

Information Memorandum

2.3 GHz Spectrum Auction

Nigerian Communications Commission

25 November 2013



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EXECUTIVE SUMMARY

Background

The Nigerian Communications Commission (the Commission) since the year 2000 has implemented a number of initiatives and policies that have stimulated the whole of the Nigerian telecommunications sector. As a result there has been a significant increase in the provision of liberalised and competitive services leading to major increases in the number of mobile subscriber connections throughout the country. Given its position as one of the most progressive national regulatory authorities in Africa the Commission has decided to award the one (1) slot of 30 MHz nationally available in the 2.3 GHz band for the delivery of broadband wireless access service at the wholesale level to provide ISPs and other users with the requisite bandwidth to service their subscribers. This wholesale broadband provider will have the required spectrum to expand wireless broadband access across the country to ISPs and other retail telecom licensees for the provision of high speed wireless internet access services.

Nigeria is the most populous nation in Africa with a population of over 168 million people as at 2012 according to the World Bank. The population has grown at a rate of 2.3% for each year from 2000 to 2013¹. Approximately 60% of the population is under the age of 20². In line with these demographic changes internet penetration has increased from less than 0.1% in 2001 to about 32% in 2012. The 2012 National ICT policy placed broadband internet penetration for both mobile and fixed broadband at about 6.1%.

Given key demographic and economic developments throughout the country, and in particular the subsequent potential scale and potential growth of internet penetration in Nigeria, the next phase of expansion in the telecommunications sector provides a number of major opportunities for telecommunications operators, subscribers and the economy in general.

This Information Memorandum (IM) defines the process that the Commission has decided on for the licensing of 30 MHz unpaired spectrum in the 2.3 GHz band. It provides information on the Nigerian telecommunications market, details of the spectrum to be made available, the pre-qualification process, the Auction process and indicative timetable.

Spectrum License Allocation

Since the year 2000, the Nigerian communications market has seen a major increase in competition driven by the government's liberalisation policies. The development of competition has, in turn led to increased growth in the number of connections and improved services for subscribers as anticipated.

The proposed licensing of 2.3 GHz spectrum has been influenced by the need to provide Retail Service Providers (ISPs and others users) with the requisite wholesale wireless access and bandwidth to provide service to their subscribers in consonance with the National Broadband Plan of 2013.

¹ Source: World Bank (WDI), 2012

² Source: Business Monitor International

The Commission has also undertaken a number of consultations within the industry, with relevant stakeholders and external experts to determine the demand for the spectrum and how licenses should be awarded. Based on these and observations of developments in international licensing trends, the Commission has decided to license one (1) unpaired slot in the 2.3 GHz spectrum band through an auction process.

The Spectrum and Reserve Price

The Commission has decided to offer 30 MHz of unpaired spectrum in the 2.3 GHz band for commercial assignment on a national basis in Nigeria. Following consultation with industry stakeholders, the Commission decided to allocate this spectrum in one unpaired block of 30 MHz, adjoining a 10MHz guard band with the adjacent 2.4 GHz band as specified below:

- 2360 – 2390 MHz - Spectrum on offer
- 2390 – 2400 MHz - Guard Band

The spectrum is offered by the Commission on a technology neutral basis. However, for roll-out of services, the Commission intends to follow the International Telecommunication Union (ITU) recommendation setting aside spectrum in the 2.3 GHz band for the provision of wireless broadband services.

The Reserve Price for the 30 MHz of unpaired spectrum for a ten (10) year license has been set at US \$23 million (Twenty three million US Dollars).

On completion of the Auction process the Commission will issue a ten (10) year spectrum license and Wholesale Wireless Access Service License (WWASL). The WWASL Operational License will attract an additional fee of One Hundred and Fifty Five Million Naira only (N155,000,000.00) for the winner that does not currently hold a Unified Access Service License (UASL).

Prequalification Criteria

Applicants in this allocation process will not be required as a pre-qualification criterion to hold any telecommunications operational license in Nigeria. However, the applicants must fulfill the following pre-qualification criteria:

- Applicants must be a company registered in Nigeria with the Corporate Affairs Commission (CAC)
- Applicants must be independent (10% ownership interest test as defined in Section 6.6.2 of this IM) from all other Applicants under this allocation process
- Applicants must transfer an Intention-to-Bid Deposit (IBD) of US \$2.3 million (Two million, three hundred thousand US Dollars) into the designated account. This deposit will bind the Applicant to take up a license, should it be a Successful Bidder, at the Reserve Price or any higher bid value submitted during the process
- Already licensed operators participating in the process must fulfill all existing obligations to the Commission including payments of Annual Operational Levy, Spectrum and National Numbering Plan fees prior to prequalification.

The Allocation Process

The assignment process will comprise an Auction to be held in Abuja. It is planned that the Auction will take place during the week commencing 17th February, 2014. The Auction will be an Ascending Clock Auction with exit bids described in more details in Section 6.

Media briefings will be provided at various stages during the process, leading to the public announcement of the final Auction result.

Next steps

The next step for Applicants, in accordance with the full instructions laid out within this Information Memorandum, is to submit a completed application, including appropriate template documentation and confirmation of transfer of the IBD, by 17.00 hours Nigerian Time (NT) on February 7th, 2014.

All documentation relating to the process, including Public Notice already published concerning the process will be made available through the Commission's website (www.ncc.gov.ng). Additional questions or requests for further information should be submitted by email to: spectrumauction@ncc.gov.ng.

Any questions relating to this Information Memorandum should be submitted as soon as possible and in any case before 15.00 hours NT on January 10th 2014. The Commission expects to publish all responses, where appropriate, by 17.00 hours NT January 17th 2014 on its website. This will ensure that information can be made available in an equitable fashion to all applicants. The responses to the questions will form part of the Information Memorandum.

The timetable is subject to change. Interested parties are therefore advised to visit the Commission's website on a regular basis to ensure they have the latest information.

The attention of all applicants taking part in all or part of this process is drawn to the "Important Notice" included in this document.

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1. IMPORTANT NOTICE

This Information Memorandum has been prepared by the Nigerian Communications Commission (the "Commission").

This Information Memorandum is for information purposes only. It is made available on the express understanding that the recipient will only use it for the sole purpose of assisting the recipient in deciding whether it wishes to proceed with a further investigation of possible participation in the Auction. The Information Memorandum is not intended to form any part of the basis of any investment decision or other evaluation or any decision to participate in the Auction and should not be considered as a recommendation by the Commission to any recipient of the Information Memorandum to participate in the Auction. Each recipient must make its own independent assessment of the potential value of an allocation of the 2.3 GHz spectrum after making such investigation as it may deem necessary in order to determine whether to participate in the Auction. Information in this Information Memorandum may be subject to update, modification and amendment.

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This Information Memorandum is also available through the Commission's website (www.ncc.gov.ng). In the event of any discrepancy between the electronic and printed versions, the printed version is definitive. For the purposes of the above, recipients of the Information Memorandum include those interested parties who download the Information Memorandum from the website.

Important Note

Pursuant to the issue of this Information Memorandum, the Nigerian Communication Commission reserves the right to make available additional relevant information through the publication of further documentation. Where questions appropriate to the licensing process and submitted through the correct channel have been received, the Commission reserves the right to reproduce such questions, in whole or in part, in addition to answers as part of a Question and Answer section on the official website www.ncc.gov.ng. The Commission is not compelled to publish all questions submitted. The identity of those submitting questions will not be made public without the express consent of the relevant party.

Copies of this and other documents relevant to this licensing process are available and can be downloaded from the Commission's website. Interested parties are encouraged to stay abreast of developments in this licensing process by referring to the Commission's website regularly.

2. INTRODUCTION

2.1 LICENSING OF 2.3 GHz SPECTRUM

This Information Memorandum defines the process for the licensing of unpaired spectrum in the 2.3 GHz band by the Nigerian Communications Commission (the Commission).

The process for the licensing of the 2.3 GHz spectrum is predicated on demands by operators for additional spectrum to enable the provision of wireless broadband services in line with international trends. This is also in furtherance of the objectives of the Federal Government of Nigeria as set out in the Nigerian National ICT Policy 2012 and the National Broadband Plan 2013.

As a necessary prelude to the licensing process, the Commission conducted a stakeholder consultation to determine the demand level for the spectrum, the approach to licensing, and the potential interest of the consumers amongst other objectives. Based on the positive outcome of these consultations, and the direction of the National Broadband Plan the Commission has decided to undertake an Auction to award a spectrum license to build and operate networks in this spectrum band to provide Wholesale Wireless Access Services (WWAS) in Nigeria.

To qualify to bid in the Auction process, the Applicants will not have to be Licensed Network Operators in Nigeria. However, the successful Bidder will be granted a Wholesale Wireless Access Service License (WWASL) and the specified fee must be paid before the license will be issued. The tenure for the WWASL license will be 10years, subject to renewal.

2.2 THE NIGERIAN TELECOMMUNICATIONS MARKET

2.2.1 The Government

The Federal Government, through the Ministry of Communication Technology, sets the general policy guidelines for the sector.

2.2.2 The Regulator

The Nigerian Communications Commission is the independent National Regulatory Authority for the telecommunications industry in Nigeria. It is responsible for developing the telecommunications sector, encouraging competition and ensuring that telecommunications operators provide high quality and efficient services throughout the country. The Commission is regarded as one of the most progressive national regulatory authorities in Africa.

2.2.3 The Operators and Service Providers

There are currently five national Digital Mobile licensees in Nigeria; Airtel Nigeria, Etisalat, Glo Mobile, Mtel, and MTN Nigeria. In addition to two licensed National Carriers, there are several service providers offering fixed telephone services, including Fixed Wireless Access (FWA) and CDMA-based fixed and mobile service providers.

The scale and growth of the Nigerian communications sector, since market liberalisation, makes this Auction a unique investment opportunity. Nigeria is the most populous nation in Africa with a population of over 168.8 million people and has grown at an average rate of approximately 2.3% each year from 2000¹. The country has a young demographic index, with 60% of the population under the age of 20².

Growth in the sector has been spectacular with mobile penetration up from less than 1% in 2001 to over 85% in June 2013³. In addition, Internet penetration grew from 3% in 2004 to about 32% in 2012³ and broadband penetration stood at 6.1% in 2012 from the Nigerian Broadband Plan.

A key factor in this growth has been attributed to the liberalisation and competition policies of the Commission.

2.3 2.3 GHz SPECTRUM AVAILABILITY

The spectrum available for this auction is one unpaired block of 30 MHz, adjoining to a 10MHz guard band with the adjacent 2.4 GHz band as specified below:

- 2360 – 2390 MHz - Spectrum on offer
- 2390 – 2400 MHz - Guard Band

The spectrum is offered by the Commission on a technology neutral basis

2.4 THE AUCTION PROCESS

The Commission has determined that an Auction is a fair, transparent and efficient process of assigning the spectrum. The Auction of the 30 MHz block of spectrum will take place in the city of Abuja in the Federal Republic of Nigeria at a location to be specified by the Commission.

The formal licensing process started with the issue of Public Notice No. 1/2013 on the 15th of November 2013 and continues with the release of this IM, inviting interested parties to participate. The release of this IM will be followed by a period for the submission of questions to the Commission relating directly to the licensing process defined in this IM. All additional information, including the answers to questions raised during the process will be made available through the Commission's website and will form part of this IM. The identity of questioners will not be revealed. The auction will be an "Ascending Clock Auction" described in Section 6.

This spectrum is considered to be a valuable national resource for which commercial opportunities exist. The Reserve Price for a ten (10) year license (which is set at \$23 Million US) is the minimum commercial value of the license. The Opening Bid will be determined by the Commission as the Reserve Price plus the bid increment for the first round. This Opening Bid shall be the minimum acceptable bid for this license in the opening round of the auction.

On completion of the Auction, the Successful Bidder will be deemed to have been awarded a provisional license. The Successful Bidder will be required to pay the balance of the spectrum license fees due to the Commission within 14 business days from the date of the Award of the Provisional License.

2.5 THE PRE-QUALIFICATION PROCESS

To qualify to bid in the Auction process, Applicants will not have to be Licensed Network Operators in Nigeria. However, Applicants will have to be companies registered in Nigeria with the Corporate Affairs Commission. Interested parties will be subject to a set of pre-qualification criteria and only parties that meet these criteria will be allowed to take part in the Auction.

³NCC 2013

Applicants will not be required to submit financial and/or technical plans in the pre-qualification process. However, details must be provided in accordance with the compliance requirements laid out in Section 6.5.2.

Bidders must not have a relationship with another Bidder. A relationship is defined as a situation where a Bidder has directly or indirectly an ownership stake of 10% or more in another Bidder.

Applicants will be required to submit information using the templates provided in this Information Memorandum.

