



Č e s k ý t e l e k o m u n i k a č n í ú ř a d

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Appendix No. 3

to Opening of the Tender for granting of rights to use radio frequencies for provision of the electronic communications networks in the 3.7 GHz frequency band

Rules of Auction (“the Rules”)

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1 INTRODUCTION

These Rules of Auction are appendix to the Opening and they further specify the rules of the Auction defined in chapter 9 of the Opening.

2 AUCTION

2.1 General information

The auction is divided into two phases - the Auction phase and Allocation of the frequencies. Only the Participant who comply with the qualification requirements in chapter 8 of the Opening may attend the auction.

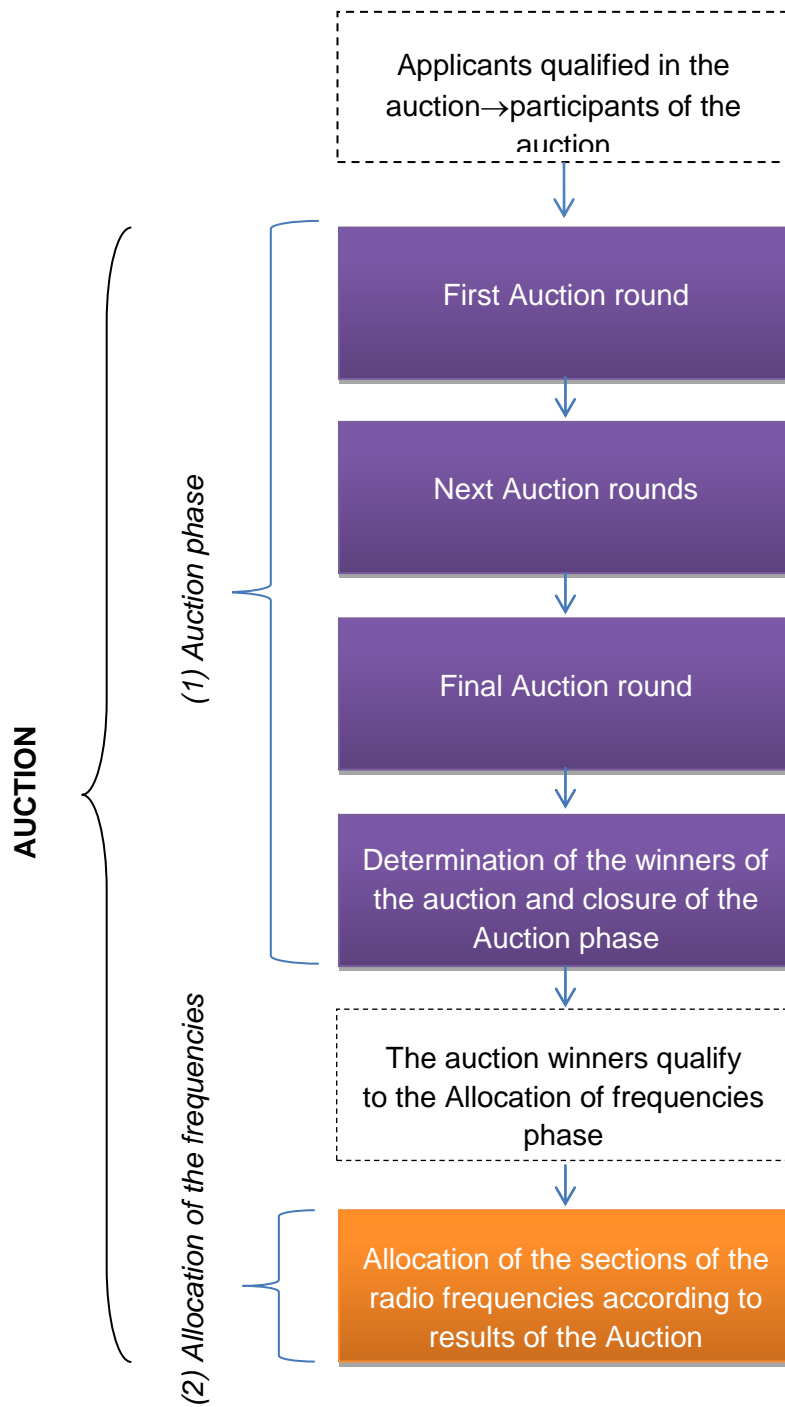
2.2 Auction format

The auction format used for the Auction phase is the simultaneous multiple round auction (SMRA) organized as the ascending and open auction. During the Auction phase the Participant may change its auction strategy.

