

CLARIFICATION IN RESPONSE TO QUERIES RELATING TO THE AUCTION OF 3G SPECTRUM RIGHTS (2010)

IMPORTANT NOTICE

Terms and expressions used in this document ("Clarification") are as defined in the Auction Rules relating to the Auction of 3G Spectrum Rights (2010) released by IDA on 3 September 2010.

This Clarification sets out IDA's response to the queries submitted by the industry relating to the Auction. This Clarification is for informational purposes only and does not form any part of the Auction Rules or the Information Memorandum. Nothing in this Clarification shall be construed as imposing any binding legal obligation on IDA.

This Clarification is not intended to form any part of the basis of any investment decision or other evaluation of any decision to participate in the Auction and should not be considered as a recommendation by IDA or IDA's advisers to participate in the Auction. Each interested person must make its own independent assessment of the potential value of a 3G Spectrum Right (2010) after making such investigation as it may deem necessary.

While the information contained in this Clarification is believed to be accurate as at the time of posting on IDA's website, neither IDA nor any of IDA's advisers nor any of their respective directors, partners, officers or employees make any representation or warranty (express or implied) nor have nor will have any responsibility or liability in relation to the accuracy or completeness of the information contained in this Clarification or any other written or oral information made available to any interested person or its advisers. Any responsibility or liability in respect of any such information or any inaccuracy in this Clarification or omission from this Clarification is expressly disclaimed.

Each recipient of this Clarification should consult its own professional advisers as to financial, legal, tax and other matters concerning any potential participation in the Auction or any grant of a 3G Spectrum Right (2010).

Rollout and Use Requirements

Q1. Please clarify if there are any restrictions imposed on the “use” of the 3G Spectrum e.g.:

1. Must it be used to provide commercially available 3G services to the public?
2. Can the spectrum be used on a separate network that does not require interconnection with some or all of the existing 3G operators?

IDA’s Response: The 3G spectrum may only be used for the operation and provision of 3G systems and services. New entrants will be required to provide nationwide, publicly available 3G services within 2 years from the date of grant of the 3G Spectrum Right (2010). Existing 3G operators are required to put the spectrum to use for the provision of publicly available 3G services within 1 year from the date of grant.

Q2. Please clarify the definition of “publicly available”. Specifically, must “publicly available” be “commercially available” too?

Q3. Please clarify the definition of “end-users”. Specifically, can it be limited to a specific group or restricted group of “end-users”?

IDA’s Response to Q2 and Q3: The terms “publicly available” and “end-users” mean for commercial subscription or trial use by any member of the public, be it business/corporate users or residential/individual users.

Q4. Please confirm that any new entrant must also provide “publicly available 3G telecommunication services to end-users”, using the Assigned Radio Frequency Spectrum, within 12 months from the date of grant.

Q5. Please clarify if new entrants would be required to provide commercially available 3G services to the public/end-users within 1 year from the date of grant. If not, please clarify the policy rationale for the different licensing requirements from existing 3G operators.

IDA’s Response to Q4 and Q5: As stated in IDA’s Decision on the allocation framework for the 3G spectrum made available in this auction, new entrants granted a 3G Spectrum Right (2010) are required to provide nationwide, publicly available 3G services to end-users within 2 years from the date of grant of the 3G spectrum, failing which IDA reserves the right to recover the spectrum without compensation.

Q6. How would a new entrant be deemed as having achieved a nationwide 3G network? Is this the same requirement as the one used for existing 3G operators? If not, please clarify the differences and the policy rationale for the differences.

IDA’s Response: IDA will use the same measurement criteria of “at least 95% of street-level 3G radio coverage on the island of Singapore, using a signal strength of $\geq -100\text{dBm}$ ” to determine if a new entrant has achieved nationwide coverage. This is consistent with the approach used for existing 3G operators.

Q7. Please clarify the penalty for failure to meet the nationwide 3G network rollout obligation.

IDA's Response: IDA reserves the right to recover the spectrum without compensation from parties who fail to meet the rollout and/or use obligation of the 3G Spectrum Right (2010) within the duration stated in Paragraph 13.6 of the Information Memorandum. Failure to meet the nationwide rollout obligation also constitutes a breach of the 3G FBO Licence condition, for which IDA may impose a financial penalty on the licensee in accordance with Section 8 of the Telecommunications Act.

