

Overview of Auction Process & FCC Automated Auction System

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**Multichannel Video Distribution & Data Service
(MVDDS)
Auction #53**

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Disclaimer

Nothing herein is intended to supersede any provision of the Commission's rules or public notices. These slides should not be used as a substitute for a prospective applicant's review of the Commission's relevant orders, rules, and public notices. Prospective applicants must familiarize themselves thoroughly and remain current with the Commission's rules relating to MVDDS, rules relating to application and auction procedures, and the procedures, terms and conditions contained in the Auction No. 53 public notices.

Agenda

- Overview of the FCC's Simultaneous Multiple Round (SMR) auction design
- Review auction design and terminology
- Discuss Auction #53 rules and procedures
- Review FCC Automated Auction System
- Hands-on demonstration and orientation of the FCC Automated Auction System

Simultaneous Multiple Round (SMR) Auction Design

- Simultaneous — All licenses are offered at the same time
- Multiple Round — There are multiple discrete bidding rounds
- Bidding continues until there is one round in which there is “no activity” on any licenses
 - No new bids, withdrawals or proactive waivers

Auction Language

- Bidders communicate to the Auctioneer
 - I am interested in this license (Bid)
 - I do not want this license (Withdrawal or Bid Removal)
 - Getting too expensive (Reduce Eligibility)
 - Time-out (Proactive Waiver)
 - General comments (Suggestion Box)

Auction Language

- Auctioneer communicates information to bidders
 - Round results (license and bidder information)
 - Auction vital statistics (revenue, stage and other general information)
 - Announcements and Messages (announce round schedule and notify results posting)
 - Administrative information (form 175 data)

Bidding Units, Eligibility and Activity

- Bidding units are a measure of both *eligibility* and *activity*
 - Eligibility determines the maximum number of licenses a bidder can bid on
 - 175 License selection lets the bidder select which licenses it sees in software
 - Upfront payment establishes initial eligibility and can never be increased
 - Activity measures what a bidder is active on and determines the minimum number of licenses it can bid on
 - Standing High Bids
 - New Bids
- Eligibility is not license-specific
 - Each license has a fixed number of bidding units associated with it, but generally a bidder may use its eligibility on any of a number of licenses it has selected on its 175 application

Example: Bidding Units and Eligibility

Market Number	Market Name	Bidding Units	Upfront Payment
DMA012	Seattle-Tacoma	109,000	\$109,000
DMA013	Tampa-St. Pete (Sarasota)	107,000	\$107,000

If a bidder wishes to bid on both licenses in a given round, it must have selected both on its FCC Form 175 and purchased at least 216,000 bidding units (109,000 + 107,000). If a bidder only wishes to bid on one license, but not both, purchasing 109,000 bidding units would meet the requirement for either license. The bidder would be able to bid on either license, but not both at the same time. If the bidder purchased only 107,000 bidding units, it would have enough eligibility for the Tampa license but not for the Seattle license.

Overview of Auction Process & FCC Automated Auction System

- Three (3) stage auction event
 - Stage 1: 80% activity requirement
 - Stage 2: 90% activity requirement
 - Stage 3: 98% activity requirement
- Two (2) withdrawal rounds
 - Withdrawals are not the same as removals
 - Bid removal is an UNDO of bids placed within a given round (check required activity)
 - Bid withdrawal is an UNDO of standing high bids from a previous round (withdrawals can have monetary consequences)
- Five (5) activity rule waivers
 - Proactive versus Automatic

Overview of Auction Process & FCC Automated Auction System

- Bid increments determined by Exponential Smoothing Formula
 - Initially, minimum acceptable bids will be approximately 10 to 20 percent greater than previous standing high bid.
- Bidding via:
 - Internet
 - FCC Wide-Area Network
 - Telephonic (live human bid assistants)

The SecurID Card



- Multiple cards sent to all bidders via FCC mailing
- Random number refreshes about every 60 seconds
- Countdown indicator
- Please return to the FCC for recycling

To ensure a “Smooth” Auction Event

- Do your homework
 - Read all Public Notices related to this auction
- Participate in the Mock Auction
 - Test backup strategies and activate SecureID cards
 - Use telephonic to ask “what if” questions
- Check for and read ALL announcements to stay informed
 - Bidding schedule
 - Auction parameters
- Bid Early!
 - Print bid confirmations