



**ÚRAD PRE REGULÁCIU  
ELEKTRONICKÝCH KOMUNIKÁCIÍ  
A POŠTOVÝCH SLUŽIEB**

**Annex 5**

**of the Call for Tenders**

**for Granting Individual Licenses for the Use of Frequencies  
from Frequency Bands of 700 MHz, 900 MHz, and 1800MHz  
via the Electronic Auction Process**

**Auction Rules—1800 MHz Frequency band**

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# 1 Introduction

These Auction Rules are an integral part of the Call for Tenders for Granting Individual Licenses for the Use of Frequencies from Frequency Bands of 700 MHz, 900 MHz, and 1800MHz via the Electronic Auction Process and contains auction rules to grant frequencies from the 1800 MHz frequency band.

## 1.1 Electronic Auction Process

The electronic auction will be carried out by the SMRA process, which makes it possible to submit bids in real-time to individual Frequency Blocks to maximize the transparency of the tender procedure.

## 1.2 Tender Procedure Flowchart

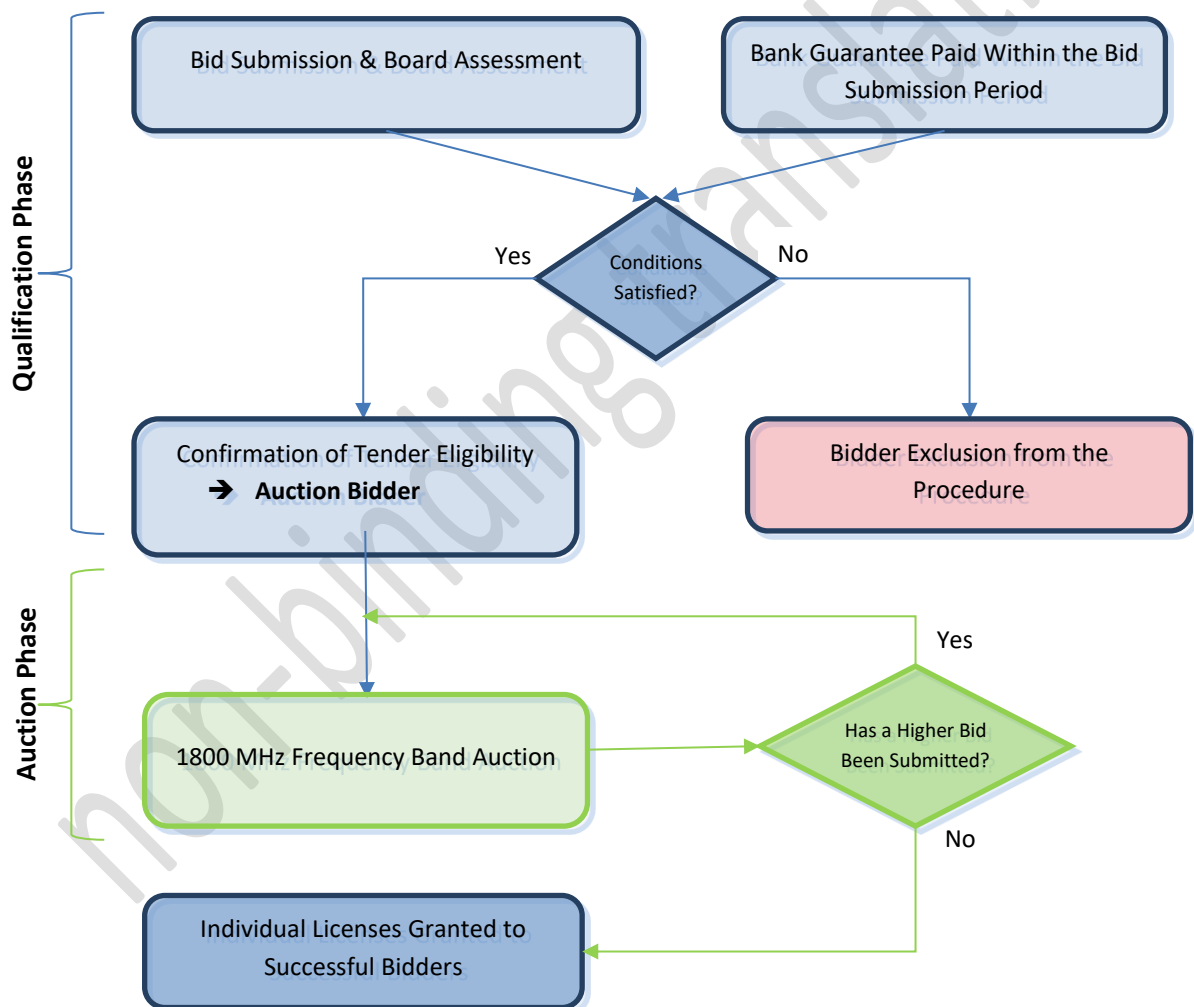


Fig 1: Tender Procedure Flowchart

### 1.2.1 Tender Procedure

The Tender procedure will be carried out in the following phases:

- **Qualification Phase:** Submission of Bids by the Bidders. The Tender Board will evaluate these Bids, and the Bidders who satisfy the tender conditions set forth in the Electronic Communications Act and this Request for Tender will advance to the Auction Phase.
- **Auction Phase:** Implementation of the E-Auction. The Auction Phase consists of individual Auction Rounds, during which the Bidders can repeatedly increase their one-time payment offers for the respective auction block by selecting one of the default Bids. Each auction block will be evaluated separately; each Bidder may submit a Bid at their own discretion. At the end of the e-auction, a Bidder with the highest Total Bid Increment will be called the winning Bidder of the respective auction block.

