issue. ù

Question 7: What are your views on the proposed arrangements to shorten the new assignment term of the Available Spectrum to about ten years and ten months from 1 June 2028 to 30 March 2039?

13, While we understand the rationale behind the proposal to shorten the spectrum assignment period to around 10 years, we respectfully disagree with this approach. We

have to make substantial investments in infrastructure to effectively utilize the spectrum. Shortening the available period creates significant uncertainty, which can adversely impact long-term investment decisions and the overall development of robust telecommunications networks.

14, We believe that maintaining longer assignment terms is crucial for fostering a stable investment environment, encouraging innovation, and ensuring the continuous improvement of services for consumers. We kindly request that the current assignment terms be reconsidered to support the sustained growth and advancement of the telecommunications sector.

Frequency Swap

Question 8: Do you have any views on the proposed licensing arrangements as specified in paragraphs 31 – 38 above?

15, In order to realize the full market value of each individual frequency block in the auctions, we propose that swapping of any frequency assignment within the first five years counting from the date of the frequency assignment should not be considered.

SUF

Question 9: Do you have any views on the proposal in relation to the setting and collection of SUF as specified in paragraphs 39 – 40 above?

16, SmarTone has no objection to the proposal that spectrum assignees will be given a choice to pay the SUF either by one-off or annual payments.

17, SmarTone submits that the auction reserve price should be set as low as possible to avoid distorting the market value of the spectrum. However, the uncertainty created by shortening the assignment period as explained in Q7 will arise also in setting the reserve price and the counting of annual instalments. This will also affect the investment decision.

SmarTone Mobile Communications Limited

31 October 2024