

## Answers to the questions to the text of “Invitation to tender for the award of the rights to use radio frequencies for providing a public communications network in the 800 MHz, 1800 MHz and 2600 MHz bands”

### Questions and answers to Chapter 1 List of definitions and acronyms

No.	Section referred to	Question	Answer
1-01	1	<p>If the same Highest bid for an Auction is submitted concurrently by two or more Auction Participants, the Auction Participant that submitted its bid earlier will become the Highest Bid Holder. In the event that the initial Highest Bid Holder makes use of the Highest Bid withdrawal right and none of the Auction Participants increases its bid for the given block, then the Highest Bid Holder for the given Auction Block will not be identified.</p> <p><b>Why does not the Participant who was the second to submit the same bid automatically become the Highest Bid Holder?</b></p>	<p>The auction principles described in the Invitation to Tender (hereafter referred to as “ITT”) do not admit such an automatic replacement of the highest bid holder. Such a principle would be in contravention of the existing rules of the auction.</p> <p>The described situation cannot occur within one auction round because each entity is allowed to place only one bid within one round and cannot change it during that round, once it is submitted. Hence, the highest bid may only be withdrawn in some of the subsequent auction rounds following the round in which the same bid for one block was submitted by more than one auction participant. In the given case, however, it is also impossible to apply the described automatic approach, because it would contravene the activity rules described in Section 7.6.1 of the ITT. In a given moment the auction participant who would thus automatically acquire the auction block would have used his eligibility points for another combination of auction blocks, and the acquired block would thus be beyond the scope of his current eligibility level, which is not permitted.</p>

### Questions and answers to Chapter 4 Subject matter of the tender

No.	Section referred to	Question	Answer
4-01	4.1.1 – 4.1.3	<p>In the tables specifying the blocks being offered – specifically in the tables contained in sections 4.1.1, 4.1.2, 4.1.3 – each block is indicated with a serial number (e.g. A1.1, A1.2 etc.), and for each block with its serial number a relevant radio frequency segment is determined in the third and fourth column. In this connection we would like to draw attention to the definition of the concept of “Auction Block” (No. 1), which says that “Where an Auction Block is defined as a real (concrete) block, a real (concrete) radio frequency segment is allocated to such a block ...”, which is the case of all the blocks defined in the tables concerned, where a frequency block is defined in the third and fourth column in EACH case with no exception. According to our opinion, this would be justified where the spectrum is a specific spectrum, typically blocks A1.1,</p>	<p>The ITT defines auction block categories some of which are real (concrete), i.e., having a specified radio frequency range (categories A1, B1 and B2), and others are abstract, i.e., without a specified radio frequency range (categories A2, B3, C and D). Defined for the first auction phase in these categories is only the number of blocks that are going to be offered in this phase. The result of the first phase of the auction will include the determination of the auction winners for the given abstract auction block category and the number of blocks won by the auction winner in this category, while the specific frequency segments acquired by the auction winner for these abstract blocks remain unknown. The specific (concrete) frequency segments for the abstract blocks will only be selected by the auction winners in the second phase of the auction.</p> <p>In the second auction phase the auction winners will select specific (concrete) frequency segments by the rules defined in Section 7.7 of the ITT:</p>

No.	Section referred to	Question	Answer
		<p>B1.1 and B2.1. If this approach is used with all other blocks, such blocks are also offered as specific block, to which A REAL (CONCRETE) RADIO FREQUENCY BLOCK IS ALLOCATED. Hence, in bidding for the given blocks (see examples in Appendix 4), the auction participant bids for blocks with a corresponding range, i.e., specific (concrete, located) blocks. However, in such a case there is no sense in holding a second phase of the auction, whose purpose is – in the case of a generic spectrum – to locate such a spectrum.</p> <p><b>What is the sense in organising the 2<sup>nd</sup> phase, if all blocks are offered as specific blocks? [For example, in Table 4.1.1 the A2.1 block is clearly defined as 796.0–801.0 downlink and 837.0–842.0 uplink, which means, in accordance with the “auction block” definition, a real (concrete) block, to which a real (concrete) radio frequency segment is allocated.]</b></p>	<p>on the basis of the number of blocks acquired in the given abstract block category, they will select a corresponding number of radio spectrum segments defined by means of the radio frequency spectrum identifier (in Section 4.1. of the ITT).</p> <p>For the sake of clarity, let us use the example shown in Appendix 4 to the ITT text – specifically for the 800 MHz band. There are two auction block categories in this band: A1 (real, concrete block) and A2 (abstract blocks). Auction winner Gamma acquired real auction block A1, i.e., he has had the certainty of a real radio frequency segment from the beginning of the auction. In accordance with the definition of the subject matter of the tender, based on Section 4, he obtained a block with identifier A1.1. The remaining auction winners distributed 5 abstract blocks A2 between themselves as follows: Alpha and Beta obtained 2 blocks each and Delta obtained one segment. As said, in the first phase of the auction these acquired abstract blocks do not bear specific definitions of frequency ranges, and it is only in the second auction phase that Alpha, Beta and Delta will choose identifiers of the A2.1, A2.2, A2.3, A2.4 and A2.5 segments from among the frequency segments defined in Section 4.1.1.</p>
4-02	4.1.1	<b>How will the Office proceed in a case where no applicant other than the existing mobile operators is interested in radio frequencies in the 800 MHz range? Did the Office also consider such a situation?</b>	The tender conditions neutral, without respect to the number and structure of applicants, and do not take into account any possible different course of the tender based on who (which entities) become applicants. According to the ITT conditions, the applicants – when submitting their applications – do not specify the frequencies they want to bid for. Hence, it will not be known before the commencement of the auction, whether any applicants want to apply for frequencies in the 800 MHz band or not. If they have sufficient eligibility points, applicants may change during the tender their strategy in relation to the frequencies they want to acquire.
4-03	4.2	<b>What price is to be paid by the auction winner for the D10 block? Is it going to be the starting price from the table in Section 4.2.?</b>	In accordance with Sections 4.1.3 and 7.2 of the ITT, only 9 blocks 5 MHz in size will be tendered for. Block D10 will not be subject to tender and will be allocated free of charge to the holder of the allocation of block D9.

#### Questions and answers to Chapter 5 Conditions and obligations related to the award of the right to use radio frequencies

No.	Section referred to	Question	Answer
5-01	5.1	As a new feature, the tender conditions (documentation) do not include Appendix No. 6 (Methodical procedure to address interference cases). At the workshop held on 10 July 2012 to settle comments from public consultation on the frequency auction, the Office stated that Appendix No. 6 would be published separately, once completed on	<p>At the workshop held on 10 July 2012, The Czech Telecommunication Office (hereafter referred to as “CTO”) representatives informed that:</p> <ul style="list-style-type: none"> <li>- The methodical document with information on the investigation of radio reception interference from the operation of broadband mobile network transmission equipment (“methodical procedure”) would not be attached to</li> </ul>