The auction principles according to previous clause are:

- simultaneous auction - all auction blocks are offered at the same time in the Auction phase;
- multiple round auction - the Auction phase is implemented in the system of successive Auction rounds in which the Participants place their Bids for the selected Auction blocks. The Auction phase concludes with the final Auction round according to the conditions defined in the Rules;
- ascending auction - during the Auction phase, the Participants of the auction raise their bid prices of the Auction block compared to previous Highest bid;
- open auction - following evaluation of each Auction round all Participants in the auction get information about occupancy and the Highest bid of all Auction blocks, however, identity of the Participants in the Auction is secret in the course of the Auction phase;

2.3 Auction scheme



3 SUBJECT OF THE AUCTION

Category of the Auction blocks	Frequency band	Frequencies [MHz]	Auction blocks	Spectral limit	Minimum price [million CZK/block]	Activity points [points/1 block]
A	3.7 GHz unpaired spectrum	3,600–3,800	5 abstract blocks, each 40 MHz wide	40 MHz for the Existing operators	29	1
				In case the conditions set in chapter 6.1 of the Opening are met, from the second Auction round, this shall be raised to 80 MHz		
				80 MHz for other Applicants		

4 AUCTION PHASE

4.1 Electronic auction system (EAS)

The proper course of the Auction phase shall be managed by the Electronic auction system (EAS) operated by the Office for this purpose. EAS is operated on secure servers of the EAS vendor and shall be accessible via the Internet with high access security level.

EAS shall allow the Participants to submit only the Bids that comply with the Opening and the Rules of Auction. In addition to submission of the Bids in each Auction round, the EAS interface shall provide the Participants with information about the course of the Auction phase to the extent defined in chapter 4.5 of the Rules.

Only Participants who received access data and a digital certificate may log in the EAS. This access data shall be provided by the Office to properly qualified Applicants according to chapter 8 of the Opening and who received confirmation about participation in the Auction. The digital certificate must be installed in a computer the Participant uses to log in the EAS. The Participant shall be responsible for security of his login information and the password assigned against misuse. For the sake of security, the EAS shall be accessible from the territory of the Czech Republic only. Prior to the Auction phase all Participants shall define 10 IP addresses they shall use for access to the EAS. Access to EAS shall not be permitted from different IP addresses. The Participants shall inform the Office immediately in case of any breach of the access data or password protection.

The Participant may log in from a single computer only at one time. In case of sudden technical troubles or the Internet connection failure, the Participant shall be logged off automatically from the EAS and the Participant may log in from another computer in which the certificate needed was installed. Upon request of the Participant, the Office may interrupt

the Auction round in this case. The unforeseen events are further specified in chapter 4.2 of the Rules of Auction. During the Auction round no data is saved onto the Participant's computer and all changes are recorded directly in EAS.

The Office shall not be responsible for technical problems or Internet connection problems on the Participant's side preventing him in connection to the EAS. The Participants should have sufficiently secured and fast Internet connection (at least 128 kbit/s downloading speed) and a back-up computer for case of a technical defect. The Office recommends that the computers via which the Participant shall access the EAS are not used for any other purposes during the Auction and that no other software not required for access to the EAS is running at the same time.

Within the EAS all Participants shall act anonymously, and all communication during the Auction phase shall be anonymous as well. To this end, the Participants shall be informed about their communication aliases and passwords before the Auction phase used during the Auction phase. Deprotection of anonymity of the Participants shall be made only after the last Auction round according to chapter 4.3.4 of the Rules. The technical means of the EAS operator shall be secured against attacks and disclosure of the Participant's identity by corresponding HW and SW means on the EAS side, secured connection between the Internet browser of the Participant and the EAS system server via the encrypted network protocol, as well as via system controlled mandatory minimum security level of the access data.

