

Hong Kong 2.1 GHz auction to be held this year

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PolicyTracker
The spectrum management newsletter

Hong Kong's Office of the Communications Authority (OFCA) has issued an invitation to participate in an auction of spectrum in the 2.1 GHz band. The contest will be held in December this year.

The spectrum includes some that has been reclaimed from each of Hong Kong's existing operators, under the terms of deeply unpopular plans that were confirmed earlier this year. PCCW, the owner of Hong Kong Telecom (HKT), applied for a judicial review of the regulator's decision.

Since then, however, HKT has completed a takeover of one of its rivals, CSL, for HK\$18.87 billion (\$2.43 billion). To obtain OFCA's backing for the deal, the merging companies had to agree to give up 29.6 MHz of spectrum by not applying to renew their 3G licences when they expire in October 2016. The new company is also barred from taking part in the auction.

That means SmarTone and 3, the other 3G licence holders, are the only incumbents left who will be able to participate. Any other bidders will have to be new entrants, or China Mobile, which is present in Hong Kong but does not have any 2.1 GHz spectrum.

OFCA is putting a total of 49.2 MHz of spectrum on the market. It will be available in five lots, four of 2 x 4.9 MHz and one of 2 x 5 MHz. Licences will last for 15 years, starting on 22 October 2016. This is the day after the expiry date of the existing operators' current 3G licences.

The auction will use a simultaneous multiple round ascending (SMRA) format. Successful bidders will face a one-off upfront payment of a spectrum utilisation fee (SUF), the minimum amount of which has been set at HK\$48 million per MHz. No operator will be allowed to hold more than 40 MHz in the band once the auction is complete. Network and service rollout obligations will only be imposed on new entrants to the band.