

## FEDERAL COMMUNICATIONS COMMISSION

### 47 CFR Parts 1 and 30

[AU Docket No. 19–59; GN Docket No. 14–177; FCC 19–63]

### Incentive Auction of Upper Microwave Flexible Use Service Licenses in the Upper 37 GHz, 39 GHz, and 47 GHz Bands for Next-Generation Wireless Services; Notice and Filing Requirements, Minimum Opening Bids, Upfront Payments, and Other Procedures for Auction 103; Bidding in Auction 103 Scheduled To Begin December 10, 2019

**AGENCY:** Federal Communications Commission.

**ACTION:** Final action; requirements and procedures.

**SUMMARY:** This document summarizes procedures for the upcoming auction of Upper Microwave Flexible Use Service licenses in the 37 GHz, 39 GHz, and 47 GHz bands (Auction 103). The *Auction 103 Procedures Public Notice* summarized here is intended to familiarize applicants with the procedures and other requirements governing participation in Auction 103 by providing details regarding the procedures, terms, conditions, dates, and deadlines, as well as an overview of the post-auction application and payment processes.

**DATES:** Applications to participate in Auction 103 must be submitted prior to 6:00 p.m. ET on September 9, 2019. Upfront payments for Auction 103 must be received by 6:00 p.m. ET on October 22, 2019. Bidding in Auction 103 is scheduled to begin on December 10, 2019.

**FOR FURTHER INFORMATION CONTACT:** For auction legal questions, Mark Montano or Erik Beith in the Auctions Division of the Office of Economics and Analytics at (202) 418–0660. For general auction questions, the Auctions Hotline at (717) 338–2868. For Upper Microwave Flexible Use Service questions, Simon Banyai in the Broadband Division of the Wireless Telecommunications Bureau at (202) 418–2487.

**SUPPLEMENTARY INFORMATION:** This is a summary of the Public Notice (*Auction 103 Procedures Public Notice*), AU Docket No. 19–59, GN Docket No. 14–177, FCC 19–63, adopted on July 10, 2019, and released on July 11, 2019. The complete text of the document, including attachments and any related documents, is available for public inspection and copying from 8:00 a.m.

to 4:30 p.m. ET Monday through Thursday or from 8:00 a.m. to 11:30 a.m. ET on Fridays in the FCC Reference Information Center, 445 12th Street SW, Room CY–A257, Washington, DC 20554. The complete text is also available on the Commission’s website at [www.fcc.gov/auction/103/](http://www.fcc.gov/auction/103/) or by using the search function for AU Docket No. 19–59 on the Commission’s ECFS web page at [www.fcc.gov/ecfs/](http://www.fcc.gov/ecfs/). Alternative formats are available to persons with disabilities by sending an email to [FCC504@fcc.gov](mailto:FCC504@fcc.gov) or by calling the Consumer & Governmental Affairs Bureau at (202) 418–0530 (voice), (202) 418–0432 (TTY).

## I. GENERAL INFORMATION

### A. Introduction

1. With the *Auction 103 Procedures Public Notice*, the Commission established the procedures for the upcoming incentive auction of Upper Microwave Flexible Use Service (UMFUS) licenses in the Upper 37 GHz (37.6–38.6 GHz), 39 GHz (38.6–40 GHz), and 47 GHz (47.2–48.2 GHz) bands (Auction 103).

2. The bidding for new licenses in Auction 103 is scheduled to commence on December 10, 2019. The *Auction 103 Procedures Public Notice* provides details regarding the procedures, terms, conditions, dates, and deadlines governing participation in Auction 103 bidding, and an overview of the post-auction application and payment processes. Although 39 GHz incumbents that accept modified licenses will not be eligible to bid on new licenses in Auction 103, certain procedures adopted in the document will affect how those modified licenses will be assigned to specific frequencies.

### B. Background and Relevant Authority

3. Prospective applicants for the auction should familiarize themselves with the Commission’s general competitive bidding rules, including recent amendments and clarifications, as well as Commission decisions in proceedings regarding competitive bidding procedures, application requirements, and obligations of Commission licensees. Prospective applicants should also familiarize themselves with the Commission’s UMFUS rules and competitive bidding requirements contained in part 30 of the Commission’s rules, as well as Commission orders concerning competitive bidding for UMFUS licenses. Applicants must also be thoroughly familiar with the procedures, terms, and conditions contained in the document and any

future public notices that may be released in proceeding 19–59.

4. The terms contained in the Commission’s rules, relevant orders, and public notices are not negotiable. The Commission may amend or supplement the information contained in its public notices at any time and will issue public notices to convey any new or supplemental information to applicants. It is the responsibility of all applicants to remain current with all Commission rules and with all public notices pertaining to Auction 103. Copies of most auctions-related Commission documents, including public notices, can be retrieved from the FCC Auctions internet site at [www.fcc.gov/auctions](http://www.fcc.gov/auctions). Additionally, documents are available at the Commission’s headquarters, located at 445 12th Street SW, Washington, DC 20554, during normal business hours.

### C. Description of Licenses To Be Offered in Auction 103

5. Auction 103 will offer UMFUS licenses for all available spectrum in the Upper 37 GHz (37.6–38.6 GHz), 39 GHz (38.6–40 GHz), and 47 GHz (47.2–48.2 GHz) bands. Auction 103 will offer 100 megahertz blocks of spectrum licensed by Partial Economic Area (PEA) service area. In combination, the Upper 37 GHz and the 39 GHz bands offer the largest amount of contiguous spectrum in the millimeter wave bands for flexible-use wireless services—a total of 2,400 megahertz—and the 47 GHz band will provide an additional 1,000 megahertz of millimeter wave spectrum for such services. The Commission is limiting Auction 103 to only these bands because licenses for no other UMFUS spectrum bands are ready and/or suitable to be auctioned at this time.

6. The specific number of Upper 37 GHz and 39 GHz licenses to be auctioned in each PEA will be determined by the Initial Commitments of 39 GHz incumbents as described in the *Spectrum Frontiers Fourth Report & Order*, 84 FR 1618, February 2, 2019, and subsequent public notices in the proceeding. The licenses that will be available in the auction depend, in part, on upcoming decisions made by existing 39 GHz licensees (referred to herein as “incumbents”) to either accept modified licenses, reconfigured to conform with the new band plan and service areas, or to relinquish all their existing spectrum usage rights in exchange for a share of the auction proceeds and the opportunity to bid on new licenses in Auction 103. If all incumbents choose to relinquish their licenses, the Commission will offer new licenses for 3,400 megahertz of

spectrum across all three spectrum bands, or 34 licenses in every PEA. Following the deadline for incumbents to submit their binding Initial Commitments, a public notice will announce the specific number of licenses available in each PEA in the Upper 37 GHz and 39 GHz bands for auction. This public notice will be released prior to the deadline for the submission of short-form applications to bid in Auction 103 so that potential applicants can make informed decisions about whether to apply.

7. It is possible that an incumbent that chooses to receive modified licenses will decide to retain its partial PEA holding (resulting in a modified license that will cover less than the full geographic area of a PEA). The remaining portion of the spectrum block will thus have unassigned spectrum usage rights. The Commission will not make this “white space” available in the auction.

8. Each of the bands available in Auction 103 will be licensed on an unpaired basis in 100 megahertz channel blocks by PEA. A licensee in these bands may provide any services permitted under a fixed or mobile allocation, as set forth in the non-Federal Government column of the Table of Frequency Allocations in § 2.106 of the Commission’s rules.

#### D. Auction Specifics

##### 1. Auction Title and Start Date

9. The auction of licenses in the Upper 37 GHz (37.6–38.6 GHz), 39 GHz (38.6–40 GHz), and 47 GHz (47.2–48.2 GHz) bands will be referred to as Auction 103. Bidding in Auction 103 will begin on Tuesday, December 10, 2019. The initial schedule for bidding rounds in Auction 103 will be announced by public notice at least one week before bidding in the auction starts. Unless otherwise announced, bidding on all licenses will be conducted on each business day until bidding has stopped on all licenses.

##### 2. Auction Dates and Deadlines

10. The following dates and deadlines apply to Auction 103:

Auction Application Tutorial Available (via internet); August 2, 2019  
Short-Form Application (FCC Form 175) Filing Window Opens; August 26, 2019; 12:00 p.m. Eastern Time (ET)  
Short-Form Application (FCC Form 175) Filing Window Deadline; September 9, 2019; 6:00 p.m. ET  
Upfront Payments (via wire transfer); October 22, 2019; 6:00 p.m. ET  
Bidding Tutorial Available (via

internet); No later than November 19, 2019

Mock Auction; Starting week of December 2, 2019

Bidding Begins in Auction 103; December 10, 2019

##### 3. Requirements for Participation

11. Those wishing to participate in Auction 103 must: Submit a short-form application (FCC Form 175) electronically prior to 6:00 p.m. ET on September 9, 2019, following the electronic filing procedures set forth in the FCC Form 175 Instructions (available at [www.fcc.gov/auction/103/](http://www.fcc.gov/auction/103/)); submit a sufficient upfront payment and an FCC Remittance Advice Form (FCC Form 159) by 6:00 p.m. ET on October 22, 2019, following the procedures and instructions set forth in the FCC Form 159 Instructions; and comply with all provisions outlined in the document and applicable Commission rules.

## II. Applying To Participate in Auction 103

### A. General Information Regarding Short-Form Applications

12. An application to participate in Auction 103, referred to as a short-form application or FCC Form 175, provides information that the Commission uses to determine whether the applicant has the legal, technical, and financial qualifications to participate in a Commission auction for spectrum licenses. The short-form application is the first part of the Commission’s two-phased auction application process. In the first phase, a party seeking to participate in Auction 103 must file a short-form application in which it certifies, under penalty of perjury, its qualifications. Eligibility to participate in Auction 103 is based on an applicant’s short-form application and certifications, and on the applicant’s submission of a sufficient upfront payment for the auction. In the second phase of the process, each winning bidder must file a more comprehensive post-auction, long-form application (FCC Form 601) for the licenses it wins in the auction, and it must have a complete and accurate ownership disclosure information report (FCC Form 602) on file with the Commission.

13. A party seeking to participate in Auction 103 must file an FCC Form 175 electronically via the Auction Application System prior to 6:00 p.m. ET on September 9, 2019, following the procedures prescribed in the FCC Form 175 Instructions. If an applicant claims eligibility for a bidding credit, the information provided in its FCC Form 175 as of the filing date will be used to

determine whether the applicant may request the claimed bidding credit. An applicant that files an FCC Form 175 for Auction 103 will be subject to the Commission’s rule prohibiting certain communications. An applicant is subject to the prohibition beginning at the deadline for filing short-form applications—6:00 p.m. ET on September 9, 2019. The prohibition will end for applicants on the post-auction down payment deadline for Auction 103.

14. An applicant bears full responsibility for submitting an accurate, complete, and timely short-form application. Each applicant must make a series of certifications under penalty of perjury on its FCC Form 175 related to the information provided in its application and its participation in the auction, and it must confirm that it is legally, technically, financially, and otherwise qualified to hold a license. If an Auction 103 applicant fails to make the required certifications in its FCC Form 175 by the filing deadline, its application will be deemed unacceptable for filing and cannot be corrected after the filing deadline.

15. An applicant should note that submitting an FCC Form 175 (and any amendments thereto) constitutes a representation by the certifying official that he or she is an authorized representative of the applicant with authority to bind the applicant, that he or she has read the form’s instructions and certifications, and that the contents of the application, its certifications, and any attachments are true and correct. Submitting a false certification to the Commission may result in penalties, including monetary forfeitures, license forfeitures, ineligibility to participate in future auctions, and/or criminal prosecution.

16. Applicants are cautioned that because the required information submitted in FCC Form 175 bears on each applicant’s qualifications, requests for confidential treatment will not be routinely granted. The Commission has held generally that it may publicly release confidential business information where the party has put that information at issue in a Commission proceeding or where the Commission has identified a compelling public interest in disclosing the information. The Commission has specifically held that information submitted in support of receiving bidding credits in auction proceedings should be made available to the public.

17. The same party may not bid based on more than one auction application, *i.e.*, as more than one applicant. If a party submits multiple short-form

applications for an auction, only one application may be the basis for that party to become qualified to bid in that auction.

18. A party is generally permitted to participate in a Commission auction only through a single bidding entity. The filing of applications in Auction 103 by multiple entities controlled by the same individual or set of individuals will generally not be permitted.

19. A party that is a 39 GHz incumbent is eligible to submit FCC Form 175 to participate in Auction 103 only if the party submitted an Initial Commitment to relinquish its spectrum usage rights under all its 39 GHz licenses in exchange for an incentive payment. If an incumbent submits such an Initial Commitment and wishes to offset any payments for new licenses with incentive payments, the same entity, using the same FCC Registration Number (FRN), that filed FCC Form 175-A must also file FCC Form 175. In all other cases, regardless of any relationship between an FCC Form 175 applicant and an FCC Form 175-A applicant, a winning bidder will be obligated to pay its gross winning bids, *i.e.*, without reduction by any incentive payment.

20. After the initial short-form application filing deadline, Commission staff will review all timely submitted applications for Auction 103 to determine whether each application complies with the application requirements and whether it has provided all required information concerning the applicant's qualifications for bidding. After this review is completed, a public notice will be released announcing the status of applications and identifying the applications that are complete and those that are incomplete because of minor defects that may be corrected. That public notice also will establish an application resubmission filing window, during which an applicant may make permissible minor modifications to its application to address identified deficiencies. The public notice will include the deadline for resubmitting modified applications. To become a qualified bidder, an applicant must have a complete application (*i.e.*, have timely corrected any identified deficiencies) and make a timely and sufficient upfront payment. Qualified bidders will be identified by public notice at least 10 days prior to the mock auction.

21. An applicant should consult the Commission's rules to ensure that all required information is included in its short-form application. To the extent the information in the document does not address a potential applicant's specific

operating structure, or if the applicant needs additional information or guidance concerning the following disclosure requirements, the applicant should review the educational materials for Auction 103 and/or use the contact information provided to consult with Commission staff to better understand the information it must submit in its short-form application.

#### *B. License Area Selection*

22. An applicant must select all the license areas on which it may want to bid from the list of available PEAs on its FCC Form 175. An applicant must carefully review and verify its PEA selections before the FCC Form 175 filing deadline because those selections cannot be changed after the auction application filing deadline. The FCC Auction Bidding System (bidding system) will not accept bids for blocks in PEAs that were not selected on the applicant's FCC Form 175.

#### *C. Disclosure of Agreements and Bidding Arrangements*

23. An applicant must provide in its FCC Form 175 a brief description of, and identify each party to, any partnerships, joint ventures, consortia or agreements, arrangements, or understandings of any kind relating to the licenses being auctioned, including any agreements that address or communicate directly or indirectly bids (including specific prices), bidding strategies (including the specific licenses on which to bid or not to bid), or the post-auction market structure, to which the applicant, or any party that controls or is controlled by the applicant, is a party. A controlling interest includes all individuals or entities with positive or negative *de jure* or *de facto* control of the licensee. The applicant must certify under penalty of perjury in its FCC Form 175 that it has described, and identified each party to, any such agreements, arrangements, or understandings into which it has entered. An auction applicant that enters into any agreement relating to the licenses being auctioned during an auction is subject to the same disclosure obligations it would be for agreements existing at the FCC Form 175 filing deadline, and it must maintain the accuracy and completeness of the information in its pending auction application.

24. If parties agree in principle on all material terms prior to the application filing deadline, each party to the agreement that is submitting an auction application must provide a brief description of, and identify the other party or parties to, the agreement on its

respective FCC Form 175, even if the agreement has not been reduced to writing. If the parties have not agreed in principle by the FCC Form 175 filing deadline, they should not describe, or include the names of parties to, the discussions on their applications.

25. The Commission's rules generally prohibit joint bidding and other arrangements involving auction applicants (including any party that controls or is controlled by such applicants). Joint bidding arrangements include arrangements relating to the licenses being auctioned that address or communicate, directly or indirectly, bidding at the auction, bidding strategies, including arrangements regarding price or the specific licenses on which to bid, and any such arrangements relating to the post-auction market structure.

26. This prohibition applies to joint bidding arrangements involving two or more nationwide providers, as well as joint bidding arrangements involving a nationwide provider and one or more non-nationwide providers, where any party to the arrangement is an applicant for the auction. The Commission considers AT&T, Sprint, T-Mobile, and Verizon Wireless to be nationwide providers for the purpose of implementing its competitive bidding rules in Auction 103. The prohibition applies to joint bidding arrangements between an applicant and an incumbent that files an FCC Form 175-A (or any party that controls or is controlled by it) as part of the process for it to make an Initial Commitment.