### 1.3 Tender Subject Matter

#### 1.3.1 Frequency Band of 1800 MHz

The frequency band of 1800 MHz is defined for the 1710 - 1785 MHz paired frequency band with the 1805 - 1880 MHz frequency band under Decision ECC/DEC/(06)13, ERC/DEC/(95)03 by Decision 2009/766/EC amended by Decision 2011/251/EU and Decision 2018/637/EU and ECC Report 266. The frequencies of this frequency band are used for the provision of public electronic communication services and are currently granted to four mobile operators in the Slovak Republic—Orange Slovensko, a.s., Slovak Telekom, a.s., O2 Slovakia, s.r.o. a SWAN Mobile, a.s. Each mobile operator has a different frequency available.

The frequencies of the 1800 MHz frequency band are not currently fully utilized. The blocks available are listed in the last row in Table 1—together representing the allocation of 2×9 MHz frequency band—which are the subject of the Tender.

Business	Frequency Range	Quantity
Orange Slovensko, a.s.	1715.1/1810.1 - 1725.1/1820.1 MHz; 1738.5/1833.5 - 1746.1/1841.1 MHz; 1747.9/1842.9 - 1750.3/1845.3 MHz;	2 × 20.0 MHz
O2 Slovakia, s.r.o.	1750.3/1845.3 - 1766.1/1861.1 MHz;	2 × 15.8 MHz
Slovak Telekom, a.s.	1725.1 / 1820.1 - 1738.5 / 1833.5 MHz; 1746.1 / 1841.1 - 1747.9 / 1842.9 MHz	2 × 15.2 MHz
SWAN Mobile, a.s.	1710.1 / 1805.1 - 1715.1 / 1810.1 MHz; 1766.1 / 1861.1 - 1776.1 / 1871.1 MHz;	2 × 15.0 MHz
Free Frequencies	1710.0/1805.0 - 1710.1/1805.1 MHz; 1776.1/1871.1 - 1785.0/1880.0 MHz;	2 × 9.0 MHz

Table 1: 1800 MHz Frequency Band Current Allocation

The auction limit for the 1800 MHz frequency band is set so that the total frequency quantity of the 1800 MHz frequency band—including the currently held frequencies in the 1800 MHz frequency band by a single Bidder—will not exceed 2 x 20 MHz.