No.	Section referred to	Question	Answer
		<p>the basis of pilot operation and practical experience, and that reference will be made to it in the invitation to tender. Our company is expecting its DVB-T networks to be affected by interference from LTE networks soon and many consumers' DVB-T signal receivers are going to be so affected with a high probability. In this context, we would like to raise the following questions:</p> <ol style="list-style-type: none"> <li><b>1. Whether and when Appendix No. 6 is going to be exposed to professional public consultation;</b></li> <li><b>2. When is the Office going to make public the final version of Appendix No. 6;</b></li> <li><b>3. What will be the content of Appendix No. 6;</b></li> <li><b>4. Who (which entities) is to contribute to inputs for Appendix No. 6;</b></li> <li><b>5. How binding is Appendix No. 6 going to be, and how enforceable and controllable by the Office;</b></li> <li><b>6. Whether the Office newly considers supporting a solution to the issue of DVB-T x LTE interference and launching awareness campaign on this issue – like, for example, the Ofcom in the UK.</b></li> </ol>	<p>the ITT and would be published separately. This was done on 11 July 2012 (see:<a href="http://www.ctu.cz/cs/download/radiove_ruseni/postup_setreni_ruseni_radioveho_prijmu_provozem_lte_11_07_2012.pdf">http://www.ctu.cz/cs/download/radiove_ruseni/postup_setreni_ruseni_radioveho_prijmu_provozem_lte_11_07_2012.pdf</a> <a href="http://www.ctu.cz/cs/download/radiove_ruseni/methodical_procedure_interference_investigation_11_07_2012.pdf">http://www.ctu.cz/cs/download/radiove_ruseni/methodical_procedure_interference_investigation_11_07_2012.pdf</a>),</p> <ul style="list-style-type: none"> <li>- A trial to check the actual manifestations of interference with the LTE and DVB-T networks would be carried out by the CTO in the autumn of 2012. If the trial shows that the methodical procedure needs to be modified, the modification will be put out for public consultation.</li> <li>- Public consultation would be held on any other future modifications to the methodical procedure.</li> </ul> <p>Referring to the above, we give below our answers to the questions:</p> <ol style="list-style-type: none"> <li>1. The current version of the methodical procedure was publicly consulted upon during the public consultation on the ITT. Professional public will be consulted in respect of future modifications to the methodical procedure, if any. We expect this to take place in the 4<sup>th</sup> quarter of 2012.</li> <li>2. The final version of the methodical procedure has already been published. If modifications are necessary, the modified version would be published after public consultation.</li> <li>3. The current Appendix 6 contains the List of Districts in the Czech Republic and their distribution by the population density criterion. CTO's methodical procedure of addressing interference cases was published separately (see <a href="http://www.ctu.cz/cs/download/radiove_ruseni/methodical_procedure_interference_investigation_11_07_2012.pdf">http://www.ctu.cz/cs/download/radiove_ruseni/methodical_procedure_interference_investigation_11_07_2012.pdf</a>).</li> <li>4. Preparation of the methodical procedure is the responsibility of the CTO. To modify it, if necessary, the CTO will use information from all stakeholders. All stakeholders will have their say in the public consultation on the modifications, if any, to the methodical procedure.</li> <li>5. The methodical procedure and any modifications thereto will be based on the conditions set out in law (the Electronic Communications Act). The CTO will proceed in accordance with law and will enforce compliance with the statutory conditions to ensure that the identified cases of interference are resolved.</li> <li>6. The CTO will consider this suggestion, taking into account the results of the trial, which is being prepared.</li> </ol>
5-02	5.1.4 clause b) point 5	<p>We think that if CTU is going to regulate coverage it must also use its own digital model of the terrain surface. With respect to this, we consider this information unnecessary. Altitude above sea level [<i>not height above the ground</i>] is derived in planning tools in a standard manner from the terrain model on the basis of the BTS coordinates (which will be contained in the report).</p>	<p>In the coverage calculation tool used by the CTO, altitude will also be taken from the digital model of the terrain, used according to the text of the ITT. The CTO expects that the altitude indicated in the lists to be presented will be determined by means of the allocation holders' planning tools. Indication of altitude above sea level is required to make it possible to check whether the coordinates are correct and to maintain an overview independent of what</p>

No.	Section referred to	Question	Answer
		<p><b>1. What is the method by which the altitude will be measured?</b>  <b>2. Will CTO use its own model?</b></p>	is shown by the coverage regulation tool.
5-03	5.1.4 clause c)	<p>We understand that pilot operation in the 800 MHz band will primarily serve for the identification of interference issues. As follows from the text, stations in the pilot operation mode will not be included in coverage calculation.</p> <p><b>What is the method to measure coverage level in cases of identified interference due to which CTO orders to reduce power, thus inevitably reducing transmission speed in the region?</b></p>	<p>Included in coverage calculation will only be the stations in which the pilot operation has been finished, and will be so included with the technical parameters determined on the basis of pilot operation results.</p> <p>This is entirely without prejudice to the requirements for the achieved signal parameters and the minimum achieved transmission speed.</p>
5-04	5.3	<p><b>How to interpret the paragraph “If the applicant gains in this tender a radio frequency allocation in the 2600 MHz band and a radio frequency allocation in the 1800 MHz band outside the B1.1 frequency segment, then the development criteria in accordance with Chapter 5.3.3 shall be mandatory for the applicant’s entire allocation.”?</b></p> <p><b>If the auction winner gains frequencies in the 1800 MHz band in the B2 or B3 category and in the 2600 MHz band, such a winner may, in order to meet the coverage obligation in accordance with Section 5.3:</b></p> <p><b>i) also use the frequencies in the 1800 MHz band, which he gained before this tender; and</b></p> <p><b>ii) also use the frequencies in the 1800 MHz band, which he gained in this tender?</b></p>	<p>Section 5.3 defines the range of development criteria that are binding on the individual allocation holders arising from the tender.</p> <p>If an allocation holder arises from the tender who gains a smaller frequency segment(s) in the 1800 MHz band (category B2 and/or B3) and gains at the same time an allocation in the 2600 MHz band (category C and/or D) and does not acquire in the tender any other allocations (categories A1, A2 and B1), then the development criteria defined in Section 5.3.3 are binding on such an allocation holder.</p> <p>Compliance with the development criteria defined in this manner must be proved by the allocation holder by means of his own network using only the frequencies in the 2600 MHz band. Other parts, if any, of the allocation holder’s network using frequencies in the 1800 MHz band will not be taken into account for compliance with this obligation, irrespective of whether these frequencies were gained before or during this tender.</p>
5-05	5.3	<p>In accordance with Section 5.3., the allocation holder must start to provide commercial services within 2 years of the finality of the allocation.</p> <p><b>If an allocation holder holds frequencies in more than one band, does it mean that he must start providing services on a commercial basis using the frequencies in at least one of the bands he holds? Is it possible to use only a part of the allocation for the provision of commercial services?</b></p>	<p>The obligation to start the use of commercial services within two years applies separately for reach of the frequency bands acquired by the applicant in the tender. It is not absolutely necessary to use the entire width of the frequency allocation in the given band – hence, it is possible to use just a part of the frequencies allocated.</p>
5-06	5.3	<p><b>If the auction winner gains frequencies in more than one frequency band, how many allocations, or decisions on frequency allocation, will be awarded to him?</b></p> <p>It follows from Section 5.7.3. (3<sup>rd</sup> paragraph) that there will be a number of allocations; on the other hand, it follows from Section 5.3 (bullet point on the top of page 30) that there will be only one allocation, or one decision, comprising frequencies in all bands.</p>	<p>The Office will issue one decision on frequency allocation to each successful applicant. This decision will contain all the rights to use the radio frequencies as provided on the basis of the tender.</p>
5-07	5.3.2	<p><b>We would therefore like to make sure that the above solution,</b></p>	<p>If the conditions set out in Section 5.3 are met, the allocated frequencies can</p>

