



Spectrum Auction Process and Integrated Spectrum Auction System

**Auction No. 62
FM Broadcast**

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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 the FM Broadcast service, rules relating to application and auction procedures, and the procedures, terms and conditions contained in the Auction No. 62 public notices.



Questions?

If you are viewing this presentation live over the web, please feel free to e-mail your questions to...

auction62@fcc.gov



Agenda

Overview of the FCC's Simultaneous Multiple Round (SMR) Auction Design and Terminology

Discuss Auction No. 62 Rules and Procedures

Presentation and Hands-on Demonstration of the FCC's Integrated Spectrum Auction System



Simultaneous Multiple Round (SMR) Auction Design

- **Simultaneous** — All construction permits are offered at the same time.
- **Multiple Round** — There are multiple discrete bidding rounds.
 - How many rounds? That's determined by the auction.
- **Bidding continues until there is one round in which nothing happens.**
 - No new bids, withdrawals, or proactive waivers.



Auction Design (continued)

- Web-Based Bidding System
 - Option to bid via Auction Bidder Line
- Click-Box Bidding
 - When placing a bid, a bidder selects from bid amounts in the bidding system.



Auction Design (continued)

- Bidding is confidential during a round.
- When a round ends, results are processed and made public.
 - Including provisionally winning bids (PWBs), all bids, bid withdrawals, and proactive waivers



Auction Design (continued)

- Activity Requirements
 - Bidders must generally bid throughout the auction.



Bidding Units

- A fixed number of bidding units is assigned to each construction permit in the auction.
- The bidding units for each construction permit are listed in Attachment A to the procedures public notice.
- Bidding units are used to measure bidders' activity and eligibility.



Bidding Units and Eligibility

Eligibility — The maximum number of bidding units a bidder can bid on.

- A bidder establishes its eligibility with its upfront payment.
- Eligibility cannot be increased.
- Eligibility is not specific to certain construction permits. A bidder may use its eligibility on any of a number of CPs it has selected on its 175 application.



Bidding Units and Activity

Activity — The sum of the bidding units for

- the construction permits on which a bidder places bids in the current round, and
- construction permits on which a bidder has provisionally winning bids from a previous round.



Activity Requirement

- The activity requirement is the minimum number of bidding units on which a bidder must be active. It is determined by a percentage of the bidder's current eligibility.



Activity Requirement

Auction No. 62

Two Stage Auction

- Stage 1: 75% activity requirement

If a bidder has 10,000 bidding units of eligibility, its activity requirement is 7,500 bidding units.

- Stage 2: 95% activity requirement

If a bidder has 10,000 bidding units of eligibility, its activity requirement is 9,500 bidding units.



Bidding Units in Action

Example: You have 20,000 BU of eligibility and a 75% activity requirement (15,000 BU)

Area	Description/Market	Bidding Units	Upfront Payment
FM372	Burlington	20,000	\$20,000
FM365	Coalinga	15,000	\$15,000
FM375	Silverton	5,000	\$5,000

What can you bid on?

- Burlington or Coalinga or Coalinga and Silverton
- Not Silverton by itself (doesn't meet activity requirement)
- Not Burlington and Coalinga; not Burlington and Silverton (exceeds eligibility)



Activity Requirement

What if you do not meet the activity requirement?

One of two things will happen:

- You will use an activity rule waiver.
- or
- Your eligibility will be reduced.



Activity Rule Waivers

- Use of an activity rule waiver preserves a bidder's current eligibility despite the bidder's activity in the current round being below the required level.
- When a bidder uses an activity rule waiver, the waiver applies to that round of bidding, not to a particular construction permit.



Activity Rule Waivers

- Bidders are provided with a limited number of activity rule waivers.
- In Auction No. 62, each bidder is provided three activity rule waivers.



Automatic Waivers

The system will automatically apply a waiver for a bidder at the end of any round in which the bidder's activity is below the required level unless:

- The bidder has no more activity rule waivers.
- or
- The bidder reduces eligibility.



Proactive Waivers

- Bidders can apply activity rule waivers proactively.
- The important difference between an automatic waiver and a proactive waiver is that a proactive waiver keeps the auction open.
- Bidding continues until there is one round in which nothing happens.
 - No new bids, withdrawals, or proactive waivers.



Eligibility Reduction

What if a bidder does not meet the activity requirement and does not have any waivers left?

The bidder's current eligibility will be permanently reduced, possibly eliminating the bidder from further bidding in the auction.



Eligibility Reduction

Bidders may use the reduce eligibility function of the auction system.

- Reducing eligibility will bring a bidder into compliance with the activity rule.
- Useful when a bidder is not meeting the activity requirement, does not want to bid on additional construction permits, and does not want to use an activity rule waiver.



What if you change your mind?

- You can remove a bid you placed during the current round. If you place a bid during a round and then remove that bid before the end of the round, it's as if it never happened.
- You can withdraw PWBs from prior rounds. Bid withdrawals have limits and consequences:
 - Each bidder is limited to withdrawals in no more than one round in Auction No. 62.
 - Withdrawals are subject to the bid withdrawal payments specified in 47 C.F.R. § 1.2104(g).



Bid Amounts

- Minimum opening bids are established prior to the auction.
- Minimum acceptable bid percentage and bid increment percentage are set at 10% (subject to change).
 - Minimum acceptable bids will be approximately 10 percent greater than the provisionally winning bids. The auction system allows for a total of nine bid amounts for each construction permit.



Bid Amounts

- For activity and eligibility, the dollar amount of a bid does not matter.
- How much can you bid? Any one of nine pre-defined dollar amounts.
- The upfront payment does not constrain how much you may bid for a construction permit.



The SecurID Card



Multiple cards sent to all bidders

Random number refreshes every 60 seconds

Countdown indicator

Please return to the FCC for recycling



To Ensure a Positive Auction Experience

Do your homework.

- Read all public notices related to this auction.

Participate in the mock auction.

- Test backup strategies and activate all SecurID cards.
- Use Auction Bidder Line to ask “what if” questions.

Check for and read all announcements to stay informed.

- Bidding schedule
- Auction parameter changes

Bid Early!

- Print round summaries.



Auction Conceptual Design