EAS and its individual processes shall be configured so they eliminate the risk of inadvertent error of the Participant to maximum extent, e.g. in the form of double-checking.

The Participants shall have within EAS the user interface to provide all forms needed for submission of the Bids by the Participant, defined scope of information about course of the Auction in chapter 4.5 of the Rules, and access to the other notifications from the Office to the Participants during the Auction. The interface also includes clock synchronized with the auction server to display time information, e.g. time remaining to the end of the time limit of the Auction round, exact time of submission of the Bid by the Participant, and more.

All rules of the Auction round needed for execution of the Auction phase, particularly the rules for submission of the Bids, compliance with the Spectral limit, calculation of the Activity during an Auction round and available Eligibility points, determination of the Highest bid holder, the rules for determination of the final Auction round, and more are implemented in the EAS and executed and/or inspected in the course of the Auction phase within the EAS. To specify the Highest bid holder in case of concurrence of two or more Bids according to chapter 4.4.3 of the Rules, the deterministic algorithm implemented within EAS shall be used to create single (or multiple, if needed) quasi-random 128bit binary number based on input data supplied by the Office, the Participant, and with the use of other deterministic data (e.g. round serial number, etc.). The procedure according to chapter 4.4.3 of the Rules shall make sure that determination of the Highest bid holder is not directly influenced by the Participants, and the procedure shall also permit reverse tracking of determination of the Highest bid holder. Each Participant shall have right to enter one input data for calculation of the quasi-random numbers before launch of the Auction phase. The process of calculation of the quasi-random numbers is implemented within EAS. The Office shall inform the Participants about format of input data during a training workshop.

EAS includes the system of one-way distribution of messages that permits the Office to send messages to the Participants during the Auction phase. The Office assumes that this method of communication of the Office with the Participants shall be the primary one during the Auction phase. The messages shall be regarded as delivered to the Participant at the moment of publishing thereof on the EAS interface. During the Auction and 30 minutes before the Auction, the Participants shall have a phone number available for the contact with the Office if needed. EAS technical support shall be provided on this phone number as well.

The Participants shall have a chance to try the environment and features of the EAS and the processes associated with the Auction phase including the anonymization process and the problems and incidents reporting during the Auction phase in the course of the training workshop and test auction. The Participants shall also have available the EAS user guide for the participants delivered to them in the course of the training. This user manual shall contain information the Participant should be familiarized with before the Auction phase. This particularly includes requirements for hardware and software equipment, login instructions, and description and use of the EAS interface. The system requirements together with the list of the supported and recommended operating systems and software needed for access to the EAS (particularly web browser, JAVA application version, and more) shall be specified in the EAS user guide.

The EAS as the whole as well as any part thereof, subsystems, databases, including graphical appearance of the Internet application and structure thereof are the copyrights of EAS.

The Participants are not permitted to use software, scripts, or similar mechanisms and measures in combination with the use of the EAS that may disrupt features of the EAS or otherwise disrupt activity of the EAS, and which could inadequately put load on the EAS servers and infrastructure.

4.2 Force majeure

If it is needed to check the compliance of the Auction phase with the Opening conditions or other important facts, and in case of unforeseen circumstances with important potential impact on the course of the Auction phase, the Office may temporarily postpone the Auction round or either temporarily or permanently stop the Auction phase.

Following interruption of the Auction round, the Office may:

- renew the Auction round as of the moment of termination, finish the time limit for submission of the Bids, terminate and evaluate the Auction round, and continue in the Auction phase, or
- declare the Auction round as invalid and repeat the Auction round not evaluated so far.

Following postponement of the Auction phase, the Office may:

- renew the Auction phase and continue with the next Auction round following the last completed Auction round after which the Auction phase was postponed, or
- declare the last still incomplete Auction round as invalid, repeat the last still not evaluated Auction round, and continue further in the renewed Auction phase, or
- declare the Auction phase as invalid and restart the Auction phase from the beginning¹.