Q8. Please clarify if the new entrants would be subject to the same 3G Quality of Service ("QoS") requirements or specific performance criteria (e.g. minimum signal strength, data rate etc.) as existing 3G operators. Must the new entrants fulfil these obligations by the end of 2 years? If not, please clarify the different requirements imposed and the policy rationale for these differences.

IDA's Response: New entrants will be required to comply with the QoS requirements for 3G services within 2 years from the date of grant of the 3G Spectrum Right (2010), unless exempted by IDA.

Spectrum Trading

Q9. The Information Memorandum states that IDA will not permit the trading of spectrum rights allocated in pursuant to the grant of a 3G spectrum right in this auction for a period of 12 months from the effective date of the 3G spectrum right, except where parties granted a 3G spectrum right are mutually swapping their 3G spectrum, without monetary compensation, to enhance efficiency and usage, subject to IDA's approval. Should parties wish to swap their 3G spectrum, we seek IDA's further clarification on the process and regulatory conditions that it would likely adopt to allow swapping of 3G spectrum.

IDA's Response: Under the Telecommunications (Radio-communication) Regulations, no assignment of or dealing with all or part of the rights and privileges granted under a spectrum right shall take effect until IDA grants its written approval. Further, such assignment or dealing is subject to such conditions as IDA may generally or specifically impose. Parties who wish to swap or trade their 3G spectrum are therefore required to submit a written application for IDA's approval. The application must be signed by all parties involved and should be accompanied with the relevant information and details about the assignment or transfer of spectrum right which would assist IDA in coming to a decision. Such information would include, but not be limited to, (i) details of the assignment or transfer which is to be effected; (ii) the date by which the assignment or transfer would be completed; (iii) a description of the system or services that may be affected by the assignment or transfer; (iv) business and/or technical reasons for the proposed swap or trade; and (v) the measures that would be adopted by parties involved to minimise any impact or disruption of service arising from the assignment or transfer. Based on the information submitted, IDA will assess the application for approval, and notify the parties involved of IDA's decision if no further information is required. If IDA

approves the spectrum assignment or transfer, IDA will also inform the parties of the conditions (if any) that IDA may impose and the actions IDA proposes to take to give effect to the assignment or transfer. Once the spectrum assignment or transfer has been effected, IDA will notify the industry.

Q10. We note the following restrictions for swapping of 3G spectrum:

1. it has to be mutually agreeable; and
2. without any monetary compensation

Other than the above, please clarify if there are any other requirements or restrictions for mutual swapping of 3G Spectrum Right (2010). If so, what are these?

IDA's Response: Please see IDA's response to Q9 above.

Q11. What are the information needed for operators to submit the request for spectrum swapping (at no cost) for IDA's approval? Since both parties are mutually agreeable to the swap, is there a need for operators to provide further justifications that the swap "achieves an efficient use of the Assigned frequency"? If so, please provide the list of criteria that IDA would use to assess "efficient use". Otherwise, we propose the deletion of "in order to achieve an efficient use of the Assigned Radio Frequency Spectrum".

IDA's Response: Please see IDA's response to Q9 above.

Q12. Will the IDA intervene to assess the merits of spectrum swapping if mutual agreement cannot be reached?

IDA's Response: IDA will not intervene to require spectrum swapping if a commercial arrangement cannot be found.

3G Spectrum Rights (2010)

Q13. The information memorandum states that the reserve price for each 3G spectrum lot is S\$20 million, which is inclusive of the applicable Goods and Services Tax ("GST"). Should there be an auction, we seek IDA's confirmation that any successful bid price for a 3G spectrum lot will also be inclusive of GST.

IDA's Response: IDA confirms that the successful bid price for a 3G spectrum lot, should the auction proceed, will be inclusive of the applicable GST.

Q14. The current statement 1.2 of Section C in the Information Memorandum does not appear to cover the scenario where Bidders from SingTel Group, StarHub Group, or M1 Group can submit a bid of less than two 3G Spectrum Lots. Please review and clarify.

IDA's Response: IDA clarifies that statement 1.2 of Section C in the Information Memorandum should read "In the case of a Bidder which is a member of the SingTel Group, StarHub Group or M1 Group, it is allowed to submit a bid for up to two 3G Spectrum Lots only. For other Bidders, there is no limit to the number of 3G Spectrum Lots that they may submit an Initial Offer for." (*emphasis added*)

Pre-Auction

Q15. In relation to Section 2.4.1(b) of the Auction Rules, please confirm that either a letter from a representative of the Applicant / Bidder confirming the appointment of the Authorised Representatives; or a letter from the CEO of the applicant / bidder confirming the appointment of the Authorised Representatives, will suffice.