No.	Section referred to	Question	Answer
		<p>i.e., using part of the spectrum to be gained in the 1800 MHz band (what we have specifically in mind is the B1 block) for the provision of 2G services – provided that the conditions of the development criteria for 4G services are clearly fulfilled – will be accepted by the CTO with respect to compliance with the development criteria and that the use of part of the B1 block also for the provision of the 2G GSM services will not be automatically regarded by the CTO without further examination as failure to meet the development criterion under 5.3.2.</p>	<p>also be used for the provision of the 2G GSM services.</p>
5-08	5.7.1	<p><b>1. What is CTO going to do if an applicant is technically unable to enable a rightful claimant for national roaming to provide its own (rightful claimant's) value added services?</b></p> <p><b>2. Could you, please, specify in more detail the service of “access to the transmission capacity”?</b></p>	<p>1. In the event that the Office only examines compliance with the conditions of radio frequency allocation in relation to the national roaming obligation and the allocation holder raises the objection of technical impossibility of compliance with (part of) the obligation, the Office will make its decision on the basis of the relevant legal regulations and court decisions, if any, applying them to the circumstances of the given case. The Office's decision would also reflect the fact that the allocation holder already took on the national roaming obligation during the tender and therefore the allocation holder had to take this obligation into account in all his actions and decisions following after undertaking the obligation.</p> <p>2. The range of national roaming, undertaken by the rightful claimant through his national roaming obligation, is determined by the possibility to gain access to the basic voice and SMS services for his customers, using national roaming, and also by the possibility to provide data services and internet access services, using the transmission capacity of the national roaming provider. Hence, access to transmission capacity comprises, in particular, all network facilities necessary for the provision of the internet access services, data services and other value added services to the rightful claimant's customers through national roaming. The range of wholesale services using the transmission capacity of the national roaming provider should not limit the replicability of the services for the end users of the rightful claimant's services.</p>
5-09	5.7.3	<p>“Reference offer for national roaming for 4G networks and reference offer to fulfil the wholesale offer obligation – at the latest within 6 months of the day when the applicant started to provide commercial services through the communication networks to which access is provided within the obligation.”</p> <p><b>Could you, please, specify in detail the method to determine the 6 months period in a case where the applicant has already started to provide commercial services via the 4G communication network on the existing frequencies?</b></p>	<p>The 6 months period for making public the reference offer to fulfil the national roaming obligation for 4G networks and the wholesale offer obligation will be counted from the date of commencement of 4G commercial services using the radio frequencies acquired during the tender. Provision of 4G commercial services exclusively on the existing frequencies has no effect on how the period is determined.</p>

Questions and answers to Chapter 6 Rules and conditions of participation in the tender (qualification)

No.	Section referred to	Question	Answer
6-01	6.1.2 clause a)	<b>Could you, please, clearly structure the content requirements for the statutory declaration referred to in Section 6.1.2, clause a)?</b>	The statutory declaration should include all information referred to in Section 6.1.2, clause a) of the ITT and must meet all the formal requirements for a statutory declaration. The formal requirements must comply with legal regulations and with the purpose of the statutory declaration. In particular, a statutory declaration must be unconditional.
6-02	6.1.2 clause a)	With reference to Section 6.1.2 (a), the applicants should prove that their assets are not subject to insolvency proceedings as at the date of submission of the Application and have not been subject to such proceedings during the last three years by a statutory declaration. <b>In our country, there is no authorised office which issues this statutory declaration. In such case, is it allowed for the Applicant to issue the statutory declaration itself and submit the audited financial statements for the last three years to prove? If no, please provide us a solution. And in that case, if we only can get a statutory declaration as at the date of issue, how many days before the date of submission of the Application is acceptable?</b>	A statutory declaration or affidavit is the applicant's word of honour. This means that a statutory declaration made by the applicant as at the date of submission of the application is acceptable.
6-03	6.1.2 clause b)	<b>With reference to Section 6.1.2 (b), the applicants should prove that they are not winding up as at the date of submission of the Application by a statutory declaration. We only can get that statutory declaration from an authorised office in our country as at the date of issue. Thus, could you please tell us how many days before the date of submission of the Application is acceptable for issuing the statutory declaration? Could we provide the statutory declaration issued on 15 July 2012? If it is only acceptable as at the date of submission of the Application, could the Applicant issue this declaration itself? If no, please provide us the solution.</b>	No, a statutory declaration dated 15 July 2012 is not acceptable. The applicant must submit a statutory declaration made on the date of submission of his application, as set out in Section 6.1.2 b) of the Invitation to tender (ITT).
6-04	6.1.2 clause c)	<b>1. What is the scope of list banned from participation in public contracts as at the date of submission of the application? Is this list banned from participation in public contracts within the Czech Republic, in the country of the company's registered office or where else? 2. What does the concept "persons" mean? Does it mean a legal representative and mandated representatives of the Applicant or the Applicant as a company? 3. In our country, there is no authorised office which issues</b>	1. Entities from abroad (such as the inquirer) must be registered in the Companies Register in the Czech Republic, as required by the Commercial Code – for details see the answer to the question below, concerning the incorporation certificate (extract from the Companies Register). In the case of such entities, the statutory declaration should confirm that the applicant meets the conditions specified in Section 6.1.2 c) of the ITT both in the Czech Republic and in the country of the company's initial registered seat. As to the Czech Republic, the list of persons (individuals and legal entities) banned from participation in public contracting is based on Section 120a(2)

No.	Section referred to	Question	Answer
		<p><b>this statutory declaration. Therefore, shall it be issued by the Applicant itself? If not, please provide us the solution. And in that case, if we only can get a statutory declaration as at the date of issue, how many days before the date of submission of the Application is acceptable?</b></p> <p><b>4. If our interpretation above is not correct in respect of your requirements, please let us know how to make the "statutory declaration" comply with the rules and conditions of participation in the tender? Could the Applicant issue the statutory declaration itself and be responsible for the truth of the information?</b></p>	<p>of Act No. 137/2006 on Public Procurement and is available at: (<a href="http://www.portal-vz.cz/Information-System-on-Public-Contracts/Rejstrik-osobe-zakazem-plneni-verejnych-zakazek">www.portal-vz.cz/Information-System-on-Public-Contracts/Rejstrik-osobe-zakazem-plneni-verejnych-zakazek</a>).</p> <p>2. The concept of "person" comprises both legal persons (legal entities) and natural persons (individuals). The conditions set out in Section 6.1.2 c) of the ITT apply to the applicant as a company and thereby also to its representatives and other individuals.</p> <p>3. A statutory declaration issued by the applicant is acceptable.</p> <p>4. Yes, a statutory declaration issued by the applicant is acceptable.</p>
6-05	6.1.4	<p><b>Could you, please, specify more precisely the required format of the "bank's certificate" of having sent the relevant amount to CTO's bank account? (Banks do not have such a standardised document and the question therefore is about what kind of format will meet the requirement.)</b></p>	<p>It must be clear from the bank's certificate that the amount has been irreversibly debited from the applicant's account and sent to the Office's indicated bank account. This is without prejudice to the applicant's obligation to ensure that the full amount of the warranty is credited to the Office's account no later than as at the last day of the application submission period under Section 6.4.</p>
6-06	6.2.1	<p><b>What level of a certified translation into Czech is acceptable? Could it be certified by any authorised office in our country?</b></p>	<p>"Certified translation into Czech" means a translation made by a translator in accordance with Act No. 36/1997 on Forensic Experts and Interpreters. Forensic Experts and Interpreters are certified by Czech courts or the Ministry of Justice of the Czech Republic in accordance with Section 3 of Act No. 36/1997. The translation must contain the expert's or interpreter's signature and official stamp. Certification in the country where the company has its registered seat is not acceptable.</p>
6-07	6.2.1	<p>According to Section 6.2.1 the applicant should identify the information to be excluded from document inspection. We assume that this applies to information that may contain trade secret.</p> <p><b>1. If the applicant's determination of such information is not binding on the CTO, what will happen if CTO has a different opinion and wants to make public, against the Applicant's will, the information designated by the applicant as excluded from inspection?</b></p> <p><b>2. Will CTO first consult the applicant on this matter?</b></p>	<p>1. The information excluded from document inspection on the basis of Section 21(7) of the Act are the parts of the file where the inspection could affect the rightful interests of the applicants or jeopardise or frustrate the course or result of the tender. Hence, Section 21(7) of the Act can be applied to trade secret.</p> <p>2. If the Office arrives at the conclusion that materials designated as trade secret do not have the characteristics of trade secret, the matter will be communicated to the applicant concerned.</p>
6-08	6.2.2 a)	<p><b>Could our company provide the latest certificate of incorporation which was issued in March, 2012? If not, what are the other required documents?</b></p>	<p>No. The incorporation certificate must comply with Section 6.2.2 a) of the ITT, which requires this certificate to be issued no sooner than 90 days before the last day of the application submission period. An incorporation certificate of March 2012 would be outdated and, as such, unacceptable. Please, note that the Applicant must submit an incorporation document (certificate of registration of the company in the Companies Register), which was issued by the Companies Registry in the Czech Republic.</p>