Applicants will be required to pay the sum of US \$2.3 million (Two million, three hundred thousand US Dollars) as an IBD. The IBD must be in the designated account in cleared funds not later than 17.00 hours Nigerian Time on the 7th February, 2014. A Bank Guarantee, or similar instruments, will not be acceptable.

Interested parties should note that information in this IM does not purport to be complete or totally accurate. The IM is provided to highlight a number of issues relating to the licensing process and Applicants are advised to undertake their own due diligence.

2.6 INDICATIVE TIMETABLE

The indicative timetable for key activities in the licensing process is given in Table 1. It is subject to change by the Commission. Any changes will be communicated through the Commission's website (www.ncc.gov.ng).

Table 1: Process timetable

AUCTION TIMETABLE

Date	Activity
	Invitation Stage
Nov. 15, 2013	Publication of Intention to Auction / Request for Expression of interest
Dec. 20, 2013	Publication of Information Memorandum / Application Start Date
Dec. 11, 2013	End date for submission of expression of interest
Jan.10, 2014	End date for comments and questions on IM
Jan. 17, 2014	Publication of response to comments and questions on IM
Feb. 7, 2014	End of submission of Application
	End Date for Payment of mandatory intention to bid deposit
	Pre-Qualification Stage
Feb. 14, 2014	Notification of Qualified Bidders
	Notification of Mock Auction and Auction date
	Publication of qualified bidders and Mock Auction and Auction date
	Auction Stage
Feb. 18, 2014	Mock Auction
Feb. 19 – 20, 2014	Auction
	Grant Stage
Feb. 20, 2014	Publication of Provisional winners
	Notification of provisional award of license
March 13, 2014	Payment for License
March 14, 2014	Publication of Final result

2.7 INFORMATION MEMORANDUM STRUCTURE

The remainder of this document is structured as follows:

- Section 3** *The Nigerian Telecommunications market* – information on the development and current state of the Nigerian telecommunications industry and its key players
- Section 4** *The Regulatory Environment* – overview of the Commission’s regulatory remit and selected regulatory frameworks governing the licensing and operation of telecommunications services in Nigeria
- Section 5** *Spectrum offered* – specific description of the spectrum block on offer and its relationship to the National Frequency Plan, in addition to information on various technical and operational topics
- Section 6** *Auction process* – information on the specific style of the Auction procedure including information on pre-qualification criteria, Auction timing and Auction rules
- Section 7** *Instructions to Applicants* – information and instructions for parties wishing to apply to take part in the process. Instructions relate to template documentation, license applications forms and the IBD
- Section 8** *Contact details and further information* – contact details relating to specific activities within this process and for the submission of questions
- Appendices** Template documentation examples, copies of the applicable licenses and an Auction process overview diagram.

3. THE NIGERIAN TELECOMMUNICATIONS MARKET

3.1 INTRODUCTION

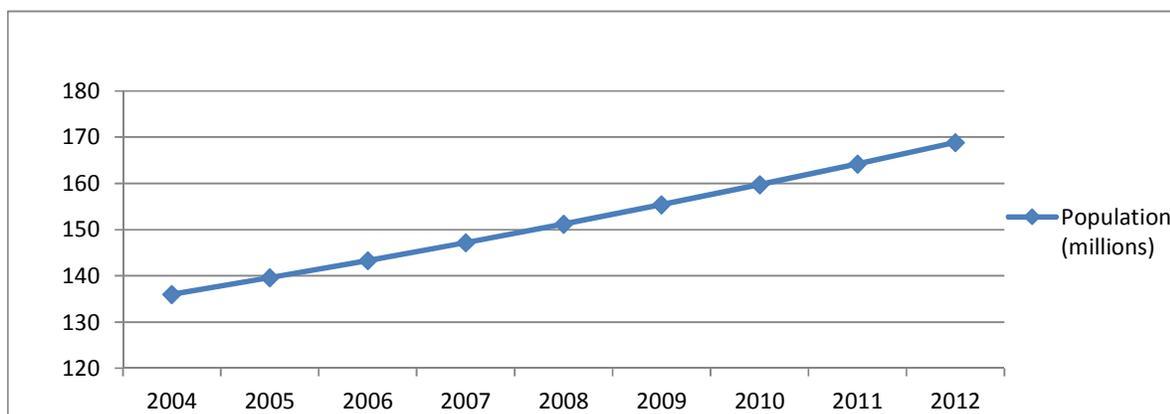
This section summarises selected demographic data for the Nigerian market and historical developments in the Nigerian telecommunications sector. It also provides a high-level overview of current mobile and fixed operators.

3.2 NIGERIAN POPULATION DEMOGRAPHICS

3.2.1 Nigerian population evolution

Nigeria's total population, at approximately 168.8 million is the largest in the Middle East / Africa region. It has grown, on average, at a rate of approximately 2.3% a year since 2000¹; see Figure 1. In addition, Nigeria has a young population with approximately 60% under the age of 20². This is also illustrated in Figure 1.

Figure 1: Nigerian population evolution (2004-2012)



3.2.2 Nigerian GDP per capita PPP

Nigerian GDP per capita Purchasing Power Parity (PPP) has been on an upward trend as shown (see Figure 2).

Figure 2: Nigeria GDP per Capita (2004 – 2012)



3.3 DEVELOPMENT OF THE NIGERIAN TELECOMMUNICATIONS MARKET

The Commission was established in 1992 as the independent National Regulatory Authority for the telecommunications industry in Nigeria. The Commission is responsible for creating an enabling environment for competition among operators in the industry, as well as ensuring the provision of high quality and efficient telecommunications services throughout the country.

The Nigerian telecommunications market was liberalized 22 years ago and has been highly active in the last ten years, as illustrated in Figure 3a and 3b.

Figure 3a: Selected developments in the Nigerian telecommunications market

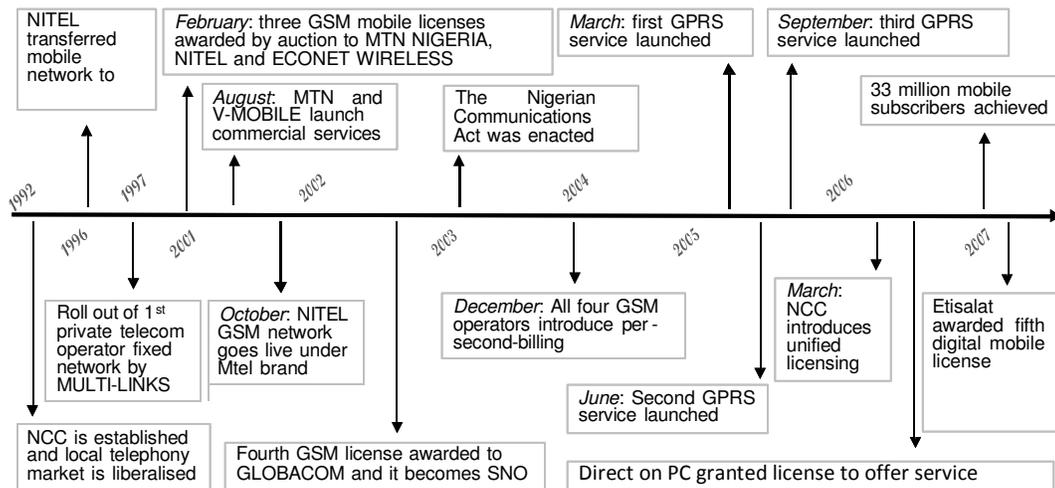
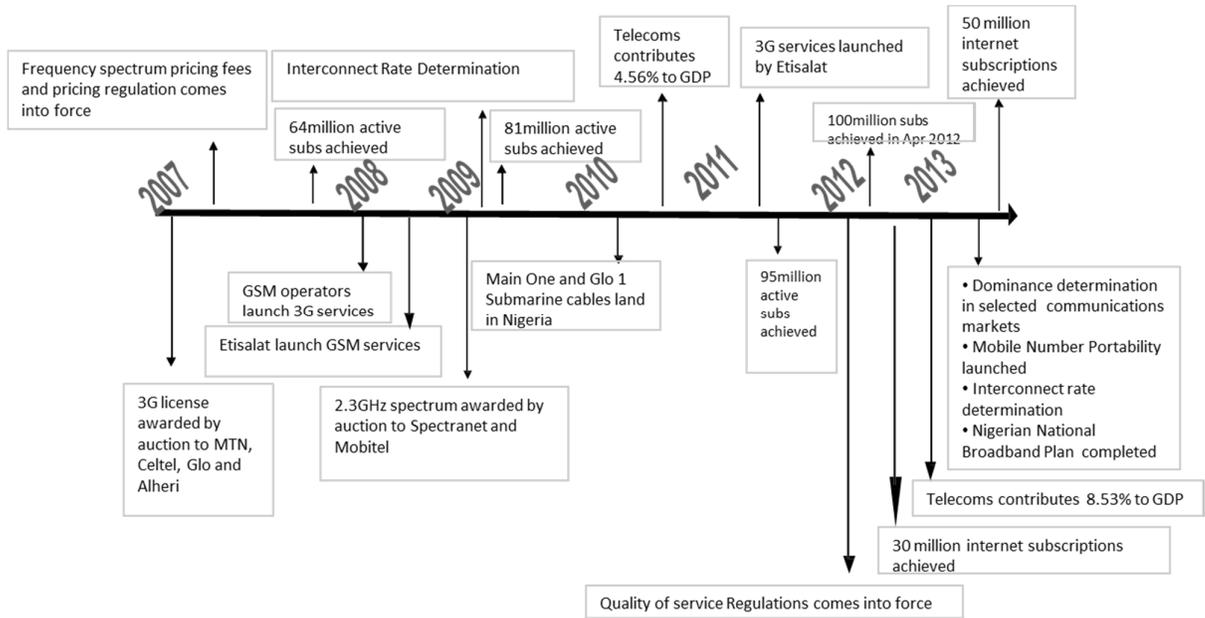


Figure 3b: Selected developments in the Nigerian telecommunications market



Source: NCC 2013

The deregulation of the telecommunications market was marked by the passing into law of the Nigerian Communications Commission Act 1992, which allowed private companies to participate and invest in the development of the country's telecommunications infrastructure and services. With the inauguration of the industry regulator, the monopoly of state owned incumbent NITEL came to an end and several private telecommunications operators were licensed in 1996 to compete in the market.

In 2001, the Commission licensed three digital mobile operators through an Auction process that is widely adjudged to have been highly successful and transparent. This was followed by the licensing of a second national carrier and the fourth digital mobile operator in 2002.

The Nigerian Communications Act was signed into law in 2003 to strengthen the regulatory framework as well as to enhance the independence of the Regulator.

By the end of 2004, there were two national carriers, four digital mobile operators and 24 fixed telephony providers (of which six were FWA operators)

In 2006, the Commission introduced the Unified Access Service Licenses (UASL) regime, to enable operators to take advantage of convergence in services and technology in order to offer better services.

In 2007, the Commission awarded a further UASL and spectrum license to Emerging Markets Telecommunications Services (EMTS). This brought the number of parties with national mobile licenses to five.

In addition, in 2007, the Commission awarded licenses to the following companies in the stipulated bands

- Visafone in the 800MHz band
- Alheri Engineering Company Limited in the 2100MHz band
- Celtel Nigeria Limited (Now Airtel Nigeria) in the 2100MHz band

- Globacom Limited in the 2100MHz band
 - MTN Nigeria Communications Limited in the 2100MHz band
- In 2008, the Commission issued International Submarine Cable Infrastructure and Landing Stations services license to Main One Cable Company Limited

In 2009, the Commission awarded the 2.3GHz spectrum to Spectranet Limited and Mobitel Nigeria Limited.

In 2010, the Commission issued International Submarine Cable Infrastructure and Landing Stations services license to MTN Nigeria Communications Limited

In 2012, the Commission also issued International Submarine Cable Infrastructure and Landing Stations services license to ETG Integrated Services Ltd. Also the National ICT Policy was approved in principle by the Federal Government.

In 2013, the Commission launched the mobile number portability scheme in Nigeria, determined dominance in certain market segments of the telecommunications industry, interconnection rates and the Federal Government approved the Nigeria National Broadband Plan.

3.4 THE TELECOMMUNICATIONS MARKET

3.4.1 Market growth

The Nigerian telecommunications market has experienced significant growth in recent years. By September 2013³ the market had increased from about 400,000 in 2001 to about 121 million active subscribers. Key factors in this growth include:

- Mobile penetration has grown from less than 1% in 2001 to more than 86% in September 2013³
- Mobile take-up has been driven by liberalisation and competition based on the four established GSM operators
- Nigeria has significant potential since it is a large and growing nation, with high mobile penetration rate.
- Nigeria has growing levels of PC penetration, Internet take-up and broadband adoption.