27. Non-nationwide providers may enter into agreements to form a consortium or a joint venture (as applicable) that result in a single party applying to participate in an auction. A designated entity (DE) can participate in only one consortium or joint venture in an auction, which shall be the exclusive bidding vehicle for its members in that auction, and non-nationwide providers that are not designated entities may participate in an auction through only one joint venture, which also shall be the exclusive bidding vehicle for its members in that auction. The general prohibition of joint bidding arrangements excludes certain agreements, including those that are solely operational in nature.

28. The Commission's rules require each applicant to certify in its short-form application that it has disclosed any arrangements or understandings of any kind relating to the licenses being auctioned to which it (or any party that controls or is controlled by it) is a party. The applicant must also certify that it (or any party that controls or is

controlled by it) has not entered and will not enter into any arrangement or understanding of any kind relating directly or indirectly to bidding at auction with, among others, “any other applicant” or a nationwide provider.

29. Although the Commission’s rules do not prohibit auction applicants from communicating about matters that are within the scope of an excepted agreement that has been disclosed in an FCC Form 175, certain discussions or exchanges could nonetheless touch upon impermissible subject matters, and compliance with the Commission’s rules will not insulate a party from enforcement of the antitrust laws.

30. A winning bidder will be required to disclose in its FCC Form 601 post-auction application the specific terms, conditions, and parties involved in any agreement relating to the licenses being auctioned into which it had entered prior to the time bidding was completed. This applies to any bidding consortium, joint venture, partnership, or other agreement, arrangement, or understanding of any kind entered into relating to the competitive bidding process, including any agreements relating to the licenses being auctioned that address or communicate directly or indirectly bids (including specific prices), bidding strategies (including the specific licenses on which to bid or not to bid), or the post-auction market structure, to which the applicant, or any party that controls or is controlled by the applicant, is a party.

#### *D. Ownership Disclosure Requirements*

31. Each applicant must comply with the applicable part 1 ownership disclosure requirements and provide information required by §§ 1.2105 and 1.2112, and, where applicable, § 1.2110, of the Commission’s rules. In completing FCC Form 175, an applicant must fully disclose information regarding the real party- or parties-in-interest in the applicant or application and the ownership structure of the applicant, including both direct and indirect ownership interests of 10% or more. Each applicant is responsible for ensuring that information submitted in its short-form application is complete and accurate.

32. In certain circumstances, an applicant may have previously filed an FCC Form 602 ownership disclosure information report or filed an auction application for a previous auction in which ownership information was disclosed. The most current ownership information contained in any FCC Form 602 or previous auction application on file with the Commission that used the same FRN the applicant is using to

submit its FCC Form 175 will automatically be pre-filled into certain ownership sections on the applicant’s FCC Form 175, if such information is in an electronic format compatible with FCC Form 175. Applicants are encouraged to submit an FCC Form 602 ownership report or update any ownership information on file with the Commission in an FCC Form 602 ownership report prior to starting an application for Auction 103 to ensure that their most recent ownership information is pre-filled into their short-form applications. Each applicant must carefully review any ownership information automatically entered into its FCC Form 175, including any ownership attachments, to confirm that all information supplied on FCC Form 175 is complete and accurate as of the application filing deadline. Any information that needs to be corrected or updated must be changed directly in FCC Form 175.

#### *E. Foreign Ownership Disclosure Requirements*

33. Section 310 of the Communications Act requires the Commission to review foreign investment in radio station licenses and imposes specific restrictions on who may hold certain types of radio licenses. Section 310 applies to applications for initial radio licenses, applications for assignments and transfers of control of radio licenses, and spectrum leasing arrangements under the Commission’s secondary market rules. In completing FCC Form 175, an applicant is required to disclose information concerning foreign ownership of the applicant. If an applicant has foreign ownership interests in excess of the applicable limit or benchmark set forth in section 310(b), it may seek to participate in Auction 103 as long as it has filed a petition for declaratory ruling with the Commission prior to the FCC Form 175 filing deadline. An applicant must certify in its FCC Form 175 that, as of the deadline for filing its application to participate in the auction, the applicant either is in compliance with the foreign ownership provisions of section 310 or has filed a petition for declaratory ruling requesting Commission approval to exceed the applicable foreign ownership limit or benchmark in section 310(b) that is pending before, or has been granted by, the Commission.

#### *F. Information Procedures During the Auction Process*

34. The Commission is limiting information available in Auction 103 in order to prevent the identification of bidders placing particular bids until

after the bidding has closed. The Commission will not make public until after bidding has closed: (1) The license areas that an applicant selects for bidding in its short-form application, (2) the amount of any upfront payment made by or on behalf of an applicant, (3) any applicant’s bidding eligibility, and (4) any other bidding-related information that might reveal the identity of the bidder placing a bid.

35. Once the bidding in Auction 103 starts, under the limited information procedures (sometimes also referred to as anonymous bidding), information to be made public after each round of bidding will include for each category of license in each geographic area, the supply, the aggregate demand, the price at the end of the last completed round, and the price for the next round. The identities of bidders placing specific bids and the net bid amounts (reflecting bidding credits or incentive payments) will not be disclosed until after the close of bidding.

36. Bidders will have access to additional information related to their own bidding and bid eligibility. For example, bidders will be able to view their own level of eligibility, before and during the auction, through the FCC auction bidding system. Each incumbent bidder will also be apprised of the size of its potential incentive payment on a round-by-round basis during the clock phase.

37. After the close of bidding, bidders’ PEA selections, upfront payment amounts, bidding eligibility, bids, and other bidding-related actions will be made publicly available.

38. The direct or indirect communication to other applicants or the public disclosure of non-public information (e.g., reductions in eligibility, identities of bidders) could violate the Commission’s rule prohibiting certain communications. To the extent an applicant believes that such a disclosure is required by law or regulation, including regulations issued by the U.S. Securities and Exchange Commission, the applicant should consult with the Commission staff in the Auctions Division before making such disclosure.

#### *G. Prohibited Communications and Compliance With Antitrust Laws*

39. The rules prohibiting certain communications set forth in § 1.2105(c) apply to each applicant that files a short-form application (FCC Form 175) in Auction 103. Section 1.2105(c)(1) of the Commission’s rules provides that, subject to specified exceptions, after the short-form application filing deadline, all applicants are prohibited from

cooperating or collaborating with respect to, communicating with or disclosing, to each other or any nationwide provider of communications services that is not an applicant, or, if the applicant is a nationwide provider, any non-nationwide provider that is not an applicant, in any manner the substance of their own, or each other's, or any other applicants' bids or bidding strategies (including post-auction market structure), or discussing or negotiating settlement agreements, until after the down payment deadline.

#### 1. Entities Subject to § 1.2105(c)

40. An applicant for purposes of this rule includes all controlling interests in the entity submitting the FCC Form 175 auction application, as well as all holders of interests amounting to 10% or more of the entity, and all officers and directors of that entity. A party that submits an application becomes an applicant under the rule at the application deadline, and that status does not change based on later developments.

41. The prohibited communications rule shall apply to communications between a short-form applicant and an incumbent that files an application (FCC Form 175-A) as part of the Initial Commitment process for Auction 103. The rule applies even if such an incumbent chooses not to file FCC Form 175 to bid for licenses in Auction 103.

#### 2. Prohibition Applies Until Down Payment Deadline

42. Section 1.2105(c)'s prohibition of certain communications begins at an auction's short-form application filing deadline and ends at the auction's down payment deadline after the auction closes, which will be announced in a future public notice. In addition, for an incumbent that files and/or is identified in an FCC Form 175-A, the Incumbent 39 GHz Licensee Short-Form Application, the prohibition of certain communications began at the FCC Form 175-A filing deadline on July 15, 2019.

#### 3. Scope of Prohibition of Communications; Prohibition of Joint Bidding Agreements

43. The Commission amended § 1.2105(c) in 2015 to extend the prohibition of communications to cover all applicants for an auction regardless of whether the applicants seek permits or licenses in the same geographic area, or market. In addition, the rule now applies to communications by applicants with non-applicant nationwide providers of communications services and by nationwide applicants with non-

applicant non-nationwide providers. The Commission now prohibits a joint bidding arrangement, including arrangements relating to the permits or licenses being auctioned that address or communicate, directly or indirectly, bidding at the auction, bidding strategies, including arrangements regarding price or the specific permits or licenses on which to bid, and any such arrangements relating to the post-auction market structure. The revised rule provides limited exceptions for a communication within the scope of any arrangement consistent with the exclusion from the rule prohibiting joint bidding, provided such arrangement is disclosed on the applicant's auction application. Applicants may continue to communicate pursuant to any pre-existing agreements, arrangements, or understandings that are solely operational or that provide for the transfer or assignment of licenses, provided that such agreements, arrangements, or understandings are disclosed on their applications and do not both relate to the licenses at auction and address or communicate bids (including amounts), bidding strategies, or the particular permits or licenses on which to bid or the post-auction market structure.

44. The prohibition against communicating in any manner includes public disclosures as well as private communications and indirect or implicit communications. Consequently, an applicant must take care to determine whether its auction-related communications may reach another applicant.

45. Parties subject to § 1.2105(c) should take special care in circumstances where their officers, directors, and employees may receive information directly or indirectly relating to any applicant's bids or bidding strategies. Such information may be deemed to have been received by the applicant under certain circumstances. For example, Commission staff have found that, where an individual serves as an officer and director for two or more applicants, the bids and bidding strategies of one applicant are presumed conveyed to the other applicant through the shared officer, which creates an apparent violation of the rule.

46. Section 1.2105(c)(1) prohibits applicants from communicating with specified other parties only with respect to their own, or each other's, or any other applicant's bids or bidding strategies. A communication conveying bids or bidding strategies (including post-auction market structure) must also relate to the licenses being auctioned in

order to be covered by the prohibition. Thus, the prohibition is limited in scope and does not apply to all communications between or among the specified parties. The Commission consistently has made clear that application of the rule prohibiting communications has never required total suspension of essential ongoing business. Entities subject to the prohibition may negotiate agreements during the prohibition period, provided that the communications involved do not relate both (1) to the licenses being auctioned and (2) to bids or bidding strategies or post-auction market structure.

47. Business discussions and negotiations that are unrelated to bidding in Auction 103 and that do not convey information about the bids or bidding strategies, including the post-auction market structure, of an applicant are not prohibited by the rule. Moreover, not even all auction-related information is covered by the prohibition. For example, communicating merely whether a party has or has not applied to participate in Auction 103 will not violate the rule. In contrast, communicating how a party will participate, including specific geographic areas selected, specific bid amounts, and/or whether or not the party is placing bids, would convey bids or bidding strategies and would be prohibited.

48. Each applicant must remain vigilant not to communicate, directly or indirectly, information that affects, or could affect, bids or bidding strategies. Certain discussions might touch upon subject matters that could convey price or geographic information related to bidding strategies. Such subject areas include, but are not limited to, management, sales, local marketing agreements, and other transactional agreements.

49. Bids or bidding strategies may be communicated outside of situations that involve one party subject to the prohibition communicating privately and directly with another such party. For example, the Commission has warned that prohibited communications concerning bids and bidding strategies may include communications regarding capital calls or requests for additional funds in support of bids or bidding strategies to the extent such communications convey information concerning the bids and bidding strategies directly or indirectly. The Commission found a violation of the rule against prohibited communications when an applicant used the Commission's bidding system to disclose its bidding strategy in a manner

that explicitly invited other auction participants to cooperate and collaborate in specific markets and has placed auction participants on notice that the use of its bidding system to disclose market information to competitors will not be tolerated and will subject bidders to sanctions.

50. When completing a short-form application, each applicant should avoid any statements or disclosures that may violate § 1.2105(c). An applicant should avoid including any information in its short-form application that might convey information regarding its PEA selections, such as referring to certain markets in describing agreements, including any information in application attachments that will be publicly available that may otherwise disclose the applicant's PEA selections, or using applicant names that refer to licenses being offered.

51. Applicants also should be mindful that communicating non-public application or bidding information publicly or privately to another applicant may violate § 1.2105(c) even though that information subsequently may be made public during later periods of the application or bidding processes.

#### 4. Communicating With Third Parties

52. Section 1.2105(c) does not prohibit an applicant from communicating bids or bidding strategies to a third-party, such as a consultant or consulting firm, counsel, or lender. The applicant should take appropriate steps, however, to ensure that any third party it employs for advice pertaining to its bids or bidding strategies does not become a conduit for prohibited communications to other specified parties, as that would violate the rule. For example, an applicant might require a third party, such as a lender, to sign a non-disclosure agreement before the applicant communicates any information regarding bids or bidding strategy to the third party. Within third-party firms, separate individual employees, such as attorneys or auction consultants, may advise individual applicants on bids or bidding strategies, as long as such firms implement firewalls and other compliance procedures that prevent such individuals from communicating the bids or bidding strategies of one applicant to other individuals representing separate applicants. Although firewalls and/or other procedures should be used, their existence is not an absolute defense to liability if a violation of the rule has occurred.

53. In the case of an individual, the objective precautionary measure of a

firewall is not available. An individual that is privy to bids or bidding information of more than one applicant presents a greater risk of becoming a conduit for a prohibited communication. Whether a prohibited communication has taken place in a given case will depend on all the facts pertaining to the case, including who possessed what information, what information was conveyed to whom, and the course of bidding in the auction.

54. Potential applicants may discuss the short-form application or bids for specific licenses or license areas with the counsel, consultant, or expert of their choice before the short-form application deadline. The same third-party individual could continue to give advice after the short-form deadline regarding the application, provided that no information pertaining to bids or bidding strategies, including PEAs selected on the short-form application, is conveyed to that individual. To the extent potential applicants can develop bidding instructions prior to the short-form deadline that a third party could implement without changes during bidding, the third party could follow such instructions for multiple applicants provided that those applicants do not communicate with the third party during the prohibition period.

55. Applicants also should use caution in their dealings with other parties, such as members of the press, financial analysts, or others who might become conduits for the communication of prohibited bidding information. For example, even though communicating that it has applied to participate in the auction will not violate the rule, an applicant's statement to the press that it intends to stop bidding in an auction could give rise to a finding of a § 1.2105 violation. Similarly, an applicant's public statement of intent not to place bids during bidding in Auction 103 could also violate the rule.

#### 5. Section 1.2105(c) Certifications

56. By electronically submitting its FCC Form 175 auction application, each applicant certifies its compliance with § 1.2105(c) of the rules. If an applicant has a non-controlling interest with respect to more than one application, the applicant must certify that it has established internal control procedures to preclude any person acting on behalf of the applicant from possessing information about the bids or bidding strategies of more than one applicant or communicating such information with respect to either applicant to another person acting on behalf of and possessing such information regarding

another applicant. However, the mere filing of a certifying statement as part of an application will not outweigh specific evidence that a prohibited communication has occurred, nor will it preclude the initiation of an investigation when warranted. Any applicant found to have violated these communication prohibitions may be subject to sanctions.

#### 6. Duty To Report Prohibited Communications

57. Section 1.2105(c)(4) requires that any applicant that makes or receives a communication that appears to violate § 1.2105(c) must report such communication in writing to the Commission immediately, and in no case later than five business days after the communication occurs. Each applicant's obligation to report any such communication continues beyond the five-day period after the communication is made, even if the report is not made within the five-day period.

#### 7. Procedures for Reporting Prohibited Communications

58. A party reporting any information or communication pursuant to § 1.65, § 1.2105(a)(2), or § 1.2105(c)(4) must take care to ensure that any report of a prohibited communication does not itself give rise to a violation of § 1.2105(c). For example, a party's report of a prohibited communication could violate the rule by communicating prohibited information to other parties specified under the rule through the use of Commission filing procedures that allow such materials to be made available for public inspection.

59. Parties must file only a single report concerning a prohibited communication and must file that report with the Commission personnel expressly charged with administering the Commission's auctions. This rule is designed to minimize the risk of inadvertent dissemination of information in such reports. Any reports required by § 1.2105(c) must be filed consistent with the instructions set forth in the document. Such reports must be filed with Margaret W. Wiener, the Chief of the Auctions Division, Office of Economics and Analytics, by the most expeditious means available. Any such report should be submitted by email to Ms. Wiener and sent to [auction103@fcc.gov](mailto:auction103@fcc.gov). If you choose instead to submit a report in hard copy, any such report must be delivered only to: Margaret W. Wiener, Chief, Auctions Division, Office of Economics and Analytics, Federal Communications Commission, 445 12th Street SW, Room 6-C466, Washington, DC 20554.