Unforeseen circumstances that invoke this procedure of the Office may be, including but not limited technical problems on the side of the EAS vendor with negative impact on the Office or the Participants, rejection of an Applicant from the next steps in the tender according to § 21, subsection 6 of the Act, or serious large-scale failures of the Internet connection.

The Participants shall be informed about the next steps of the Office via the EAS, and should the Auction phase be postponed by notification of the Participant's contact persons listed in the Application.

4.3 The course of the Auction phase

4.3.1 Submission of the Bids by the Participants

The Auction rounds take place on weekdays from 9 a.m. to 5 p.m. according to firmly determined schedule of the auction day. The schedule of the auction day defines times for submission of the Bids by the Participants. Upon expiry of the time the Auction round is concluded by reviewing of all Bids and determining of the Highest bid holder in the Auction round in question.

Time for submission of the Bids in each Auction round is limited by the time limit. Unless the Office defines otherwise, the Auction rounds shall begin at the following fixed times: 9:30 a.m., 10 a.m., 10:30 a.m., 11 a.m., 11:30 a.m., 2 p.m., 2:30 p.m., 3 p.m., 3:30 p.m., and 4 p.m., whereas deadline for submission of the Bids in each Auction round is 15 minutes and the break until the next Auction round shall take 15 minutes. Duration of the Auction rounds, break before the next Auction round, and the times when the Auction rounds start may change during the Auction phase based on decision of the Office. The Participants shall be informed about changes to the schedule by EAS.

The deadline for submission of the Bids within an Auction round is shortened in case when all Participants made their Bid in that Auction round or were actively absent from the Auction round. All Participants are informed about premature conclusion of the Auction round through the EAS.

The Participants, who join the EAS during the Auction round before expiry of the deadline for submission of the Bids, shall have a form available for submission of the Bids. The scope of

¹ For the case of restarting of the Auction phase from the beginning, the initial Spectral limits will be set, i.e. 40 MHz for Existing operators and 80 MHz for other Auction participants.

information contained in the form for submission of the Bids is defined in chapter 4.5 of the Rules.

The Bids are accepted in the course of the Auction round only before expiration of the deadline for submission of the Bids. The decisive deadline for submission of the Bids is time of receipt of the Bid recorded in the EAS and not the time of sending of the Bid from the Participant's computer. The Participants of the auction should take note of a certain time delay between sending of data and receipt thereof by the EAS system. Therefore, the Office recommends to the Participants so that they submit their Bids well in advance before expiry of the deadline for submission of the Bids under each Auction rounds so that they avoid potential delays caused by transmission thereof.

The Participant submits a Bid in the Auction round:

- a) automatically to the Auction blocks for which it was the Highest bid holder at the beginning of the Auction round;
- b) by active selection of the Auction blocks for which the Participant was not the Highest bid holder at the beginning of the Auction round.

Should the Participant fail to actively confirm the Bid in the Auction round in question before expiration of the deadline for submission of the Bids, it should be regarded that the Participant submitted the Bid for the Auction blocks, where it was the Highest bid holder at the beginning of the Auction round in question automatically.

The EAS shall allow the Participants to submit only the Bids that are in compliance with the Rules of the Auction. In case of submission of a Bid that breaches the Rules, the EAS automatically generates a warning on rejection of the Bid due to incorrect assignment, and the Participant, unless the deadline for the Auction round prevent that, may alter its Bid and make it compliant with the Rules.

Each Participant shall have right to submit just one obligatory Bid in each Auction round. The Participant may not revoke or change the Bid after confirmation thereof. Following submission of the Bid the EAS shall inform the Participant that the Bid was received.

Information about Bids of the other Participants are not accessible during the Auction round. Conclusion and reviewing of the Auction round shall take place in the EAS upon instruction from the Office after the deadline for submission of the Bids in the Auction round.