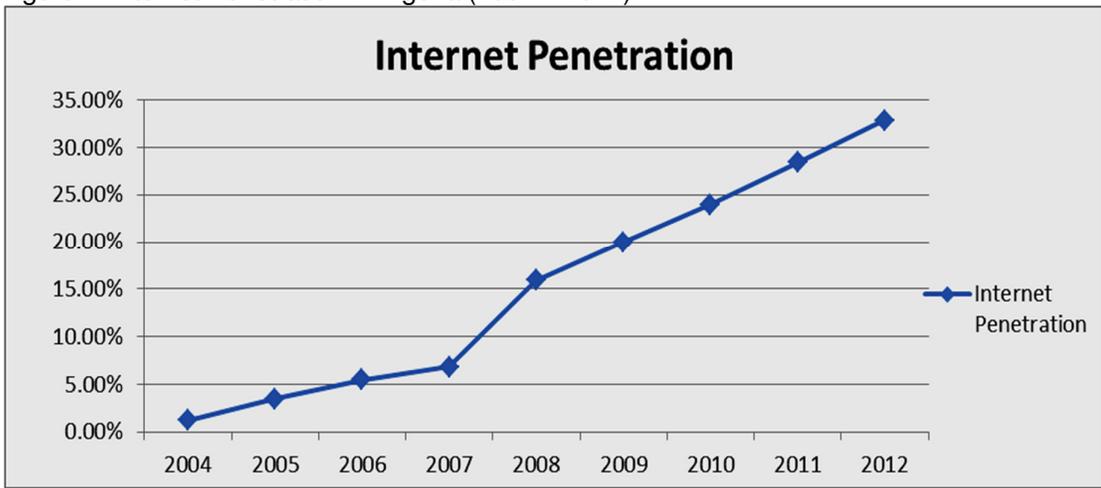
3.4.2 INTERNET PENETRATION

Nigeria currently has growing levels of Internet take-up, PC penetration and Broadband adoption. The trend of Internet use in Nigeria shows an increase with the overall number of users rising from 1.4% of population in 2004 to about 32% by 2012⁴ with Broadband penetration at about 6.1% in 2012.

PC ownership in Nigeria was estimated at 3.8%³ of the population in 2011

⁴World Bank

Figure 4: Internet Penetration in Nigeria (2004 – 2012)

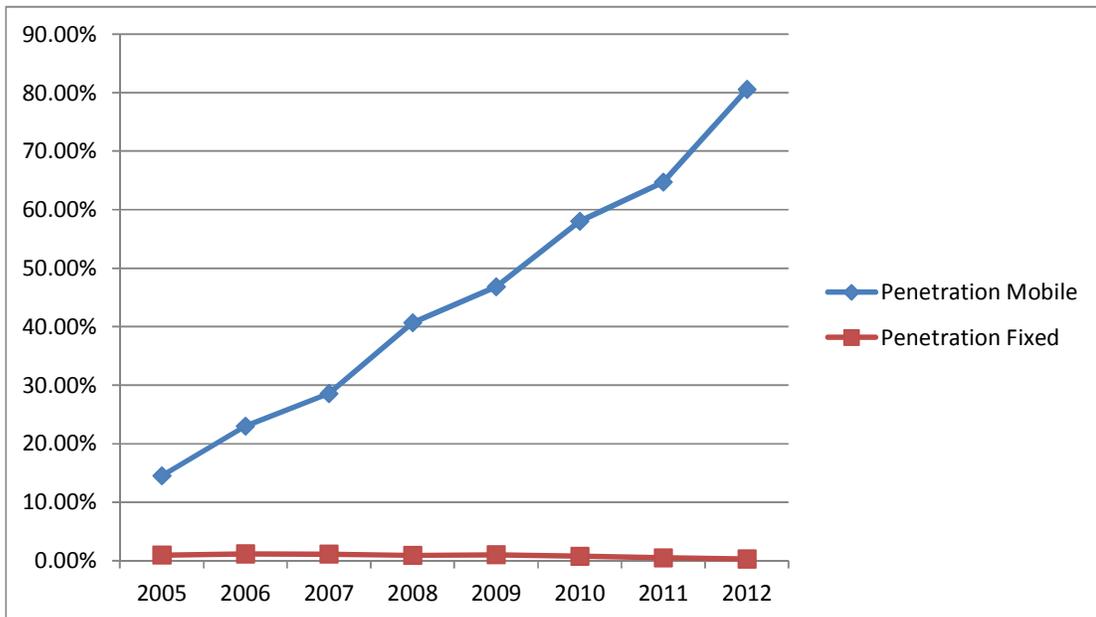


Source: World Bank

3.4.3 Mobile Penetration

Mobile penetration in Nigeria has been on the upward trend. However, the penetration of fixed services is still low. This is illustrated in figure 5 below:

Figure 5: Nigerian fixed-line and mobile penetration, (2005-2012)



Source: NCC, 2013

3.4.4 Value added services

Value-added services are available in the Nigerian market, including the following:

- SMS
- Voicemail
- Call forwarding
- WAP
- Call waiting
- MMS
- Ringtones
- Games

The above value added services (VAS) does not represent the full range of VAS available. New value added services are constantly being introduced in the market.

3.5 PROFILE OF NETWORK OPERATORS

3.5.1 Network and service providers

Since the liberalisation of the Nigerian Telecommunications Market in 2000, there has been considerable growth in the number of active network operators and service providers some are shown Table 3

Table 3: Network operators

S/N	Company	Technology Deployed	Coverage Areas
1	Celtel (Airtel)	GSM/WCDMA/UMTS	Nationwide
2	Glomobile	GSM/ WCDMA/UMTS	Nationwide
3	M-Tel	ETAC/GSM	Nationwide
4	MTN	GSM/ WCDMA/UMTS	Nationwide
5	EMTS	GSM/ WCDMA/UMTS	Nationwide
6	Starcomms	CDMA	Nationwide
7	Multilinks	CDMA	Nationwide
8	Visafone	CDMA	Nationwide
9	NITEL	Landline/CDMA	Nationwide
10	Spectranet	Wimax	Nationwide
11	Mobitel	Wimax	Nationwide
12	Direct on PC	Wimax	Abuja, Lagos, PHC

* Commenced with analogue in 1996

** Incumbent operator

Source: NCC, 2013

3.5.2 Fixed Wireless Access (FWA) Operators

On 1st July 2002, the Commission awarded licenses to 19 companies to roll out FWA services on a regional basis. The first FWA service was commenced in 2003 and currently there are 22 licensed FWA operators. Included among these 22 licensees are the 3 operators currently offering fixed and mobile services using CDMA technology mentioned above.

FWA operators typically offer a portfolio of communications services, including fixed line, fixed wireless and limited mobility. Services are available in most urban locations and coverage of suburban locations continues to grow.

3.6.3 2.3GHz Licensed Operators

There are three operators providing data services on the 2.3GHz band. The operators are Spectranet, Direct on PC (DoPC) and Mobitel. They currently operate with a 20MHz bandwidth. These licenses were awarded in 2009 except for DoPC that was awarded in 2006.

3.6.4 The business opportunity in Broadband / High Speed Internet

There is considerable demand for the high speed internet services which can be provided in the 2.3 GHz license on offer, as well as reasonable levels of competition which mean there is considerable space for a new operator.

3.6.5 Demand for high speed internet

Fixed internet access in Nigeria is limited but there are mobile internet services available. However, there is scope for offering higher speed services in 2.3 GHz.

There are a wide range of economic sectors which need higher speed internet access, these include:

- Government services

The Nigerian Broadband Plan 2013-18 lists a wide range of e-government services which need to be introduced as soon as possible. These include issuing National Identity Cards, driving licenses and registration of companies among many others. In order to introduce these services individual departments require high speed internet access, so from government quarters there is a large latent demand for broadband access service from providers.

- Agriculture

Nigeria is a large country of over 900,000 km² with a huge and diverse agricultural sector. 70% of the labour force is engaged in agriculture and agricultural businesses have a potential need for internet access in order to check market prices and find information about the latest farming practices.

- Commerce

There is a considerable market gap for reliable and affordable high-speed internet access for both large and small companies in Nigeria. Companies are very keen to make greater use of the internet because of the opportunities to improve efficiency and enable cost savings.

- Education

Most educational institutions in Nigeria lack reliable and widespread internet access, so there is a large demand for high speed services. These would be used for teaching,

learning and research as well as improving the efficiency of the organizations.

- Entertainment

There are several industries in the entertainment sector which will be able to develop their businesses if high speed internet access is more widely available. Video streaming services are constrained in Nigeria because of a lack of broadband services. Nigerian YouTube usage represents 0.1% of the global total. Being able to expand this area would greatly benefit the film and TV industry.

- Public safety

Close Circuit Television (CCTV) services could expand greatly with access to high-speed internet services, as these make the remote monitoring of video footage much easier. The potential expansion here would cover government, business and residential users. Furthermore, in emergency situations coordination of rescue efforts becomes much easier with high-speed internet access: another reason for government to buy improved internet access.

In conclusion, the availability of broadband internet access has the potential to contribute positively to the growth of the economy and enable investors take advantage of the inherent growth in internet usage in the country.

3.6.6 Existing competitors in the internet access market

There are many companies providing Internet access of some form or the other in Nigeria. Most internet connections are through smartphones, meaning that there is only a limited range of functionality. The smartphone connections are provided by mobile operators. There is a need for higher speed connections for the more data-intensive services required by PCs and laptops, but also to serve the growing tablet market as well as other services and solutions.

Companies providing internet access include:

- GSM operators providing 2G and 3G services, principally to smartphones but also using dongles
- Operators already using the 2.3 GHz band
- Other operators, including but not limited to, fixed wireless access operators

3.6.7 Attractive features of the 2.3 GHz opportunity

There is scope to offer high speed wireless access service with the large spectrum bandwidth (30 MHz) on offer. There is also a wide availability of devices using this band. In addition, the successful 2.3 GHz Wholesale Wireless Access licensee will shortly be able to take advantage of the optical fibre cables that will soon be laid in metropolitan areas which will provide affordable, wholesale transmission backhaul services through the ongoing restructuring of the broadband infrastructure market by the Commission and the eventual deployment of open access metro fibre to all the State Capitals, the FCT, and other major cities, which will open up new markets and create potential high demand for the services of the licensee by Retail Service Providers (RSP).

4. THE REGULATORY ENVIRONMENT

4.1 INTRODUCTION

This section summarises selected aspects of the regulatory environment governing telecommunications in Nigeria. It also highlights some regulatory policies relevant to interested parties. It is advised that interested parties conduct their own review of all relevant Nigerian legislation and regulations.

This section also includes information on setting the opening bid for the Auction and highlights a number of conditions of the applicable license.

4.2 REGULATORY ENVIRONMENT

4.2.1 The Nigerian Communications Commission

The Commission is the independent National Regulatory Authority for the telecommunications industry in Nigeria. The Commission is responsible for creating an enabling environment for competition among operators in the industry. It is also responsible for ensuring the provision of high quality and efficient telecommunications services throughout the country as laid out in the Nigerian National Telecommunications Policy September 2000, the Nigerian Communications Act 2003 and the National ICT policy approved in principle by the Federal Government of Nigeria in 2012.

Over the years, the Commission has earned a reputation as one of the foremost telecommunications regulatory agencies in Africa. The Commission aims to exploit information and communications technology to drive and assist different aspects of national development. The Commission has initiated several programs such as Digital Appreciation Program (DAP), State Accelerated Broadband Initiative (SABI), the Wire Nigeria Program (WiN) and several initiatives by Universal Service Provision Fund (USPF) to help stimulate demand and accelerate the uptake of communications technologies and services necessary for the establishment of a knowledge society in Nigeria.

To fulfil its mandate, the Commission has at its disposal the necessary licensing and regulatory powers to manage and administer frequency spectrum for the telecommunications sector. Within the terms of this mandate, the Commission has the sole and exclusive power to manage and administer the frequency spectrum for the telecommunications sector and in that regard grant licenses for and regulate the use of the frequency spectrum⁵.

4.2.2 The regulatory landscape

The Commission operates under the terms of the regulatory framework set out in the Nigerian Wireless Telegraphy Act of 1990, hereafter referred to as 'WTA', and the Nigerian Communications Act of 2003, hereafter referred to as 'the Act'.

Copies of the WTA and the Act are available on the Commission's website (www.ncc.gov.ng).

⁵ Source: Nigerian Communications Act 2003, Section 121

4. The Regulatory Environment...

The Commission has also published documentation detailing various additional aspects of regulation and operational guidelines. Documents directly applicable to this licensing process include those listed below. Copies of these documents are also available through the Commission's website.