IDA's Response: Yes, a letter from either the CEO or a senior management representative of the Applicant / Bidder confirming the appointment of the Authorised Representatives would suffice as documentary evidence of the appointment of each of such Authorised Representatives as a person having authority to act alone on behalf of, and bind, the Applicant / Bidder in the Auction.

Q16. In relation to Section 2.6.2(a) of the Auction Rules, what allocation plan(s) would the IDA propose? What are the criteria for the "closest fit"? Will all Bidders be informed of which lots have been allocated to which Bidder? What would be the expected timeline from the date of the Initial Offer when IDA is expected to exercise this clause?

Q17. Please clarify the basis for IDA's evaluation of the "closest fit" allocation. What are the key aspects that IDA would look for and in which order of priority?

IDA's Response to Q16 and Q17: If IDA proposes an allocation plan(s) in accordance with Section 2.6.2 of the Auction Rules, IDA will, in proposing the allocation plan(s), inform Bidders of the processes and procedures related to the allocation plan(s). This will include the basis on which IDA will determine the 'closest fit' where relevant, whether Bidders will have knowledge of the lots assigned to other Bidders, the timeframes for responding to IDA with the Bidders' decisions on whether they accept the allocation plan(s), and other relevant information. In such a situation, IDA will seek to provide Bidders with reasonable timeframes to consider the proposed allocation plan(s), and seek to announce whether an Auction will proceed by 18 October 2010.

Q18. Would IDA propose more than one allocation plan?

IDA's Response: In the event where IDA proposes an allocation plan(s) in accordance with Section 2.6.2 of the Auction Rules, IDA may propose one or more allocation plans at IDA's discretion. IDA will provide more details on the procedures and processes of the allocation framework to the relevant Bidders if the spectrum lots are to be allocated.

Q19. Auction Rule 3.9 indicates that all bidders are to submit the list of additional three (3) representatives for attending the Information Session by 4 October 2010 (by the date of Initial Offer and Application Form submission date). Please confirm whether the bidder can submit the list of additional 3 representatives after 4 October 2010 and if so, please indicate the deadline by which the bidder must submit the details of these 3 representatives.

IDA's Response: Bidders should submit the names and identity card/passport numbers of additional representatives (who are not Authorised Representatives) for

attending the Information Session as a separate annex to its Initial Offer Document by 4 October 2010. However, Bidders may replace any of the representatives identified in such list at any time prior to the commencement of the Information Session upon written notification to IDA submitted in accordance with Section 17.1 of the Auction Rules. Such notification must identify the representatives (by their respective names and identity card/passport numbers) whom the Bidder wants to replace, and provide the names and identity card/passport numbers of the representatives to be appointed in replacement thereof.

Q20. Please clarify the reason for the long duration between the announcement of Applications received and the announcement of whether IDA will award the Spectrum Rights at Reserve Price.

IDA's Response: Depending on the Applications received, IDA will determine if the Auction will proceed, or if the Auction will not proceed in accordance to paragraph 2.6.1(b) or 2.6.2(a) of the Auction Rules. In the case where the Auction does not proceed in accordance to paragraph 2.6.2(a), IDA will require the duration to propose an allocation plan(s) and secure the responses from the Bidders.

Bidder's Notifications

Q21. If a Bidder discovers an error after submitting the "Confirmation", can the Bidder make any changes to the submission? If so, please clarify how can this be done? E.g. Can a Bidder submit both a Valid Bid and a Withdrawal for the same lot within the same Round?

IDA's Response: No, Bidders will no longer be able to modify their bids once the bids are submitted and confirmed. IDA will schedule an Information and Training Sessions in the event that the Auction proceeds to allow bidders to familiarise themselves with the Auction System.

Q22. If the Bidder successfully submits the notification but fails to confirm the notification due to technical glitches, please clarify the process for Bidder to seek help or adopt alternative measures or raise the issue for temporary "pause" of auction.

IDA's Response: The process to deal with "technical glitches" that may prevent a Bidder from submitting and/or confirming its notification in a round will depend on the nature of the technical glitches. IDA will provide more details on the procedure to follow in the event of a technical glitch during the Information and Training Sessions if the Auction proceeds.