The following free Frequency Blocks are offered in this Tender:

Auction Block Class	Auction Block ID	Block Band	Frequency Range
C	C1	2 x 3 MHz	1710.0 – 1710.1 MHz / 1805.0 – 1805.1 MHz 1782.1 – 1785.0 MHz / 1877.1 – 1880.0 MHz
	C2	2 x 3 MHz	1779.1 – 1782.1 MHz / 1874.1 – 1877.1 MHz
	C3	2 x 3 MHz	1776.1 – 1779.1 MHz / 1871.1 – 1874.1 MHz

Table 2: 1800 MHz Frequency Band Auction Blocks

#### 1.4 Frequency License Bid Increments

The Authority sets forth minimum Bid Increments for the Frequency Blocks offered in this Tender. **The lowest possible bid is the starting price for each Class C Auction Block in the amount of € 550K**

Frequency Licensing Purchase Price is the sum of all Bid Increments offered by the winning Bidder for the Auction Blocks tendered.

Each individual Bid Increment is binding throughout the procedure and cannot be revoked.

## 2 Electronic Auction - Auction Rules

### 2.1 E-Auction General Rules

#### 2.1.1 Electronic Auction System

The E-Auction shall be carried out electronically by means of an electronic auction system (the 'EAS'). The EAS will be operated on EAS Vendor secure servers, and the Bidders will be able to access it through the Internet with a high level of security.

The EAS will be accessible only by Bidders that have been granted authorized by the Authority to access the EAS. Each Bidder qualified to the E-Auction (the 'Bidder') will receive an E-Auction Request for Quotation to their email address given in the Tender (Appendix 2).

Each Bidder shall secure the RFQ and E-Auction password sent by the E-Auction Vendor against misuse and protect their computer against malicious software and physical harm that they use to access the EAS. Each Bidder shall be responsible for the accuracy and completeness

of their registration data. Each Bidder shall immediately communicate any and all access data breaches or similar security incident to the Authority.

The EAS allows each Bidder only to submit Bids that comply with the Auction Rules. In addition to the bid submission functionality, the EAS also displays information throughout the e-auction process. The EAS will be set up to minimize the risk of an unintended mistake by each Bidder.

The Authority shall not be liable for any technical and/or Internet connectivity issues on the side of the Bidder that prevent them from logging in to the EAS. Each Bidder should have—in their own interest—a secure and fast Internet connection and a backup computer to overcome technical issues. In addition, the Authority also recommends for the computers used to access the EAS to not be used for any other purpose during the E-Auction process and have no other software running in the background other than that required to access the EAS.

The anonymity of each Bidder shall be secured by the EAS. The EAS will be secured against Bidders' identity attacks and breaches. Electronic communication *vis-a-vis* the EAS will be encrypted.

The EAS will include a bidirectional messaging system allowing mutual messages to be sent throughout the E-Auction process between the Authority and the Bidders. This will be the primary method of communication during the E-Auction. Messages sent throughout the EAS will be considered to be received at the moment they are sent.

The EAS will also include a time synchronization system with the auction server. It is important to have a good Internet connection in order to facilitate quick and lag-free displaying of the server time and communication passing through the security elements on the Bidders' side. **There may be a difference between your browser time and server time of about  $\pm 2$  s.** The server time will be instrumental for any and all E-Auction processes, such as the start time, the remaining time, Bid submission time, and the like.

Each Bidder will have the opportunity to become acquainted with the EAS system and functionality during the EAS training session, as well as during the Trial Auction no later than 5 days before the Auction Date. Each Bidder will be informed of the Training and Trial Auction in advance.

Each Bidder will receive an EAS User Manual. This manual will contain any and all information required for each Bidder to read and learn before the E-Auction. Information contained in the EAS User Manual will include, in particular, the software and hardware requirements for each Bidder, EAS login instructions, interface and bid submission forms description, and EAS use description.

### 2.1.2 EAS Functionality Minimum System Requirements

For the EAS to work, it is necessary to meet the following minimum system requirements:

- PC With MS Windows (Win 7 and above).
- Google Chrome or Mozilla Firefox latest version / Internet Explorer (IE 10 Version and above).

- The Internet browser must support 128-bit SSL certificates to encrypt communication with the server.
- Browser Settings:
  - Default settings after installation.
  - JavaScript support enabled.
  - Cookies allowed.
- Internet connection at least 10 Mbps, stable without lag.
- If no direct access to the server is provided (a proxy is used) or a firewall with more advanced protection is deployed, it is advisable to add the domain <https://www.smra-auction.sk/itendr> to the list of trusted servers.