No.	Section referred to	Question	Answer
			<p>Each applicant from abroad must meet the general business conditions in force in the Czech Republic as at the date of the submission of the application, as set out in Section 8(2) and Section 13 of Act No. 127/2005 on Electronic Communications and on Amendment to Certain Related Acts (the Act), as amended.</p> <p>The obligations of foreign entities are defined, in particular, in Section 21(4) of Act No. 513/1991, the Commercial Code. This provision says that: “A foreign person’s authorisation to carry on a business activity on the territory of the Czech Republic shall take effect on the date on which such a person or its organisational unit is registered in the Companies Register. Such a foreign person shall be authorised to carry on business activities within the scope of the business lines registered in the Companies Register. Application for registration shall be filed by the foreign person.”</p>
6-09	6.2.3	<p>We think that the impossibility of amendment to the application, as indicated in Section 6.2.3., is in contradiction with the provision of Section 6.7., according to which it is possible (after submission of the application) to make changes in it (correct or amend the application) upon CTO’s request.</p> <p><b>Hence, the question is what cases does the ban on amendments to the application, as stated in Section 6.2.3 apply to?</b></p>	<p>According to Section 6.2.3 of the ITT, no change initiated by the applicant is admissible after expiry of the application submission period based on Section 6.4. In accordance with Section 6.7 of the ITT, a change can be made to the application if the applicant is invited by the Office to do so. The Office may request the Applicant to explain, correct or amend in writing the information presented or the documents intended to prove compliance with the above requirements placed on the application. Hence, Section 6.7 of the ITT refers to complementing or correcting the required details rather than amending, or changing the application within the meaning of Section 6.2.3 of the ITT. After expiry of the application submission period in accordance with Section 6.4 of the ITT it is impossible to change the content of the application such as, for example, Point 1.6 of the application (see model form in Appendix 1 to the ITT) – the requested number of eligibility points. Correction of a flaw in the application within the meaning of the Rules of Administrative Procedure is not an amendment to the application.</p>
	6.3	<p>It is stated in Section 6.3 that the maximum number of eligibility points in the tender is 25. No further limits for the determination of the number of points are indicated in this context. The first paragraph of Section 7.6.1 lays down that “The activity of auction participants during the auction round is limited by the number of eligibility points available to the auction participant for the given auction round on the basis of the rules for spectral limits for the individual bands and on the basis of the minimum bid rules within auction categories C and D”. Under the second bullet point of Section 7.6.1 it is stated that “In the first round, the eligibility of the auction participant is based on the amount of the warranty...”</p> <p><b>Can each auction participant who has paid the warranty enter</b></p>	<p>Yes. If an auction participant pays the maximum amount of the warranty, i.e., CZK 250 million, he will enter the first auction round with the highest possible number of 25 eligibility points.</p>



No.	Section referred to	Question	Answer
		<b>the first auction round with 25 eligibility points?</b>	
6-11	6.3	<p>The Warranty must be deposited by direct debit and must be credited to the Office's account. According to regulations in force in our country, all corporations cannot transfer money abroad before getting license which is only issued after winning the tender.</p> <p><b>1. Therefore we suggest the Office to allow the Applicants to provide letter of bank guarantee instead of depositing money.</b></p> <p><b>2. Could our company mandate a partner to deposit warranty into the Office's account in order to be eligible to participate in the tender? If yes, which documents are required?</b></p> <p><b>3. If our company establishes a consortium with a partner, is our company eligible to participate in the tender if the warranty is transferred to the Office's account from our partner's account? If yes, which documents are required?</b></p>	<p>1. According to the laws in force in the Czech Republic, the conditions of the tender cannot be changed, once the tender has been launched. The conditions specified in the ITT do not allow using bank guarantee. The Office is not able to approve a bank guarantee as an alternative to financial warranty. A letter of bank guarantee is not an admissible alternative to financial warranty.</p> <p>2. Yes, deposition of a warranty by a third party on behalf of an applicant is possible on condition that the party making such a deposition declares expressly and clearly that the warranty is deposited in favour of the applicant for the purpose of the applicant's participation in the tender. Any documents that clearly prove this and comply with Czech law are admissible.</p> <p>3. This would depend on the specific circumstances of the case. This is difficult to judge because you do not indicate any details (the way the consortium is to be established etc.). Generally it is possible to deposit the warranty through a third party (see above).</p>
6-12	6.3	<b>Is there any limit for the total price that the Bidders can pay for the Auction Lots corresponding to the warranty that they have deposited?</b>	The amount of the deposited warranty puts no limits on the amount of the applicant's bid in the auction.
6-13	6.7 – 6.8	<p>Two lists are to be published in accordance with Sections 6.7 and 6.8: a list of the applicants (i) whose applications were found to meet the requirements; (ii) who meet the conditions of participation.</p> <p><b>When is the "(i) list" going to be published? Do we understand correctly that the "(ii) list" of applicants is identical with the list of applicants invited to the auction (which the CTO plans to make public on 10 October 2012)?</b></p>	<p>1. The list of the applicants whose applications meet all the requirements specified in Section 6.7 of the ITT will be prepared on the basis of an evaluation of compliance with the formal requirements on the application – points a) to c) in Section 6.7 (Czech language, signatures, attachments). This list will be published by the Office after completing the evaluation of how the above-mentioned formal requirements have been met.</p> <p>2. Yes, the list made public in accordance with Section 6.8 of the ITT is the list of the applicants that can take part in the auction.</p>

### Questions and answers to Chapter 7 Auction

No.	Section referred to	Question	Answer
7-01	7.2	<p>According to table 7.2., block D has the value of 0.5 activity points.</p> <p><b>What method is to be used to round off the number of activity points during the submission of bids if the auction participant does not want to have an even number of category D blocks? For example, if the participant has 4 active points (sufficient for 8 blocks of category D) and submits a bid for 7 blocks of category D, will the number of eligibility points be reduced for him for the subsequent auction round?</b></p>	The number of activity points is not rounded in the given case – if an auction participant were a holder of 4 eligibility points and would submit a bid for 7 blocks of category D, then the total number of activity points in the given auction round would reach the level of 3.5 points and, as a result, the number of eligibility points for the next auction round would be reduced to 3.5 points.