- Telecommunications Networks Interconnection Regulations 2007
- Competition Practices Regulations 2007
- Quality of Service Regulations 2012
- Universal Access and Universal Service Regulations 2007
- Consumer Code of Practice Regulations 2007
- Numbering Regulation 2008
- Guidelines on Collocation and Infrastructure Sharing 2005*
- Guidelines on International Access and Voice over Internet Protocol 2005*
- Guidelines for the Disconnection of Telecommunications Operators 2012*
- Guidelines for the deployment of Wi-Fi 2004*
- Frequency Spectrum Fees and Pricing Regulations 2007
- Dispute Resolution Guidelines 2006
- Nigerian Communications (Enforcement Processes etc) Regulations 2005
- Interconnection Rate Determination 2009
- Determination of Voice Interconnection Rate 2013.
- Type Approval Regulation 2008
- Guidelines for Deployment of Broadband Services in 5.2 to 5.9GHz 2008*

Bidders should conduct their own review of all legislation and regulation pertinent to the Nigerian market.

4.3 APPLICABLE LICENSES

Bidders in this licensing process, will not be required as a pre-qualification criteria to hold any operational license in Nigeria. However, Bidders will have to be companies registered in Nigeria with the Corporate Affairs Commission.

The Successful Bidder at the Auction will be issued with a ten (10) year spectrum license. This license will authorise the licensee to make use of the designated part of the electromagnetic spectrum for the purpose of operating a national wholesale access network according to the terms of the relevant operating WWASL license.

A copy of the terms of this new license is included in Appendix E of this Information Memorandum.

- The successful Bidder will be granted a WWASL and pay the specified fee before being issued the license. The tenure for the WWASL will be 10 years.

4.4 INTERCONNECTION

Under provision of the Nigerian Communications Act, as applicable to existing operators as well as prospective licensees, the Act makes reference to interconnection in Sections 96 and 97 (1) & (2) as follows:

Section 96. *If a network services or facilities provider receives a request for interconnection from another licensee, then the service or facilities provider shall have an obligation to interconnect its communication system with the other licensee's network at technically feasible locations, in accordance with the principles specified in Section 97 of this Act and pursuant to terms and conditions negotiated between the parties in good faith.*

Section 97.—(1) *All interconnection agreements between licensees shall be in writing and shall comply with:*

(a) *this Act, the regulations and guidelines published from time to time by the Commission pursuant to this Act; and*

(b) *the principles of neutrality, transparency, non-discrimination, fair competition, universal coverage, access to information, equality of access and equal terms and conditions.*

(2) *The terms and conditions of interconnection agreements shall primarily be agreed upon between parties thereto and the Commission may intervene and make binding rulings at its instance or at the instance of either or both parties to the agreement:*

(a) *if the Commission determines that the agreement or any provision thereof is inconsistent with the provisions of this Act or its subsidiary legislation; or*

(b) *in the event of a failure of consensus between the parties on specific issues or a delay in reaching such consensus; or*

(c) *if the Commission considers it in the public interest for it to so intervene at its own instance and without any invitation from either or both parties to the agreement.*

Where an operator has existing interconnection agreements in place under the terms of the Act that are directly applicable to the new licensing, subject to Commission review, these may be deemed sufficient to meet additional interconnection requirements.

Where licensees and/or operators fail to agree on the right to interconnect or on the terms of interconnection, the parties are authorised to seek dispute resolution through a process of arbitration. The Commission is further authorised to set out the principles that shall apply, where one party is adjudged by the Commission to be acting unreasonably or contrary to the terms of the applicable licenses. These principles include but are not limited to the charges payable between licensees, or between licensees and the carrier or other operators for the following:

- Interconnection of facilities to networks of another party
- Interconnection and carriage of communications across networks of another party
- The supply of facilities and services for the purpose of interconnection and carriage
- All other matters relating to interconnection and carriage of communications more

4. *The Regulatory Environment...*
generally.

Additional terms under the Act apply and Bidders are advised to review the terms and other Commission publications in full.

4.5 ANTI-COMPETITIVE BEHAVIOUR

To fulfil its mandate to encourage competition under Sections 4 and 90 of the Act, the Commission has the authority to impose sanctions on any licensee deemed to be engaging in anti-competitive activities.

Activities deemed to be anti-competitive include, but are not limited to, the following:

- Collusion – agreement between licensees to fix the prices of access to services, supplies or equipment
- Exclusivity – entering into arrangements that unduly preclude or boycott competitors from similar access to services, supplies or equipment
- Cartel behaviour – agreement between licensees to divide the available market between them in order to exclude further parties
- Cross-subsidy – improper subsidy of the business under license from another source. In circumstances where the licensee is under specific obligation to provide communications services to an area of insufficient prospective demand, the licensee may enter into special negotiation with the Commission
- Further unfair and undue preference.

4.6 NUMBER ALLOCATION

The Licensee will be free to apply for a number range as may be required. The Commission will assign such numbers as are available and required by the licensee for the provision of services within the scope of the operational license. Numbers shall be assigned by the Commission subject to the payment of prevailing fees.

4.7 NUMBER PORTABILITY

The Commission has implemented a mobile number portability scheme and licensees are mandated to comply with the scheme where applicable.

4.8 DETERMINATION OF DOMINANCE

The Commission is empowered under the Act and the Competition Practices Regulation to determine licensees who may be in a dominant position in any segment of the Nigeria Communication market.

In May 2013, the Commission declared Joint Dominance in the Wholesale Leased Lines and Transmission Capacity market. The dominant operators will be bound by price cap for wholesale / price floor for retail, to be established by the Commission.

4. The Regulatory Environment...

4.9 OVERVIEW OF FREQUENCY LICENSING TERMS

4.9.1 License to be awarded

The spectrum available for this auction is one unpaired block of 30 MHz adjoining to a 10MHz guard band with the adjacent 2.4 GHz band as specified below:

- 2360 – 2390 MHz - Spectrum on offer
- 2390 – 2400 MHz - Guard Band

The nature of spectrum block is described further in Section 5.

4.9.2 Reserve price, license fees and payment arrangements

The fee for the ten (10) year spectrum license will be determined at Auction. As noted above, the reserve price will be \$23 Million US and the Opening Bid will be one increment higher in the Opening Round of the Auction. The spectrum license fee is not subject to Value Added Tax (VAT). In addition, no VAT will be applicable to the operating license fees.[Determine license class]

The successful bidder at Auction will be expected to pay a sum equal to the amount of their winning bid minus the IBD, as well as additional administrative fees for an operational license as detailed below:

Table 4: Payment of operational license fees

Operator type	Explanatory Notes	WWASL Fee (N155m)
Existing UASL holder	Will be issued a WWASL with a tenure equal to the unexpired residue of its UASL subject to automatic renewal of the WWASL upon renewal of the UASL	No
New WWASL Applicant	Will be issued a WWASL for 10 year tenure subject to renewal	Yes

At Auction Closure, the Successful Bidder will automatically be deemed to have been awarded a provisional license. The balance of the Auction license fee shall be paid to the Commission within 14 business days from the date of award of the provisional license. Failure to pay within this stipulated period, the award will automatically lapse and be offered to the Highest Losing Bidder.

The payment of the operational license fee shall be required to be made within 30 calendar days of the issuance of the offer letter.

4.9.3 Annual Operating Levy

The conditions of the operating license require an annual operating levy to be paid to the Commission. This levy is set at 2.5% of the licensee's audited net revenues. This levy shall be paid within three months of the end of the first year of the license and thereafter quarterly on the licensee's assessed net revenues and within thirty calendar

4. *The Regulatory Environment...*

days of the end of each quarter. The sum paid shall be adjusted immediately on receipt of the audited, annual financial statements of the licensee.

4.9.4 Summary of License Terms

A copy of the full terms of the WWASL is referenced in Appendix E. A copy of the full terms of the spectrum license is referenced in Appendix F.

Highlights of the spectrum license are set out below.

COMMENCEMENT DATE AND DURATION OF FREQUENCY LICENSE

The spectrum license shall commence upon full payment of the license fee. The tenure of the license shall be 10 years.

LICENSE ASSIGNMENT

The license authorises the licensee with regard to radio equipment operating within the frequency ranges specified for that license.

The license shall not be assigned, or reassigned, except with the prior and express authorisation of the Commission.

ACCESS AND INSPECTION

The licensee shall permit members of the Commission, or persons authorised by the Commission, to gain access to radio and associated equipment at any reasonable times, or when in the opinion of those persons an urgent situation has arisen, for the purpose of inspection and in order to ensure that equipment is being used in full compliance with the full terms and conditions of the license.

ROAMING

The licensee shall be encouraged to enter into such roaming agreements with other existing operators and any new operators as may be required in order to offer ubiquitous and seamless communications services across the country. Where this does not take place on a commercial basis, the Commission has the right to intervene to mandate roaming.

The terms of such agreements will be subject to prior approval by the Commission as well as subject to existing regulations governing interconnection and anti-competitive behaviour.

The Licensee may also provide international roaming services on request.

COMMERCIAL LAUNCH DATE

The launch of commercial services shall be no later than 12 months after the License Award.

ROLL OUT, COVERAGE AND SERVICE OBLIGATIONS

4. The Regulatory Environment...

The winning licensee shall be required after the operational license award to roll out services at least as follows:

- i, Three states capitals in year 1,
- ii, Four additional state capitals in year 2,
- iii, Six additional state capitals in year 3,
- iv, Twelve additional state capitals in year 4
- v, Twelve additional state capitals in year 5 and
- vi, 2/3 of all local government headquarters in the remaining License period.

In the event of the winning licensee's inability to deploy services as specified herein, the Commission reserves the right to sanction the licensee based on relevant sections of existing regulations except for areas where force majeure is established.

For the purpose of this licensing process, roll out shall be understood to mean that a service signal is available to at least one-third (1/3) of the population of each state and local government area (LGA) as appropriate.

TARIFFS

The Commission requires initial tariff and tariff changes to be submitted for approval. Tariffs must be submitted in a format approved by the Commission no later than one calendar month before the launch of commercial services or the publication of details thereof. The Commission will advise of approval or otherwise in writing within 45 days.

For the avoidance of doubt, it is not the intention of the Commission to regulate retail tariff levels. However, the Commission has consistently adopted a price cap policy since 2002.

SITE / NETWORK SHARING

The sharing of network, transmission and associated infrastructure and facilities with other licensed parties is subject to the provisions of the Commission's Collocation / Infrastructure Sharing Guidelines. These are available on the Commission's website and are subject to update from time to time.

Further regulation appropriate to, inter alia, site clearance, site maintenance and equipment height shall be deemed to apply to both the registered site owner and / or site tenant and the subcontracting party.

For the avoidance of doubt, national roaming arrangements shall not be negotiated between operators as part of infrastructure sharing agreements.

FURTHER OPERATIONAL AND TECHNICAL REQUIREMENTS

The license will set out further conditions for licensees in respect of operational and technical requirements including the following, inter alia:

- Site clearance

4. *The Regulatory Environment...*

- Technical equipment specifications
- Co-location of equipment
- Amendment to the terms of the license
- Record-keeping, financial and otherwise.

5. SPECTRUM OFFERED

5.1 INTRODUCTION

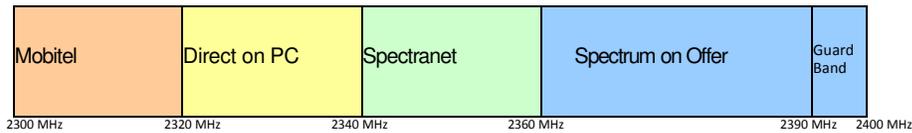
The following section outlines the packaging of the 2.3 GHz spectrum being made available at Auction and addresses a number of related issues such as interference, cross-border co-ordination, band clearance and guard bands.

5.2 SPECTRUM PACKAGING

The use of radio spectrum is planned both at National and International levels in order to co-ordinate the use of particular frequency bands for different uses.

The Commission's current frequency allocation map for 2.3 GHz band is shown in Figure 9.