### 2.1.3 Bidders Notification of the General Rules

The Authority shall provide any and all information to the Bidders before the Auction Phase and throughout the Auction Phase and will notify each Bidder of the results after the evaluation of the final Auction Round. Informations provided to the Bidders are specified in this Auction Rules.

Bid submission methods and time limits are specified in Section 2.2 hereof.

### 2.1.4 E-Auction Recording

The E-Auction process will be recorded by the EAS.

E-Auction process information will be saved on two independent servers located at two different locations. E-Auction process information will not be disclosed during the E-Auction process. E-Auction process information will only be used in exceptional cases, such as in disputes over the course of the E-Auction.

### 2.1.5 Force Majeure

Should a Force Majeure defined below occur, the Authority may take the following actions:

- a) Suspend an Auction Round;
- b) Close the current Auction Round early; Bids submitted by that time will be accepted;
- c) Interrupt the current Auction Round;
- d) Cancel the current Auction Round, Bids submitted in this round will not be accepted
- e) Suspend the E-Auction;
- f) Cancel the E-Auction;
- g) Suspend the provision of information to Bidders.

The following may be considered as a Force Majeure: obstacles beyond the reasonable control of the Authority and Bidders (e.g. natural disasters, riots, strikes, violent conflicts, etc.), technical issues on the side of the EAS Vendor causing a breach or conflict with the Auction Rules, exclusion of a Bidder due to mass Internet outages, or any and all events that could disrupt or could have a significant impact on the course and results of the E-Auction.

The Authority reserves the right to decide what event constitutes a Force Majeure. The Authority will provide an explanation as to why the event constitutes a Force Majeure.

Each Bidder shall promptly communicate any and all events that could disturb the course of the E-Auction to the Authority. The method of communication will be specified to the Bidders who qualify for the Auction Phase during the Training.

#### 2.1.6 E-Auction Misconduct & Breaches

Each Bidder shall not take any actions that would frustrate and/or obstruct the purpose of the E-Auction from the moment they receive the Request for Tender.

Pursuant to Section 33 (11) of the Electronic Communications Act, the Authority shall exclude a Bidder from the E-Auction if they violate the Auction Rules.

Pursuant to Section 33 (16) of the Electronic Communications Act, Bank Guarantee of each Bidder is forfeited if their actions would frustrate and/or obstruct the purpose of the E-Auction.

#### 2.1.7 Collusion

Each Bidder shall refrain from any form of coordination and/or exchange of information throughout the Tender procedure in order to influence the outcome of the E-Auction with other parties that plan to participate in the E-Auction, either directly or indirectly through a third party.

Each Bidder shall refrain from any actions that would involve the disclosure of information about the bids submitted, estimated prices, and/or expected or actual bidding strategy of the E-Auction.

Non-compliance with these instructions shall be deemed a material breach of the Auction Rules and obstruction of the purpose or course of the E-Auction. Pursuant to Section 33 (11) of the Electronic Communications Act, the Authority shall exclude a Bidder from the E-Auction if they violate the Auction Rules. Pursuant to Section 33 (16) of the Electronic Communications Act, Bank Guarantee of each Bidder is forfeited if their actions would frustrate and/or obstruct the purpose of the E-Auction.

### 2.2 Electronic Auction Rules

#### 2.2.1 E-Auction Round Plan

No later than **48 hours** before the start of the first Auction Round, the Authority will notify each Bidder of the date and time of the first Auction Round, indicating the time when it is possible to log in to the EAS.

Each Auction Round will be planned by the Authority on a continuous basis after the end of the previous round. At least **10 minutes** before the start of the next round, the Authority will announce the date and time of the next round by displaying the information in the EAS and sending a message to the EAS chat.

Each round will take a fixed amount of time—**45 minutes**. The Authority reserves the right to reduce the length of any round if it is long enough to submit the Bids accordingly. The minimum length of each Auction Round is 30 minutes.



The rounds will take place in business days between **9 am and 4 pm** so that the last round of the day would end by **4 pm** at the latest. Each Bidder shall have an Agent available for the E-Auction throughout the entire E-Auction period from **9 am to 4 pm**, or until the Authority announces the end of the day.