60. A party seeking to report such a prohibited communication should consider submitting its report with a request that the report or portions of the submission be withheld from public inspection by following the procedures specified in § 0.459 of the Commission's rules. Such parties should coordinate with the Auctions Division staff about the procedures for submitting such reports.

#### 8. Winning Bidders Must Disclose Terms of Agreements

61. Each applicant that is a winning bidder will be required to provide as part of its long-form application any agreement or arrangement it has entered into and a summary of the specific terms, conditions, and parties involved in any agreement it has entered into. Such agreements must have been entered into prior to the filing of short-form applications. This applies to any bidding consortia, joint venture, partnership, or agreement, understanding, or other arrangement entered into relating to the competitive bidding process, including any agreement relating to the post-auction market structure. Failure to comply with the Commission's rules can result in enforcement action.

#### 9. Additional Information Concerning Prohibition of Certain Communications in Commission Auctions

62. A summary listing of documents issued by the Commission and the Wireless Telecommunications Bureau/ Office of Economics and Analytics addressing the application of § 1.2105(c) is available on the Commission's auction web page at [www.fcc.gov/summary-listing-documents-addressing-application-rule-prohibiting-certain-communications/](http://www.fcc.gov/summary-listing-documents-addressing-application-rule-prohibiting-certain-communications/).

#### 10. Antitrust Laws

63. Applicants remain subject to the antitrust laws. Compliance with the disclosure requirements of § 1.2105(c)(4) will not insulate a party from enforcement of the antitrust laws. For instance, a violation of the antitrust laws could arise out of actions taking place well before any party submits a short-form application. The Commission has cited a number of examples of potentially anticompetitive actions that would be prohibited under antitrust laws: for example, actual or potential competitors may not agree to divide territories in order to minimize competition, regardless of whether they split a market in which they both do business, or whether they merely reserve one market for one and another market for the other.

64. To the extent the Commission becomes aware of specific allegations that suggest that violations of the federal antitrust laws may have occurred, it may refer such allegations to the United States Department of Justice for investigation. If an applicant is found to have violated the antitrust laws or the Commission's rules in connection with its participation in the competitive bidding process, it may be subject to a forfeiture and may be prohibited from participating further in Auction 103 and in future auctions, among other sanctions.

#### H. Provisions for Small Businesses and Rural Service Providers

65. The Commission's designated entity rules apply to all licenses acquired with bidding credits, including those won in Auction 103. A bidding credit represents an amount by which a bidder's winning bid will be discounted.

66. In Auction 103, bidding credits will be available to applicants demonstrating eligibility for a small business or a rural service provider bidding credit and subsequently winning license(s). Bidding credits will not be cumulative—an applicant is permitted to claim either a small business bidding credit or a rural service provider bidding credit, but not both. Each applicant must also certify that it is eligible for the claimed bidding credit in its FCC Form 175. Each applicant should review carefully the Commission's decisions regarding the designated entity provisions as well as the part 1 rules.

67. Applicants applying for designated entity bidding credits should take due account of the requirements of the Commission's rules and implementing orders regarding de jure and de facto control of such applicants. These rules include a prohibition, which applies to all applicants (whether or not seeking bidding credits), against changes in ownership of the applicant that would constitute an assignment or transfer of control. Any substantial change in ownership or control is classified as a major amendment. Applicants should not expect to receive any opportunities to revise their ownership structure after the filing of their short- and long-form applications, including making revisions to their agreements or other arrangements with interest holders, lenders, or others in order to address potential concerns relating to compliance with the designated entity bidding credit requirements.

68. An incumbent bidding in Auction 103 and claiming a bidding credit may

receive a bidding credit discount only on winning bid amounts that exceed any incentive payment to that incumbent. This limitation applies even if the incumbent uses different entities that are commonly controlled to submit FCC Form 175-A and FCC Form 175. The ownership information that an applicant is required to submit at both the short-form and long-form application stages will permit Commission staff to uncover any controlling interest in common in the two entities and ensure that bidding credit discounts are properly calculated when determining payments due.

#### 1. Small Business Bidding Credit

69. For Auction 103, bidding credits will be available to eligible small businesses and consortia thereof. Under the service rules applicable to the UMFUS licenses to be offered in Auction 103, the level of bidding credit available is determined as follows: A bidder with attributed average annual gross revenues that do not exceed \$55 million for the preceding three years is eligible to receive a 15% discount on its winning bid; and a bidder with attributed average annual gross revenues that do not exceed \$20 million for the preceding three years is eligible to receive a 25% discount on its winning bid.

70. Small business bidding credits are not cumulative; an eligible applicant may receive either the 15% or the 25% bidding credit on its winning bid, but not both. The Commission's unjust enrichment provisions also apply to a winning bidder that uses a bidding credit and subsequently seeks to assign or transfer control of its license within a certain period to an entity not qualifying for the same level of small business bidding credit.

71. Each applicant claiming a small business bidding credit must disclose the gross revenues for the preceding three years for each of the following: (1) The applicant, (2) its affiliates, (3) its controlling interests, and (4) the affiliates of its controlling interests. The applicant must also submit an attachment that lists all parties with which the applicant has entered into any spectrum use agreements or arrangements for any licenses that may be won by the applicant in Auction 103. In addition, to the extent that an applicant has an agreement with any disclosable interest holder for the use of more than 25% of the spectrum capacity of any license that may be won in Auction 103, the identity and the attributable gross revenues of any such disclosable interest holder must be disclosed. This attribution rule will be

applied on a license-by-license basis. As a result, an applicant may be eligible for a bidding credit on some, but not all, of the licenses for which it is bidding in Auction 103. If an applicant is applying as a consortium of small businesses, the disclosures described in this paragraph must be provided for each consortium member.

## 2. Rural Service Provider Bidding Credit

72. An eligible applicant may request a 15% discount on its winning bid using a rural service provider bidding credit, subject to the \$10 million cap. To be eligible for a rural service provider bidding credit, an applicant must (1) be a service provider that is in the business of providing commercial communications services and, together with its controlling interests, affiliates, and the affiliates of its controlling interests, has fewer than 250,000 combined wireless, wireline, broadband, and cable subscribers; and (2) serve predominantly rural areas, defined as counties with a population density of 100 or fewer persons per square mile. These eligibility requirements must be satisfied by the FCC Form 175 filing deadline. Additionally, an applicant may count any subscriber as a single subscriber even if that subscriber receives more than one service. For instance, a subscriber receiving both wireline and telephone service and broadband would be counted as a single subscriber.

73. Each applicant seeking a rural service provider bidding credit must disclose the number of subscribers it has, along with the number of subscribers of its affiliates, controlling interests, and the affiliates of its controlling interests. The applicant must also submit an attachment that lists all parties with which the applicant has entered into any spectrum use agreements or arrangements for any licenses that be may won by the applicant in Auction 103. To the extent that an applicant has an agreement with any disclosable interest holder for the use of more than 25% of the spectrum capacity of any license that may be won in Auction 103, the identity and the attributable subscribers of any such disclosable interest holder must be disclosed. Eligible rural service providers may also form a consortium. If an applicant is applying as a consortium of rural service providers, the disclosures described in this paragraph, including the certification, must be provided for each consortium member.

## 3. Caps on Bidding Credits

74. Eligible applicants claiming either a small business or rural service provider bidding credit will be subject to certain caps on the total amount of bidding credit discounts that any eligible applicant may receive. The Commission adopts a \$25 million cap on the total amount of bidding credit discounts that may be awarded to an eligible small business in Auction 103. The Commission adopts a \$10 million cap on the total amount of bidding credit discounts that may be awarded to an eligible rural service provider in Auction 103. An entity is not eligible for a rural service provider bidding credit if it has already claimed a small business bidding credit. No winning designated entity bidder will be able to obtain more than \$10 million in bidding credit discounts in total for licenses won in markets with a population of 500,000 or less. To the extent an applicant seeking a small business bidding credit does not claim the full \$10 million in bidding credits in those smaller markets, it may apply the remaining balance to its winning bids on licenses in larger markets, up to the aggregate \$25 million cap.

## 4. Attributable Interests

### a. Controlling Interests and Affiliates

75. An applicant's eligibility for designated entity benefits is determined by attributing the gross revenues (for those seeking small business benefits) or subscribers (for those seeking rural service provider benefits) of the applicant, its affiliates, its controlling interests, and the affiliates of its controlling interests. Controlling interests of an applicant include individuals and entities with either *de facto* or *de jure* control of the applicant. Typically, ownership of greater than 50% of an entity's voting stock evidences *de jure* control. *De facto* control is determined on a case-by-case basis based on the totality of the circumstances. The following are some common indicia of *de facto* control: the entity constitutes or appoints more than 50% of the board of directors or management committee; the entity has authority to appoint, promote, demote, and fire senior executives that control the day-to-day activities of the licensee; and the entity plays an integral role in management decisions.

76. Applicants should refer to § 1.2110(c)(2) of the Commission's rules and the FCC Form 175 Instructions to understand how certain interests are calculated in determining control for purposes of attributing gross revenues. For example, officers and directors of an

applicant are considered to have a controlling interest in the applicant.

77. Affiliates of an applicant or controlling interest include an individual or entity that (1) directly or indirectly controls or has the power to control the applicant, (2) is directly or indirectly controlled by the applicant, (3) is directly or indirectly controlled by a third party that also controls or has the power to control the applicant, or (4) has an "identity of interest" with the applicant. The Commission's definition of an affiliate of the applicant encompasses both controlling interests of the applicant and affiliates of controlling interests of the applicant.

78. An applicant seeking a small business bidding credit must demonstrate its eligibility for the bidding credit by (1) meeting the applicable small business size standard, based on the controlling interest and affiliation rules, and (2) retaining control, on a license-by-license basis, over the spectrum associated with the licenses for which it seeks small business benefits. Control and affiliation may arise through, among other things, ownership interests, voting interests, management and other operating agreements, or the terms of any other types of agreements—including spectrum lease agreements—that independently or together create a controlling, or potentially controlling, interest in the applicant's or licensee's business as a whole. Except under the limited provisions provided for spectrum manager lessors, the Commission's decision to discontinue its policy requiring designated entity licensees to operate as primarily facilities-based providers of service directly to the public does not alter the rules that require the Commission to consider whether any particular use agreement may confer control of or create affiliation with the applicant. Once an applicant demonstrates eligibility as a small business under the first prong, it must also be eligible for benefits on a license-by-license basis under the second prong. As part of making the FCC Form 175 certification that it is qualified as a designated entity under § 1.2110, an applicant is certifying that it does not have any spectrum use or other agreements that would confer *de jure* and *de facto* control of any license it seeks to acquire with bidding credits.

79. If an applicant executes a spectrum use agreement that does not comply with the Commission's relevant standard of *de facto* control, it will be subject to unjust enrichment obligations for the benefits associated with that particular license, as well as the

penalties associated with any violation of section 310(d) of the Communications Act and related regulations, which require Commission approval of transfers of control. If that spectrum use agreement (either alone or in combination with the designated entity controlling interest and attribution rules), goes so far as to confer control of the applicant's overall business, the gross revenues of the additional interest holders will be attributed to the applicant, which could render the applicant ineligible for all current and future small business benefits on all licenses. The Commission applies the same *de facto* control standard to designated entity spectrum manager lessors that is applied to non-designated entity spectrum manager lessors.

#### b. Limitation on Spectrum Use

80. The Commission determined that a new attribution rule will apply going forward under which the gross revenues (or the subscribers, in the case of a rural service provider) of an applicant's disclosable interest holder are attributable to the applicant, on a license-by-license basis, if the disclosable interest holder has an agreement with the applicant to use, in any manner, more than 25% of the spectrum capacity of any license won by the applicant and acquired with a bidding credit during the five-year unjust enrichment period for the applicable license. A disclosable interest holder of an applicant seeking designated entity benefits is defined as any individual or entity holding a 10% or greater interest of any kind in the applicant, including but not limited to, a 10% or greater interest in any class of stock, warrants, options or debt securities in the applicant or licensee. Any applicant seeking a bidding credit for licenses won in Auction 103 will be subject to this attribution rule and must make the requisite disclosures.

81. The Commission also determined that certain disclosable interest holders may be excluded from this attribution rule. An applicant claiming the rural service provider bidding credit may have spectrum license use agreements with a disclosable interest holder, without having to attribute the disclosable interest holder's subscribers, so long as the disclosable interest holder is independently eligible for a rural service provider credit and the use agreement is otherwise permissible under the Commission's existing rules. If applicable, the applicant must attach to its FCC Form 175 any additional information as may be required to indicate any license (or license area) that may be subject to this attribution

rule or to demonstrate its eligibility for the exception from this attribution rule. The Commission intends to withhold from public disclosure all information contained in any such attachments until after the close of Auction 103.

#### c. Exceptions From Attribution Rules for Small Businesses and Rural Service Providers

82. Applicants claiming designated entity benefits may be eligible for certain exceptions from the Commission's attribution rules. For example, in calculating an applicant's gross revenues under the controlling interest standard, it will not attribute to the applicant the personal net worth, including personal income, of its officers and directors. To the extent that the officers and directors of the applicant are controlling interest holders of other entities, the gross revenues of those entities will be attributed to the applicant. Moreover, if an officer or director operates a separate business, the gross revenues derived from that separate business would be attributed to the applicant, although any personal income from such separate business would not be attributed. The Commission has also exempted from attribution to the applicant the gross revenues of the affiliates of a rural telephone cooperative's officers and directors, if certain conditions specified in § 1.2110(b)(4)(iii) of the Commission's rules are met. An applicant claiming this exemption must provide, in an attachment, an affirmative statement that the applicant, affiliate and/or controlling interest is an eligible rural telephone cooperative within the meaning of § 1.2110(b)(4)(iii), and the applicant must supply any additional information as may be required to demonstrate eligibility for the exemption from the attribution rule.

83. An applicant claiming a rural service provider bidding credit may be eligible for an exception from the Commission's attribution rules as an existing rural partnership. To qualify for this exception, an applicant must be a rural partnership providing service as of July 16, 2015, and each member of the rural partnership must individually have fewer than 250,000 combined wireless, wireline, broadband, and cable subscribers. The Commission will evaluate eligibility for an existing rural wireless partnership on the same basis as it would for an applicant applying for a bidding credit as a consortium of rural service providers. A partnership that includes a nationwide provider as a member will not be eligible for the benefit. Members of such partnerships that fall under this exception may also

apply as individual applicants or members of a consortium (to the extent that it is otherwise permissible to do so under the Commission's rules) and seek eligibility for a rural service provider bidding credit.

84. A consortium of small businesses or rural service providers may seek an exception from the Commission's attribution rules. A consortium of small businesses or rural service providers is a conglomerate organization composed of two or more entities, each of which individually satisfies the definition of small business or rural service provider. A consortium must provide additional information for each member demonstrating each member's eligibility for the claimed bidding credit in order to show that the applicant satisfies the eligibility criteria for the bidding credit. The gross revenue or subscriber information of each consortium member will not be aggregated for purposes of determining the consortium's eligibility for the claimed bidding credit. This information must be provided to ensure that each consortium member qualifies for the bidding credit sought by the consortium.

#### I. Provisions Regarding Former and Current Defaulters

85. Each applicant must make certifications regarding whether it is a current or former defaulter or delinquent. A current defaulter or delinquent is not eligible to participate in Auction 103, but a former defaulter or delinquent may participate so long as it is otherwise qualified and makes an upfront payment that is 50% more than would otherwise be necessary. An applicant is considered a current defaulter or a current delinquent when it, any of its affiliates, any of its controlling interests, or any of the affiliates of its controlling interests, is in default on any payment for any Commission construction permit or license (including a down payment) or is delinquent on any non-tax debt owed to any Federal agency as of the filing deadline for auction applications. Non-tax debt owed to any Federal agency includes, within the meaning of the rule, all amounts owed under Federal programs, including contributions to the Universal Service Fund, Telecommunications Relay Services Fund, and the North American Numbering Plan Administration, notwithstanding that the administrator of any such fund may not be considered a Federal "agency" under the Debt Collection Improvement Act of 1996. For example, an applicant with a past due USF contribution as of the auction application filing deadline would be

disqualified from participating in Auction 103 under the Commission's rules. If the applicant cures the overdue debt prior to the auction application filing deadline (and such debt does not fall within one of the exclusions described in § 1.2105(a)(2)(xii)), it may be eligible to participate in Auction 103 as a former defaulter. Each applicant must certify under penalty of perjury on its FCC Form 175 that it, its affiliates, its controlling interests, and the affiliates of its controlling interests are not in default on any payment for a Commission construction permit or license (including down payments) and that it is not delinquent on any non-tax debt owed to any Federal agency. Additionally, an applicant must certify under penalty of perjury whether it (along with its controlling interests) has ever been in default on any payment for a Commission construction permit or license (including down payments) or has ever been delinquent on any non-tax debt owed to any Federal agency, subject to the exclusions. The term controlling interest is defined in § 1.2105(a)(4)(i) of the Commission rules.