Figure 9: Nigerian Communications Commission frequency allocation map



Source: NCC data, 2013

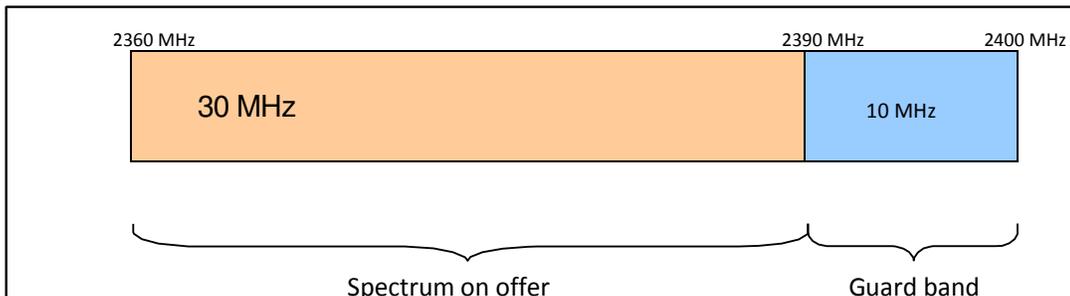
5.2.1 2.3 GHz spectrum packaging

Following consultation with industry the Commission has decided to offer this spectrum in one block of 30 MHz adjoining a 10 MHz guard band between the upper edge of the block and the 2.4 GHz ISM band. The block of unpaired spectrum and guard band are as shown below:

- 2360 – 2390 MHz - Spectrum on Offer
- 2390 – 2400 MHz - Guard Band

This is shown schematically in Figure 10.

Figure 10: Frequency allocation for spectrum in the 2.3 GHz band



5. Spectrum Offered...

As part of the consultation process to determine which spectrum lot should be made available, the Commission considered a range of factors, including the following:

- Need to complement the Commissions Fixed Broadband Open Access Strategy
- *Competition.* The Commission believes that competition is essential to ensure service quality and value within Nigeria
- *Demand.* Communication markets in Nigeria are expanding rapidly. It is the Commission's aim to license this available spectrum block to promote access to this market
- *Affordability.* The Commission seeks to ensure that spectrum is used efficiently. Awarding spectrum by Auction ensures that parties placing the most commercial value on the spectrum are licensed
- *Equipment availability.* The Commission takes into account the recommendations of the International Telecommunications Union (ITU). Agreement on these recommendations ensures the availability of equipment to operate communications services in the 2.3 GHz spectrum bands.

5.3 SPECTRUM CO-ORDINATION

The Licensee will be required to co-ordinate spectrum use and the avoidance of interference with operators and other parties making use of adjacent frequencies. The Commission will resolve any disputes where parties are unable to reach agreement on co-ordinating spectrum use.

5.4 INTERFERENCE

The WWASL states that any equipment installed, maintained and used by the Licensee shall, throughout the tenure of the License, conform to such specifications and standards and ITU recommendations as prescribed by the Commission. The Commission will define spectral masks for each technology. Spectral masks shall be taken from the appropriate standards documents. The Commission shall also define a "default" mask that shall be used for technologies not covered by technology-specific masks.

Bidders must perform their own analysis of potential interference scenarios. Where equipment is co-located, or located close to other equipment, the Licensee should enter into its own negotiations with third parties.

5.5 CROSS BORDER CO-ORDINATION

The terms of the Nigerian Communications Act state that the Commission may vary the technical parameters of licenses subject to on-going co-ordination activities with neighbouring countries. The variance of such parameters will usually take the form of a Memorandum of Understanding (MoU) with foreign regulators and further parties. Such an MoU would seek to place restrictions on the native operator's signal strength permissible at the neighbouring country's borders. The Commission expects to reach such agreements with neighbouring countries to implement reciprocal restrictions on native operators. Nigerian licensees will be required to comply with the terms of those agreements.

The license includes a requirement for operators to comply with the conditions of future

5. *Spectrum Offered...*
MoUs.

5.6 BAND CLEARANCE

The Commission has undertaken to ensure that the spectrum being offered for Auction is available and clear of other users; mobile, fixed or other. The Commission will continue to enforce policy and thereby ensure that all licensed operators neither cause, nor are affected by, interference to / from other spectrum users.

In line with its Commercial Frequency Management policy, the Commission reaffirms its intention to systematically phase out ageing or obsolete technologies to free up spectrum and make it available for allocation to emerging technologies and new services.

In such instances, the Commission will issue information through the National Frequency Plan and enter into appropriate consultation and negotiation with the market to determine spectrum close-down dates.

5.7 SPECTRUM ALLOCATION FOR NETWORK BACKHAUL

This Auction is for 2.3 GHz spectrum. Auction winner will be issued a license to use the spectrum. The terms of the license authorise the use of the specified spectrum for the provision of telecommunications services. Access to additional spectrum for the purposes of, inter alia, transmission and backhaul falls under the terms of a separate licensing process.

The process and conditions for such additional licensing are published and available on the Commission's website.

6. LICENSING PROCESS

6.1 INTRODUCTION

This section outlines the end-to-end licensing process from initial notification of the spectrum allocation process, including the Auction process to determine the Successful Bidder and the granting of an appropriate license.

This section provides:

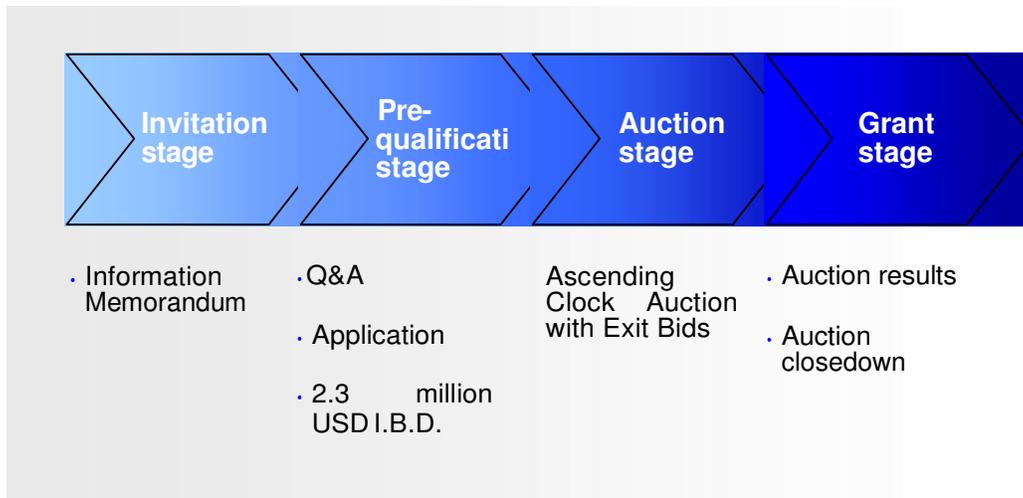
- An overview of the licensing process and the indicative timetable
- Definition of key Auction roles (see glossary for further definitions)
- Description of Auction logistics
- Description of the Auction process
- Definition of the Auction rules.

It is important to note that Applicants / Bidders will be responsible for all costs incurred by them in relation to this licensing process.

6.2 OVERVIEW OF LICENSING SCHEDULE AND TIMETABLE

The licensing process will consist of a four-stage procedure, as set out in Figure 11 below:

Figure 11: Four stage licensing process



The timetable for the licensing process, including the Auction stages, is set out in Table 5.1 below. The timetable is indicative and subject to amendment by the Commission

Table 5.1: Auction timetable

AUCTION TIMETABLE

Date	Activity
	Invitation Stage
Nov. 15, 2013	Publication of Intention to Auction / Request for Expression of interest
Dec. 20, 2013	Publication of Information Memorandum (IM) / Application Start Date
Dec. 11, 2013	End date for submission of expression of interest
Jan.10, 2014	End date for comments and questions on IM
Jan. 17, 2014	Publication of response to comments and questions on IM
Feb. 7, 2014	End of submission of Application
	End Date for Payment of mandatory intention to bid deposit
	Pre-Qualification Stage
Feb. 14, 2014	Notification of Qualified Bidders
	Notification of Mock Auction and Auction date
	Publication of qualified bidders and Mock Auction and Auction date
	Auction Stage
Feb. 18, 2014	Mock Auction
Feb. 19 – 20, 2014	Auction
	Grant Stage
Feb. 20, 2014	Publication of Provisional winners
	Notification of provisional award of license
March 13, 2014	Payment for License
March 14, 2014	Publication of Final result

6.3 KEY AUCTION ROLES

6.3.1 Auction Overseer

The Auction Overseer is responsible for the monitoring of the Auction process and providing assurance to Approved Bidders with respect to Auction results. The Auction Overseer is also responsible for resolving any Auction process complaints.

6.3.2 Auction Manager

The Auction Manager is responsible for the operation of the Auction process itself, in particular the determination of the bidding increments for each round.

6.3.3 Auction Administrator

The Auction Administrator is assigned to ensure the smooth running of the administration

of the Auction process.

6.3.4 External Communication Manager

The External Communications Manager is responsible for the communication of the final Auction results and any appropriate interim results and / or information.

6.3.5 Applicant

An Applicant is an organisation that has submitted a completed bid application form, the prequalification criteria check-list, bid deposit payment form and the IBD but has not yet been qualified as an Approved Bidder by the Commission.

6.3.6 Approved Bidder

An Approved Bidder is an organisation that has met the criteria of Section 6.3.5 and received formal approval from the Commission to participate in the 2.3 GHz Spectrum Auction.

6.3.7 Bid Teams

The Bid Team will consist of a maximum of four Qualified Representatives for each Approved Bidder who will participate in the Auction process and fulfil the terms of the Bidder Compliance Certificate. A list of Bid Team members must be submitted to the Commission at least five working days before the Auction Date.

6.3.8 Bid Team Member

A Bid Team Member is a Qualified Representative authorised to act on behalf of the Approved Bidder.

6.3.9 Commission Observer

Commission Observers will be in attendance in Auction Rooms as observers to ensure compliance with the Auction Rules.

6.4 AUCTION LOGISTICS

6.4.1 Auction Day

The Auction Day of the Auction process will commence at 09.00 hours (NT) and finish at approximately 18.00 hours (NT). Lunch will be brought to the individual Auction Rooms.

6.4.2 Auction Location

The Auction Location is the venue that will be used to host the Auction process in Abuja.

6.4.3 Auction Room

The Auction Room is an allocated room within the Auction Location where the Approved Bidder Bid Team will be situated each Auction Day with a Commission Observer.

6.4.4 Notification and changes to bid team members

The Commission reserves the right to request the nomination of an alternative Bid Team member.

Requests for changes to Bid Team members must be made twenty-four hours in advance, and are subject to the Commission's agreement. Any deviation due to exceptional circumstances will be at the sole discretion of the Commission.

6.5 LICENSING PROCESS

6.5.1 Stage 1: Invitation Stage

Public Notice has been issued highlighting the spectrum license that is being made available at Auction.

This IM is made available to all interested parties through the Commission's website and hard copies are also available from the Commission's headquarters in Abuja from December 20th 2013.

6.5.2 Stage 2: Pre-Qualification Stage

The pre-qualification stage outlines the steps to be carried out and the requirements to be met by any organisation seeking approval to participate in the 2.3 GHz Spectrum Auction.

Interested parties must submit any questions concerning the IM by 15.00 hours (NT) on or before January 10th, 2014.

Answers to these questions will be published, where appropriate, on the Commission's website by 17.00 hours (NT) on January 17th, 2014.

Applications from all interested parties to enter the Auction stage must be submitted to the Commission by 17.00 hours (NT) on or before February 7th, 2014.

All Applicants are required to confirm that they meet the qualification criteria detailed in Appendix B.4, as outlined in their application:

- i) Approved Bidders are required to be independent of one another (as defined in 6.6.2 Bidder Relationships section under Auction Rules). Applicants must highlight to the Commission any direct or indirect cross-ownership of 5 % or more with any other Licensed Network Operators in Nigeria in order for the Commission to be confident of the independence of Approved Bidders
- ii) Applicants must provide a confirmation, using the prequalification templates, that a deposit of US \$2.3 million (two million and three hundred thousand US Dollars) – the IBD – has been deposited in the designated account using the bid deposit payment template.

The IBD is a commitment from the Applicant to pay at least the Opening Bid for the license, as specified in this IM, and to participate in the Auction process. Failure to meet these obligations shall result in the forfeiture of the IBD.

The Commission reserves the right to request additional information and / or clarification based on an Applicant's submission. Applicants are required to comply with all such reasonable requests.

Applicants will be informed in writing by 17.00 hours (NT) on February 14th, 2014 if they have been successful in their application to compete in the Auction stage of the licensing process by meeting these prequalification criteria. These Applicants will be awarded the status of Approved Bidders.

Any Applicants unsuccessful in their prequalification bidding application will be informed and their IBD will be returned to them as detailed in Section 6.6.5.

6.5.3 Stage 3: Auction Stage

The Auction stage of the licensing process details the controls and procedures in place to manage the competitive bidding between Approved Bidders for the award of the spectrum license.

Note that if there is only one Approved Bidder the Commission will provisionally award the license to that party at the Reserve Price.

It is not envisaged that Auction Days will occur on weekends or national public holidays.

The Commission reserves the right to make necessary and reasonable adjustments to the process in the overall interests of achieving a fair and transparent outcome.

The following sub-sections set out the approach to be adopted for the Auction.