4.3.2 First Auction round

The Auction phase starts with the first Auction round of the first auction cycle. The first Auction round begins with concurrent start of the Auction of all Auction blocks for at minimum price determined in chapter 6.2 of the Opening.

Should the Participant fail to submit a Bid in the first Auction round, i.e. his Activity in the first Auction round is zero based on the chapter 4.4.2 of the Rules, the Eligibility points shall be zeroed and the Participant shall not be eligible for participation in the next steps of the Auction. The access of the Participant to the EAS shall be denied as well.

4.3.3 The next Auction rounds

The possibilities for submission of a Bid for each Auction blocks in the next Auction rounds are defined differently depending on whether there is the Highest bid holder for the Auction blocks or not, and if not for what reason.

- A. Should the Highest bid holder be defined for the Auction blocks, then the other Participants interested in this Auction blocks may submit the Bid at the amount of current Highest bid holder of the Auction blocks plus at least 5% of minimum price of the Auction blocks.
- B. Should the Highest bid holder not be defined due the fact it did not exist for the given Auction blocks, then the other Participants interested in the Auction blocks may submit their Bids at the amount of minimum price of the Auction blocks.

The Participants may use the absence option from the second Auction round according to chapter 4.4.4 of the Rules. In case of the absence option used the Eligibility points of the Participant does not change for the next Auction round.

Should the Eligibility point score of a Participant drop to zero in any of the Auction round, the Participant may not participate in the next steps of the auction.

4.3.4 Final Auction round

The final Auction round of the Auction phase is the round in which the following conditions are fulfilled concurrently:

- a) The Bids of the Participants include the Auction blocks only for which the Participants were the Highest bid holder at the beginning of the Auction round;
- b) the Auction round where the required minimum Activity according to 4.4.2 of the Rules is at 100% of the Eligibility points, i.e in the second (final) auction cycle;
- c) no active absence was taken.

The final round also occurs when the conditions (a) and (b) are not complied with concurrently in last two successive Auction rounds according to the first clause of this chapter 4.3.4 of the Rules, i.e. when all Participants submitted their Bids in two consecutive Auction rounds for the Auction blocks for which they are the Highest bid holder, and at the same time the Auction round is the round with the required minimum Activity at the level of 100% Eligibility points. Following conclusion of each Auction round where the conditions (a) and (b) are complied with at the same time, the Office shall inform all Participants through the EAS about possibility that should the condition be complied with again in the next Auction round, the latter shall also be the final Auction round according to this chapter 4.3.4 of the Rules.

Except for the situations defined above in this chapter 4.3.4 of the Rules, the Office shall stipulate the final Auction round also in case where the last Participant with the Eligibility points over zero remain in the auction. In this case the Office shall inform all Participants following conclusion of the Auction round preceding the final Auction round.

At the end of the final Auction round all Participants shall receive the Statement on results of the Auction phase according to chapter 4.4.5 of the Rules.

4.4 The Rules and options for the Participants

4.4.1 Rules of conduct

The rules of conduct applicable to the Applicants in the course of the tender are defined in chapter 11 of the Opening.

4.4.2 The Activity rules and auction cycles during the Auction phase

The Participant's activity is limited in the Auction phase:

- a. by the Eligibility point score available to the Participant of the auction for given Auction round;
- b. based on spectral limit according to chapter 4.4.5 of the Rules.

Based on the Eligibility points the Participant may compile different combinations in its Bid for each Auction block while respecting the following rules:

- all Auction blocks are classified in a single Auction category to which 1 activation point is assigned. The summary of the activation points of all selected Auction blocks within the Bid may not be higher than the Eligibility point score the Participant has available in the Auction round;
- in the first Auction round is the Eligibility of the Participant set according to chapter 8.3 of the Opening to 2 points of Eligibility. The Eligibility shall not be further increased in the Auction rounds;
- the number of the Eligibility points in the next Auction rounds depends on Activity of the Participant in the last finished Auction round.