86. An applicant is considered a former defaulter or a former delinquent when, as of the FCC Form 175 deadline, the applicant or any of its controlling interests has defaulted on any Commission construction permit or license or has been delinquent on any non-tax debt owed to any Federal agency, but has since remedied all such defaults and cured all of the outstanding non-tax delinquencies. The applicant may exclude from consideration any cured default on a Commission construction permit or license or cured delinquency on a non-tax debt owed to a Federal agency for which any of the following criteria are met: (1) The notice of the final payment deadline or delinquency was received more than seven years before the FCC Form 175 filing deadline, (2) the default or delinquency amounted to less than \$100,000, (3) the default or delinquency was paid within two quarters (*i.e.*, six months) after receiving the notice of the final payment deadline or delinquency, or (4) the default or delinquency was the subject of a legal or arbitration proceeding and was cured upon resolution of the proceeding. Notice to a debtor may include notice of a final payment deadline or notice of delinquency and may be express or implied depending on the origin of any Federal non-tax debt giving rise to a default or delinquency. The date of receipt of the notice of a final default deadline or delinquency by the

intended party or debtor will be used for purposes of verifying receipt of notice. A debt will not be deemed to be in default or delinquent until after the expiration of a final payment deadline. To the extent that the rules providing for payment of a specific federal debt permit payment after an original payment deadline accompanied by late fee(s), such debts would not be in default or delinquent for purposes of applying the former defaulter rules until after the late payment deadline. Any winning bidder that fails to timely pay its post-auction down payment or the balance of its final winning bid amount(s) or is disqualified for any reason after the close of an auction will be in default and subject to a default payment. Commission staff provide individual notice of the amount of such a default payment as well as procedures and information required by the Debt Collection Improvement Act of 1996, including the payment due date and any charges, interest, and/or penalties that accrue in the event of delinquency. Such notice provided by Commission staff assessing a default payment arising out of a default on a winning bid, constitutes notice of the final payment deadline with respect to a default on a Commission license.

87. Applicants are encouraged to review previous guidance on default and delinquency disclosure requirements in the context of the auction short-form application process. Parties are also encouraged to consult with Auctions Division staff if they have any questions about default and delinquency disclosure requirements.

88. The Commission considers outstanding debts owed to the United States Government, in any amount, to be a serious matter. The Commission adopted rules, including a provision referred to as the red light rule that implement its obligations under the Debt Collection Improvement Act of 1996, which governs the collection of debts owed to the United States. Under the red light rule, applications and other requests for benefits filed by parties that have outstanding debts owed to the Commission will not be processed. The Commission's adoption of the red light rule does not alter the applicability of any of its competitive bidding rules, including the provisions and certifications of §§ 1.2105 and 1.2106, with regard to current and former defaults or delinquencies.

89. The Commission's Red Light Display System, which provides information regarding debts currently owed to the Commission, may not be determinative of an auction applicant's ability to comply with the default and

delinquency disclosure requirements of § 1.2105. While the red light rule ultimately may prevent the processing of long-form applications by auction winners, an auction applicant's lack of current red light status is not necessarily determinative of its eligibility to participate in an auction (or whether it may be subject to an increased upfront payment obligation). A prospective applicant in Auction 103 should note that any long-form applications filed after the close of bidding will be reviewed for compliance with the Commission's red light rule, and such review may result in the dismissal of a winning bidder's long-form application. Applicants that have their long-form applications dismissed will be deemed to have defaulted and will be subject to default payments under §§ 1.2104(g) and 1.2109(c) of the Commission's rules. Each applicant should carefully review all records and other available Federal agency databases and information sources to determine whether the applicant, or any of its affiliates, or any of its controlling interests, or any of the affiliates of its controlling interests, owes or was ever delinquent in the payment of non-tax debt owed to any Federal agency. To access the Commission's Red Light Display System, go to: <https://apps.fcc.gov/redlight/login.cfm>.

#### *J. Optional Applicant Status Identification*

90. Applicants owned by members of minority groups and/or women, as defined in § 1.2110(c)(3), and rural telephone companies, as defined in § 1.2110(c)(4), may identify themselves regarding this status in filling out their FCC Form 175 applications. This applicant status information is collected for statistical purposes only and assists the Commission in monitoring the participation of various groups in its auctions.

#### *K. Modifications to FCC Form 175*

##### *1. Only Minor Modifications Allowed*

91. After the initial FCC Form 175 filing deadline, an Auction 103 applicant will be permitted to make only minor changes to its application consistent with the Commission's rules. Minor amendments include any changes that are not major, such as correcting typographical errors and supplying or correcting information as requested to support the certifications made in the application. Examples of minor changes include the deletion or addition of authorized bidders (to a maximum of three); the revision of addresses and telephone numbers of the applicant, its

responsible party, and its contact person; and change in the applicant's selected bidding option (electronic or telephonic). Major modification to an FCC Form 175 (e.g., change of PEA selection, certain changes in ownership that would constitute an assignment or transfer of control of the applicant, change in the required certifications, change in applicant's legal classification that results in a change in control, or change in claimed eligibility for a higher percentage of bidding credit) will not be permitted after the initial FCC Form 175 filing deadline. If an amendment reporting changes is a "major amendment," as described in § 1.2105(b)(2), the major amendment will not be accepted and may result in the dismissal of the application. Any change in control of an applicant will be considered a major modification, and the application will consequently be dismissed. Even if an applicant's FCC Form 175 is dismissed, the applicant would remain subject to the communication prohibitions of § 1.2105(c) until the down-payment deadline for Auction 103.

## 2. Duty To Maintain Accuracy and Completeness of FCC Form 175

92. Each applicant has a continuing obligation to maintain the accuracy and completeness of information furnished in a pending application, including a pending application to participate in Auction 103. An applicant's FCC Form 175 and associated attachments will remain pending until the release of a public notice announcing the close of the auction. Auction 103 applicants remain subject to the § 1.2105(c) prohibition of certain communications until the post-auction deadline for making down payments on winning bids in Auction 103. An applicant's post-auction application (FCC Form 601) is considered pending from the time it is accepted for filing by the Commission until a Commission grant or denial of the application is no longer subject to reconsideration by the Commission or to review by any court. An applicant for Auction 103 must furnish additional or corrected information to the Commission within five business days after a significant occurrence or amend its FCC Form 175 no more than five business days after the applicant becomes aware of the need for the amendment. An applicant is obligated to amend its pending application(s) even if a reported change may result in the dismissal of the application because it is subsequently determined to be a major modification.

## 3. Modifying an FCC Form 175

93. A party seeking to participate in Auction 103 must file an FCC Form 175 electronically via the FCC's Auction Application System. During the initial filing window, an applicant will be able to make any necessary modifications to its FCC Form 175 in the Auction Application System. An applicant that has certified and submitted its FCC Form 175 before the close of the initial filing window may continue to make modifications as often as necessary until the close of that window; the applicant must re-certify and re-submit its FCC Form 175 before the close of the initial filing window to confirm and effect its latest application changes. After each submission, a confirmation page will be displayed stating the submission time and submission date.

94. An applicant will also be allowed to modify its FCC Form 175 in the Auction Application System, except for certain fields, during the resubmission filing window and after the release of the public notice announcing the qualified bidders for an auction. An applicant will not be allowed to modify electronically in the Auction Application System the applicant's legal classification, the applicant's name, or the certifying official. During these times, if an applicant needs to make permissible minor changes to its FCC Form 175 or must make changes in order to maintain the accuracy and completeness of its application pursuant to §§ 1.65 and 1.2105(b)(4), it must make the change(s) in the Auction Application System and then re-certify and re-submit its application to confirm and effect the change(s).

95. An applicant's ability to modify its FCC Form 175 in the Auction Application System will be limited between the closing of the initial filing window and the opening of the application resubmission filing window, and between the closing of the resubmission filing window and the release of the public notice announcing the qualified bidders for an auction. During these periods, an applicant will be able to view its submitted application, but it will be permitted to modify only the applicant's address, responsible party address, contact information (e.g., name, address, telephone number, etc.), and bidding preference (telephonic or electronic) in the Auction Application System. An applicant will not be able to modify any other pages of the FCC Form 175 in the Auction Application System during these periods. If, during these periods, an applicant needs to make other permissible minor changes to its FCC

Form 175, or changes to maintain the accuracy and completeness of its application, the applicant must submit a letter briefly summarizing the changes to its FCC Form 175 via email to [auction103@fcc.gov](mailto:auction103@fcc.gov). The email summarizing the changes must include a subject line referring to Auction 103 and the name of the applicant, for example, Re: Changes to Auction 103 Auction Application of XYZ Corp. Any attachments to the email must be formatted as Adobe® Acrobat® (PDF) or Microsoft® Word documents. An applicant that submits its changes in this manner must subsequently modify, certify, and submit its FCC Form 175 application(s) electronically in the Auction Application System once it is again open and available to applicants.

96. Applicants should also note that even at times when the Auction Application System is open and available to applicants, the system will not allow an applicant to make certain other permissible changes itself (e.g., correcting a misstatement of the applicant's legal classification). If an applicant needs to make a permissible minor change of this nature, it must submit a written request by email to [auction103@fcc.gov](mailto:auction103@fcc.gov), requesting that the Commission manually make the change on the applicant's behalf. Once Commission staff has informed the applicant that the change has been made in the Auction Application System, the applicant must then re-certify and re-submit its FCC Form 175 in the Auction Application System to confirm and effect the change(s).

97. Any amendment(s) to the application and related statements of fact must be certified by an authorized representative of the applicant with authority to bind the applicant. Submission of any such amendment or related statement of fact constitutes a representation by the person certifying that he or she is an authorized representative with such authority and that the contents of the amendment or statement of fact are true and correct.

98. Applicants must not submit application-specific material through the Commission's Electronic Comment Filing System. Parties submitting information related to their applications should use caution to ensure that their submissions do not contain confidential information or communicate information that would violate § 1.2105(c) or the limited information procedures adopted for Auction 103. An applicant seeking to submit, outside of the Auction Application System, information that might reflect non-public information, such as an applicant's PEA selection(s), upfront

payment amount, or bidding eligibility, should consider including in its email a request that the filing or portions of the filing be withheld from public inspection until the end of the prohibition of certain communications.

99. Questions about FCC Form 175 amendments should be directed to the Auctions Division at (202) 418-0660.

### III. Preparing for Bidding in Auction 103

#### A. Due Diligence

100. Each potential bidder is solely responsible for investigating and evaluating all technical and marketplace factors that may have a bearing on the value of the licenses that it is seeking in Auction 103. The Commission makes no representations or warranties about the use of this spectrum or these licenses for particular services. Each applicant should be aware that a Commission auction represents an opportunity to become a Commission licensee, subject to certain conditions and regulations. This includes the established authority of the Commission to alter the terms of existing licenses by rulemaking, which is equally applicable to licenses awarded by auction. A Commission auction does not constitute an endorsement by the Commission of any particular service, technology, or product, nor does a Commission license constitute a guarantee of business success.

101. An applicant should perform its due diligence research and analysis before proceeding, as it would with any new business venture. Each potential bidder should perform technical analyses and/or refresh its previous analyses to assure itself that, should it become a winning bidder for any Auction 103 license, it will be able to build and operate facilities that will fully comply with all applicable technical and legal requirements. Each applicant should inspect any prospective sites for communications facilities located in, or near, the geographic area for which it plans to bid, confirm the availability of such sites, and familiarize itself with the Commission's rules regarding the National Environmental Policy Act.

102. Each applicant in Auction 103 should continue to conduct its own research throughout the auction to determine the existence of pending or future administrative or judicial proceedings that might affect its decision on continued participation in the auction. Each applicant is responsible for assessing the likelihood of the various possible outcomes and for considering the potential impact on

licenses available in an auction. The due diligence considerations mentioned in the document do not constitute an exhaustive list of steps that should be undertaken prior to participating in Auction 103. The burden is on the potential bidder to determine how much research to undertake, depending upon the specific facts and circumstances related to its interests.

103. Applicants are solely responsible for identifying associated risks and for investigating and evaluating the degree to which such matters may affect their ability to bid on, otherwise acquire, or make use of the licenses available in Auction 103. Each potential bidder is responsible for undertaking research to ensure that any licenses won in the auction will be suitable for its business plans and needs. Each potential bidder must undertake its own assessment of the relevance and importance of information gathered as part of its due diligence efforts.

104. The Commission makes no representations or guarantees regarding the accuracy or completeness of information in its databases or any third-party databases, including, for example, court docketing systems. To the extent the Commission's databases may not include all information deemed necessary or desirable by an applicant, it must obtain or verify such information from independent sources or assume the risk of any incompleteness or inaccuracy in said databases. Furthermore, the Commission makes no representations or guarantees regarding the accuracy or completeness of information that has been provided by incumbent licensees and incorporated into its databases.

#### B. Licensing Considerations

##### 1. Incumbency and Sharing Issues

105. Potential applicants in Auction 103 should consider carefully the operations of incumbent licensees currently in the 39 GHz band when developing business plans, assessing market conditions, and evaluating the availability of equipment for mmW services. Each applicant should follow closely releases from the Commission concerning these issues and consider carefully the technical and economic implications for commercial use of the UMFUS bands.

106. Potential applicants in Auction 103 should consider carefully the implications of the Commission's sharing schemes for the Upper 37 GHz band. This includes satellite/terrestrial sharing in the Upper 37 GHz, 39 GHz, and 47 GHz bands. Licensees operating in the Upper 37 GHz band near specific

Federal sites must coordinate with those Federal operations. The Commission established a coordination process to accommodate the military's potential need for additional sites in the Upper 37 GHz band, while protecting the interests of non-Federal licensees.

##### 2. International Coordination

107. Potential bidders seeking licenses for geographic areas adjacent to the Canadian and Mexican border should be aware that the use of some or all of the upper microwave frequencies they acquire in Auction 103 are subject to international agreements with Canada and Mexico. The Commission routinely works with the United States Department of State and Canadian and Mexican government officials to ensure the efficient use of the spectrum as well as interference-free operations in the border areas near Canada and Mexico. Until such time as any adjusted agreements, as needed, between the United States, Mexico and/or Canada can be agreed to, operations in the upper microwave bands must not cause harmful interference across the border, consistent with the terms of the agreements currently in force.

##### 3. Environmental Review Requirements

108. Licensees must comply with the Commission's rules regarding implementation of the National Environmental Policy Act (NEPA), the National Historic Preservation Act (NHPA), and other environmental statutes. Licensees and other applicants that propose to build certain types of communications facilities for licensed service must follow Commission procedures implementing obligations under NEPA and NHPA prior to constructing the facilities. Under NEPA, a licensee or applicant must assess if certain environmentally sensitive conditions specified in the Commission's rules are relevant to the proposed facilities and prepare an environmental assessment (EA) when applicable. If an EA is required, facilities may not be constructed until environmental processing is completed. Under the NHPA, a licensee or applicant must follow the procedures in § 1.1320 of the Commission's rules, the *Nationwide Programmatic Agreement Regarding the Section 106 National Historic Preservation Act Review Process*, and the *Nationwide Programmatic Agreement for the Collocation of Wireless Antennas*. Compliance with section 106 of the NHPA requires tribal consultation, and if construction of the communications facilities would have adverse effects on

historic or tribally significant properties, an EA must be prepared.

#### 4. Mobile Spectrum Holdings Policies

109. Bidders should be aware of the Commission's mobile spectrum holding policies applicable to the mmW bands. For purposes of reviewing proposed secondary market transactions, the Commission adopted a threshold of 1850 megahertz of combined mmW spectrum in the 24 GHz, 28 GHz, 37 GHz, 39 GHz, and 47 GHz bands. The Commission will conduct an *ex post* case-by-case review of the acquisition through auction of spectrum in the UMFUS bands. The Commission found that it is in the public interest to review applications for initial licenses filed post-auction on a case-by-case basis using the same 1850 megahertz threshold it uses for reviewing applications for secondary market transactions.