Q23. Can the Bidder make any change to its submission between the "submission of notification of Bid" and the "confirmation of Bid" stage? If so,

1. How can this be done?
2. Are multiple changes allowed as long as it is within the time limit or is there any limit on the number of times a Bidder can make these changes?

IDA's Response: Bidders will be able to make multiple changes to their Bid after the Bid is "submitted" but prior to "confirmation" of their Bid, subject to the time limit in each Round. More details on the Auction System will be provided at the Information and Training Sessions if the Auction proceeds.

Q24. Will the system provide any "error notification" if the Bidder submits a bid that is not within the Minimum/Maximum range set by IDA? If not, what happens to the Bidder's Eligibility Point if an invalid Bid was submitted due to error in entering?

IDA's Response: The Auction System will not accept bids that are not between the Minimum and Maximum Bids specified for a lot during a Round. IDA will provide more details on the auction procedures during the Information and Training Sessions if the Auction proceeds.

Standing Highest Bid

Q25. If a Bidder has the Standing Highest Bids for two (2) lots (e.g. A and B) and decides to bid for lots B and C in the next round, does the Bidder submit:

1. One (1) Withdrawal and one (1) Valid Bid for Lot C; or
2. Two (2) Valid Bid for lots B and C?

If a Bidder changes a bid to another lot, is this considered a Withdrawal?

IDA's Response: If a Bidder holds the Standing Highest Bid for Lot A and Lot B at the end of a Round but decides to bid for Lot B and Lot C in the following Round, the Bidder M must submit in the following Round:

- (i) a Withdrawal in respect of its Standing Highest Bid for Lot A; and
- (ii) a Valid Bid for Lot C.

The Bidder does not need to submit a Valid Bid for Lot B in the following Round as it already holds the Standing Highest Bid for Lot B unless the Bidder intends to raise its own bid. To clarify, a Valid Bid submitted for a lot in a Round must be a bid amount that is higher than the Standing Highest Bid for the lot at the end of the previous Round. For the avoidance of doubt, the Activity Level of the same Bidder in the following Round equals 2 whether or not it raises its bid in that Round (i.e. whether or not it submits a Valid Bid for Lot B in that Round).

If a Bidder wishes to change its bid from one lot to another, the Bidder only needs to submit a Withdrawal from the first lot if it is the Standing Highest Bidder for that lot in the Round. For illustration, say a Bidder submitted a Valid Bid for Lot A in Round 1 and wishes to bid for Lot B instead of Lot A in Round 2, the Bidder only needs to submit a Withdrawal in respect of Lot A if it is the Standing Highest Bidder for Lot A in Round 2 (i.e. its Valid Bid for Lot A in Round 1 was the Standing Highest Bid at the end of Round 1). If it is not the Standing Highest Bidder for Lot A in Round 2, it does not have to submit a Withdrawal in respect of Lot A if it chooses not to bid for Lot A in Round 2.

Q26. If 2 bidders (e.g. Bidder A and Bidder B) submit the same Valid Bid for the same lot in a round, only one Bidder (e.g. Bidder A) will be randomly determined by the Auction Software System to have the Standing Highest Bid.

1. Can both Bidder A and Bidder B “hold” their valid bid for the following round?
2. If both Bidders A and B can hold their bid for the following round, would the Auction Software System go through another round of random selection for the Standing Highest Bid/Bidder or will Bidder A remains as the default Standing Highest Bidder?
3. If not, can Bidder B move on to submit a valid bid for another lot without any withdrawal penalty since Bidder B was not selected as the Standing Highest Bidder? What should Bidder B do to move on to another lot? Must Bidder B submit a withdrawal from this lot before it can submit a valid bid for another lot?

IDA’s Response: In the event that both Bidder A and Bidder B submit identical highest Valid Bids for the same 3G Spectrum Lot in a Round, the Auction System will randomly determine one of these bids to be the Standing Highest Bid. Bidders will be informed by the Auction System of the lots for which they are the Standing Highest Bidder at the start of every Round. If a Bidder is not the Standing Highest Bidder for a lot in a Round, it is not required to submit a Withdrawal in respect of that lot in that Round.

For illustration, if both Bidder A and Bidder B submit identical Valid Bids for Lot C in Round 1, and Bidder A’s Bid is determined to be the Standing Highest Bid, Bidder A may choose to “hold” its Standing Highest Bid in Round 2, i.e. Bidder A is not required to submit a Valid Bid for Lot C in Round 2. Bidder B will need to put in a Valid Bid for Lot C in Round 2 in order to contest for Lot C. If Bidder B chooses not to contest for Lot C in Round 2, it does not need to submit a Withdrawal in respect of Lot C since it is not the Standing Highest Bidder for Lot C in Round 2.