No.	Section referred to	Question	Answer
7-02	7.3	<p>During the auction, we will analyse in detail all information available within the Electronic Auction System ("EAS"). It is impossible to see from the available information whether special software is to be developed for data analysis. It is also unclear when exactly (on what particular date) detailed information (a manual) about the EAS will be made available to the auction participants, together with the EAS web site and the auction operator's contact data, including technical support. To develop and/or adjust a software tool for analysing data during the auction, we (and possibly other auction participants) would need to get, in particular, detailed information about the EAS as soon as possible (preferably 3 months before the commencement of the Auction phase, as described in Section 7.6 of the invitation to tender). In our opinion the most important point is to have detailed information about the possibility of direct export of the data from the EAS during the auction (complete history of the course of the auction, as recorded in the EAS) in digital form (e.g., an XML document).</p> <p><b>When and to what extent does the Czech Telecommunication Office plan to provide those interested in participating in the auction with the information referred to above, which is necessary for developing their own analytical tools for participation in the Auction phase?</b></p>	<p>The range of information to be available to the auction participants within the EAS was made public within the Auction Rules. Auction participants will be familiarised in detail with the user manual during the training session and during the subsequent test auctions. The dates of these tender phases will be published as indicated in the text of the Invitation to Tender (ITT). Nevertheless, the Office thinks they will be published after the application submission deadline (i.e., after 10 September 2012). The Office also declares that public information about the EAS user environment will be provided beyond the scope of the obligations indicated in the ITT in order to ensure that the auction participants are well prepared already before the date of the training.</p>
7-03	7.3	<p>As stated in the penultimate paragraph of Section 7.3., alternative means of communication can be used, such as fax or telephone.</p> <p><b>Where and when will the details (particularly the conditions of auction access authorisation) of using such means be shown?</b></p>	<p>All the processes and procedures to be used during the actions will be explained in detail to the auction participants during the training session, to which all auction participants will be invited.</p>
7-04	7.6	<p>It is stated in the Invitation to Tender that: "All auction participants will be informed about the commencement of each auction round at least 15 minutes in advance. Each round lasts 60 minutes, without prejudice to the provisions of the paragraphs below. An Auction Round will also be automatically terminated when the bids of all auction participants have been submitted or the auction participants used the absence rights according to Chapter 7.6.7. The decision to terminate the round in this manner will be notified to all auction participants through the Electronic Auction System".</p> <p><b>Can we understand from this that for the termination of an auction round there is not going to be any advance notice (at least 15 minutes in advance), as is the case with the beginning of each auction round?</b></p>	<p>In the event that an auction participant has not yet submitted his bid, he may adjust a pop-up window in the EAS as advance notice of the end of a round.</p>
7-05	7.6	<p><b>In which cases do the bidders lose their Eligibility Points? And how to calculate the point lost for those cases?</b></p>	<p>The procedure is described in Section 7.6.1: "In the event that the Auction Participant's activity in the given round is smaller than the number of</p>

No.	Section referred to	Question	Answer
			eligibility points for the given round, the number of Eligibility points for the next auction round is reduced to the level of the number of activity points in the given round. This rule will be eased during the courses of the first 3 auction rounds". The calculation is specified in the same Section 7.6.1.
7-06	7.6.1	<b>Are the determined mandatory levels of activity (1<sup>st</sup> round – 50% of eligibility points, 2<sup>nd</sup> round – 60% of eligibility points and 3<sup>rd</sup> round – 80 of eligibility points) the minimum levels for the respective rounds?</b>	Yes, these are the minimum activity levels for the given rounds.
7-07	7.6.1	<p>It is stated in the Invitation to Tender that: "In the event that the auction participant's activity in the given round is smaller than the number of eligibility points for the given round, the number of eligibility points for the next auction round is reduced to the level of the number of activity points in the given round. This rule will be mitigated during the first three auction rounds. The following mandatory activity levels will be specified for these rounds: 1<sup>st</sup> round: 50% of eligibility points, 2<sup>nd</sup> round: 60% of eligibility points, 3<sup>rd</sup> round: 80 of eligibility points). In the case of the necessity of rounding, the eligibility points should always be rounded down to the nearest integer."</p> <p>However, it is also stated in the same section of the Invitation to Tender that: "Should an auction participant fail to respect in these rounds even the reduced obligatory activity level, the number of its eligibility points will be reduced proportionately to the amount of obligatory activity points. If rounding is necessary, upward rounding is always applied – however, the resulting value must not exceed the initial value of eligibility points". <i>[This phrase was omitted by mistake in the English text of the Invitation.]</i></p> <p>The same contradiction in the method of rounding also exists in Appendix No. 4 – Auction Rules, Section 4.3.2 Activity Rules.</p> <p><b>Which rounding method is applicable in the above cases: upward or downward?</b></p>	<p>In this case, two different moments are defined at which rounding occurs: a) the moment of determination of the mandatory activity level in the first 3 auction rounds; b) the situation in which any of the auction participants fails to respect even the reduced mandatory activity level in these rounds, causing a proportionate reduction of his eligibility.</p> <p>In the first case the mandatory activity level will be rounded downwards (the auction participant may submit a bid with a smaller number of activity points). In practice this would mean, for example, that if an auction participant had 9 eligibility points at his disposal in the first round and the mandatory activity level for the first round was 50% of the points, then this participant's actual mandatory activity level would be 4 points (<math>50\% \times 9 \text{ points} = 4.5 \text{ points} - \text{rounded down to the nearest integer} = 4 \text{ points}</math>).</p> <p>In the case of failure to maintain the minimum activity level, the calculated value of the proportional reduction of the number of eligibility points will be rounded upwards (the number of eligibility points taken away from the auction participant will be smaller by this value). Let us return to the above example where the minimum level in the auction round is set at 4 activity points. If in such a situation the auction participant submitted a bid for only 3 activity points, his 9 eligibility points would be reduced at a ratio <math>\frac{3}{4}</math>, which is, after rounding, 7 eligibility points (<math>\frac{3}{4} \times 9 = 6.75 - \text{rounded up to } 7</math>). In this case the auction participant would lose 2 eligibility points.</p>
7-08	7.6.2	<p><b>1. What exactly will be the method and purpose of communicating the concurrent submission of the same highest bid by two or more auction participants?</b></p> <p><b>2. May the holder of the same highest bid change his highest bid in the given auction round?</b></p>	<p>1. In the case of concurrent submission of more than one highest bid, all auction participants that submitted the same bid for the same auction blocks will be informed about this situation after the end of the auction round (within the report on the results of the auction round). The auction participant who was the first to submit the bid will be identified as the highest bid holder, and will be informed about it in the report. The remaining auction participants who submitted the same bid for the given block will be informed that they did not become the highest bid holders, although they submitted the same bid. The purpose of this provision is to prevent ambiguity regarding the highest bid holder.</p>

No.	Section referred to	Question	Answer
			2. Such a case cannot occur in the auction because the auction participant will learn about the concurrent submission of the same bids during the auction round and will only be informed about it after the end of the round.
7-09	7.6.3	It is stated in the first paragraph of Section 7.6.3 that “The minimum scope of a bid within auction categories C and D is determined by the minimum number of auction blocks within the auction category that have to be comprised in the mandatory bid in each auction round”. <b>Is it right to suppose that the minimum scope (extent) of a bid within auction categories C and D must be contained in the mandatory bid in each auction round on condition that the participant does submit a bid for auction category C and D in the given auction round (i.e., if the participant does not want at all to submit a bid for auction category C and D in the given round, he should not submit any bid, not even to the minimum extent)?</b>	Yes, the minimum scope (extent) rule only applies to bids within auction categories C and D. If an auction participant submits a bid for these auction categories, then the minimum number of blocks he wants to bid for in these categories will be binding on him. This rule by no means implies that all auction participants must submit a bid for auction categories C and D in each round.
7-10	7.6.3	It is stated in the first paragraph of Section 7.6.3 that “The minimum scope of a bid within auction categories C and D is determined by the minimum number of auction blocks within the auction category that have to be comprised in the mandatory bid in each auction round. Compliance with the minimum scope (extent) of a bid will be automatically checked by the electronic auction system”. We believe that this provision, specifically the second sentence, contains formal mistakes. The correct wording should be ...” <i>[this comment only applies to the Czech text]</i> <b>Is the above formal correction of the text of the Invitation to Tender O.K., or should the wording of this text be different?</b>	A misprint in the Czech text of the ITT. The correct wording is: “The minimum scope of a bid within auction categories C and D is determined by the minimum number of auction blocks within the auction category that have to be comprised in the mandatory bid in each auction round. Compliance with the minimum scope (extent) of a bid will be automatically checked by the electronic auction system”. <i>[This explanation only applies to the Czech text (a redundant preposition)].</i>
7-11	7.6.3	It is also stated in the Invitation to Tender that: “This rule will be realised in the framework of the auction in such a manner that the auction participant will not be able to submit such a bid in the auction round that would not respect this rule. The checking of this rule will be provided automatically within the EAS”. Let us consider for illustration one of the possible cases. An auction participant submits a bid for 3 blocks of category D in the 10 <sup>th</sup> round of the auction. In the 11 <sup>th</sup> round this participant is a highest bid holder for only one block of category D. <b>Does this situation mean that the auction participant cannot in this case submit a bid not containing at least two additional blocks of category D, or cannot submit a bid even containing 3 blocks of category D at the minimum?</b>	This formulation means that if an auction participant decides to place a bid for category D, then in each round where the auction participant bids for blocks in category D the bid must comprise 3 blocks of category D within the sum of the blocks held and bidden for. In other words, this means that for auction category D the auction participant must realise at least 1.5 activity points in each auction round in which he bids for this category. In the given case this means that, in addition to the (one) category D block held, the auction participant must place a bid for another two auction blocks of category D.
7-12	7.6.3	It is also stated in the Invitation to Tender that: “When an auction	1. In such a case it will be altogether impossible to submit such a bid – if