#### C. Bidder Education

110. Before the opening of the short-form filing window for Auction 103 on August 26, 2019, detailed educational information will be provided in various formats to would-be participants on the Auction 103 web page. The Commission has directed the Office of Economics and Analytics (Office) to provide various materials on the pre-bidding processes in advance of the opening of the short-form application window, beginning with the release of step-by-step instructions for completing the FCC Form 175. The Office will also provide an online application procedures tutorial for the auction covering information on pre-bidding preparation, completing short-form applications, and the application review process.

111. In advance of the start of the mock auction, the Office will provide educational materials on the bidding processes for Auction 103, beginning with release of a user guide for the bidding system and bidding system file formats, followed by an online bidding procedures tutorial. The educational materials shall be released as soon as reasonably possible to provide potential applicants and bidders with time to understand them and ask any questions before having to make material decisions about their participation in the auction.

112. Parties interested in participating in Auction 103 will find the interactive, online tutorials an efficient and effective way to further their understanding of the application and bidding processes. The online tutorials will allow viewers to navigate the presentation outline, review written notes, listen to audio of the notes, and search for topics using a

text search function. Additional features of this web-based tool include links to auction-specific Commission releases, email links for contacting Commission staff, and screen shots of the online application and bidding systems. The online tutorials will be accessible in the Education section of the Auction 103 website at [www.fcc.gov/auction/103](http://www.fcc.gov/auction/103). Once posted, the tutorials will be accessible anytime.

#### D. Short-Form Applications: Due Before 6:00 p.m. ET on September 9, 2019

113. In order to be eligible to bid in Auction 103, an applicant must first follow the procedures to submit a short-form application (FCC Form 175) electronically via the Auction Application System, following the instructions set forth in the FCC Form 175 Instructions. The short-form application will become available with the opening of the initial filing window and must be submitted prior to 6:00 p.m. ET on September 9, 2019. Late applications will not be accepted. No application fee is required.

114. Applications may be filed at any time beginning at noon ET on August 26, 2019, until the filing window closes at 6:00 p.m. ET on September 9, 2019. Applicants should file early and are responsible for allowing adequate time for filing their applications. There are no limits or restrictions on the number of times an application can be updated or amended until the initial filing deadline on September 9, 2019.

115. An applicant must always click on the CERTIFY & SUBMIT button on the "Certify & Submit" screen to successfully submit its FCC Form 175 and any modifications; otherwise, the application or changes to the application will not be received or reviewed by Commission staff. Additional information about accessing, completing, and viewing the FCC Form 175 is provided in the FCC Form 175 Instructions. Applicants requiring technical assistance should contact FCC Auctions Technical Support at (877) 480-3201, option nine; (202) 414-1250; or (202) 414-1255 (text telephone (TTY)); hours of service are Monday through Friday, from 8:00 a.m. to 6:00 p.m. ET. All calls to Technical Support are recorded.

#### E. Application Processing and Minor Modifications

##### 1. Public Notice of Applicant's Initial Application Status and Opportunity for Minor Modifications

116. After the deadline for filing auction applications, the Commission will process all timely submitted

applications to determine whether each applicant has complied with the application requirements and provided all information concerning its qualifications for bidding. The Office will issue a public notice with applicants' initial application status identifying (1) those that are complete and (2) those that are incomplete or deficient because of defects that may be corrected. The public notice will include the deadline for resubmitting corrected applications, and a paper copy will be sent to the contact address listed in the FCC Form 175 for each applicant by overnight delivery. In addition, each applicant with an incomplete application will be sent information on the nature of the deficiencies in its application, along with the name and phone number of a Commission staff member who can answer questions specific to the application.

117. After the initial application filing deadline on September 9, 2019, applicants can make only minor modifications to their applications. Major modifications (*e.g.*, change of license or PEA selection, certain changes in ownership that would constitute an assignment or transfer of control of the applicant, change in the required certifications, change in applicant's legal classification that results in a change in control, or change in claimed eligibility for a higher percentage of bidding credit) will not be permitted. After the deadline for resubmitting corrected applications, an applicant will have no further opportunity to cure any deficiencies in its application or provide any additional information that may affect Commission staff's ultimate determination of whether and to what extent the applicant is qualified to participate in Auction 103.

118. Commission staff will communicate only with an applicant's contact person or certifying official, as designated on the applicant's FCC Form 175, unless the applicant's certifying official or contact person notifies Commission staff in writing that another representative is authorized to speak on the applicant's behalf. Authorizations may be sent by email to [auction103@fcc.gov](mailto:auction103@fcc.gov).

##### 2. Public Notice of Applicant's Final Application Status After Upfront Payment Deadline

119. After Commission staff review resubmitted applications, the Office will release a public notice identifying applicants that have become qualified bidders for that auction. A *Qualified Bidders Public Notice* will be issued before bidding in the auction begins.

Qualified bidders are those applicants with submitted FCC Form 175 applications that are deemed timely filed and complete.

#### F. Upfront Payments

120. In order to be eligible to bid in Auction 103, a sufficient upfront payment and a complete and accurate FCC Remittance Advice Form (FCC Form 159, Revised 2/03) must be submitted before 6:00 p.m. ET on October 22, 2019. After completing its short-form application, an applicant will have access to an electronic pre-filled version of the FCC Form 159. An accurate and complete FCC Form 159 must accompany each payment. Proper completion of this form is critical to ensuring correct crediting of upfront payments. Payers using the pre-filled FCC Form 159 are responsible for ensuring that all the information on the form, including payment amounts, is accurate.

##### 1. Making Upfront Payments by Wire Transfer for Auction 103

121. Upfront payments for Auction 103 must be wired to, and will be deposited in, the U.S. Treasury. Wire transfer payments for Auction 103 must be received before 6:00 p.m. ET on October 22, 2019. An applicant must initiate the wire transfer through its bank, authorizing the bank to wire funds from the applicant's account to the proper account at the U.S. Treasury. No other payment method is acceptable. To avoid untimely payments, applicants should discuss arrangements (including bank closing schedules and other specific bank wire transfer requirements, such as an in-person written request before a specified time of day) with their bankers several days before they plan to make the wire transfer, and must allow sufficient time for the transfer to be initiated and completed before the deadline. The information needed to place an order for a wire transfer is set forth in the document.

122. At least one hour before placing the order for the wire transfer (but on the same business day), applicants must print and fax a completed FCC Form 159 (Revised 2/03) to the FCC at (202) 418-2843. Alternatively, the completed form can be scanned and sent as an attachment to an email to [RROGWireFaxes@fcc.gov](mailto:RROGWireFaxes@fcc.gov). On the fax cover sheet or in the email subject header, write "Wire Transfer—Auction Payment for Auction 103". To meet the upfront payment deadline, an applicant's payment must be credited to the Commission's account for Auction 103 before the deadline.

123. Each applicant is responsible for ensuring timely submission of its upfront payment and for timely filing of an accurate and complete FCC Form 159. An applicant should coordinate with its financial institution well ahead of the due date regarding its wire transfer and allow sufficient time for the transfer to be initiated and completed prior to the deadline. The Commission repeatedly has cautioned auction participants about the importance of planning ahead to prepare for unforeseen last-minute difficulties in making payments by wire transfer. Each applicant also is responsible for obtaining confirmation from its financial institution that its wire transfer to the U.S. Treasury was successful and from Commission staff that its upfront payment was timely received and that it was deposited into the proper account. To receive confirmation from Commission staff, contact Scott Radcliffe of the Office of Managing Director's Revenue & Receivables Operations Group/Auctions at (202) 418-7518, Theresa Meeks at (202) 418-2945, or Gail Glasser at (202) 418-0578.

124. All payments must be made in U.S. dollars. All payments must be made by wire transfer. Upfront payments for Auction 103 go to an account number different from the accounts used in previous FCC auctions.

125. Failure to deliver a sufficient upfront payment as instructed by the upfront payment deadline will result in dismissal of the short-form application and disqualification from participation in the auction.

##### 2. Completing and Submitting FCC Form 159

126. Information that supplements the standard instructions for FCC Form 159 (Revised 2/03) is provided to help ensure correct completion of FCC Form 159 for upfront payments for Auction 103. Applicants need to complete FCC Form 159 carefully because mistakes may affect bidding eligibility and the lack of consistency between information provided in FCC Form 159 (Revised 2/03), FCC Form 175, long-form application, and correspondence about an application may cause processing delays.

##### 3. Upfront Payments and Bidding Eligibility

127. The Commission has authority to determine appropriate upfront payments for each license being auctioned, taking into account such factors as the efficiency of the auction process and the potential value of similar licenses. An upfront payment is

a refundable deposit made by each applicant seeking to participate in bidding to establish its eligibility to bid on licenses. Upfront payments that are related to the inventory of licenses being auctioned protect against frivolous or insincere bidding and provide the Commission with a source of funds from which to collect payments owed at the close of bidding.

128. Applicants that are former defaulters must pay upfront payments 50% greater than non-former defaulters. For purposes of this classification as a former defaulter or a former delinquent, defaults and delinquencies of the applicant itself and its controlling interests are included.

129. An applicant must make an upfront payment sufficient to obtain bidding eligibility on the generic blocks on which it will bid. Upfront payments are based on MHz-pops, and the amount of the upfront payment submitted by an applicant will determine its initial bidding eligibility, the maximum number of bidding units on which a bidder may place bids in any single round. In order to bid for a block, qualified bidders must have a current eligibility level that meets or exceeds the number of bidding units assigned to that generic block in a PEA. At a minimum, an applicant's total upfront payment must be enough to establish eligibility to bid on at least one block in one of the PEAs selected on its FCC Form 175 for Auction 103, or else the applicant will not be eligible to participate in the auction. The total upfront payment does not affect the total dollar amount the bidder may bid.

130. The Commission adopts upfront payments for a generic block in a PEA based on \$0.00025 per weighted MHz-pop for PEAs 1-50, \$0.00005 per weighted MHz-pop for PEAs 51-100, and \$0.00025 per weighted MHz-pop in other PEAs, with a minimum upfront payment amount of \$250 per generic block in a PEA. The upfront payment amount per block in each PEA is set forth in Attachment A of the document, available at [www.fcc.gov/auction/103/](http://www.fcc.gov/auction/103/). The upfront payment amounts are approximately one-fourth the minimum opening bid amounts.

131. The Commission will assign each generic block in a PEA a specific number of bidding units, equal to one bidding unit per \$10 of the upfront payment. The number of bidding units for a given license or generic block in a PEA is fixed and does not change during an auction as prices change. Thus, in calculating its upfront payment amount, an applicant should determine the maximum number of bidding units on which it may wish to bid in any

single round and submit an upfront payment amount for that auction covering that number of bidding units. In order to make this calculation, an applicant should add together the bidding units for the number of blocks in PEAs on which it seeks to be active in any given round. Applicants should check their calculations carefully, as there is no provision for increasing a bidder's eligibility after the upfront payment deadline.

132. If an applicant is a former defaulter, it must calculate its upfront payment for all of its selected generic blocks in PEAs by multiplying the number of bidding units on which it wishes to be active by 1.5. In order to calculate the number of bidding units to assign to former defaulters, the Commission will divide the upfront payment received by 1.5 and round the result up to the nearest bidding unit.

#### G. Auction Registration

133. All qualified bidders for Auction 103 are automatically registered for the auction. Registration materials will be distributed prior to the auction by overnight delivery. The mailing will be sent only to the contact person at the contact address listed in the FCC Form 175 and will include the SecurID® tokens that will be required to place bids and the Auction Bidder Line phone number.

134. Qualified bidders that do not receive this registration mailing will not be able to submit bids. Therefore, any qualified bidder for Auction 103 that has not received this mailing by noon on November 27, 2019, should call the Auctions Hotline at (717) 338-2868. Receipt of this registration mailing is critical to participating in the auction, and each applicant is responsible for ensuring it has received all the registration materials.

135. If SecurID® tokens are lost or damaged, only a person who has been designated as an authorized bidder, the contact person, or the certifying official on the applicant's short-form application may request replacements. To request replacement of these items, call the Auction Bidder Line at the telephone number provided in the registration materials or the Auction Hotline at (717) 338-2868.

#### H. Remote Electronic Bidding via the FCC Auction Bidding System

136. Bidders will be able to participate in Auction 103 over the internet using the FCC Auction Bidding System (bidding system). Only qualified bidders are permitted to bid. Each authorized bidder must have his or her own SecurID® token, which the

Commission will provide at no charge. Each applicant with one authorized bidder will be issued two SecurID® tokens, while applicants with two or three authorized bidders will be issued three tokens. A bidder cannot bid without his or her SecurID tokens. For security purposes, the SecurID® tokens and a telephone number for bidding questions are only mailed to the contact person at the contact address listed on the FCC Form 175. Each SecurID® token is tailored to a specific auction. SecurID® tokens issued for other auctions or obtained from a source other than the FCC will not work for Auction 103. The SecurID® tokens can be recycled, and the Commission encourages bidders to return the tokens to the FCC. Pre-addressed envelopes will be provided to return the tokens once the auction has ended.

137. The Commission makes no warranties whatsoever and shall not be deemed to have made any warranties, with respect to the bidding system, including any implied warranties of merchantability or fitness for a particular purpose. In no event shall the Commission, or any of its officers, employees, or agents, be liable for any damages whatsoever (including, but not limited to, loss of business profits, business interruption, loss of use, revenue, or business information, or any other direct, indirect, or consequential damages) arising out of or relating to the existence, furnishing, functioning, or use of the bidding system. Moreover, no obligation or liability will arise out of the Commission's technical, programming, or other advice or service provided in connection with the bidding system.

138. To the extent an issue arises with the bidding system itself, the Commission will take all appropriate measures to resolve such issues quickly and equitably. Should an issue arise that is outside the bidding system or attributable to a bidder, including, but not limited to, a bidder's hardware, software, or internet access problem that prevents the bidder from submitting a bid prior to the end of a round, the Commission shall have no obligation to resolve or remediate such an issue on behalf of the bidder. Similarly, if an issue arises due to bidder error using the bidding system, the Commission shall have no obligation to resolve or remediate such an issue on behalf of the bidder. Accordingly, after the close of a bidding round, the results of bid processing will not be altered absent evidence of any failure in the bidding system.

#### I. Mock Auction

139. All qualified bidders will be eligible to participate in a mock auction for the clock phase, which will begin during the week of December 2, 2019. The mock auction will enable qualified bidders to become familiar with the bidding system and to practice submitting bids prior to the auction. All qualified bidders, including all their authorized bidders, should participate to assure that they can log in to the bidding system and gain experience with the bidding procedures. Participating in the mock auction may reduce the likelihood of a bidder making a mistake during the auction. Details regarding the mock auction will be announced in the *Qualified Bidders Public Notice*.

140. After the clock phase of the auction concludes, a separate mock auction for the assignment phase will be held for those qualified bidders that won generic blocks in the clock phase.

#### J. Fraud Alert

141. As is the case with many business investment opportunities, some unscrupulous entrepreneurs may attempt to use Auction 103 to deceive and defraud unsuspecting investors. Common warning signals of fraud include the following:

- The first contact is a "cold call" from a telemarketer or is made in response to an inquiry prompted by a radio or television infomercial.
- The offering materials used to invest in the venture appear to be targeted at IRA funds, for example, by including all documents and papers needed for the transfer of funds maintained in IRA accounts.
- The amount of investment is less than \$25,000.
- The sales representative makes verbal representations that (a) the Internal Revenue Service, Federal Trade Commission (FTC), Securities and Exchange Commission (SEC), FCC, or other government agency has approved the investment; (b) the investment is not subject to state or federal securities laws; or (c) the investment will yield unrealistically high short-term profits. In addition, the offering materials often include copies of actual FCC releases, or quotes from FCC personnel, giving the appearance of FCC knowledge or approval of the solicitation.

142. Information about deceptive telemarketing investment schemes is available from the FCC as well as the FTC and SEC. Additional sources of information for potential bidders and investors may be obtained from the following sources:

- The FCC's Consumer Call Center at (888) 225-5322 or by visiting [www.fcc.gov/general/frauds-scams-and-alerts-guides](http://www.fcc.gov/general/frauds-scams-and-alerts-guides).