The Authority may schedule several rounds on a single day. A break of at least **20 minutes** will be given between each round. Each round must be completed in a single Auction Day. The Authority reserves the right to set a longer break between the rounds.

The Authority shall announce the final bidding round for the day before it starts to the Bidders. Within **30 minutes** after the end of the final round of the given Auction Day, the Authority shall announce the date and time of the first round of the next Auction Day. The Authority may suspend the first round for the following Auction Day, in which case the suspension will be communicated to the Bidders at least **15 minutes** before the originally scheduled time of the first round of the following Auction Day.

The Authority reserves the right to schedule individual Auction Days at their own discretion and/or to suspend them for one or a couple of days.

### 2.2.2 Auction Round Length Extension

The right to extend an Auction Round allows each Bidder to extend the duration of the Auction Round, i.e. to submit a Bid during an additional period.

At the start of an Auction Round, each Bidder has three tokens each representing the right to extend the current Auction Round.

If a Bidder uses a token to extend the current Auction Round, this round will be extended by **15 minutes** for this Bidder. The round extension may end earlier when each Bidder, who can submit a Bid for the actual round, submitted one already.

A token used to extend an Auction Round is spent, and the Bidder has one less remaining. Each Bidder may apply only one token per round.

If a Bidder, who can submit a Bid for the current round and who owns one or more tokens, does not submit a Bid for the current round, this round will be automatically extended for this Bidder and their pool of tokens reduced by one.

If a Bidder submitted a Bid for the maximum number of Frequency Blocks in a given round that is allowed by the Auction Limit set for the 1800 MHz frequency band, they will not be allowed to apply for an extension of that round.

If a Bidder submitted a Bid for at least one Frequency Block, they could request a manual extension of the round if they have one or more tokens remaining. The round for such Bidder will not be extended automatically.

Each Bidder, who did not apply a token to extend the actual round, cannot submit their Bid during the Extension Period of another Bidder. These Bidders will be notified of the extension and will wait until it is done with no further action.

The primary purpose of these tokens is to mitigate any and all unexpected technical issues on the Bidders' side.

### 2.2.3 Bidders E-Auction Process Notification

The Authority will communicate the following information to all Bidders at the beginning of each round:

- a) Next round length and end time if no Bidder spends a token to extend it;
- b) Default Bid Increments for all Frequency Blocks;
- c) The number of remaining tokens of each Bidder to extend a round;
- d) Notification whether the Bidder holds the highest bid from the previous Auction Round;
- e) Notification that the Bidder holds the highest bid, and that they do not need to raise it.

The Authority shall announce the highest bid for the Frequency Block to each Bidder within 10 minutes after the end of each Auction Round.

### 2.2.4 Activity Rules

Each Bidder may submit a Bid for any Auction Block if the Bid complies with the Auction Limits set under Section 3.1 of the Request for Tender and if the Bank Guarantee provided by the Bidder is in line with Section 5.1.1 of the Request for Tender. The total number of the Activity Points will be assigned to each Bidder based on the Bank Guarantee provided.

If a Bidder submits a Bid for any number of Auction Blocks in a given round according to the rules below, their Activity is equal to one. If a Bidder does not submit a Bid for any Frequency Block, even during the Extension Period—who is not the holder of the highest Bid of the previous round, their activity equals zero, and their participation in the E-Auction ends. This bidding requirement does not apply to a Bidder who is the holder of the highest Bid for any of the Frequency Blocks tendered. The holder of the highest Bid does not need to submit a new Bid for the given Frequency Block, and in this case, it is taken as if the Bidder has submitted a Bid for that Frequency Block.

### 2.2.5 E-Auction Bid Submission Rules & E-Auction Closure

The Authority will announce the lowest bid for each Frequency Block.

In the first Auction Round, each Bidder submits their bid by choosing one of the available Bid Increment options in the EAS—all given in euros. The available Bid Increments will be calculated as follows:

1. The amount of the lowest Bid in €
2. The amount of the lowest Bid plus 5% in €
3. The amount of the lowest Bid plus 10% in euros

In each subsequent round, each Bidder submits their Bid by choosing one of the three Bid Increment options for the Frequency Block.

