

(b) *Channel sharee*. The term *channel sharee* means a broadcast television licensee that relinquishes all spectrum usage rights with respect to a particular television channel in order to share a television channel with another broadcast television licensee.

(c) *Channel sharer*. The term *channel sharer* means a broadcast television licensee that shares its television channel with a channel sharee.

(d) *Channel sharing bid*. The term *channel sharing bid* means a bid to relinquish all spectrum usage rights with respect to a particular television channel in order to share a television channel with another broadcast television licensee by an applicant that submits an executed channel sharing agreement with its application.

(e) *Forward auction*. The term *forward auction* means the portion of an incentive auction of broadcast television spectrum described in section 6403(c) of the Spectrum Act.

(f) *High-VHF-to-low-VHF bid*. The term *high-VHF-to-low-VHF bid* means a bid to relinquish all spectrum usage rights with respect to a high very high frequency (“VHF”) television channel (channels 7 through 13) in return for receiving spectrum usage rights with respect to a low VHF television channel (channels 2 through 6).

(g) *License relinquishment bid*. The term *license relinquishment bid* means a bid to relinquish all spectrum usage rights with respect to a particular television channel without receiving in return any spectrum usage rights with respect to another television channel.

(h) *NCE station*. The term *NCE station* means a noncommercial educational television broadcast station as defined in § 73.621 of this chapter.

(i) *Reverse auction*. The term *reverse auction* means the portion of an incentive auction of broadcast television spectrum described in section 6403(a) of the Spectrum Act.

(j) *Reverse auction bid*. The term *reverse auction bid* includes a license relinquishment bid, a UHF-to-VHF bid, a high-VHF-to-low-VHF bid, a channel sharing bid, and any other reverse auction bids permitted.

(k) *Spectrum Act*. The term *Spectrum Act* means Title VI of the Middle Class

Tax Relief and Job Creation Act of 2012 (Pub. L. 112–96).

(1) *UHF-to-VHF bid*. The term *UHF-to-VHF bid* means a bid to relinquish all spectrum usage rights with respect to an ultra-high frequency (“UHF”) television channel in return for receiving spectrum usage rights with respect to a high VHF television channel or a low VHF television channel.

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#### § 1.2201 Purpose.

The provisions of §§ 1.2200 through 1.2209 implement section 6403 of the Spectrum Act, which requires the Commission to conduct a reverse auction to determine the amount of compensation that each broadcast television licensee would accept in return for voluntarily relinquishing some or all of its broadcast television spectrum usage rights in order to make spectrum available for assignment through a system of competitive bidding under subparagraph (G) of section 309(j)(8) of the Communications Act of 1934, as added by section 6402 of the Spectrum Act.

#### § 1.2202 Competitive bidding design options.

(a) *Public notice of competitive bidding design options*. Prior to conducting competitive bidding in the reverse auction, public notice shall be provided of the detailed procedures that may be used to implement auction design options.

(b) *Competitive bidding design options*. The public notice detailing competitive bidding procedures for the reverse auction may establish procedures for collecting bids, assigning winning bids, and determining payments, including without limitation:

(1) *Procedures for collecting bids*. (i) Procedures for collecting bids in a single round or in multiple rounds.

(ii) Procedures for collecting bids for multiple reverse auction bid options.

(iii) Procedures allowing for bids that specify a price for a reverse auction bid option, indicate demand at a specified price, or provide other information as specified by competitive bidding policies, rules, and procedures.

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(iv) Procedures allowing for bids that are contingent on specified conditions, such as other bids being accepted.

(v) Procedures to collect bids in one or more stages, including procedures for transitions between stages.

(vi) Procedures for whether, when, and how bids may be modified during the auction.

(2) *Procedures for assigning winning bids.* (i) Procedures that take into account one or more factors in addition to bid amount, such as population coverage or geographic contour, or other relevant measurable factors.

(ii) Procedures to evaluate the technical feasibility of assigning a winning bid.

(A) Procedures that utilize mathematical computer optimization software, such as integer programming, to evaluate bids and technical feasibility, or that utilize other decision routines, such as sequentially evaluating bids using a ranking based on specified factors.

(B) Procedures that combine computer optimization algorithms with other decision routines.

(iii) Procedures to incorporate public interest considerations into the process for assigning winning bids.

(3) *Procedures for determining payments.* (i) Procedures to determine the amount of any incentive payments made to winning bidders consistent with other auction design choices.

(ii) The amount of proceeds shared with a broadcast television licensee will not be less than the amount of the licensee's winning bid in the reverse auction.

### § 1.2203 Competitive bidding mechanisms.

(a) *Public notice of competitive bidding procedures.* Detailed competitive bidding procedures shall be established by public notice prior to the commencement of the reverse auction, including without limitation:

(1) *Sequencing.* The sequencing with which the reverse auction and the related forward auction assigning new spectrum licenses will occur.

(2) *Reserve price.* Reserve prices, either disclosed or undisclosed, so that higher bids for various reverse auction bid options would not win in the re-

verse auction. Reserve prices may apply individually, in combination, or in the aggregate.

(3) *Opening bids and bid increments.* Maximum or minimum opening bids, and by announcement before or during the reverse auction, maximum or minimum bid increments in dollar or percentage terms.

(4) *Activity rules.* Activity rules that require a minimum amount of bidding activity.

(b) *Binding obligation.* A bid is an unconditional, irrevocable offer by the bidder to fulfill the terms of the bid. The Commission accepts the offer by identifying the bid as winning. A bidder has a binding obligation to fulfill the terms of a winning bid. A winning bidder will relinquish spectrum usage rights pursuant to the terms of any winning bid by the deadline set forth in § 73.3700(b)(4) of this chapter.

(c) *Stopping procedures.* Before or during the reverse auction, procedures may be established regarding when bidding will stop for a round, a stage, or an entire auction, in order to terminate the auction within a reasonable time and in accordance with public interest considerations and the goals, statutory requirements, rules, and procedures for the auction, including any reserve price or prices.

(d) *Auction delay, suspension, or cancellation.* By public notice or by announcement during the reverse auction, the auction may be delayed, suspended, or cancelled in the event of a natural disaster, technical obstacle, network disruption, evidence of an auction security breach or unlawful bidding activity, administrative or weather necessity, or for any other reason that affects the fair and efficient conduct of the competitive bidding. The Commission has the authority, at its sole discretion, to resume the competitive bidding starting from the beginning of the current or some previous round or cancel the competitive bidding in its entirety.

### § 1.2204 Applications to participate in competitive bidding.

(a) *Public notice of the application process.* All applications to participate must be filed electronically. The dates