- the FTC at (877) FTC-HELP ((877) 382-4357) or by visiting <http://ftc.gov/bcp/edu/pubs/consumer/invest/inv03.shtm>.

- the SEC at (202) 942-7040 or by visiting <https://www.sec.gov/investor>.

143. Complaints about specific deceptive telemarketing investment schemes should be directed to the FTC, the SEC, or the National Fraud Information Center at (202) 835-0618.

#### IV. Bidding in Auction 103

##### A. Auction Structure

###### 1. Clock and Assignment Phases

144. Auction 103 will use an ascending clock auction design with two phases. In the first phase of the auction—the clock phase—bidders will indicate their demands for a number of generic license blocks in specific categories and geographic areas (*i.e.*, PEAs). In the second phase—the assignment phase—winning clock-phase bidders will have the opportunity to bid for their preferred combinations of frequency-specific licenses, consistent with their clock-phase winnings, in a series of single sealed-bid rounds conducted by PEA or, in some cases, PEA group.

145. The Office, in conjunction with the Wireless Telecommunications (Bureau) has prepared and released updated technical guides that provide the mathematical details of the adopted auction design and algorithms for the clock and assignment phases of Auction 103. The guides may be found on the Commission's website at [www.fcc.gov/auction/103](http://www.fcc.gov/auction/103).

###### 2. Generic Blocks and Bidding Categories

146. In the clock phase, the Commission will conduct bidding for two categories of generic blocks in all PEAs. The first category will consist of the available blocks in 37.6–40 GHz. This category, designated Category M/N, will comprise a total of 24 blocks: 10 in the Upper 37 GHz band (Blocks M1–M10) and 14 in the 39 GHz band (Blocks N1–N14). Fewer generic blocks may be available in Category M/N in some PEAs depending on whether incumbents submit Initial Commitment(s) to accept modified licenses for full or partial PEAs (Option 1 or Option 2). A second category, Category P, will consist of the 10 blocks in 47.2–48.2 GHz (Blocks P1–P10). The final auction inventory will be announced on August 23, 2019, after the deadline for submitting Initial

Commitments. Bidding in the auction will determine a single final clock phase price for the generic blocks in each category in each PEA.

147. Frequency block assignments for any licensee—whether an incumbent electing to receive modified licenses or an incumbent relinquishing licenses and participating in this auction—will be made in the assignment phase using the entire 37.6–40 GHz band as a single contiguous swath of spectrum. Incumbents that do not bid in the auction and instead receive modified licenses may, under certain circumstances, be assigned frequencies not subject to site-specific Federal coordination, however. For incumbents choosing to receive modified licenses instead of bidding in Auction 103, their existing licenses will be modified in accordance with the Commission's Section 316 authority. To the extent that an incumbent can demonstrate that the assignment of frequencies where Federal coordination is required pursuant to the specific coordination sites listed under § 30.205 of the Commission's rules would fundamentally change the nature of operations authorized under its license, it may be eligible for a waiver seeking assurance that its modified licenses will be assigned to frequencies not subject to Federal coordination. The Commission anticipates that granting relief will only be necessary in those circumstances in which the petitioner can provide a specific explanation of why Federal coordination in a particular geographic area would hamper its existing operations in such a way as to effect a fundamental change in the incumbent's spectrum usage rights. Conclusory assertions that an incumbent will be harmed by frequency assignments in the PEAs in which coordination zones exist will not be sufficient.

148. The Commission has directed the Bureau to address any such waiver petitions expediently to ensure the auction process can move forward. To facilitate expedient action by the Bureau, incumbents seeking this type of waiver must file a request no later than 11:59 p.m. ET on August 16, 2019, the day after the Initial Commitment deadline, by submitting the request—along with a request for confidential treatment—via email to [39ghzreconfiguration@fcc.gov](mailto:39ghzreconfiguration@fcc.gov).

###### 3. Incentive Payments

149. The final clock phase price for a generic license block in Category M/N in a given PEA will determine the incentive payment associated with 100 megahertz of relinquished spectrum rights in that PEA. An incumbent that

relinquishes a partial license will be entitled to an incentive payment equal to the final clock phase price for a Category M/N block times the fraction of its relinquished rights, measured in weighted MHz-pops, relative to the full number of weighted MHz-pops in the PEA.

150. An incumbent that both relinquishes holdings equivalent to a full block of spectrum rights in Category M/N in a PEA and wins a generic block in the category in the same PEA will, in effect, receive an incentive payment credit equal to the final clock phase price and incur an obligation in the same amount, for a net clock phase payment of zero. If an incumbent chooses to bid for specific frequencies in the assignment phase, the incumbent will be obligated for any additional payment.

151. An incumbent that is eligible for bidding credits and that both relinquishes spectrum and bids for new licenses will receive a bidding credit discount only on its net cash payment for new licenses.

###### 4. Net Revenue Requirement

152. The Commission will consider bids on licenses in the Upper 37 GHz, 39 GHz, and 47 GHz bands in determining whether net revenues are sufficient to cover incentive payments to incumbents. The Commission will consider only clock phase bids, net of an estimate of bidding credit discounts, in determining whether the requirement is met. The Commission will make available to bidders an estimate of the current shortfall for meeting the net revenue requirement, updated after each round of bidding, until the requirement is met. The Commission will indicate whether the requirement has been met on the Public Reporting System (PRS).

153. The revenue estimate that the bidding system considers and the shortfall figure the Commission makes available before the net revenue requirement has been met will be conservative estimates. It will not be known whether the clock phase winners will be designated entities that can claim a bidding credit until the clock phase bidding has ended. Consequently, the revenue estimate that is used to calculate the shortfall for rounds before the net revenue requirement has been met will assume, for a category in a PEA with excess demand, that blocks are won by the bidders with the highest bidding credit percentages, to the extent that designated entities are among the bidders still demanding blocks in the category in the PEA. This includes a check to consider bidding credit caps. In so doing, the Commission avoids a

potential situation whereby the net revenue requirement appears to be met, but then actual net revenues are insufficient to cover incentive payments when bidding credits are considered. If the net revenue requirement has not been met after a round, the estimated shortfall will be calculated as the incentive payments across all incumbents after the round minus the revenue estimate across all categories and PEAs, rounded up to the nearest \$1 million.

154. If the net revenue requirement has been satisfied at the time that the clock phase bidding stops for both categories of blocks, the bidding system will determine the winning bidders of generic blocks, and the auction will proceed to the assignment phase. If the net revenue requirement has not been satisfied at the time bidding stops in the clock phase, the auction will end, and no new licenses will be assigned. Incumbents in the 39 GHz band will retain their original licenses pending further decisions by the Commission.

#### 5. FCC Auction Bidding System

155. The Commission will conduct Auction 103 over the internet using the bidding system. Bidders will have the option of placing bids by telephone through a dedicated auction bidder line. There will be no on-site bidding during Auction 103. Telephonic bid assistants are required to use a script when entering bids placed by telephone. Telephonic bidders are therefore reminded to allow sufficient time to bid by placing their calls well in advance of the close of a round. The length of a call to place a telephonic bid may vary, but allow a minimum of 10 minutes. The toll-free telephone number for the auction bidder line will be provided to qualified bidders prior to the start of bidding in the auction.

156. In order to access the bidding function of the bidding system, bidders must be logged in during the bidding round using the passcode generated by the SecurID® token and a personal identification number (PIN) created by the bidder. Bidders are strongly encouraged to print a bid summary for each round after they have completed all their activity for that round.

157. An Auction 103 bidder's ability to bid on generic license blocks in specific PEAs is determined by two factors: (1) The PEA(s) selected on the bidder's FCC Form 175 and (2) the bidder's eligibility. The bid submission screens will allow bidders to submit bids only on blocks in the PEA(s) the bidder selected on its FCC Form 175.

158. In the first round of the clock phase, an eligible bidder will indicate

how many blocks in a bidding category in a PEA it demands at the minimum opening bid price. A bidder must have sufficient eligibility to place a bid on the particular license block(s). In each subsequent round, an eligible bidder will be able to express its demand for blocks in a category in a specific PEA at the clock price or at a price between the previous round's price and the new clock price. The bidding system also includes an upload function that allows bid files in the CSV format to be uploaded.

159. During each round of the clock phase, a bidder may also remove bids placed in the current bidding round. If a bidder modifies its bids for blocks in a category in a PEA in a round, the system takes the last bid submission as that bidder's bid for the round.

160. After the clock phase concludes but before bidding begins in the assignment phase, the bidding system will provide to each clock phase winner a menu of assignment phase bidding options consisting of possible configurations of frequency-specific licenses on which it can bid in each category in each PEA in which it holds winning clock phase bids. A bidder can assign a price using a sealed bid to one or more possible frequency assignment options for which it wishes to express a preference, consistent with its winning bids for generic blocks in the clock phase. Participation in the assignment phase is voluntary. Incumbents that submit an Initial Commitment to accept modified licenses will have frequencies assigned in the assignment phase but will not be eligible to bid for frequency assignment options.

#### 6. Stopping Rule

161. The Commission will use a simultaneous stopping rule for the clock phase of Auction 103, under which all categories of blocks in all PEAs will remain available for bidding until the bidding stops on every category in every PEA. The clock phase of bidding will close for all categories of blocks in all PEAs after the first round in which there is no excess demand in any category in any PEA. Bidding will remain open on all categories of licenses in all PEAs until bidding stops on every category. Consequently, it is not possible to determine in advance how long the bidding in Auction 103 will last.

162. The assignment phase of Auction 103 will close after frequency-specific licenses in all PEAs have been assigned.

#### 7. Availability of Bidding Information

163. The Commission will make public after each round of the clock

phase of Auction 103, for each category of blocks in each PEA: The supply; the aggregate demand; the posted price of the last completed round; and the clock price for the next round. The identities of bidders demanding blocks in a specific category or PEA will not be disclosed until after Auction 103 concludes (*i.e.*, after the close of bidding in the assignment phase).

164. Each bidder will have access to additional information related to its own bidding and bid eligibility. After the bids of a round have been processed, the bidding system will inform each bidder of the number of blocks it holds after the round (its processed demand) for every category and PEA, its eligibility for the next round, and the value of the potential incentive payment.

165. After the clock phase concludes but before bidding begins in the assignment phase, the bidding system will provide to each assignment phase bidder a menu of bidding options consisting of possible configurations of frequency-specific licenses on which it can bid in each category in each PEA in which it holds winning clock-phase bids. These bidding options will be consistent with the bidder's clock-phase winnings. The bidding system will also announce the order in which assignment rounds will take place and indicate which PEAs will be grouped together for bidding. The bidding system will provide clock phase winning bidders with this information as soon as possible and will announce a schedule of assignment phase rounds that will commence no sooner than five business days later.

166. After each assignment round, the bidding system will inform each bidder of its own assignment and assignment payment for each PEA or PEA group assigned in the round. The bidding system will also provide each bidder with its current total payment (gross and net) for the PEAs for which an assignment round has already completed, as well as its corresponding capped and uncapped bidding credit discounts. This information, together with the total of any incentive payments from the clock phase, will provide the bidder a running estimate during the assignment rounds of the dollar amount it will owe or receive as a net incentive payment at the end of the auction.

#### 8. Auction Delay, Suspension, or Cancellation

167. At any time before or during the bidding process, the Office, in conjunction with the Bureau, may delay, suspend, or cancel bidding in Auction 103 in the event of a natural

disaster, technical obstacle, network interruption, administrative or weather necessity, evidence of an auction security breach or unlawful bidding activity, or for any other reason that affects the fair and efficient conduct of competitive bidding. The Office will notify participants of any such delay, suspension, or cancellation by public notice and/or through the bidding system's announcement function. If the bidding is delayed or suspended, the Office may, in its sole discretion, elect to resume the auction starting from the beginning of the current round or from some previous round, or cancel the auction in its entirety. The Office and Bureau will exercise this authority at their discretion.

### *B. Clock Phase Bid Collection and Bid Processing Procedures*

#### 1. Round Structure

168. The Commission will conduct the clock phase of Auction 103 in a series of rounds, with bidding conducted simultaneously for all spectrum blocks available in the auction. During the clock phase, the bidding system will announce clock prices for blocks in each category in each geographic area, and qualified bidders will submit quantity bids for the number of blocks they seek. Bidding rounds will be open for predetermined periods of time, during which bidders will indicate their demands for blocks at the prices associated with the current round. The round's clock price is the highest price associated with the round. The lowest price associated with a round is the posted price of the previous round. Bidders will be subject to activity and eligibility rules that govern the pace at which they participate in the auction.

169. In each geographic area, the clock price for a category of generic blocks will increase from round to round if bidders indicate aggregate demand that exceeds the number of blocks available in the category. The clock rounds will continue until, for all categories of blocks in all geographic areas, the number of blocks demanded does not exceed the supply of available blocks. At that point, those bidders indicating demand in a category in a PEA at the final clock phase price will be deemed winning bidders.

170. The initial bidding schedule will be announced in a public notice to be released at least one week before the start of bidding. The bidding schedule may be changed to foster an auction pace that reasonably balances speed with the bidders' need to study round results and adjust their bidding

strategies. Such changes may include the amount of time for bidding rounds, the amount of time between rounds, or the numbers of rounds per day, depending upon bidding activity and other factors. Any changes to the bidding schedule will be announced several rounds before the change occurs.

#### 2. Eligibility and Activity Rule

171. Bidders are required to maintain a minimum, high level of activity in each clock round in order to maintain bidding eligibility, which will help ensure that the auction moves quickly and promote a sound price discovery process. The activity requirement is between 90 and 100% of a bidder's bidding eligibility in all clock rounds. The initial activity requirement is 95%. Failure to maintain the requisite activity level will result in a reduction in the bidder's eligibility, possibly curtailing or eliminating the bidder's ability to place additional bids in the auction.

172. Upfront payments will be used to determine initial (maximum) eligibility in terms of bidding units. Each spectrum block in a PEA will be assigned a specific number of bidding units based on the number of weighted MHz-pops in the PEA. Each block available in a PEA will have the same number of bidding units. A bidder's upfront payment will determine the maximum number of blocks as measured by their associated bidding units that a bidder can demand at the start of the auction.

173. The activity rule will be satisfied when a bidder has bidding activity on blocks with bidding units that total at least the activity requirement (set between 90 and 100%) of its eligibility in the round. If the activity rule is met, then the bidder's eligibility will not change in the next round. Bidding eligibility will be reduced as the auction progresses if a bidder does not meet the activity requirement.

174. A bidder's activity in a round for purposes of the activity rule will be the sum of the bidding units associated with the bidder's processed demands, which may not be equal to its submitted demands. For instance, if a bidder requests a reduction in the quantity of blocks it demands in a category, but the bidding system does not accept the request because demand for the category would fall below the available supply, the bidder's activity will reflect its unreduced demand.

175. Bidders are required to indicate their demands in every round, even if their demands at the new round's prices are unchanged from the previous round. Missing bids—bids that are not reconfirmed—are treated by the bidding

system as requests to reduce to a quantity of zero blocks for the category. If these requests are applied, or applied partially, a bidder's bidding activity, and hence its bidding eligibility for the next round, will be reduced.

176. The Office will retain the discretion to change the activity requirement before and/or during the auction within the 90–100% range, as circumstances warrant. Any changes to the activity requirement will be announced in advance via the bidding system, giving bidders sufficient notice to adjust their bidding strategies if needed.

177. The Commission will not provide for activity rule waivers to preserve a bidder's eligibility in the event that its bidding activity does not meet the activity requirement in a round.

#### 3. Acceptable Bid Amounts

##### a. Reserve Price or Minimum Opening Bids

178. The Commission establishes minimum opening bid amounts for Auction 103. In Round 1 of the clock phase, a bidder will indicate how many blocks in a bidding category in a PEA it demands at the minimum opening bid price. The bidding system will not accept bids lower than these amounts.

179. Minimum opening bid amounts will be calculated using a formula based on 100 megahertz of bandwidth and license area population, weighted using an index of relative prices from past auctions. For PEAs 1–50, minimum opening bid amounts are based on \$0.001 per MHz-pop; for PEAs 51–100, minimum opening bid amounts are based on \$0.0002 per MHz-pop; and for all other PEAs, minimum opening bid amounts are based on \$0.0001 per MHz-pop, with a minimum of \$1,000. The minimum opening bid amount per block in each PEA is set forth in a separate Attachment A of the document, available at [www.fcc.gov/auction/103/](http://www.fcc.gov/auction/103/).