No.	Section referred to	Question	Answer
		<p>participant is unable to meet the condition of the minimum scope (extent) of a bid in an auction round and at the same time it will have no right of absence through which the auction participant could pass to the next auction round irrespective of its failure to respect this rule, the EAS will automatically carry out the withdrawal of the highest bid in the auction blocks which do not fulfil the rule of the minimum scope (range) of the bid. The number of the highest bid withdrawal rights will be reduced by one unit".</p> <p>It is not clear from the text of the Invitation to Tender what happens if the auction participant tries to submit a bid which does not respect the minimum range of the bid in auction category C and D. It can only be implicitly assumed that the auction participant's entire bid is not realised in the given round (i.e., not only the bid in auction category C and D) and instead, the absence right is automatically applied in accordance with Section 7.6.7, provided that the auction participant still has any absence right left at the given moment. As to the case that the auction participant does not have any absence right under Section 7.6.7, it is only indicated in the Invitation to Tender that the EAS will automatically withdraw the highest bid in respect of the auction blocks that fail to comply with the rule of minimum extent of the bid.</p> <p><b>1. What exactly is the method by which a bid is not to be realised, if submitted by an auction participant who has tried to submit a bid that fails to comply with the minimum bid extent requirement in auction category C and D?</b></p> <p><b>2. Will in such a case the auction participant's absence right under Section 6.7.6 be automatically applied (if he still has any such right)?</b></p> <p><b>3. If the above assumption is correct: what will happen, if the auction participant does not have any longer the absence right under Section 7.6.7? Will in such a case the EAS automatically apply the right to withdraw the highest bid in respect of the auction blocks that fail to comply with the minimum bid extent rule?</b></p> <p><b>4. If a reduction (by one unit) of the highest bid withdrawal right is automatically applied, as described in the last sentence of section 7.6.3 of the Invitation to Tender, what will be the procedure of applying in such a case the rule described in the last sentence of Section 7.6.8 The Highest Bid Withdrawal Right, by which the auction participant's eligibility points corresponding to the withdrawn highest bid can be used by him</b></p>	<p>there is an attempt to place such a bid, the EAS will automatically notify the auction participant that the submission of such a bid is impossible because of the failure to comply with the rule of minimum bid extent in auction category C and/or D. If the auction participant fails for this reason to submit his bid in the auction round within the time limit, the procedure applied in such a case will be the same as in the case where the auction participant remains inactive within the time limit.</p> <p>2. Yes, in such a case the absence right under Section 7.6.7 will be automatically applied, if the auction participant has any.</p> <p>3. If an auction participant fails to meet the rule of minimum extent of the bid in auction category C and/or D and at the same time he fails to have any absence right left, then the highest bid will be withdrawn in accordance with Section 7.6.3 with respect to the blocks in auction categories C and/or D where the above rule is not met.</p> <p>4. In such a case the procedure will follow the activity rules defined in Section 7.6.1, according to which – when the highest bid is withdrawn – activity points are deducted in the given auction round with all consequences for the calculation of eligibility points for the next auction round. The rule described in Section 7.6.8 could only be used by the auction participant if he actively performed the highest bid withdrawal within the auction round.</p> <p>5. If an auction participant is the highest bid holder in category C or D, but has neither any absence right, nor a highest bid withdrawal right, the bid in respect of blocks in category C and/or D will be withdrawn in spite of this in accordance with Section 7.6.3. As to the example indicated under number 2) – i.e., submission of a bid not meeting the rule of minimum bid in category C and/or D – it will be impossible to realise such an example in the EAS.</p> <p>The principles of calculating the activity points are not affected by this example: if the auction participant is the highest bid holder in the given round, the activity will be determined on the basis of this fact; if in the given example the auction participant is not the highest bid holder in the given round, and does not submit any bid, then his eligibility falls to 0 with all consequences resulting from the text of the Invitation to Tender (ITT).</p>

No.	Section referred to	Question	Answer
		<p>for other blocks in the same round?</p> <p><b>5. What will happen in a case where an auction participant: is the highest bid holder in category C and D, but does not have any absence right, nor any highest bid withdrawal right, or is not the highest bid holder in category C and D and does not even have the absence right, and in spite of all this he attempts in such a case to submit a bid comprising as its part a bid in category C and D, which fails to comply with the minimum bid rule? Do such situations mean that the auction participant's entire bid will fail to be realised in such a case (the EAS will automatically reject it) and the auction participant will thus also lose all eligibility points (their number will fall to zero) intended for the next auction round?</b></p>	
7-13	7.6.7	<p><b>Could you, please, explain the situation, how and when the absence right would be realised if “the participant submits a bid which would mean for him a loss of eligibility in the next auction round”?</b></p>	<p>An example explaining this situation is in Section 4.4.5 of the Auction Rules – Alpha's behaviour in the given auction round.</p>
7-14	7.6.8	<p>It is stated in the Invitation to Tender that:          “If there is a reduction of the bid price according to this procedure, all auction participants (including the entities that have already reached a zero value of their eligibility points) will have the number of eligibility points increased by the value corresponding to the activity point value of the auction block(s) where the bid price has been reduced. But the number of eligibility points may not go, for any auction participant, beyond the number of eligibility points the action participant had at the start of the auction.”</p> <p><b>1. Can it happen, according to the conditions of the Invitation to Tender, in the case of using the rule of bid price reduction, that the price of an unallocated auction block is reduced several times in the successive auction rounds, in which no bid is submitted for such an auction block?</b></p> <p><b>2. If such a situation, as described in the preceding paragraph, is possible under the auction conditions: is it right to assume that the rule of increasing the eligibility points is applied every time the auction block bid price decreases in the given auction round?</b></p> <p><b>3. Is the rule of increasing the number of eligibility points also applied in the case of an auction participant who used the highest bid withdrawal right in respect of the block concerned, in which the bid price is decreased and the number of</b></p>	<p>1. The Auction Rules do not exclude a case of multiple reductions of the minimum price and, hypothetically, such a situation may occur. Reduction of the minimum price is not an obligation: it is a possibility available to the Office during the auction.</p> <p>2. If the minimum price were repeatedly reduced on the basis of the Office's decision, the rule connected with an increase of the number of eligibility points would also be repeatedly applied.</p> <p>3. The rule connected with an increase of the number of eligibility points would be applied to all auction participants. If there is a suspicion of unfair protraction or disturbance of the tender, the Office would, of course, consider the application of the relevant provisions of Section 9.</p>