SAFEGUARDS AGAINST ANTI-COMPETITIVE BEHAVIOUR

- i) Each Bid Team will consist of no more than four Bid Team Members as detailed on the bidding application form. The Commission will review the proposed Bid Team members and reserves the right to request alternative nominations. The Commission must be provided with at least 24 hours notice of any proposed changes to personnel.
- ii) Each Bid Team will be allocated an individual Auction Room within the Auction Location. A Commission Observer will accompany the Bid Team at all times during the bidding process.
- iii) The Auction Room will be equipped with a laptop connected through a secure Internet link to the Auction Software that they will use to remotely participate in the Auction
- iv) The Auction will be run in a series of Rounds and the Bidding Schedule will be provided to the Bid Teams.
- v) The Bid Teams will access the Auction Software using secured passwords to place their Bids electronically in each Bidding Round until the end of the Auction.
- vi) Bid Teams are forbidden from using any type of communication method or device, electronic or otherwise, to communicate with parties outside their allocated Auction Room. This includes, but is not limited to, the use of any personal electronic device/s such as laptop computers, PDAs, s m a r t p h o n e s , mobile phones. All bidding material will be in the format defined and provided by the Auction Manager.
- vii) If a Bid Team is found to be communicating outside their Auction Room, that Bidder shall be excluded from further participation in the Auction and the Bidder's IBD shall

be forfeited.

ASCENDING CLOCK AUCTION WITH EXIT BIDS

Bidding will commence at 9:00 hours on the first day of the Auction and will proceed as follows:

- i) In the Opening Round of bidding, all Approved Bidders will be requested to indicate their acceptance of the Opening Bid by entering a "1" in the bid box to represent their desire to win the 2.3 GHz license.
- ii) Bidders must bid in every round of the Auction. Failure to bid in any round will automatically disqualify such bidder/s from bidding in subsequent rounds.
- iii) At the end of the round, if there is only one bidder who entered a "1" in their bid box, then that bidder will be declared the provisional winning bidder and will be awarded the license.
- iv) However, if the number of Bids for the license is greater than one, the Auction Manager will implement a Bid Increment in the order of 15% and, in round 2, bidders will again be asked to enter a "1" in the bid box to indicate their desire to win the license on offer.
- v) As the Auction progresses, the Auction Manager, in consultation with members of the Auction Team will, at his/her discretion reduce the bid increment from 15% to 10% or 5% if they feel that this will promote competition and promote an efficient outcome to the Auction
- vi) The auction may continue in this fashion until a round when only one bidder is willing to indicate their desire to win the license by placing a "1" in their bid box and, if this happens, that bidder will be declared the provisional winner of the license.
- vii) However, it could happen that there comes a round in which none of the remaining Bidders is willing to accept the asking price of the Auction Manager.
- viii) To guard against that situation, Bidders will be asked, throughout the Auction to submit an "exit" bid in the range between their current bid and the asking bid of the Auction Manager in any round where they are unwilling to accept the asking bid of the Auction Manager.
- ix) In the event that Bidders finally withdraw from the Auction by placing "exit" bids, the Bidder with the highest exit bid will be declared the provisional winner of the license.
- x) In the event that the final "exit" bids are tied, the Auction Manager would ask them to submit new "exit" bids in the next round to break the tie if the new bids are also tied, the Bidders will be notified and asked to meet with the Auction Manager to break the tie by the Throw of Dice.

The Successful Bidder and its final Bid will be made public via a press statement. This will mark the end of the Auction process.

To guard against the unlikely situation in which the Auction Management Software (AMS) cannot be used or somehow fails during the Auction, the Commission will establish an alternative system of bidding using "runners" to deliver bids from Approved Bidders to the Auction Manager and Auction Overseer in the Auction Room.

Under this system, each Approved Bidder will be given a secure 10 digit "key" which it will affix to each bid that they send by runner to the Auction Room. Each bid will also be signed by two members of the Bidding Team.

If the AMS fails, a runner for each Approved Bidder will be dispatched from the Auction Room with a bidding form for each bidder and an envelope for them to use to seal their bid.

To enter its bid, an Approved Bidder will fill out the bid form by indicating either its acceptance of the bid or an exit bid and affixing its key and two signatures to the bid form and sealing the form in the envelope.

Runners will take these sealed bids back to the Auction Manager and Auction Overseer who will have a matching "key" for each Approved Bidder. They will use these "keys" to authenticate the bids brought by runner and record these bids in an Excel spreadsheet.

This system will be employed until a Provisional Licence Winner(s) is determined.

6.5.4 GRANT

The Auction Closure will occur when the public announcement is made by the Auction Manager / Overseer, revealing the successful organisation to be awarded the license under this process.

At this point the Successful Bidder will automatically be deemed to have been awarded a provisional license. The balance of the Auction fee shall be paid to the Commission within 14 business days, and the WWAS license fee paid within 30 calendar days from the date of issuance of letter of award of the provisional license.

6.6 AUCTION RULES

The Auction rules are based on the following principles:

- i) The Licensing Process will be conducted in a fair, open and transparent manner. All parties participating in the Auction will be expected to behave in the same fashion.
- ii) The Commission reserves the right to exclude any parties that have been deemed not to have conducted themselves in this way. In addition, the BD can be forfeited under such circumstances.

All Bidders must abide by the Auction Rules or face disqualification.

6.6.1 Financial penalties

By entering into this licensing process, Applicants / Bidders are making a commitment to abide by the requirements and rules in relation to this spectrum licensing process as communicated by the Commission. The Commission reserves the right to impose financial penalties on Applicants / Bidders in the event of infringement of these requirements and rules. Financial penalties will be deducted from the Intention-to-Bid deposits provided by Applicants / Bidders and the Commission's decision in these matters will be final.

6.6.2 Behaviour and Relationships

BIDDER RELATIONSHIPS

It is forbidden for Bidders to have a relationship with another Bidder during the licensing period of the spectrum license Auction. For the purposes of this licensing process, this period starts with the issue of the Information Memorandum and stops at the granting of the licenses. A relationship is defined as where a Bidder owns directly or indirectly an ownership stake of 10% or more in another Bidder.

In the interest of avoiding a Bidder relationship conflict, Applicants are required to notify the Commission of any cross-investments with other Licensed Network Operators in Nigeria of 5% or more and of any other information of which they are aware that could give rise to such a Bidder relationship issue.

Where it is shown that such a relationship exists, or has existed during the licensing phase, the Commission reserves the right to exclude Bidders from the process and withhold the IBD.

The Commission reserves the right to impose financial penalties (see Section 6.6.1) and / or exclude any Bidder where it has been demonstrated that the Bidder has worked in an anti-competitive relationship against the spirit of the Auction Rules. The Commission also reserves the right to exclude these organisations from future licensing events.

ANTI-COMPETITIVE BEHAVIOUR

Bidders must not enter into any arrangement with organisations that would restrict the ability of other Bidders to plan, build or operate their networks under the spectrum license.

Bidders are not permitted to agree any type of restriction on the costs of software or equipment with suppliers that would influence the ability of other Bidders to plan, build or operate their networks under the spectrum license.

Applicants are not permitted to receive advice on 2.3 GHz Spectrum Auction matters from any persons retained as an advisor by another Bidder in the spectrum licensing process.

6.6.3 Confidentiality

CONFIDENTIALITY

Any confidential information that is submitted to the Commission by Bidders will not be disclosed to other parties unless it is deemed essential to the fair running of the licensing process or required by law. Under these circumstances, full consultation will take place with the affected party.

Confidential information will include items such as business cases, bidding details and bidding strategies.

All information issued by the Commission in relation to this 2.3 GHz spectrum licensing process should be regarded as non-confidential unless explicitly stated.

Notwithstanding the above, Bidders must not make any public statements concerning the Auction during its progress.

6.6.4 Process

QUESTION AND ANSWER PERIOD

The period between the publication of the Information Memorandum (IM) and the application closure date allows all interested parties to raise clarifications on the Information Memorandum and request additional information.

All questions and corresponding Commission responses will be published on the Commission's website. All responses will be available on the Commission's website from 17.00 hours (NT) on January 17th, 2014 and will form part of the IM.

No individual correspondence will be entered into concerning questions or clarifications raised by Bidders.

All clarifications and questions raised should be addressed during the specified

communication period to either:

- spectrumbauction@ncc.gov.ng, or
- The Executive Vice Chairman of the Nigerian Communications Commission.

In both instances, all communication should be clearly titled '2.3 GHz Spectrum Auction'.

COMPLAINTS, GRIEVANCES AND THEIR RESOLUTION

All complaints and grievances should be submitted in writing to the Commission clearly outlining the details of the issue. No other method of submission is permissible.

Complaints and grievances will be accepted during and up to the one day after the Auction

Resolution will be in the form of a formal documented reply from the Commission with clearly defined resolution actions where appropriate. The Commission's decision is final.

COMMUNICATIONS

All communication between Bidders relating to the 2.3 GHz spectrum licensing process is forbidden. This includes but is not limited to: bid strategy, valuations and budgets. If a Bidder knowingly and purposely communicates with another Bidder during the licensing process, the Commission has the right to impose financial penalties, at the Commission's discretion as defined in Section 6.6.1. It also reserves the right to exclude the party from further participation in the Auction.

Should a Bid Team require to communicate with the Auction Manager on an Auction Day, it should submit a sealed written communication document to the Observer present in the Auction Room. This communication will then be passed to the Auction Manager.

DISQUALIFICATION FROM THE PROCESS

In the event of a Bidder being disqualified from the process, the Commission reserves the right to impose a penalty. The maximum penalty may result in forfeiture of the full IBD submitted.

RESTART OF THE AUCTION

The Commission reserves the right to exclude one or more Bidders from the Auction where it has been shown due reason to do so. An example warranting exclusion could be contravention of the communications rule.

Under such circumstances, it is at the Commission's discretion as to whether the Auction will continue or be restarted. Mitigating circumstances for an Auction restart would include instances where the bidding process has been influenced or where bids have been excluded or distorted in the Auction process.

Opening Bid: The opening bid must have a minimum value of the Reserve Price plus the bid increment

LATE BID TEAM ARRIVAL

Only where it can be shown that exceptional circumstances have prevented the Bid Team arriving on time for an Auction Day will the Auction be paused. Approved Bidders may be required to get in touch with the Auction Manager before arrival and provide official

proof for any lateness on arrival.

It is at the sole discretion of the Commission to determine if the circumstances stated are acceptable.

LATE BID CIRCUMSTANCES

The Auction Software will reject late bid submissions on the Auction Day/s. If a Bidder fails to enter a bid in any round, their eligibility to continue will automatically lapse.

CHANGES IN APPLICANTS' CIRCUMSTANCES

Any changes to a Bidder's circumstances during the licensing process that would affect the process should be reported in writing to the Commission at the earliest opportunity.

APPLICATION WITHDRAWAL POLICY

An application to participate in the licensing process cannot be withdrawn once an acceptance receipt has been issued by the Commission.

AUCTION PROCESS BRIEFING

Approved Bidders will be required to participate in a Mock Auction that will replicate the actual Auction process. This Mock Auction will take place on or around February 18th, 2014. It is mandatory for Approved Bidders to attend the Mock Auction. Details of this event will be published on the Commission's website.

LANGUAGE

All communication should be submitted in English.

GOVERNING LAW

- i) National Law – This Information Memorandum and any license issued shall be exclusively subjected to, and interpreted in accordance with, the laws of Nigeria
- ii) Dispute Resolution – Any dispute over the licensing process and distribution shall be settled by the Commission under the terms of the Information Memorandum and the laws of Nigeria.

TAXES

The sale of the spectrum license will not incur Value Added Tax (VAT). In addition, no VAT will be applicable to the WWASL license fee.

CURRENCY

All currency amounts stated throughout this document are in United States Dollars (US\$). All currency amounts used in all bidding stages must also be in United States Dollars (US\$).

6.6.5 Financial

INTENTION-TO-BID DEPOSIT (IBD)

The Intention-to-Bid (IBD) amount has been set at US \$2.3 million (Two million and three

hundred thousand US Dollars).

The IBD is the deposit payment required to be made by all Applicants as part of the pre-qualification process. This payment must be settled before the application submission date (as defined in the licensing process timetable).

The IBD is a commitment from the Applicant to pay at least the Reserve Price for the license, as specified in this IM, and to participate in the Auction process.

In the event that the Approved Bidder is successful in the Auction process, the full IBD will be offset against payment for the actual license, subject to no penalty having been incurred during the Auction.

Approved Bidders who have been unsuccessful in the Auction process will have their IBD returned to them in full, subject to no penalty having been incurred during the Auction.

By 17.00 hours (NT) on February 7th, 2014, Applicants must have transferred the IBD so that it is received in cleared funds in the designated account. This is part of the pre-qualification process.