##### b. Clock Price Increments

180. After bidding in the first round and before each later round, the bidding system will announce a clock price for the next round, which is the highest price to which bidders can respond during the round. For each round, the bidding system will set the clock price for each category in each PEA by adding a fixed percentage increment to the posted price for the previous round. As long as aggregate demand for blocks in a category exceeds the supply of blocks, the percentage increment will be added to the clock price from the prior round. If demand equaled supply at an intra-

round bid price in a previous round, then the clock price for the next round will be set by adding the percentage increment to the intra-round bid price.

181. The initial increment will be set at 10%. The Office may adjust the increment as rounds continue, and if it does so, it will provide advance notice to bidders. The 5%–20% increment range will allow the Office to set a percentage that manages the auction pace, taking into account bidders' needs to evaluate their bidding strategies while moving the auction along quickly.

#### c. Intra-Round Bids

182. A bidder may make intra-round bids by indicating a price between the previous round's posted price and the new clock price at which its demand for blocks in a category in a PEA changes. In placing an intra-round bid, a bidder will indicate a specific price and a quantity of blocks it demands if the price for blocks in the category in the PEA should increase beyond that price.

183. Intra-round bids are optional; a bidder may choose to express its demands only at the clock prices.

184. Intra-round bidding allows the bidding system to use relatively large clock increments, thereby speeding the clock phase, without running the risk that a jump in the clock price will overshoot the market clearing price—the point at which demand for blocks equals the available supply.

#### d. Bid Removal and Bid Withdrawal

185. The bidding system allows a bidder to remove any of the bids it placed in a round before the close of that round. By removing a bid placed within a round, a bidder effectively “unsubmits” the bid. A bidder removing a bid placed in the same round is not subject to withdrawal payments. Removing a bid will affect a bidder's activity because a removed bid no longer counts toward bidding activity for the round. Once a round closes, a bidder may no longer remove a bid.

186. Bid withdrawals, analogous to withdrawals of provisionally winning bids in an SMR auction, are not available in Auction 103. However, bidders in Auction 103 may request to reduce demand for generic blocks in a bidding category.

#### e. No Bidding Aggregation

187. The Commission does not adopt any package bidding procedures for the clock phase of Auction 103. A bidder may bid for multiple blocks in a bidding category in a PEA and may submit bids for multiple PEAs. The assignment phase will assign contiguous blocks to winners of multiple blocks in a category

in a PEA and give bidders an opportunity to express their preferences for specific frequency blocks, thereby facilitating aggregations of licenses.

#### 4. Changing Demand, Bid Types, and Bid Processing

188. For each category in each PEA, a bidder can either bid to maintain its processed demand from the previous round at the current round's clock price or bid to change its demand at a price associated with the round. A bid to change demand can involve either a decrease or an increase in the demanded quantity.

189. Bids to maintain demand are always applied during bid processing. However, if a bidder demands fewer blocks in a category than its processed demand from the previous round, the bidding system will treat the bid as a request to reduce demand that will be implemented only if aggregate demand would not fall below the available supply of blocks in the category. If a bidder demands more blocks in a category than its processed demand from the previous round, the bidding system will treat the bid as a request to increase demand that will be implemented only if that would not cause the bidder's processed activity to exceed its eligibility.

190. The bidding system will process bids after a round ends in order of price point, where the price point represents the percentage of the bidding interval for the round. Once a round ends, the bidding system will process bids in ascending order of price point, first considering intra-round bids in order of price point and then bids at the clock price. The system will consider bids at the lowest price point for all categories in all PEAs, then look at bids at the next price point, and so on. In processing the bids submitted in the round, the bidding system will determine the extent to which there is excess demand for each category in each PEA in order to determine whether a bidder's requested reduction(s) in demand can be implemented. In processing the bids submitted in the round, the bidding system will also determine the bidding units associated with a bidder's most recent processed demand in order to determine whether the bidder's requested increase(s) in demand can be implemented.

191. For a given category in a given PEA, the uniform price for all of the blocks in the category will stop increasing when aggregate demand no longer exceeds the available supply of blocks in the category. If no further bids are placed, the final clock phase price

for the category will be the stopped price.

192. In order to facilitate bidding for multiple blocks in a PEA, bidders will be permitted to make two types of bids: Simple bids and switch bids. A “simple” bid indicates a desired quantity of licenses in a category at a price (either the clock price or an intra-round price). Simple bids may be applied partially. A simple bid that involves a reduction from the bidder's previous demands may be implemented partially if aggregate excess demand is insufficient to support the entire reduction. A simple bid to increase a bidder's demand in a category may be applied partially if the total number of bidding units associated with the bidder's full increase in demand exceeds the bidder's bidding eligibility for the round. A “switch” bid allows the bidder to request to move its demand for a quantity of licenses from the M/N category to the P category, or vice versa, within the same PEA. A switch bid may be applied partially, but the increase in demand in the “to” category will always match in quantity the reduction in the “from” category.

193. These bid types will allow bidders to express their demand for blocks in the next clock round without running the risk that they will be forced to purchase more spectrum at a higher price than they wish. When a bid to reduce demand can be applied only partially, the uniform price for the category will stop increasing at that point, since the partial application of the bid results in demand falling to equal supply. Hence, a bidder that makes a simple bid or a switch bid that cannot be applied fully will not face a price that is higher than its bid price.

194. Because bids are processed in order of price point, and aggregate demand for a category in a PEA can change from price point to price point, the price point at which a bid is considered by the bidding system can affect whether the bid is accepted. However, bids not accepted because of insufficient aggregate demand or insufficient eligibility at a given price point will be held in a queue and considered, again in order, if there should be excess demand or sufficient eligibility later in the processing after other bids are processed.

195. Once a round closes, the bidding system will process the bids by first considering the bid submitted at the lowest price point and determine whether it can be accepted given aggregate demand as determined most recently and the bidder's current eligibility. If the bid can be accepted, or partially accepted, the number of

licenses the bidder demands will be adjusted, and aggregate demand will be recalculated accordingly. If the bid cannot be accepted in part or in full, the unfulfilled bid, or portion thereof, will be held in a queue to be considered later during bid processing for that round. The bidding system will then consider the bid submitted at the next highest price point, accepting it in full, in part, or not at all, given recalculated aggregate demand and given the bidder's eligibility. Any unfulfilled requests will again be held in a queue, and aggregate demand will again be recalculated. Every time a bid or part of a bid is accepted and aggregate demand has been recalculated, the unfulfilled bids held in queue will be reconsidered, in the order of their original price points (and by pseudo-random number, in the case of tied price points). The bidding system will not carry over unfulfilled bid requests to the next round, however. The bidding system will inform bidders of the status of their bids when round results are released.

196. After the bids are processed in each round, the bidding system will announce, for each bidding category in each PEA: The aggregate demand; the posted price; and the clock price for the next round, to indicate a range of acceptable bids for the next round. If demand fell to equal supply during the round, the posted price will be equal to the intra-round price at which that occurred. Each bidder will also be informed of its own processed demand for every category and PEA and of its own eligibility for the next round.

#### 5. Winning Bids in the Clock Phase

197. Bidders that hold processed demand in a category in a PEA at the time the stopping rule is met will, provided that the net revenue requirement is satisfied, become winning bidders and will be assigned frequency-specific licenses in the assignment phase.

198. The final clock phase price is the posted price of the final round. This will be the price at which a reduction caused demand for the blocks to equal the supply of blocks in the category in the PEA. For categories in PEAs where supply exceeds demand, the final clock phase price will be the opening price.

#### C. Assignment Phase Bid Collection and Bid Processing Procedures

199. The assignment phase will determine which frequency-specific licenses will be won by the winning bidders of generic blocks during the clock phase. In the assignment phase, winning bidders will have the opportunity to bid for preferred

combinations of frequency-specific licenses. A bidder can assign a price using a sealed bid to one or more possible frequency assignments for which it wishes to express a preference, consistent with its winning bids for generic blocks in the clock phase. The bid prices will represent the maximum payment that the bidder is willing to pay for the frequency-specific license assignment, in addition to the final price established in the clock phase for the generic blocks. The procedures will determine the optimal assignment of licenses within each category in each PEA based on bid amounts in the assignment phase.

200. Participation in the assignment phase is voluntary; a winning bidder in the clock phase of Auction 103 need not bid in order to be assigned a number of licenses corresponding to the outcome of the clock phase. Moreover, a bidder that wins multiple blocks in a category in a PEA will be assigned contiguous blocks of licenses, even without bidding in the assignment phase.

201. Each incumbent that submits an Initial Commitment to accept modified licenses will be assigned specific frequencies in the assignment phase, but only clock phase winners will be able to bid for their frequency preferences. Subject to the waiver process, incumbents accepting modified licenses as well as clock phase winners may be assigned frequency-specific licenses anywhere in the Upper 37 GHz/39 GHz band, depending upon bidding in each assignment round.

#### 1. Round Structure: Sequencing and Grouping of Rounds

202. *Sequencing of rounds.* The Commission will conduct assignment rounds for the largest markets first. This sequencing will enable bidders to establish a "footprint," making it easier for a bidder to incorporate frequency assignments from previously assigned areas into its bid preferences for other areas and recognizes that a bidder winning blocks in multiple PEAs may prefer contiguous blocks across adjacent PEAs.

203. The Commission will conduct a separate assignment round for each of the top 20 PEAs sequentially, beginning with the largest PEAs. Once the top 20 PEAs have been assigned, the Commission will conduct, for each Regional Economic Area Grouping (REAG), a series of assignment rounds for the remaining PEAs within that region. The Commission will sequence the assignment rounds within a REAG in descending order of population for a PEA group or individual PEA.

204. *Grouping of PEAs.* To reduce the total amount of time required to complete the assignment phase, the Commission will group into a single market for assignment any non-top 20 PEAs within a region in which the same entities (winning bidders and incumbents keeping modified licenses) must be assigned the same number of blocks in each category, and all are subject to the small markets bidding cap or all are not subject to the cap, which will also help maximize contiguity across PEAs. Accordingly, in markets where these criteria are met, a bidder will submit a single set of bids for assignment options that will apply to all the PEAs in the group and will be assigned the same frequency-specific licenses in each PEA.

205. In addition, the Commission will conduct the bidding for the different REAGs in parallel. That is, bidding for assignments in multiple PEAs or PEA groups will take place during the same timed bidding round. This will also help reduce the length of the assignment phase.

#### 2. Acceptable Bids and Bid Processing

206. Prior to the start of the assignment phase, the bidding system will provide each bidder with bidding options for all possible contiguous frequency assignments for each category in each PEA in which the bidder won blocks in the clock phase. In each assignment round, a bidder will be asked to assign a price to one or more of the bidding options for which it wishes to express a preference, consistent with its winning bid(s) for generic blocks in the clock phase. The price will represent the maximum payment that the bidder is willing to pay, in addition to the base price established in the clock phase for the generic blocks, for the frequency-specific license or licenses in its bid.

207. A bidder will submit separate preferences for blocks it won in the Upper 37 and 39 GHz bands and blocks it won in the 47 GHz band, rather than submitting bids for preferences that include blocks in both categories. That is, if a bidder won one block in Category M/N and two blocks in Category P, it would not be able to submit a single bid amount for an assignment that included all three blocks. Instead, it would bid separately for assignments in Category M/N and assignments in Category P.

208. An optimization approach will be used to determine the winning frequency assignment for each category in each PEA or PEA group. The bidding system will select the assignment that maximizes the sum of bid amounts among all assignments where every

bidder and every incumbent that accepts modified licenses is assigned contiguous spectrum. The bidding system will consider all assignment options of incumbents accepting modified licenses as though the incumbent had submitted bids of \$0.

209. Further, the additional price a bidder will pay for a specific frequency assignment (above the final clock phase price) will be calculated consistent with a generalized “second price” approach—that is, the winner will pay a price that would be just sufficient to result in the bidder receiving that same winning frequency assignment while ensuring that no group of bidders is willing to pay more for an alternative assignment in which every bidder is assigned contiguous spectrum. This price will be less than or equal to the price the bidder indicated it was willing to pay for the assignment. Determining prices in this way encourages bidders to bid their full value for the assignment, knowing that if the assignment is selected, they will pay no more than would be necessary to ensure that the outcome is competitive.

### 3. Assignment Phase Payment Calculations

210. When all assignment rounds have been completed, a bidder’s final net total payment takes into account the sum of final clock phase prices across all licenses that it won, its assignment payments across all assignment phase markets, any incentive payments accruing to the bidder, and any claimed bidding credits. Specifically, if a bidder is not claiming a bidding credit, its final net total payment is determined by summing the final clock phase prices across all licenses that it won and its assignment payments across all assignment phase markets and subtracting its total incentive payments across all licenses from the total.

211. If a bidder claims a bidding credit, a bidding credit discount is calculated by applying the bidder’s bidding credit percentage to the total net payment obligations as set forth above, capping the bidding credit discount if it exceeds the applicable caps for small businesses, rural service providers, and small markets. The resulting bidding credit discount is subtracted from the bidder’s total net payment obligations to determine the final net total payment for a bidder with a bidding credit.

#### D. Calculating Individual License Prices

212. While final auction payments for winning bidders will be calculated with bidding credit caps and assignment payments applied on an aggregate basis, rather than to individual licenses, the

bidding system will also calculate a per-license price for each license. Such individual prices may be needed if a licensee later incurs license-specific obligations, such as unjust enrichment payments.

213. After the assignment phase, the bidding system will determine a net and gross price for each license that was won by a bidder by apportioning assignment payments and any bidding credit discount (which was calculated based on total net payment obligations taking account of any caps) across all the licenses that the bidder won. To calculate the gross per-license price, the bidding system will apportion the assignment payment to licenses in proportion to the final clock phase prices of the licenses that the bidder is assigned in that category and market. To calculate the net price, the bidding system will first apportion any applicable bidding credit discounts to each category and assignment phase market in proportion to the gross payment for that category and that market. Then, for each assignment phase market, the bidding system will apportion the assignment payment and the discount to licenses in proportion to the final clock phase price of the licenses that the bidder is assigned in that category for that market.

#### E. Auction Results

214. The bidding system will determine winning bidders and their assigned licenses. After the Office announces the auction results, it will provide a means for the public to view and download bidding and results data.

#### F. Auction Announcements

215. The Commission and/or Office will use auction announcements to report necessary information to bidders, such as schedule changes. All auction announcements will be available by clicking a link in the bidding system.

#### V. Post-Auction Procedures

216. Shortly after bidding has ended in Auction 103, the Commission will issue a public notice declaring that the auction closed and establishing the deadlines for submitting down payments, final payments, and the long-form applications (FCC Form 601) for the auction.

#### A. Down Payments

217. Within 10 business days after release of the auction closing public notice for Auction 103, each winning bidder must submit sufficient funds (in addition to its upfront payment) to bring its total amount of money on deposit with the Commission to 20% of the net

amount of its winning bids (gross winning bids less any incentive payment, then less any bidding credits, if applicable).

#### B. Final Payments

218. Each winning bidder will be required to submit the balance of the net amount for each of its winning bids within 10 business days after the deadline for submitting down payments.

#### C. Long-Form Application (FCC Form 601)

219. The Commission’s rules provide that, within 10 business days after release of the auction closing public notice, winning bidders must electronically submit a properly completed post-auction application (FCC Form 601) for the license(s) they won through the auction.

220. A winning bidder claiming eligibility for a small business bidding credit or a rural service provider bidding credit must demonstrate its eligibility in its FCC Form 601 post-auction application for the bidding credit sought. Further instructions on these and other filing requirements will be provided to winning bidders in the auction closing public notice for Auction 103.

221. Winning bidders organized as bidding consortia must comply with the FCC Form 601 post-auction application procedures set forth in § 1.2107(g) of the Commission’s rules. Specifically, license(s) won by a consortium must be applied for as follows: (a) An individual member of the consortium or a new legal entity comprising two or more individual consortium members must file for licenses covered by the winning bids; (b) each member or group of members of a winning consortium seeking separate licenses will be required to file a separate FCC Form 601 for its/their respective license(s) in their legal business name; (c) in the case of a license to be partitioned or disaggregated, the member or group filing the applicable FCC Form 601 shall include the parties’ partitioning or disaggregation agreement with the FCC Form 601; and (d) if a DE credit is sought (either small business or rural service provider), the applicant must meet the applicable eligibility requirements in the Commission’s rules for the credit.