Three Frequency Block Bid Increment options will be set for each Frequency Block separately. Each Bid will contain the specific Bid Increment in euros, calculates as follows:

- Lowest Bid for Auction Block in the round = the highest Bid in the previous round increased by 5% and rounded to the nearest thousand given in €
- Medium Bid for Auction Block in the round = the highest bid in the previous round increased by 10% and rounded to the nearest thousand given in €
- Highest Bid for Auction Block in the round = the highest bid in the previous round increased by 25% and rounded to the nearest thousand given in €

By choosing one of the default available Bid Increment for a frequency block, the Bid is submitted, and the Bidder may not change its amount in this round or move the Bid to another Auction Block, even if the round is still pending.

After each round, the value of the highest Bid for the Auction Block will be announced.

The Bidder with the highest Bid for the given Auction Block is determined by the following rules:

- i. The Bidder submitted the highest Bid, and no other Bid of the same amount has been submitted in that round;
- ii. If two or more identical bids have been submitted in the round (by selecting the Highest Bid in the given round), the winning Bidder is the one who first submitted the highest Bid in that round.

If at least one Bid has been submitted in the given round by placing a Bid Increment, the Authority will announce another round. In the next round:

- the Bidder holding the highest bid for that Auction Block may increase their Bid for this Auction Block by selecting one of the default Bid Increment options or keep their original Bid (i.e. as if they placed the same Bid without increase, the Activity value is not decreased). This Bidder may not move the Bid to another Frequency Block, but only submit a new Bid for any other Frequency Block.
- the Bidder who did not hold the highest bid for that Auction Block may submit their Bid to any number of Auction Blocks if they are in line with the Auction Limits set forth in Section 3.1 of the Request for Tender by choosing one of the default Bid Increment options. If this Bidder submits no Bid, their Activity value is reduced to zero, and the Bidder will be excluded from the E-Auction.

The E-Auction ends when no Bid Increment has been placed in a given round for any frequency blocks, when all Bidders have been excluded from the E-Auction, or if the Authority decides so.

### **3 Disclaimer**

The Authority reserves the right to disclose any and all information on the course of the E-Auction once all decisions have entered into force and effect with regard to frequency licenses granted hereby if successful or otherwise with regard to its termination.

By placing a Bid to the Tender, a Bidder acknowledges and agrees to all the terms and conditions set forth in the Auction Rules and undertakes to observe them.

non-binding translation

## 4 Glossary

**E-Auction**—a method of frequency license bidding assessment procedure. The E-Auction is part of the Tender Procedure, and its aim is to determine the Purchase Price for all Frequency Blocks and the winning Bidders that will be awarded with the frequencies from the Frequency Blocks.

**Auction Phase**—a set of individual rounds of an e-auction. The outcome of the Auction Phase is to determine winning Bidders who offered the highest Bid Increment for the given Frequency Block.

**Auction Round**—in an Auction Round each Bidder may increase their Bids through Bid Increments.

**Extension Period**—is a 15-minute period whereby an Auction Round is extended for a single Bidder.

**EAS**—Electronic Auction System is a software to organize and conduct e-auctioning for Bidders.

**Frequency Block Default Bid**—of the three available offers for a Frequency Block in the given Auction Round.

**Bidder**—party that submitted a Tender within the Closing Date; Tender Bidder; Tenderer.

**E-Auction Bidder**—a Bidder who qualified for the Auction Phase.

**Tender Bidder**—the party that submitted a Tender within the Closing Date; Tenderer.

**Authority**—Regulatory Authority for Electronic Communications & Postal Services

**Winning Bidder**—a Bidder who submitted the highest Bid in the E-Auction for a Frequency Block; Successful Bidder.

**Unsuccessful Bidder**—a Bidder who did not submit the highest Bid in the E-Auction for a Frequency Block; Unsuccessful Tenderer.

**Tender Board**—a committee to evaluate the Bids submitted to set up by the Authority pursuant to Section 33 (5) of the Electronic Communications Act.

**Electronic Communications Act**— Act 351/2011 Coll, Electronic Communications (current version).

**Applicant**—party that submitted a Tender within the Closing Date; Tender Bidder; Tenderer.