The Activity of the Participant in each Auction round is calculated as follows:

- + total Activity point score for all Auction blocks where the Participant was not the Highest bid holder at the beginning of that Auction round and in which the Participant submitted a Bid
- + total Activity point score for all Auction blocks where the Participant was the Highest bid holder at the beginning of that Auction round

= TOTAL Activity point score IN THE AUCTION ROUND

There is rule applicable throughout the Auction phase that maintaining of full number of the Eligibility points available to the Participant for a specific Auction round is conditional upon achieving or exceeding of the minimum required Activity level defined for the Auction round.

The Auction phase is divided into two auction cycles. For this purpose, the Auction cycle is a part of the Auction phase covering the Auction rounds in which identical per-cent level of minimum Activity applied for the kept Eligibility points is required for maintenance of the full Eligibility. The first Auction round is also the first Auction round of the first auction cycle.

The following level of minimum Activity is defined in the auction cycles:

- first auction cycle: 1 activity point;
- second auction cycle: 100% Eligibility points.

Should the Activity point score in the Auction round reach the required level of the minimum Activity for the Auction round then the Eligibility point score is maintained for the Participant for the next Auction round. For example, should the Participant have 2 Eligibility points for the first Auction round of the first auction cycle, submits a bid on one Auction blocs, i.e. the total Activity point score in the Auction round is equal to 1, then the initial Eligibility point score of 2 points shall be maintained for the Auction round as well.

Should the Participant fail to comply with the minimal Activity in the Auction round, i.e. if the Activity in the Auction round is lower than the minimum required Activity point score, then the Eligibility point score of such Participant is reduced for the next Auction round.

In the first auction cycle when the minimal Activity is set to 1 activity point, if the auction Participant submits a Bid with lower Eligibility (i.e. with zero Eligibility) or fails to submit a Bid in the first Auction round based on chapter 4.3.2 of the Rules, then the Eligibility of such Participant is reduced to zero and such Participant loses the possibility to participate in the Auction based on chapter 4.3.3 of the Rules or based on chapter 4.3.2 of the Rules in case of failing to submit a Bid in the first Auction round.

With the second (final) auction cycle, if the Participant's Activity in the round is lower than its Eligibility point score for the round, the Participant's Eligibility point score is reduced in the next Auction round to the level of its Activity point score in said Auction round.

The final Auction round of the first auction cycle shall take place in the Auction round in which the Bids of the Participants occupy the Auction blocks only where the Participants were the Highest bid holder at the beginning of the Auction round, and at the same time, no active absence option is given in this round. The first auction cycle may also be concluded upon decision of the Office. The Participants are informed via the EAS report about conclusion of the first auction cycle.

The final Auction round according to chapter 4.3.4 of the Rules may occur only in the Auction round in which the per-cent level of the minimum Activity is defined to 100% of the Eligibility points, i.e. not before the second (final) auction cycle.

The Eligibility points according to this chapter 4.4.2 shall not be decreased if the absence according to chapter 4.4.4 of the Rules was applied.

4.4.3 The highest bid holder

At the end of each Auction round, the Highest bid holder shall be specified for each Auction blocks to which the Bid was submitted in the Auction round. The Highest bid holder shall be the Participant who bids the Highest bid for the Auction blocks in the Auction round.

Should there be identical Highest bids in a single auction block from multiple Participants, the EAS shall define the Highest bid holder based on the selection that may not be directly influenced by the Participants. The principle for selection of the Highest bid holder is based on the generated 128bit binary numbers according to chapter 4.1 of the Rules. In case of multiple Highest bids from multiple Participants the EAS system shall clearly define the rank of all Highest bids for the Auction block based on specified fixed serial number of each Participants in advance. Relevant number of binary digits (1 bit in case of two Highest bids, 2 bits in case of three to four Highest bids, etc.) shall be removed from the binary chain from the left for each concurrence of the Highest bids to define the Highest bid holder for the Auction block. This procedure shall apply to all concurrent Highest bids separately for evaluation of each Auction round (even repeatedly if needed) until the Highest bid holders are defined for all Auction blocks with the concurrent Highest bids.