No.	Section referred to	Question	Answer
		<b>eligibility points is increased according to the procedure defined in the Invitation to Tender?</b>	
7-15	7.6.8	<b>What is the rule of calculating the number of Eligibility Points increase for all Bidders in case there is a reduction of the bid price when one bidder uses the right of withdrawal of standing bid? Please give us an example.</b>	The number of eligibility points by which all auction participants' eligibility points are to be increased when the right referred to in Section 7.6.8 is applied corresponds to the number of eligibility points of the block in which the price has been reduced. For example, if the Office decided to reduce the prices of auction block A1, the number of eligibility points would be increased by 4 points for all auction participants.
7-16	7.7	<b>Is it possible to realise the second phase of the auction if the individual blocks in the auction are offered as specific blocks?</b>	The blocks offered during the auction include both real (concrete) and abstract blocks. For the determination of a real (concrete) radio frequency segment it is necessary to carry out also the second phase of the auction.
7-17	7.7.1	<b>1. What exactly will be the method of using the “second price rule”? 2. Does this rule mean that the auction winner who offered the highest price for the first selection ranking in the given category will pay the price offered by another auction winner for the first selection ranking in the same auction category? Or will he pay the highest price offered by another auction winner for the second selection ranking in the same auction category?</b>	<p>1. The principle of using the “second price rule” is explained in detail in Section 7.7.1.</p> <p>2. The following example may also serve for explanation – for instance for Auction category A2, where 3 applicants distribute 5 blocks between themselves:</p> <ul style="list-style-type: none"> <li>- the first auction winner offered CZK 20 million for the first selection right and CZK 10 million for the second selection right;</li> <li>- the second auction winner offered CZK 10 million for the first selection right and CZK 5 million for the second selection right;</li> <li>- the third auction winner offered CZK 5 million for the first selection right and CZK 1 million for the second selection right.</li> </ul> <p>In this case, the “second price rule” will be applied as follows:</p> <ul style="list-style-type: none"> <li>- the first selection right would be gained by the first auction winner who offered the highest amount (CZK 20 million); however, he would pay for the first selection right the second highest price offered for the first selection right, i.e., CZK 10 million (the bids for the first selection right ranked as follows: CZK 20 – 10 – 5 million).</li> <li>- the second selection right would be gained by the second auction winner who offered for the second selection right the highest amount (CZK 5 million) – highest among the remaining auction winners; however, he would pay for the second selection right the second highest price (CZK 1 million) among the remaining claimants (the bids for the second selection right among the remaining auction winners ranked as follows: CZK 5 – 1 million);</li> <li>- the third auction winner will pay no amount for the third (last) selection right.</li> </ul>
7-18	7.7.1, 7.7.3	It is assumed in Section 7.7.1 that envelopes with bids will be sent for the second phase of the auction (placement of abstract frequencies). In Section 7.7.3 it is assumed that the winners in individual bands may agree on the placement of these frequencies,	Agreements about financial compensations and any other conditions of mutual arrangements beyond and outside the tender conditions are neither regulated, nor excluded by the Office. The Office will treat any such arrangement as an agreement between business entities outside the tender.

No.	Section referred to	Question	Answer
		<p>after a negotiation, which is referred to in the last paragraph of Section 11. It is not clear whether, for example, an agreement on financial compensations is excluded from such an agreement.  <b>Is any subject excluded from the agreement?</b></p>	
7-19	7.7.1	<p>Application of the second price rule:  <b>1. If the last auction winner's bid amount is automatically reduced to CZK 0, does it mean that the penultimate auction winner will also pay CZK 0?</b>  <b>2. According to our opinion, the last paragraph is in contradiction with the penultimate paragraph, i.e., the explanation of the second price rule is not in keeping with its definition. The first paragraph applies the second price rule separately within each ranking (the participant placing first in the given ranking will pay the price offered by the participant who placed second); the second paragraph applies the second price rule to the entire category of auction blocks (the participant who "wins" in the first ranking will pay the price of the "winner" of the second ranking etc.). Which interpretation is correct? What will the final selection ranking look like in the case that Alpha submits a bid of 100 for the first ranking, beta submits a bid of 80 for the first ranking and Gamma submits a bid of 70 for the first ranking and, at the same time, 60 for the second ranking?</b>  <b>3) Do the winner's bids count in respect of all rankings for the purposes of determining the price to be paid, although the winner has already placed in a higher ranking? If our example from the preceding question is extended by Alpha's submitting, in addition, a bid of 50 for the second ranking (with no change in the remaining bids), what will be the winners' placements, and how much will be paid by whom?</b></p>	<p>1. It is stated in the given provision that the auction winner who is the last to gain the selection right will pay no amount for the selection right, i.e., it is not stated there that his bid is not taken into account. In practice this means that the auction winner who was the last-but-one auction winner to gain the selection right would pay the price offered for the penultimate selection right by the auction winner who will be the last to do his selection.  2. The selection right ranking is determined separately for each auction category, which means in practice that the auction winner who was the first to gain the selection right in one auction category (e.g., A2) may be the last to gain the selection right in another auction category (e.g., C) and may be the second to gain the selection right in still another auction category (e.g., B3). According to our view, this approach is applied consistently in both paragraphs. In the given example, therefore, Alpha would be the first to make his selection in the given auction category because he placed a bid of 100, and he would pay the price of 80, which was offered by Beta, who ranked second.  3. The prices that would count will only be those for the given ranking in the given auction category and only those from the auction winners whose selection ranking has not yet been determined. Hence, in the example, if a bid for the second selection is placed only by Gamma and Alpha, and Alpha has already gained the first selection right, then the second selection right would be gained by Gamma, who would pay no price for this right (the auction winner who ranked next offered the price of 0). The determination of the rankings of the remaining auction winners would follow the rules specified in Section 7.7.1.</p>
7-20	7.7.2 Point 2.	<p><b>1. Could you, please, explain whether the concept of "adjacent" can be understood as adjacent from above or from below?</b>  <b>2. Does this point mean that the auction winner in category A1, who is at the same time a winner of 1 block in category A.2, automatically obtains the adjacent block A.2.1?</b>  <b>3. Is therefore this auction winner obliged to submit an offer for the 2<sup>nd</sup> phase of the auction in category A.2?</b>  <b>4. What restriction in the freedom of selection of spectrum location will apply to an auction participant, for example, in</b></p>	<p>1. Adjacent block can be understood to mean adjacent to both the upper border and lower border of the frequency segment.  2. Yes, the coherent blocks rule would be applied in this case, where collision cannot occur in category A blocks.  3. Submission of a bid for the second phase of the auction is not mandatory; however, the auction rules do not rule out the submission of a bid by this auction winner.  4. The coherence rule must also be observed with respect to other auction winners and to the spectrum that may remain undistributed in the tender. The selection indicated in the example would therefore only be possible in</p>



No.	Section referred to	Question	Answer
		<b>the 2600 MHz band? If auction participant A obtains 4 blocks of 14 blocks, may he, when applying his first selection right, choose blocks C2 – C5? (Thus inevitably causing fragmentation of the spectrum for the remaining participants).</b>	one case: if just 13 blocks out of the total 14 were sold. Only in this case no fragmentation would be caused (a situation where an auction winner gained only 1 block may be a hypothetical example. This, however, is impossible in auction block C, due to the minimum bid rule).
7-21	7.7.2 Point 3.	<b>Could you, please, specify in detail what “end of band” means? (Is it the upper part of the band?)</b>	The end of the GSM 1800 MHz band is determined by the frequencies of 1879.9 / 1784.9 MHz.
7-22	7.7.3	It is stated in the second paragraph of this Section that “...and will be assigned the last rank – this, however is without prejudice to such an auction winner’s obligation to pay the first selection right price specified in Section 7.7.1.” <b>1. If the auction winner does not take part in the second phase of the auction and will therefore lose the first selection right, it is not clear what kind of obligation to pay the first selection right price he has and in what amount?</b> <b>2. What price for the second phase of the auction is to be determined in the event that the auction winners agree on the distribution of radio frequency segments?</b>	1. This provision applies to a situation where an abstract block winner submitted a bid for priority selection right and, on this basis, he has gained the priority selection right and a price for this right has been determined for him. It is indicated in this provision that if at last this auction winner does not use his right – for example, if he fails to attend the negotiation on the selection of radio frequencies – this will have no effect on his obligation to pay for that right. 2. The price for the priority selection right will be determined on the basis of the auction results in the second phase of the auction, still before the auction winners agree on the distribution of radio frequency segments. This price will be binding, regardless of whether the auction winners do or do not agree on radio frequency distribution.

