

NOTICE OF INVITATION TO APPLY FOR NETWORK LICENCES
Licences for telecommunications within the 3410–3800 MHz spectrum

The Government of Finland invites applications for network licences for the purpose of providing telecommunication services within the 3410–3800 MHz frequency band. The invitation is issued in accordance with section 7 of Finland's Act on Electronic Communication Services (917/2014). The licences will be granted through an auction process as provided in section 11 of the Act.

An enterprise, organisation or an association that wishes to take part in the auction must register at the Finnish Communications Regulatory Authority by no later than 17 August 2018 in the manner specified in Regulation M 64 B/2018 of the Finnish Communications Regulatory Authority.

Further information about the licences and the application procedure is available on the web pages of the Ministry of Transport and Communications at <http://valtioneuvosto.fi/hanke?tunnus=LVM040:00/2018> and the Finnish Communications Regulatory Authority at <https://www.viestintavirasto.fi/taajuudet/radiotaajuuksienkaytto/taajuushuutokauppa.html>.

FURTHER INFORMATION ABOUT THE NETWORK LICENCES AND THE APPLICATION PROCEDURE

Licences for the purpose of providing telecommunication services within the 3410–3800 MHz spectrum

The Government of Finland invites applications for network licences for the purpose of providing telecommunications services within the 3410–3800 MHz frequency band. The invitation is issued in accordance with section 7 of Finland's Act on Electronic Communication Services (917/2014). The licences will be issued pursuant to the procedure specified in section 11 of the Act on Electronic Communication Services and in the Government Decree on Radio Spectrum Auctions within the 3410–3800 MHz Spectrum (xxx/2018), hereinafter the Auction Decree. Further provisions on the auction procedure are issued in Regulation M64 B of the Finnish Communications Regulatory Authority. The licences will be issued based on the outcome of the auction.

The aims of the licences to be issued include, as provided in section 1 of the Act, fostering the supply and use of services in communications networks and securing the efficient use of radio frequencies. The licences aim to facilitate the construction of the first 5G networks in Finland and so improve the quality and capacity of high-speed wireless broadband connections.

Provisions on the spectrum that the licences concern are laid down in section 9 of the Government Decree on Radio Frequency Usage and the Frequency Plan (1246/2014). The Communications Regulatory Authority will grant the licence holder a frequency reservation pursuant to sections 41 and 45 of the Act on Electronic Communication Services. The Communications Regulatory Authority will also grant the licence holder a radio licence pursuant to section 40 of the Act after the operator has paid the first instalment of the licence fee. In accordance with section 42 of the Act, a radio licence granted by the Communications Regulatory Authority may include terms and conditions for the frequency band usage.

The auction will begin on 26 September 2018. The practical arrangements of the auction are the responsibility of the Communications Regulatory Authority. Under section 13 of the Act on Electronic Communication Services, a corporate group may participate in the auction through one of its enterprises only. No cooperation concerning the auction is allowed between parties participating in the auction. An enterprise, organisation or an association that wishes to take part in the auction must register at the Finnish Communications Regulatory Authority by no later than 17 August 2018 in the manner specified in Regulation M64 B of the Communications Regulatory Authority. Such an enterprise, organisation or an association shall also pay the EUR 40,000 participation fee as laid down in section 286 of the Act on Electronic Communication Services and section 5 of the Auction Decree.

In accordance with section 2 of the Auction Decree, two 60 MHz frequency bands and one 70 MHz frequency band will be auctioned within the 3410–3600 MHz spectrum. Within this spectrum, no more than one frequency band may be allocated to an individual enterprise, organisation or association. Within the spectrum of 3600–3800 MHz, one 60 MHz frequency band and two 70 MHz frequency bands will be auctioned. Within this spectrum, no more than one frequency band may be allocated to one enterprise, organisation or association. An enterprise, organisation or association that has made the highest valid bids for multiple frequency pairs will be granted a single licence covering all those frequency pairs.

Under section 4 of the Auction Decree, the starting price in the auction within the spectrum of 3410–3600 MHz is EUR 16,000,000 per each 60 MHz frequency band and EUR 19,000,000 per each 70 MHz frequency band.

The starting price in the auction within the spectrum of 3600–3800 MHz is EUR 4,000,000 per each 60 MHz frequency band and EUR 5,000,000 per each 70 MHz frequency band. Under section 11 of the Act on Electronic Communication Services, the Communications Regulatory Authority announces the auction concluded after a bidding round during which no new bids have been placed for any frequency band. The highest valid bid placed for each frequency band at the conclusion of the auction wins the auction. After the auction has been completed, the Communications Regulatory Authority will inform the Ministry of Transport and Communications of the outcome of the auction.