Q27. If a Bidder is the Standing Highest Bidder for a particular lot, will the Bidder be expected to submit any notification/confirmation to the Auction Software System in order to “hold” its Standing Highest Bid(s) for the following round(s)?

IDA’s Response: If a Bidder is the Standing Highest Bidder for a particular lot in a Round and wishes to hold its Standing Highest Bid for the following Round at the same bid value, the Bidder is not required to submit and confirm a new bid with respect to that lot. The Bidder will remain as the Standing Highest Bidder at the end of the following Round if there are no other Valid Bids submitted during that Round. Alternatively, the Bidder may also raise its own bid by submitting a Valid Bid of a higher value in the following Round.

Q28. If a Bidder is not the Standing Highest Bidder for a particular lot, what must the Bidder do to abandon this lot and bid for another lot? Must a Bidder:

1. submit a withdrawal first in the following round (eg. Round 2) before it can submit a valid bid for another lot in the next round (ie. Round 3); or
2. submit both withdraw and a valid bid for another lot in Round 2?

IDA’s Response: If a Bidder is not the Standing Highest Bidder for a particular lot, the Bidder does not need to submit a Withdrawal for that lot in order to bid for another lot in the next Round. To illustrate, if a Bidder submits a Valid Bid for Lot A in Round 1 but its bid is not the Standing Highest Bid at the end of Round 1, the Bidder may choose to remain in contest for Lot A in Round 2 by submitting a Valid

Bid of a higher value. Alternatively, if the Bidder prefers to bid for Lot B instead, it may choose to submit a Valid Bid for Lot B.

Q29. In relation to Section 7.3.3 of the Auction Rules, please confirm if this means that the Bid not selected by the system to have offered the Standing Highest Bid will not be considered therefore that Bidder will have to submit another higher Valid Bid in the next round to remain in contention for that Lot.

IDA's Response: Yes, in the event that more than one Valid Bids of the same highest bid was received for a 3G Spectrum Lot during a Round, the bid that was not selected by the System as the Standing Highest Bid at the end of the Round will not be considered as the Standing Highest Bid for that 3G Spectrum Lot and the relevant Bidder will have to submit another higher Valid Bid in the next round to remain in contention for that 3G Spectrum Lot.

Q30. In relation to Section 7.6.1(b)(ii) of the Auction Rules, please clarify what is the "maximum" Standing Highest Bid? Would withdrawn Standing Highest Bids be considered in the determination of "maximum" Standing Highest Bid?

IDA's Response: The maximum Standing Highest Bid for a lot is the highest of all Standing Highest Bids received for that lot in any preceding Round, and would include withdrawn Standing Highest Bids previously submitted for that lot.

Conduct of Auction

Q31. We note that each Bidder is entitled to 2 Waivers and 2 Withdrawals during the Auction. If the Bidder only submits one Valid Bid during the 1st round, please clarify if the Bidder is still entitled to 2 Waivers and 2 Withdrawals for subsequent rounds.

IDA's Response: Yes, each Bidder is entitled to 2 Waivers and 2 Withdrawals at the beginning of the auction irrespective of the number of Valid Bids submitted in the 1st Round.

Q32. If a Bidder submits an Initial Offer for only one lot and thus has to put in a Valid Bid for the same lot in Round 1 of the auction, will the Bidder be able to bid for other lots in the following rounds and how many lots would it be allowed to bid for?

IDA's Response: In the event that a Bidder submits only one Valid Bid for a lot in Round 1 in compliance with its Initial Offer Document, the Bidder's Eligibility Points will be reduced to one for the following Rounds. If the Bidder is the Standing Highest Bidder for that lot at the end of Round 1, it will have to withdraw his Standing Highest Bid with respect to that lot in Round 2 in order to bid for another lot. Please note that a Bidder's number of Eligibility Points cannot be increased during the Auction.

Q33. What would be the Minimum Bid of a 3G Spectrum Lot if the Standing Highest Bid for the lot has been withdrawn?

IDA's Response: IDA will decide on the Minimum Bid level, which will be no less than the Reserve Price and not more than the maximum Standing Highest Bid in relation to that 3G Spectrum Lot in any preceding Rounds.