The account to which Applicants must send US\$ funds is the CBN account as follows:

SWIFT: CHASUS33
Bank: JPMorgan Chase, New York
Account name: Central Bank of Nigeria Auto Forex Account (AFEM)
Account Number: 0011945599

The payment should be marked with a unique identifier consisting of the registered name of the Applicant prefaced by 'NCC'.

Any penalty will be deducted on the day that it is incurred. Bidders will be informed in writing of any such penalties.

7. APPLICATION INSTRUCTIONS AND APPLICATION CONTENTS

7.1 INTRODUCTION

This section provides a summary of the actions required to be taken by Applicants to submit an application to participate in the 2.3 GHz Spectrum Auction.

In the event of a discrepancy between the application instructions contained in this section and the licensing process descriptions provided above, the licensing process descriptions shall prevail.

7.2 APPLICATION INSTRUCTIONS

7.2.1 Application format, address and delivery

All applications must be submitted using the standard templates that are included in this Information Memorandum. These are detailed on the Compliance Checklist.

Applications should be submitted in a sealed envelope, marked as follows:

2.3 GHz Spectrum Auction
For the attention of:
Executive Vice Chairman

Applications need to reach the following address by the application deadline (see Table 1):

Nigerian Communications Commission
Plot 423, Aguiyi Ironsi Street
Maitama,
Abuja,
Federal Capital Territory
Nigeria

It is strongly advised that Applicants deliver their Application in a secure manner and that legal representatives accompany the delivery of the Application Form. Upon receipt of the application the Commission's 2.3 GHz licensing representative will issue a "proof of acceptance" receipt that will serve as a record of the date and time of delivery of the application.

7.2.2 Application deposit

By 17.00 hours (NT) on February 7th, 2014 Applicants must have transferred the IBD so that it is received as cleared funds in the designated account; see Section 6.6.5. This forms part of the pre-qualification criteria.

7.3 APPLICATION DOCUMENTATION

7.3.1 Part 1 – Cover Letter

A duly completed Cover Letter, as contained in Appendix B.2, should be signed and dated by an Authorised Signatory of the Applicant. This Authorised Signatory should be included

7. Application Instructions And Application Contents...

as a member of the Bid Team, as detailed in the Bidder Compliance Certificate template, found in Appendix B.6.

7.3.2 Part 2 – Pre-Qualification Criteria Table

A duly completed pre-qualification criteria table, as contained in Appendix B.4, should be signed and dated by an Authorised Signatory of the Applicant. This Authorised Signatory should be included as a member of the Bid Team, as detailed in the Bidder Compliance Certificate template in Appendix B.6.

The pre-qualification criteria table requires the Applicant to self-certify against the following criteria:

- Accredited as a Nigerian registered company (attach Certificate of Incorporation, particulars of Directors, Statement of Authorised Share Capital and Memorandum / Articles of Association)
- Independence from other Applicants
- Notification of Advisors
- Transfer of Intention-to-Bid Deposit
- Fulfilment of regulatory obligations.

7.3.3 Part 3 – Intention-to-Bid Deposit

The IBD submitted by Applicants shall:

- i) Be for an amount equal to US \$2.3 million (Two million, Three Hundred Thousand US Dollars).
- ii) Be deposited and have cleared in the designated account before the Application closure date.
- iii) Form part of the legal commitment of the Applicant to participate in the Auction process if they are awarded Approved Bidder status. This includes the commitment to take up a license if the Applicant becomes the Successful Bidder.

7.3.4 Bid deposit payment form

A duly completed Bid Deposit Payment Form as contained in Appendix B.5 should be completed, signed and dated by an Authorised Signatory of the Applicant.

7.3.5 Binding Nature of Application

By submitting an application the Applicant will be bound by the information provided and the commitments outlined in this Information Memorandum and any subsequent notices and communications by the Commission relating to the 2.3 GHz Spectrum Auction as appropriate and as contained in the Applicant's application.

7.3.6 Completeness of Applications

Incomplete applications will not be considered by the Commission. If there is any doubt surrounding the completion of applications, this should be addressed in writing to the Executive Vice Chairman, clearly marked 2.3 GHz Spectrum Auction, at least two business days in advance of the application deadline.

8 CONTACTS, COMMUNICATIONS AND INDICATIVE TIMETABLE

8.1 CONTACTS FOR ENQUIRIES

Enquiries relating to the Information Memorandum should be addressed during the specified communication period to either:

- spectrumbauction@ncc.gov.ng, or
- The Executive Vice Chairman of the Nigerian Communications Commission.

In both instances, all communication should be clearly marked '2.3 GHz Spectrum Auction'.

8.2 COMMUNICATION PROCESS

Following the issue of this Information Memorandum, the Commission may publish further information as well as any questions received and any answers provided. The Commission, however, reserves the right not to respond to a particular question, in whole or in part.

The identity of Applicants submitting questions will not be attributed without the questioner's permission. The Commission will publish all additional information via its website (www.ncc.gov.ng). Further copies of this Information Memorandum may be downloaded from this site.

A two week window for questions will commence immediately following the release of this Information Memorandum. Questions will only be accepted through the official communication channels outlined above. Communication outside this period will not receive a reply.

8.3 INDICATIVE COMMUNICATION TIMETABLE

Table 6: Indicative Timetable

AUCTION TIMETABLE

Date	Activity
	Invitation Stage
Nov. 15, 2013	Publication of Intention to Auction / Request for Expression of interest
Dec. 20, 2013	Publication of Information Memorandum (IM) / Application Start Date
Dec. 11, 2013	End date for submission of expression of interest
Jan.10, 2014	End date for comments and questions on IM
Jan. 17, 2014	Publication of response to comments and questions on IM
Feb. 7, 2014	End of submission of Application
	End Date for Payment of mandatory intention to bid deposit
	Pre-Qualification Stage
Feb. 14, 2014	Notification of Qualified Bidders
	Notification of Mock Auction and Auction date
	Publication of qualified bidders and Mock Auction and Auction date
	Auction Stage
Feb. 18, 2014	Mock Auction
Feb. 19 – 20, 2014	Auction
	Grant Stage
Feb. 20, 2014	Publication of Provisional winners
	Notification of provisional award of license
March 13, 2014	Payment for License
March 14, 2014	Publication of Final result

APPENDIX A: A Glossary Of Terms...

2.3 GHz Spectrum Auction	The end-to-end spectrum licensing process addressed by this Information Memorandum
Active Bid	Any submitted Bid value featuring in the bidding round
Active Bidder	A Bid Team that has not withdrawn from Auction
Applicant	A party that has submitted an application and associated Intention-to-Bid Deposit in order to be considered for Approved Bidder status
Approved Bidder	An organisation that has met the pre-qualification criteria and received formal approval from the Commission to participate in the 2.3 GHz Spectrum Auction and has committed itself to compete in the Auction
Ascending Clock Auction	An auction design where the Auction Manager receives Bids and implements Bid Increments in every Round where demand
Auction	The stage of the licensing process where competitive bidding is undertaken to purchase a spectrum license.
Auction Administrator	Person assigned to ensure the smooth running of the administrative functions during the Auction phase of the 2.3 GHz spectrum licensing process
Auction Closure	The public announcement of the conclusion of the licensing process following the completion of the Auction.
Auction Location	Venue that will be used to host the Auction stage of the licensing process
Auction Management Software	The secure, Internet-based software that Bidders will use to enter their Bids in each Round of the Auction
Auction Manager	Person responsible for the Auction process
Auction Overseer	Person responsible for monitoring the Auction process, providing assurance to Approved Bidders with respect to the final Auction result and resolution of any Auction process issues
Auction Rooms	Secure, individual rooms provided for and used by each Bid Team for the duration of the Auction process
Auction Round	The period of time during which each of the Active Bidders must carry out an action, the end of which is signified by the Auction Manager publishing the number of active bids and bid values
Authorised Officer	A person authorised by an Applicant to act on its behalf, as defined in the Bidder Compliance Certificate
Authorised Signatory	A person authorised to contract on behalf of the Applicant / Bidder
Bid	The value that an Approved Bidder has declared to be willing to pay for a spectrum license in any Auction round

Bidding Action	The process by which a Bid Team indicates willingness or otherwise to pay the current price for a spectrum block in the 2.3 GHz band Auction. There are three types of Bidding Action:
Bidder	A Bidder is a corporate body that has been prequalified to participate in the Auction process for award of a spectrum license
Bid Increment	The amount by which a bid is increased between Auction rounds. In the early rounds, this will be 15% but it will decline at the discretion of the Auction Manager as the Auction progresses as he /she supports price discovery to ensure an efficient
Bid Form	The paper form on which an Approved Bidder makes an action known in each round
Bid Team	A group of people authorised by an Applicant to participate in the Auction process, comprising no more than four people, one of whom should be the Authorised Officer (as defined in the Bidder Compliance Certificate template).
Bid Team Member	A Member of the Bid Team authorised to act on behalf of the Bidder
Commission	The Nigerian Communications Commission
Commission Observer	A person on behalf of the Commission who will be in attendance in Auction Rooms to ensure compliance with the Auction Rules
Highest Losing Bid	The final Bid placed by the Highest Losing Bidder
Highest Losing Bidder	The Bidder who places the second highest bid at the end of the Auction.
Increase	The act of raising the bid value that an Approved Bidder is willing to pay for a license, by at least the minimum bid increment as defined by the Auction Manager
Intention-to-Bid Deposit (IBD)	A sum deposited by an Applicant with the Commission to demonstrate intention to participate in the Auction and willingness to take up a license for at least the Reserve Price
License Award	Notification of award of a spectrum license
Mock Auction	A preparatory run-through of the Auction process to familiarise Approved Bidders with the Auction procedures
NT	Nigerian Time
Opening Bid	The minimum acceptable Bid for the item(s) on offer in the Opening Round. Often set as one Increment above the Reserve Price.
Opening Round	The first round of an auction during which the item(s) being auctioned are offered to Bidders at the Opening Bid
Price Discovery	The process of determining price in the marketplace through the interaction of buyers and sellers

Previous Round	The Auction round preceding the current round
Reserve Price	The price announced as the minimum at which a license will be awarded in the licensing process. In this case \$2.3 million
Successful Bidder	A Successful Bidder is a Bidder to whom a provisional spectrum license is awarded
The Act	Nigerian Communications Act, 2003
Throw of Dice	The process used to determine the provisional winner when two or more bidders are tied at the end of the auction. One die will be used in this process with the Bidder whose company name starts with the letter nearest to the start of the alphabet throwing first.
Tied bid	Submitted bids of the same value in the final round of the auction.

APPENDIX B APPLICATION FORMS

B.1 INTRODUCTION

This section contains all appropriate forms for interested parties wishing to be considered for inclusion in the Auction process.

Templates:

- Cover Letter Template
- Compliance Statement
- Pre-qualification Criteria Check-list
- Bid Deposit Payment Form
- Bidder Compliance Certificate.

All templates and forms must be submitted on the Applicant's letter headed paper.

B.2 COVER LETTER TEMPLAT E

Executive Vice Chairman,
Nigerian Communications Commission
Plot 423, Aguiyi Ironsi Street
Maitama,
Federal Capital Territory Abuja
Nigeria

<Applicant's details, including mailing address, contact telephone number and email address>

<insert date>

Dear Sir

We the undersigned, having dutifully read the Information Memorandum pertaining to the Auction for spectrum in the 2.3 GHz band, including the disclaimer and all appropriate adjuncts, we herewith submit an application to take part in the auction for the award of license to operate wholesale access commercial services in that band.

Should our application be successful in the Auction, we hereby undertake to pay all fees relating to the acquisition of, and operation under, the license, as well as abide by all appropriate terms and conditions as set out in the Information Memorandum, including the referenced licenses.

By submitting this letter, we certify that we have lodged an Intention-to-Bid Deposit of value US \$2.3 million (two million, three hundred thousand US Dollars) with the Commission's bankers.

By submitting this application and deposit we understand that we have entered the licensing process to purchase a spectrum license and will perform all obligations as stipulated in the Information Memorandum.

We also understand that by entering into this licensing process we are making a commitment to abide by the requirements and rules in relation to this 2.3 GHz spectrum licensing process as communicated by the Commission and that the Commission reserves the right to impose financial penalties in the event of infringement of these requirements and rules. Any such financial penalties will be deducted from our Intention-to-Bid deposit.

We have completed and enclosed the following:

- a) Compliance Statement
- b) Pre-qualification Criteria Check-list
- c) Bid Deposit Payment Form
- d) Bidder Compliance Certificate (containing details of Bid Team members).

B Application Forms...

We confirm that all of the information provided in our application and associated documents is accurate and true to the best of our knowledge.