Pursuant to section 11 of the Act on Electronic Communication Services, the Government will grant a licence that will be valid until 31 December 2033. The licences to be granted will cover the whole of Finland excluding the Region of Åland.

Operations referred to in the licence may be launched on 1 January 2019 when other use within the spectrum has ceased.

Licence holders are required to begin operations under the licence within two years of the beginning of the licence period, unless the Government, following the licence holder's application, provides otherwise due to technical advancements or the general economic situation.

A network complying with the licence within the spectrum of 3410–3600 MHz would have to be built so that it would cover 99% of the population of mainland Finland within five years of the start of the licence period. When calculating coverages, account will be taken of the broadband mobile communications networks built by the licence holder using the 700 MHz, 800 MHz, 1800 MHz, 2600 GHz and 3600–3800 MHz spectra. However, within the spectrum of 3410–3600, the network must cover 60% of the population of mainland Finland. There is no coverage requirement within the spectrum of 3600–3800 MHz.

The telecommunications operator's own network must provide a minimum of 35% coverage of the 3410–3800 MHz network it uses.

The coverage requirement does not apply to the geographical area of mainland Finland where it is not possible to build up a mobile broadband communications network within the spectrum in question because of radio-technical reasons resulting from Russia's use of frequencies. The requirements will be applied to all of mainland Finland once the restrictions mentioned above have been removed.

Licence holders should advise their subscribers in matters related to the licence terms and conditions, such as network coverage, and publicise information sufficiently and feasibly.

The Communications Regulatory Authority may issue further regulations on the calculation of coverage areas complying with the licence and the practical implementation of the licence terms and conditions.

If a licence holder, despite the invitation to tender, does not provide within the 3,5 GHz spectrum a network service that takes the customer's special needs into consideration and is addressed to a party using a restricted geographical area such as a port, industrial facility, hospital or shopping centre, it is obliged to lease the right to use the 3,5 GHz spectrum, under the terms and conditions defined by the Communications Regulatory Authority, to another operator for the purpose of providing the network service in the mentioned area.

The licence holder is obliged to transfer frequencies for research, product development and teaching purposes in a manner provided in the annex to the Government Decree on Radio Spectrum Usage and Frequency Allocation Plan (1246/2014). Provisions on the usage restrictions obliging the licence holder within the spectrum of 3600–3800 MHz are laid down in Government Decree on Radio Spectrum Usage and Frequency Allocation Plan.

All licence holders with a licence for the spectrum of 3410–3800 MHz may jointly apply for a right to reciprocally use each other's frequency bands within this spectrum in order to achieve a larger uniform frequency band. On the basis of such an application, the Communications Regulatory Authority may alter the licence holders' radio licence, if the use of frequencies by the neighbouring countries does not restrict it and if the application meets the requirements concerning radio licence alterations laid down in section 47 of the Act on Electronic Communication Services. A telecom operator that has been granted a licence pursuant to section 11 of the Act on Electronic Communication Services is liable to pay the licence fee provided in section 287 of the Act. The licence fee is the highest valid bid as provided in section 11 of the Act. According to section 6 of the Auction Decree, the licence fee shall be paid in five annual equal instalments starting from the granting of the licence. An obligation to pay the fee is stipulated by the Communications Regulatory Authority.

The licence holder must also pay the fees specified in the Decree of the Ministry of Transport and Communications on Spectrum Fees and Other Charges for Radio Management Duties of the Finnish Communications Regulatory Authority (1028/2017).

The licence holder may transfer the licence to another operator as provided in section 18 of the Act on Electronic Communication Services. A licence transfer may apply to only a part of the frequencies covered by the licence. Under section 20 of the Act, the licence holder may, on approval by the Government, lease the right to use the frequencies specified in the licence to another operator.

In accordance with section 14 of the Act, the name of the enterprise, organisation or association signed up for the auction as well as other registration information are not accessible to the public before the conclusion of the auction process. The winning bids will be disclosed after the auction process has been concluded, while other bids remain confidential. During the auction the Communications Regulatory Authority may, however, issue the total amount in EUR of the bids placed on each round. The bidders are also

provided with the information on the number of bids made for the frequencies and the amount of the highest bid in EUR.

Inquiries:

For further information on signing up for the auction, the auction procedure and participation fees, please contact xxxx at the Finnish Communications Regulatory Authority. (firstname.lastname@ficora.fi).

For further information on the terms and conditions of operating licences and the granting of licences, please contact xxxx at the Ministry of Transport and Communications. (firstname.lastname@lvm.fi).