Q34. Can a Bidder's Eligibility Points fall below one?

IDA's Response: A Bidder with no Eligibility Points to bid in subsequent Rounds will be deemed to have retired from the Auction. Please note that holding a Standing Highest Bid will be deemed to be having an Activity Level of one, and as a result, retaining one Eligibility Point.

Q35. What are the necessary actions a Bidder has to perform after submitting a Withdrawal?

IDA's Response: Bidders will have an Eligibility Point freed up by the Withdrawal, and will have to exercise that Eligibility Point by submitting a Valid Bid for another lot. Otherwise, the Bidder's Eligibility Points will be reduced in the following Round unless it exercises a Waiver in that Round.

Exclusion/ Exit

Q36. Please clarify if a Bidder with Eligibility Points and no Standing Highest Bids can exit or retire from the Auction at any time. If so, how does the Bidder do this? Please also clarify if there are any penalties or fees payable for doing this (other than any applicable Withdrawal Penalty if the Bidder has previously been deemed as Standing Highest Bidder)?

IDA's Response: No, a Bidder may not exit or retire from the Auction at any time. A Bidder will be deemed to have retired from the Auction with effect from the end of a Round after which the Bidder has no Eligibility Points to bid in subsequent Rounds. Except for Round 1, the Eligibility Points of a Bidder shall be equal to the Bidder's Activity Level in the previous Round unless the Bidder had exercised a Waiver in the previous Round.

IDA also clarifies that Waivers may be exercised under two circumstances: (1) when a Bidder explicitly chooses to exercise a Waiver during a Round, and (2) when a Bidder has failed to confirm the submission process specifying the Valid Bids, Withdrawals and Waivers that it wishes to submit for the Round, and its Activity Level is lower than its Eligibility Points for that Round, provided that the Bidder has not previously exercised all its available Waiver. Accordingly, IDA will replace Section 7.7.2 of the Auction Rules with the following:

"A Bidder has submitted a Valid Decision in a Round if it has confirmed the submission specifying the Valid Bids and Withdrawals (if any) submitted in the Round and (where applicable) whether to submit a Waiver. For the avoidance of doubt, a Bidder may choose to not submit any Valid Bids, Withdrawals or Waivers as part of the submission. A Bidder which before the end of a Round other than the first Round has not:

(a) submitted a Valid Decision in that Round; and

(b) previously exercised all its available Waivers in accordance with Section 7.7.1 or Section 7.7.2; will automatically be deemed to have exercised a Waiver in respect of that Round if that Bidder's Activity Level is less than its Eligibility Points for that Round."

Q37. Please clarify if Bidders would be notified of any Bidder deemed to have retired from the Auction or exited from the Auction at the end of each Round. Please also clarify if the identity of the retired/exited Bidder will be notified to the rest of the active Bidders.

IDA's Response: IDA does not intend to notify Bidders of the number and identity of Bidders who are deemed to have retired from the Auction or exited from the Auction at the end of each Round.

Auction Bidding Procedure and Requirements

Q38. Please clarify if representatives of the Bidder (other than Authorised Representatives) who are on Bidder's Disclosure List can be present in the bidding room to provide support to the Authorised Representatives. If so, are there any restrictions or limits imposed on the number of representatives?

Q39. Are there any restrictions or limits on the number of Authorized Representatives allowed for each bidding round or session?

Q40. Please clarify:

1. the role of the Auction Manager;
2. if the Auction Manager would be an IDA representative;
3. if only one username and password would be assigned to each Bidder;
4. if the password can be changed by Bidder for control/security purposes

Q41. Does the Auction System allow simultaneous log-in by Bidder's Authorized Representatives?

Q42. We note that an Auction Software System may be used. If so, please clarify if the auction would be conducted at the respective Bidders' offices as Bidders would need ample advance notification to prepare the necessary logistics/arrangements.

Q43. If the auction is conducted off-site at the respective Bidders' offices, please clarify if there would be an IDA representative at the respective Bidder's offices to oversee the smooth operation of the auction process or software system, e.g. in the event of technical issues, such representative would assist and serve as an independent witness to determine if an auction or a round should "restart" etc.

Q44. Please clarify the communication process for raising any technical issues or glitches encountered with the Auction System.