4.4.4 Absence and time-out

Each Participant has right to opt for absence max in **one** Auction round in submission of the Bids. The Participant may not opt for absence in the first round of the auction. The absence permits the Participant to prevent from loss of the Eligibility points due to application of the

Activity rules defined in chapter 4.4.2 of the Rules for the Bid submitted in each Auction round.

The absence may be used in the following ways:

- actively through the option in the EAS in submission of the Bid;
- passively if the Participant does not submit its Bid within the deadline for submission of the Bids within the Auction rounds, in consequence thereof it would become not eligible for the next Auction round due to application of the Activity rules.

In case of opting for the absence in the Auction round no Eligibility is lost.

Application of the passive absence is without prejudice to conclusion of the Auction phase according to chapter 4.3.4 of the Rules.

Each Participant shall have right to ask for time-out during the Auction phase. Upon request of the Participant for time-out, the further schedule of the auction day shall be cancelled and the next Auction round shall be automatically scheduled to the next working day at 9:30 a.m. or the first time window for the Auction round according to the schedule in force. The Auction phase shall proceed according to the auction day schedule in force. Each Participant of the auction shall have right to opt for the time-out once only during the Auction phase. All participants are informed about the time-out via the EAS.

Only the Participant with the Eligibility higher than zero may opt for the absence and time-out.

4.4.5 Spectrum limit

Spectral limit determines the maximum range of Auction blocks which the applicant may acquire in this tender. A Participant may only submit Bids that meet spectral limits during the Auction phase. The spectral limits are defined in Chapter 6.1 of the Opening separately for auction Participants who are Existing operators and for other participants in the auction.

In the first Auction round, a Participant who is also an Existing operator may submit a Bid to the spectrum limit of 40 MHz. Other Participants may submit bids to spectrum limit of 80 MHz in the first Auction round.

The EAS determines whether in the first auction round a Bid was submitted by a Participant who is not Existing operator based on chapter 4.3.2 of the Rules.

In the event that, based on the evaluation of the first Auction round the Bid is not submitted by a Participant, who also is also not an Existing operator, then from the next auction round, a single spectral limit of 80 MHz will be applied for all auction Participants.

In the event that, based on the evaluation of the first Auction round, at least one auction Participant, who also is also not an Existing operator submits a Bid, then the spectral limits set for the submission of Bids in the first Auction round remains for the remaining course of the Auction.

The Participants will be informed about changes to the Spectrum limits after the first Auction round via EAS.

4.4.6 Determination of the winners of the auction and conclusion of the Auction phase

The Participant who is the Highest bid holder of the Auction block after the final Auction round according to the conditions of the Rules becomes the Winner of the auction for that Auction block.

All Participants shall receive notification on conclusion and results of the Auction phase that shall contain the following information:

- a) identification of the Applicants who became the Winners of the auction and the number of the Auction blocks obtained by them;
- b) the prices of the Winning bids of all auctioned Auction blocks and sum of all prices of the Winning bids for the Auction blocks obtained by the Participant in the Auction phase;
- c) the list of the Auction blocks not allocated in the Auction phase;
- d) the list of Participants who did not win the auction for any of the Auction blocks.

4.5 Information provided by the EAS in the course of the Auction phase

Throughout the Auction phase, the Participant with the Eligibility over zero shall have access to the following information during the Auction phase:

- evaluation of all run Auction wheels according to the last clause of this chapter 4.5;
- all messages by the EAS to this Participant;
- expected time of beginning of the next Auction round;

In the course of the Auction round the Participant shall be informed about time remaining to the deadline for submission of the Bids. The following information shall be available to the Participant with Eligibility higher than zero in the form for submission of the Bid:

- the list of the Auction blocks with information about possibilities of the bid price for the Auction round in question, and about the Highest bid holder (without identification of the Highest bid holder);
- current Eligibility point score for the Auction round in question;
- Activity point score of the Bid;
- information about amount of the minimum Activity for the Auction round;
- number of applicable absence options;
- bid prices for each Auction block and total price of the prepared Bid in the Auction round;
- information about errors (non-compliance with the Rules) that prevents from submission of the current version of the Bid.