#### D. Ownership Disclosure Information Report (FCC Form 602)

222. Within 10 business days after release of the auction closing public notice for Auction 103, each winning bidder must also comply with the ownership reporting requirements in

§§ 1.913, 1.919, and 1.2112 of the Commission's rules by submitting an ownership disclosure information report for wireless telecommunications services (FCC Form 602) with its FCC Form 601 post-auction application.

223. If a winning bidder already has a complete and accurate FCC Form 602 on file in the FCC's Universal Licensing System (ULS), it is not necessary to file a new report, but the winning bidder must certify in its FCC Form 601 application that the information on file with the Commission is complete and accurate. If the winning bidder does not have an FCC Form 602 on file, or if it is not complete and accurate, it must submit one.

224. When a winning bidder submits an FCC Form 175, ULS automatically creates an ownership record. This record is not an FCC Form 602, but it may be used to pre-fill the FCC Form 602 with the ownership information submitted on the winning bidder's FCC Form 175 application. A winning bidder must review the pre-filled information and confirm that it is complete and accurate as of the filing date of the FCC Form 601 post-auction application before certifying and submitting the FCC Form 602. Further instructions will be provided to winning bidders in the auction closing public notice.

#### *E. Tribal Lands Bidding Credit*

225. A winning bidder that intends to use its license(s) to deploy facilities and provide services to federally recognized tribal lands that are unserved by any telecommunications carrier or that have a wireline penetration rate equal to or below 85% is eligible to receive a tribal lands bidding credit as set forth in §§ 1.2107 and 1.2110(f) of the Commission's rules. A tribal lands bidding credit is in addition to, and separate from, any other bidding credit for which a winning bidder may qualify.

226. Unlike other bidding credits that are requested prior to the auction, a winning bidder applies for the tribal lands bidding credit after the auction when it files its FCC Form 601 post-auction application. When initially filing the post-auction application, the winning bidder will be required to inform the Commission whether it intends to seek a tribal lands bidding credit, for each license won in the auction, by checking the designated box(es). After stating its intent to seek a tribal lands bidding credit, the winning bidder will have 180 days from the close of the post-auction application filing window to amend its application to select the specific tribal lands to be served and provide the required tribal government certifications. Licensees

receiving a tribal lands bidding credit are subject to performance criteria as set forth in § 1.2110(f)(3)(vii). For additional information on the tribal lands bidding credit, including how the amount of the credit is calculated, applicants should review the Commission's rulemaking proceeding regarding tribal lands bidding credits and related public notices.

#### *F. Default and Disqualification*

227. Any winning bidder that defaults or is disqualified after the close of an auction (*i.e.*, fails to remit the required down payment by the specified deadline, fails to submit a timely long-form application, fails to make a full and timely final payment, or is otherwise disqualified) is liable for default payments as described in § 1.2104(g)(2). This payment consists of a deficiency payment, equal to the difference between the amount of the bidder's winning bid and the amount of the winning bid the next time a license covering the same spectrum is won in an auction, plus an additional payment equal to a percentage of the defaulter's bid or of the subsequent winning bid, whichever is less.

228. The percentage of the applicable bid to be assessed as an additional payment for defaults in a particular auction is established in advance of the auction. The additional default payment for Auction 103 is 15% of the applicable bid.

229. In case they are needed for post-auction administrative purposes, the bidding system will calculate individual per-license prices that are separate from final auction payments, which are calculated on an aggregate basis. The bidding system will apportion to individual licenses any assignment phase payments and any capped bidding credit discounts, since in both cases, a single amount may apply to multiple licenses.

230. Finally, in the event of a default, the Commission has the discretion to re-auction the license or offer it to the next highest bidder (in descending order) at its final bid amount. In addition, if a default or disqualification involves gross misconduct, misrepresentation, or bad faith by an applicant, the Commission may declare the applicant and its principals ineligible to bid in future auctions and may take any other action that it deems necessary, including institution of proceedings to revoke any existing authorizations held by the applicant.

#### *G. Refund of Remaining Upfront Payment Balance*

231. All refunds of upfront payment balances will be returned to the payer of record as identified on the FCC Form 159 unless the payer submits written authorization instructing otherwise. Bidders are encouraged to use the Refund Information icon found on the *Auction Application Manager* page or the Refund Form link available on the *Auction Application Submit Confirmation* page in the FCC Auction Application System to access the form. After the required information is completed on the blank form, the form should be printed, signed, and submitted to the Commission by mail, fax, or email as instructed in the document. Bidders may also provide the relevant information for a refund request in writing and fax it to Commission staff.

#### **VI. Supplemental Final Regulatory Flexibility Analysis**

232. As required by the Regulatory Flexibility Act of 1980, as amended (RFA), a Supplemental Initial Regulatory Flexibility Analysis (Supplemental IRFA) was incorporated in the *Auction 103 Comment Public Notice* released in April 2019. The Commission sought public comment on the proposals in the *Auction 103 Comment Public Notice*, including comments on the Supplemental IRFA. No comments were filed addressing the Supplemental IRFA. The *Auction 103 Procedures Public Notice* establishes the procedures to be used for Auction 103 and supplements the Initial and Final Regulatory Flexibility Analyses completed by the Commission in the *Spectrum Frontiers Fourth Report & Order* and other Commission orders pursuant to which Auction 103 will be conducted. This present Supplemental Final Regulatory Flexibility Analysis (Supplemental FRFA) conforms to the RFA.

233. *Need for, and Objectives of, the Rules.* The *Auction 103 Procedures Public Notice* implements auction procedures for those entities that seek to bid to acquire licenses in Auction 103. Auction 103 will be the third auction of high-band spectrum in furtherance of the deployment of fifth-generation (5G) wireless, the Internet of Things (IoT), and other advanced spectrum-based services. The document adopts procedural rules and terms and conditions governing Auction 103, the post-auction application and payment processes, as well as setting the minimum opening bid amount for Upper Microwave Flexible Use Service

(UMFUS) licenses in the Upper 37 GHz (37.6–38.6 GHz), 39 GHz (38.6–40 GHz), and 47 GHz (47.2–48.2 GHz) bands that will be offered in Auction 103.

234. To promote the efficient and fair administration of the competitive bidding process for all Auction 103 participants, the Commission adopts the following procedures:

- Establishment of bidding credit caps for eligible small businesses and rural service providers in Auction 103;
- use of a clock auction format for Auction 103 under which each qualified bidder will indicate in successive clock bidding rounds its demands for categories of generic blocks in specific geographic areas;
- a specific minimum opening bid amount for generic blocks in each PEA available in Auction 103;
- a specific upfront payment amount for generic blocks in each PEA available in Auction 103;
- establishment of a bidder's initial bidding eligibility in bidding units based on that bidder's upfront payment;
- use of an activity rule that would require bidders to bid actively during the auction rather than waiting until late in the auction before participating;
- a requirement that bidders be active on between 90% and 100% of their bidding eligibility in all regular clock rounds;
- establishment of acceptable bid amounts, including clock price increments and intra-round bids, along with a proposed methodology for calculating such amounts;
- a proposed methodology for processing bids and requests to reduce demand;
- a procedure for breaking ties if identical high bid amounts are submitted on a license in a given round;
- establishment of an assignment phase that will determine which frequency-specific licenses will be won by the winning bidders of generic blocks during the clock phase;
- establishment of an additional default payment of 15% under § 1.2104(g)(2) of the rules in the event that a winning bidder defaults or is disqualified after the auction.

235. *Summary of Significant Issues Raised by Public Comments in Response to the IRFA.* There were no comments filed that specifically address the procedures and policies proposed in the Supplemental IFRA.

236. *Response to Comments by the Chief Counsel for Advocacy of the Small Business Administration.* Pursuant to the Small Business Jobs Act of 2010, which amended the RFA, the Commission is required to respond to any comment filed by the Chief Counsel

for Advocacy of the Small Business Administration (SBA) and to provide a detailed statement of any change made to the proposed procedures as a result of those comments. The Chief Counsel did not file any comments in response to the procedures that were proposed.

237. *Description and Estimate of the Number of Small Entities to Which the Rules Will Apply.* The RFA directs agencies to provide a description of, and, where feasible, an estimate of the number of small entities that may be affected by the rules and policies adopted herein. The RFA generally defines the term “small entity” as having the same meaning as the terms “small business,” “small organization,” and “small governmental jurisdiction.” In addition, the term “small business” has the same meaning as the term “small business concern” under the Small Business Act. A “small business concern” is one which: (1) Is independently owned and operated; (2) is not dominant in its field of operation; and (3) satisfies any additional criteria established by the SBA.

238. Regulatory Flexibility Analyses were incorporated into prior Commission orders on this subject. In those analyses, the Commission described in detail the small entities that might be significantly affected. The Commission hereby incorporates by reference the descriptions and estimates of the number of small entities from the previous Regulatory Flexibility Analyses. Based on the information available in the Commission's public Universal Licensing System (ULS), the Commission estimates that there are currently 16 incumbent 39 GHz licensees. Of these incumbent 39 GHz licensees, the Commission estimates that up to 8 could be considered a “small entity” under the RFA.

239. *Description of Projected Reporting, Recordkeeping, and Other Compliance Requirements for Small Entities.* The Commission designed the auction application process itself to minimize reporting and compliance requirements for applicants, including small business applicants. In the first part of the Commission's two-phased auction application process, parties desiring to participate in an auction file streamlined, short-form applications in which they certify under penalty of perjury as to their qualifications. Eligibility to participate in bidding is based on an applicant's short-form application and certifications, as well as its upfront payment. In the second phase of the process, winning bidders file a more comprehensive long-form application. Thus, an applicant which fails to become a winning bidder does

not need to file a long-form application and provide the additional showings and more detailed demonstrations required of a winning bidder.

240. The Commission does not expect that the processes and procedures adopted in the *Auction 103 Procedures Public Notice* will require small entities to hire attorneys, engineers, consultants, or other professionals to participate in Auction 103 and comply with the procedures adopted because of the information, resources, and guidance the Commission makes available to potential and actual participants. The Commission cannot quantify the cost of compliance with the procedures; however, the Commission does not believe that the costs of compliance will unduly burden small entities that choose to participate in the auction. Processes and procedures are consistent with existing Commission policies and procedures used in prior auctions. Thus, some small entities may already be familiar with such procedures and have the processes and procedures in place to facilitate compliance resulting in minimal incremental costs to comply. For those small entities that may be new to the Commission's auction process, the various resources that will be made available, including, but not limited to, the mock auction, remote electronic or telephonic bidding, and access to hotlines for both technical and auction assistance, should help facilitate participation without the need to hire professionals. For example, an online tutorial will be released that will help applicants understand the procedures for filing the auction short-form applications. The Commission will offer other educational opportunities for applicants in Auction 103 to familiarize themselves with the FCC auction application system and the bidding system. The Commission expects small business entities that utilize the available resources to experience lower participation and compliance costs.

241. *Steps Taken to Minimize the Significant Economic Impact on Small Entities, and Significant Alternatives Considered.* The RFA requires an agency to describe any significant, specifically small business, alternatives that it has considered in reaching its approach, which may include the following four alternatives (among others): (1) The establishment of differing compliance or reporting requirements or timetables that take into account the resources available to small entities; (2) the clarification, consolidation, or simplification of compliance and reporting requirements under the rule for such small entities; (3) the use of performance rather than

design standards; and (4) an exemption from coverage of the rule, or any part thereof, for such small entities.

242. The Commission has taken steps to minimize any economic impact of its auction procedures on small businesses through among other things, the many free resources it provides potential auction participants. Consistent with the past practices in prior auctions, small entities that are potential participants will have access to detailed educational information and Commission personnel to help guide their participation in Auction 103, which should alleviate any need to hire professionals. More specifically, small entities and other auction participants may seek clarification or guidance on complying with competitive bidding rules and procedures, reporting requirements, and using the bidding system. Additionally, an FCC Auctions Hotline will provide small entities one-on-one access to Commission staff for information about the auction process and procedures. Further, the FCC Auctions Technical Support Hotline is another resource which provides technical assistance to applicants, including small business entities, on issues such as access to or navigation within the electronic FCC Form 175 and use of the bidding system. Small entities and other would-be participants will also be provided various materials on the pre-bidding process in advance of the short-form application filing window, which includes step-by-step instructions on how to complete FCC Form 175. In addition, small entities will have access to the web-based, interactive online tutorial produced by Commission staff to familiarize themselves with auction procedures, filing requirements, bidding procedures, and other matters related to an auction.

243. Various databases and other sources of information, including the Auctions program websites, and copies of Commission decisions, will be available to the public without charge, providing a low-cost mechanism for small businesses to conduct research prior to and throughout the auction. Prior to and at the close of Auction 103, the Commission and Office will post public notices on the Auctions website, which articulate the procedures and deadlines for the auction. The Commission will make this information easily accessible and without charge to benefit all Auction 103 applicants, including small businesses, thereby lowering their administrative costs to comply with the Commission's competitive bidding rules.

244. Eligible bidders will be given an opportunity to become familiar with

auction procedures and the bidding system by participating in a mock auction. Eligible bidders will have access to a user guide for the bidding system, bidding file formats, and an online bidding procedures tutorial in advance of the mock auction. Further, the Commission will conduct Auction 103 electronically over the internet using a web-based auction system that eliminates the need for small entities and other bidders to be physically present in a specific location. Qualified bidders will also have the option to place bids by telephone. These mechanisms are made available to facilitate participation in Auction 103 by all eligible bidders and may result in significant cost savings for small business entities that use these alternatives. Moreover, the adoption of bidding procedures in advance of the auction, consistent with statutory directive, is designed to ensure that the auction will be administered predictably and fairly for all participants, including small businesses.

245. Another step taken to minimize the economic impact for small entities participating in Auction 103 is the Commission's adoption of bidding credits for small businesses. In accordance with the service rules applicable to the UMFUS licenses to be offered in Auction 103, bidding credit discounts will be available to eligible small businesses and small business consortiums on the following basis: (1) A bidder with attributed average annual gross revenues that do not exceed \$55 million for the preceding three years is eligible to receive a 15% discount on its winning bid, or (2) a bidder with attributed average annual gross revenues that do not exceed \$20 million for the preceding three years is eligible to receive a 25% discount on its winning bid. Eligible applicants can receive only one of the available bidding credits—not both. This two-tier approach has proven successful for small businesses in past auctions.

246. The total amount of bidding credit discounts that may be awarded to an eligible small business is capped at \$25 million, and there is a \$10 million cap on the total amount of bidding credit discounts that may be awarded to a rural service provider. The Commission adopts a \$10 million cap on the overall amount of bidding credits that any winning small business bidder may apply to winning licenses in markets with a population of 500,000 or less. Based on the technical characteristics of the UMFUS bands and an analysis of past auction data, the Commission anticipates that the caps

will allow the majority of small businesses to take full advantage of the bidding credit program, thereby lowering the relative costs of participation for small businesses. Furthermore, the Commission adopts upfront payment amounts that are one-fourth of the amounts proposed in the *Auction 103 Comment Public Notice*, which will minimize the economic impact on small entities.

247. These procedures for the conduct of Auction 103 constitute the more specific implementation of the competitive bidding rules contemplated by parts 1 and 30 of the Commission's rules and the underlying rulemaking orders, and relevant competitive bidding orders, and are fully consistent therewith.

248. *Report to Congress.* The Commission will send a copy of the *Auction 103 Procedures Public Notice*, including the Supplemental FRFA, in a report to Congress pursuant to the Congressional Review Act. In addition, the Commission will send a copy of the *Auction 103 Procedures Public Notice*, including the Supplemental FRFA to the Chief Counsel for Advocacy of the SBA. A copy of the *Auction 103 Procedures Public Notice*, and Supplemental FRFA (or summaries thereof), will also be published in the **Federal Register**.

Federal Communications Commission.

**Marlene Dortch,**

*Secretary.*

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## DEPARTMENT OF COMMERCE

### National Oceanic and Atmospheric Administration

#### 50 CFR Part 679

[Docket No. 180713633-9174-02]

RIN 0648-XY003

#### Fisheries of the Exclusive Economic Zone Off Alaska; Pacific Ocean Perch in the Bering Sea and Aleutian Islands Management Area

**AGENCY:** National Marine Fisheries Service (NMFS), National Oceanic and Atmospheric Administration (NOAA), Commerce.

**ACTION:** Temporary rule; closure.

**SUMMARY:** NMFS is prohibiting directed fishing for Pacific ocean perch in the Western Aleutian district (WAI) of the Bering Sea and Aleutian Islands management area (BSAI) by vessels