IDA's Response: IDA will provide more detailed instructions to Bidders on the processes relevant to the Auction, including the use of the Auction System and login accounts, the bidding procedure, the technical requirements, the location of the

Auction venue, and instructions on how each Bidder should communicate with IDA during the Auction, at the Information and Training Sessions and in the Instructions to Bidders if the Auction proceeds. IDA notes the need for Bidders to prepare the necessary logistics/arrangements and will endeavour to provide Bidders with the detailed instructions at least 2-weeks prior to the commencement of the Auction.

Bank Guarantee

Q45. The IDA has specified that the Bank's liability is the Guaranteed Amount, all interest (under Clause 12) and all expenses incurred for recovery or enforcement. The liability amount is not capped. We request that the IDA consider limiting liability to \$20M i.e. the value of the contract in line with standard business contracts.

IDA's Response: IDA maintains the requirement that the Bank's liability under the Bank Guarantee shall not exceed the aggregate of the principal sum of an amount equal to the Guaranteed Amount and all interests expenses incurred by IDA in connection with IDA protecting its rights under the Guarantee or seeking to recover or enforce any of the amounts owing to IDA by the Bidder under the Auction Rules, on a full indemnity basis.

Q46. The IDA has set a validity period of four (4) months for the Bank Guarantee of \$20M. Upon a successful bid, is the Bidder required to provide another Bank Guarantee? If so, please confirm the Bank Guarantee tenure and amount.

IDA's Response: IDA aims to complete the Auction and Provisional Award of the 3G Spectrum Rights (2010) within 4 months of the Application Date, during which the Bank Guarantee would still remain valid. In such instance, Bidders would not be required to provide an additional Bank Guarantee upon a successful bid.

Q47. The IDA indicated that the 360-day year is a bank rule however, 360 days is the market convention for US dollars whereas for Singapore dollars it is 365 days. Given that the Guaranteed Amount is in Singapore dollars, we request that the IDA use a 365-day year per market convention.

IDA's Response: IDA notes the Bidder's clarification and is agreeable to use a 365-day year as the basis for pro-ration of default interest and has amended clause 12 of the Bank Guarantee accordingly.

Q48. The IDA has set the default interest rate (which is ultimately borne by the Bidder) as 5% over DBS Bank's prevailing base rate which is far higher than the default interest rate the bank charges SingTel Mobile per the Letters of Offer. We request that the IDA consider lowering the default interest rate to a more reasonable rate of at most 2% over the bank's prevailing base rate.

IDA's Response: IDA will maintain the default interest rate as 5% over DBS Bank's prevailing base rate.

Q49. We request that the IDA include the following statement to the end of clause 6.4 to comply with the Association of Banks in Singapore (ABS) by-laws:

“Claims, if any, must be received by the Bank on or before the date falling one (1) month after the Guarantee Validity Period, failing which the Bank’s liability under this Guarantee shall automatically cease without the need for a written discharge or release signed by IDA.”

IDA’s Response: IDA understands that Section G of the ABS Byelaws (3 Sep 2007) provides that every bank guarantee shall bear an expiry date and a latest date by which claims must be made (which shall not exceed 3 months after expiry of the relevant guarantees). It may also be possible to provide for guarantees without an expiry date, in which case the guarantee should provide for an automatic renewal clause, and a service of 3 months’ notice to terminate the bank guarantee. IDA has considered the issue and will replace clause 6.4 of the Bank Guarantee with the following:

“This Guarantee shall remain valid until the expiry of a four (4)-month period commencing on the Application Date (“Guarantee Validity Period”). Claims, if any, must be received by the Bank on or before the date falling three (3) months after the Guarantee Validity Period.”

Please refer to the revised 3G Spectrum Rights (2010) Auction Appendix 3 – Bank Guarantee released on 24 September 2010.

Q50. We request that the IDA amend clause 17.2 (b) to only accept any notice, demand or communication via registered post for the security of both the bank and the bidder as fax is not an ideal means of communication in terms of security and authentication.

IDA’s Response: IDA will amend clause 17.2 of the Bank Guarantee to include registered post as an acceptable means of communication, but will retain fax as another possible means of communication. Clause 17.2(b) of the Bank Guarantee will be replaced with the following:

- “(b) registered post, and shall be obliged to effect the payment required under such a demand within three (3) business days of our receipt thereof;*
- (c) sent by fax, will be deemed received at the time of transmission (provided instantaneous confirmation of transmission is received by the sender),”*

Please refer to the revised 3G Spectrum Rights (2010) Auction Appendix 3 – Bank Guarantee released on 24 September 2010.