### Appendix No. 3 Measurements for the purposes of controlling mobile broadband data network signal coverage

No.	Section referred to	Question	Answer
P3-01	1. d) and e)	Referred to in points d) and e) is the checking of the coverage provided by the network operator with ITU prediction models in the 2x2 seconds resolution: <ul style="list-style-type: none"> <li>• statistical model of signal propagation (ITU 1546-2CA)</li> <li>• or, as assumed, conversion based on the diffraction model (ITU 1812).</li> </ul> As these models differ from our models, the calculations will have to be calibrated for the network being planned. <b>1. Will any simulation tool with prediction models be made available to the operators (auction participants) to be able to calibrate the calculations?</b> <b>2. Is the calibration of the operator’s simulation going to be performed by any other method?</b>	1. The software tool used by the CTO cannot be made available to third parties. 2. Calibration of the calculations will be addressed in accordance with the conclusions of the technical group – it will therefore be possible to compare the allocation holders’ calculations with the results attained with the use of the Office’s software tool on a base stations sample made available for this purpose.
P3-02	1. g) and h)	Coverage of motorways and railway corridors is assessed for other RSRP levels, and in the case of railway corridors also for UE levels other than for the coverage of the population. It is therefore unclear how this is to be addressed.	1. Separate submission of the layers will be required, covering i) the population, ii) motorways, and iii) railway corridors. For motorway and railway corridor coverage, submission of coverage calculations for individual districts will not be required in accordance with the text of the Invitation to

No.	Section referred to	Question	Answer
		<p><b>1. Is it therefore expected that there will be three calculations on the operator's side for each district, and three coverage maps, or can any other approach be expected?</b></p> <p><b>2. Will the motorway and railway corridor coverage be evaluated after covering a part of a motorway or corridor, or an entire motorway or corridor, or all motorways and corridors?</b></p> <p><b>3. Is it possible also in this point to expect calibration with the results of CTO's calculations?</b></p>	<p>Tender (ITT).</p> <p>2. Coverage will be evaluated, in each case, for the entire motorway or the entire railway corridor. This is without prejudice to the final deadline according to the ITT (7 years and 8 years, respectively).</p> <p>3. Calibration can be performed in the same manner as in the case of the calibration of population coverage.</p>
P3-03	3 c)	<p>According to this point, the Office will make a vector map with a 100x100 m grid of the Czech Republic available on request to an allocation holder. Auction participants will need such vector maps much sooner in order to be able to simulate compliance with the development criteria (coverage of population, motorways, corridors etc.) and to determine the value of the spectrum on the basis of these results. The population strata according to which the population coverage percentage is to be evaluated will also be important for the above reasons.</p> <p><b>When can operators (allocation holders) apply for being provided with the vector map and the population strata information?</b></p>	<p>In accordance with Point 2 of Appendix No. 3 to the ITT, the Office will provide a vector map to the radio frequency allocation holder. The map can only be applied for after the allocation of radio frequencies.</p>

#### Appendix No. 4 Auction rules

No.	Section referred to	Question	Answer
P4-01	4.2.1	<p>It is stated in the first paragraph of this point that "individual rounds last 60 minutes" and, at the same time, that "An auction round will be also automatically closed at the moment when the bids of all the bidders were made or when the bidders have proactively used the absence right in accordance with Section 4.3.5."</p> <p><b>Does, therefore, an auction round always last 60 minutes, or does it last 60 min. or less, if terminated sooner for predictable reasons? Or will the next round always start when 60 min. elapse from the start of the previous round, or when this period elapses from an automatic termination of the previous round, or immediately after such termination (i.e., sooner than indicated above)?</b></p>	<p>An auction round lasts 60 minutes. If all auction participants submit their bids before expiry of the period, the auction round will be automatically closed sooner.</p> <p>The individual auction rounds do not automatically follow each other. The beginning of the next auction round will be notified to all auction participants in advance.</p>
P4-02	4.3.2	<p>It is indicated on page 12 that "If rounding is necessary, downward rounding to whole units will always be applied." <b>Does this mean, for example, that 50% of 7.5 eligibility points is 3 points?</b></p>	<p>Yes, the value of the minimum bid level will always be an integer after downward rounding – 3 points in this particular case.</p>

No.	Section referred to	Question	Answer
P4-03	4.3.4	The rule described in Section 4.3.4 of Appendix 4 is unclear. <b>We request the Office to describe in more detail the applications of this rule and, in particular, to give examples of applying the last paragraph of the Section.</b>	See answers to questions 7-09 to 7-12.
P4-04	4.3.4	It is stated in Section 4.3.4 of Appendix 4 that in case of failure to meet the condition of minimum bid extent for blocks C and D, the highest bid will be automatically withdrawn, if the auction participant has no absence right left. <b>Will the highest bid also be automatically withdrawn if the auction participant does not have any highest bid withdrawal right left? What will happen with the participant's eligibility level, if such a forced highest bid withdrawal takes place?</b>	In the situation indicated here, this rule will be applied completely. See also the answer to question 7-12.
P4-005	4.4.1	It follows from the bidding examples that even in the case of a spectrum presented as generic spectrum, a specific (concrete) block designated with a serial number will be bidden for – i.e., not any block in auction category A2, but even in this category, for example, block A2.2... <b>Could you, please, confirm that our understanding, as described above, of the bidding system is O.K.?</b>	This is not right – abstract blocks with ranking in the EAS system will be offered in the auction without linking to any specific (concrete) radio frequency blocks. In the given example this is distinguished by the concrete blocks' being denoted by only the auction category identifier (A1, B1 and B2); in concrete blocks the identifier is followed by a dash (“-“) and the rank in the sequence of display in the EAS offer.
P4-006	5.2	<b>Could you, please, confirm our assumption that in the case of a commercial agreement on the distribution of radio frequency segments, which will be notified to the CTO, no additional price for spectrum location will have to be paid?</b>	The price for the priority selection right is an integral part of the price of the frequency segments being offered, because it contributes to creating the factual value of the abstract frequency segments being offered. This price will remain binding even in the case of a frequency distribution agreement between the auction winners.

**Appendix No. 5 Model form of the “Bid for the Purposes of the Process of Establishing the Right of First Selection of the Radio Frequency Segment in Accordance with Chapter 7.7.1 of the Invitation to Tender”**

No.	Section referred to	Question	Answer
P5-001	1.4	<b>Who is the “Applicant’s governing body – statutory representative”? (members of the governing body are listed in Appendix No. 1, Section 1.4)</b>	The applicant’s governing body referred to in Point 1.4 of Appendix No. 5 means all persons constituting the applicant’s governing body. Between the date of submission of the application for the award of the rights to use radio frequencies in accordance with Appendix No. 1 and date of submission of a bid in accordance with Appendix No. 5, a certain period of time will elapse, during which the members of the applicant’s governing body, persons authorised to act on behalf of the governing body and/or persons authorised to act on behalf of the Applicant may be replaced. This is why the applicant should indicate in Appendix No. 5 – in item 1.4 of the form – the current composition of the governing body (members and persons

No.	Section referred to	Question	Answer
			authorised to act on behalf of the governing body) and other persons authorised to act on behalf of the applicant.
P5-002	2	<p><b>1. Can a bid for obtaining the first selection right for individual auction categories be submitted for only a certain selection ranking (e.g., for only the second rank)?</b></p> <p><b>2. Could a practical example be provided to show the detailed course of the second phase of the auction – similar to the example for the first phase of the auction in Section 4.4 of Appendix No. 4?</b></p>	<p>1. Yes, the bid price is always tied only to a certain selection ranking in the given auction category.</p> <p>2. Such an example is in the answer to question 7-17.</p>