We acknowledge that this letter and all associated documentation relating to this process and our participation in it are governed by Nigerian law.

Yours sincerely

<insert signature of authorised signatory>

<insert name of signatory>

<insert name of Applicant>

<insert date of signature>

Attachments concerning (see Appendix B.4):

- Participating entities
- Independence of Applicants and cross-ownership (Bidder Relationships)
- Advisors.

B.3 COMPLIANCE STATEMENT

Executive Vice Chairman,
Nigerian Communications Commission
Plot 423, Aguiyi Ironsi Street
Maitama,
Federal Capital Territory Abuja
Nigeria

Date

Name of Applicant.....

Request for Applications for the Licensing of 2.3 GHz spectrum in the Federal Republic of Nigeria

Category	Criteria	Proof
Template	Application to take part at Auction in the licensing process for 2.3 GHz spectrum	Cover Letter
Template	Confirmation that the Applicant meets all defined pre-qualification criteria	Pre-qualification Criteria Check-list
Template	Confirmation that the Applicant understands the nature of the Intention-to-Bid Deposit	Bid Deposit Payment Form
Template	Applicant's nomination of the bid team authorised to take part at Auction	Bidder Compliance

<insert signature of authorised signatory>
<insert name of signatory>
<insert name of Applicant>
<insert date of signature>

B.4 PRE-QUALIFICATION CRITERIA CHECK-LIST

[Note to applicants: Please complete and return this form as part of the bidding application]

Characteristic	Criteria	Compliance (Yes/No)
Eligibility	<p>Applicant must be a registered company in Nigeria, as defined in Section 7.3.</p> <p>Applicant must confirm all participating entities and their relationships in the context of this Application. [To be provided as an attachment to the Cover Letter]</p>	
Independence	<p>Confirmation of independence from all other Licensed Network Operators participating in the 2.3 GHz Spectrum Auction.</p> <p>Indication of cross-ownerships and/or other issues which could affect Bidder Relationships (as defined in Bidder Relationships section under Auction rules). [To be provided as an attachment to the Cover Letter]</p>	
Advisors	<p>Identification of professional advisors supporting the Applicant's submission. [To be provided as an attachment to the Cover Letter]</p>	
Financial (deposit)	<p>US \$2.3 million (two million, three hundred thousand US Dollars) Intention-to-Bid Deposit has been transferred and cleared in the designated account</p>	
Fulfilment of regulatory obligations	<p>Applicant must confirm that it is up to date with all administration, license and operating fees due to the Commission</p>	

<insert signature of authorised signatory>
<insert name of signatory>
<insert name of Applicant>
<insert date of signature>

B.5 BID DEPOSIT PAYMENT FORM

The Applicant certifies, agrees and undertakes that:

- iv) It has paid a deposit of US \$2.3 million (two million, three hundred thousand US Dollars) to the Commission as required by the Information Memorandum issued for the 2.3 GHz spectrum licensing process.
- v) Where the Commission makes an offer to allocate spectrum to a Successful Bidder and the Successful Bidder accepts the offer and pays for the spectrum within the period as specified by the Commission, then the deposit US \$2.3 million (one million and three hundred thousand US Dollars) will form part of the payment for the price of the spectrum that will be allocated to the Successful Bidder.
- vi) Where the Commission makes an offer to the Successful Bidder and the Successful Bidder fails to make full payment in accordance with the conditions of the Auction and the Information Memorandum, the deposit will be forfeited to the Commission.
- vii) Where the Commission makes the offer to a Successful Bidder and the Successful Bidder fails to accept the offer within the time specified by the Commission for the acceptance of the offer, the Successful Bidder will forfeit the US \$2.3 million (two million and three hundred thousand US Dollars) deposit.
- viii) Where no offer is made to the Bidder by the Commission but the Bidder has contravened any of the Auction rules as set out by the Commission, the Bidder accepts to forfeit the IBD.
- ix) Where no offer is made to the Bidder by the Commission, and the Bidder has not contravened any of the Auction rules as set out by the Commission, the deposit of US \$2.3 million (two million and three hundred thousand US Dollars) will be refunded to the Bidder.

The common seal of the Bidder is hereby attached in presence of

DIRECTOR

SECRETARY

B.6 BIDDER COMPLIANCE CERTIFICATE

The Bidder certifies and undertakes that:

- i) The Authorized Officers of the Bidder have read and understood the relevant legislation and the Information Memorandum.
- ii) The Bidder is legally capable of bidding in the Auction and has in place all necessary consents, permissions and board approval for this purpose, save those which, by virtue of legal or regulatory process, are not obtainable until after the results of the Auction are known and the Bidder further understands that it will bear the risk of failure to obtain such consents, permissions and approvals that are not obtainable until after the results of the Auction are known.
- iii) The Bidder understands and will be legally capable of satisfying its obligations under the terms and conditions of the License granted pursuant to the Auction and the terms of any License granted as a consequence of winning a spectrum License in the Auction.
- iv) The actual information provided in, or in support of, the Application is, to the best of the Bidder’s knowledge and belief, true, accurate and complete in all material respects and that any opinion expressed is honestly held.
- v) The Bidder in the Application is not the subject, and none of its Directors, officers or representatives are the subject, of criminal investigation or proceedings in Nigeria or abroad which might reasonably be expected to affect adversely their business or materially affect the Bidder’s ability to bid in the Auction or to satisfy the terms of any License awarded pursuant to the Auction, and that there is no reason to believe that such investigations or proceedings might occur during the Auction.
- vi) The following Officers representing the Bidder in the Auction have been duly and properly delegated by the Bidder to do so and they have the authority and power to bind the Bidder in the transaction.

Number	Name	Designation
1		
2		
3		
4		

The Common seal of the Bidder is hereby attached in presence of:

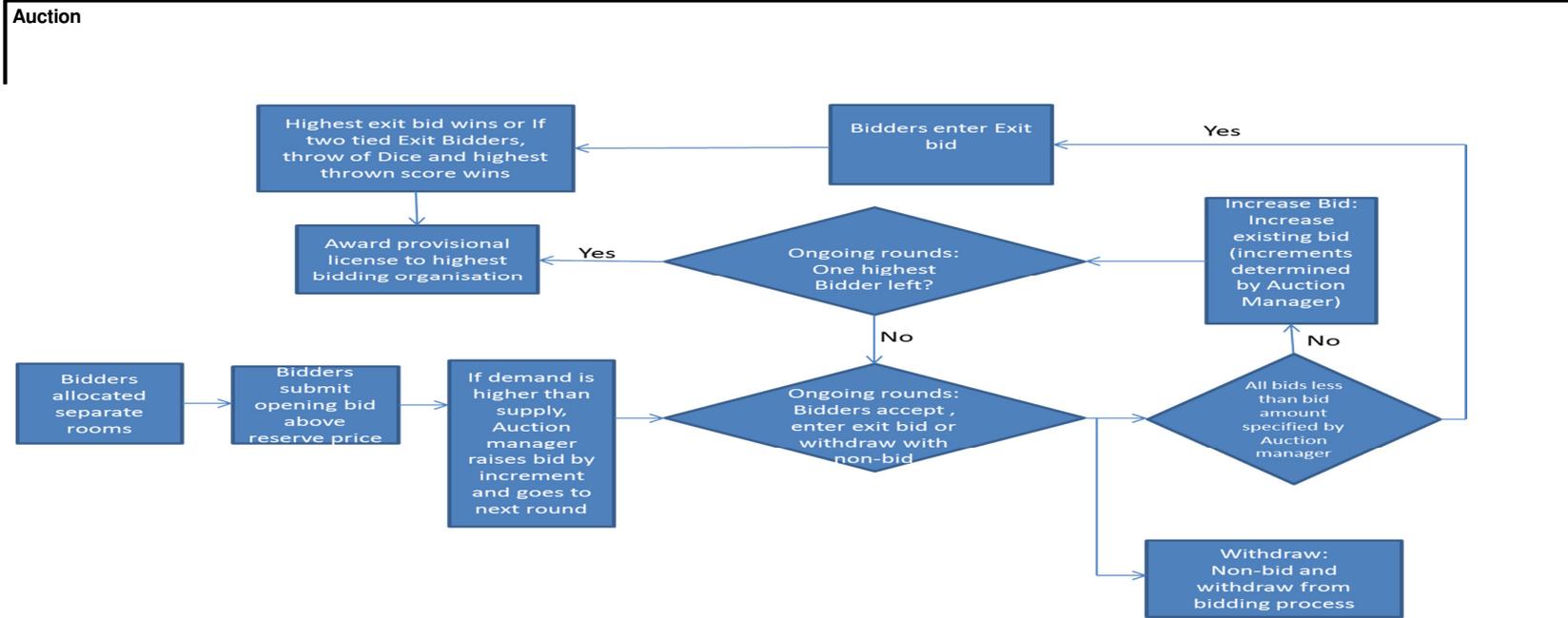
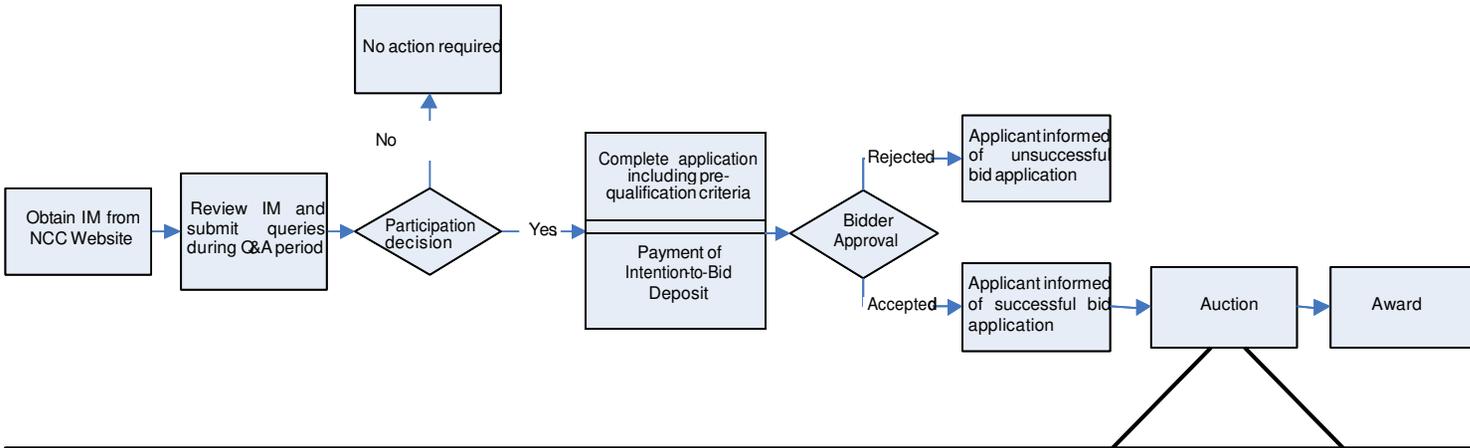
.....

Director

.....

Secretary

APPENDIX C: LICENSING PROCESS DIAGRAM OVERVIEW



APPENDIX D: BIDDER REGISTRATION, AUTHENTICATION AND BIDDING FORMS

D.1 Bidder Registration and Authentication Form

Purpose and Instructions:

The purpose of this form is to register and authenticate you for the auction of spectrum in the 2.3 GHz frequency band. The form contains information on the name, signature and initials of Designated Bidders to fulfill the function of delivering the round-by-round bids to the Auction Manager and Auction Overseer.

All Bidders, Runners, the Auction Manager and Auction Overseer must sign and initial this witnessed form.

Authorized Individuals:	Date:
Name:	Initials:
Signature:	
Name:	Initials:
Signature:	
Runner:	
Name:	Initials:
Signature:	
Auction Manager:	
Name:	Initials:
Signature:	
Auction Overseer:	
Name:	Initials:
Signature:	

D.2 Round-by-round Bidding Form for the 2.3 GHz Band

Round by Round Bidding for the 2.3 GHz Frequency Band	
Bidder Name:	Bid Number:
ACCEPT BID (ENTER 1 IF YES, OTHERWISE GO TO "ENTER EXIT BID")	
ENTER EXIT BID (ENTER VALUE BETWEEN LAST BID AND CURRENT BID)	
Authorized Individual's Name:	Authorized Individual's Signature:
Auction Manager's Name:	Auction Manager's Signature:
Auction Overseer:	Auction Overseers' Signature:

**APPENDIX E: WIRELESS WHOLESALE ACCESS SERVICE LICENSE
(WWASL) OPERATIONAL LICENSE**

Refer to “Wireless Wholesale Access Service License (WWASL) Operational License” document

APPENDIX F: 2.3 GHz WWASL FREQUENCY LICENSE

Refer to “2.3 GHz WWASL Frequency License” document