Detail description of the form will be available in the EAS user guide.

Following evaluation of each Auction round the Participant will have the following information provided about the course and results of the Auction round in the report:

- summary of the Bid submitted by the Participant in the Auction round;

- summary of all Auction blocks for which the Participant currently holds the Highest bid and prices of the Auction blocks;
- summary of the Auction blocks for which Participant submitted the Bid in the Auction round and where it did not become the Highest bid holder;
- the Participant's Eligibility point score at the beginning and end of the Auction round;
- possible absence of the Participant at the beginning and end of the Auction round;
- summary of all Auction blocks with information about the Highest bid holder (without identification of the Highest bid holder), current price of the Auction block (the Highest bid or minimum price), and total Activity point score for all Participants of the auction for the Auction block in the Auction round;
- total Activity point score for all Participants of the auction in the Auction round;
- total Eligibility point score for all Participants after the conclusion of the Auction round, valid for the next Auction round;
- information about potential conclusion of the auction cycle and increase of the minimum Activity for the next Auction round.

The Participant who fails to submit a Bid in the first Auction round or the Participant rejected from the Auction according to chapter 6 of the Opening shall have access to the EAS denied including access to all information given above.

5 ALLOCATION OF THE FREQUENCIES

For maximum efficiency of allocation of the obtained frequencies the Office assumes so that the Winners of the auction that gets the Auction blocks, agree on allocation of the abstract Auction blocks to each specific sections of the radio frequencies defined within the subject of the tender in chapter 6 of the Opening.

The distribution of the sections of the radio frequencies must consider the rule of integrity of the frequency allocations. The rule of integrity ensures maintenance of the spectrum continuity assigned to each Allocation holders in the frequency band as well as continuity of free frequencies not allocated in the tender.

The procedure of distribution of the frequency sections based on the principle of openness, transparency, and non-discrimination shall be implemented according to the following rules:

1. The Winners of the auction shall have an opportunity to agree among each other within 1 month of conclusion of the Auction phase on distribution of the sections of the radio spectrum that is the subject of the tender. The agreement should be made by all Winners of the auction freely and only in order to distribute the sections of the radio frequencies. The Office must receive within the deadline mentioned above the agreement on distribution of all frequency sections offered in this tender (except for the sections that correspond to the abstract Auction blocks not obtained by any Participant in the Auction phase) confirmed in writing by all Winners of the auction;
2. The Office shall accept the agreement of all Winners of the auction if it is obvious that the proposed distribution of the frequencies does not violate the integrity principle defined in the second clause of this chapter 5 of the Rules;
3. Should no agreement on distribution of the radio frequencies of all Winners of the auction be submitted to the Office within the deadline specified in the first clause of this chapter 5 of the Rules, the frequency sections will be distributed so that a draw shall be made to order the Winners and the frequency sections shall be allocated to them in this sequence in ascending order from 3,600MHz by the range of the radio frequencies obtained in the Auction phase.

6 REJECTION OF THE APPLICANT FROM THE AUCTION

In the course of the Auction the Applicant may be rejected from further participation in the tender according to the conditions in chapter 8 and 11 of the Opening.

Should the rejection take place in the course of distribution of the frequencies, the Office shall decide about the next steps and where the rejected Applicant is winner of the auction, the Office may upon its discretion either continue in distribution of the frequencies without participation of the rejected Applicant or decide about repeating of the Auction phase or cancellation of the tender.

7 CONCLUSION OF THE AUCTION

The Office shall inform all Applicants about conclusion of the Auction and distribution of the radio frequencies to the Winners in the form of notification about conclusion of the Auction delivered to all Applicants. The Office shall also publish the notification on conclusion of the Auction on the Office's website.

This notification shall contain the following information:

- a) identification of the Winners;
- b) identification of sections of the radio spectrum obtained by the Applicants - Winners of the auction;
- c) prices for all sections of the radio spectrum frequencies allocated in this tender;
- d) list of the sections of the radio spectrum frequencies where no allocation took place;
- e) list of Participants in the Auction who failed in winning the radio frequencies.