Canada Gazette Notice Reference No. DGSO-002-12

Consultation on a Licensing Framework
for Mobile Broadband Services (MBS) —
700 MHz Band

Published in the Canada Gazette Part 1
Dated 5 May 2012

Comments
of
Globalive Wireless Management Corp.
(WIND Mobile)

25 June 2012
# Table of Contents

(A) Introduction ............................................................................................................................... 3  
(B) Combinatorial Clock Auction Format .......................................................................................... 3  
(C) Definition and Rules Related to Associated Entities .................................................................. 7  
(D) Rules Prohibiting Collusion that would apply to Bidders in the 700 MHz Auction ...................... 11  
(E) Spectrum Licences in the 700 MHz Band with a 20-year Licence Term ...................................... 12  
(F) Spectrum Aggregation Limits ..................................................................................................... 12  
(G) Transferability and Divisibility .................................................................................................. 13  
(H) Eligibility Criteria ...................................................................................................................... 13  
(I) Treatment of Existing Spectrum Users ....................................................................................... 14  
(J) Radio Station Installations .......................................................................................................... 14  
(K) Technical Information ................................................................................................................. 14  
(L) Compliance with Legislation, Regulation and other Obligations .............................................. 14  
(M) Technical Considerations, and International and Domestic Coordination ............................. 14  
(N) Lawful Intercept Requirements .................................................................................................. 14  
(O) Research and Development Requirement .................................................................................. 14  
(P) Proposed wording of the Licence Condition related to Rural Deployment Requirements - “access to two or more paired blocks of spectrum” .............................................................................. 15  
(Q) Rural Deployment Requirements - (i) the population coverage, as specified in Table 3, for each licence service area; and (ii) the time frame proposed whereby the requirement must be met ....... 15  
(R) Mandatory Antenna Tower and Site Sharing ............................................................................. 16  
(S) Mandatory Roaming .................................................................................................................... 16  
(T) Requirement for Annual Reporting .............................................................................................. 16  
(U) Opening Bids ............................................................................................................................... 16  
(V) Eligibility Points for Spectrum Licences in the 700 MHz Band .................................................. 16  
(W) Pre-Auction Deposits ................................................................................................................... 16  
(X) Renewal Process for Spectrum Licences in the 700 MHz Band .................................................. 16
(A) **INTRODUCTION**

1. Globalive Wireless Management Corp. ("WIND") is pleased to respond to *Canada Gazette*, Part 1, 5 May, 2012, Notice Reference No. DGSO-002-12: Consultation on a Licensing Framework for Mobile Broadband Services (MBS) – 700 MHz Band (the “Consultation”). WIND is only responding to specific items in the Consultation where WIND has a specific view. With respect to items referenced in the Consultation but not addressed in these comments, it may be assumed that WIND is neutral. In all cases WIND will review all submissions received in response to the Consultation and will submit reply comments on July 25, 2012.

(B) **COMBINATORIAL CLOCK AUCTION FORMAT**

2. WIND is generally in favour of the auction rules and format that Industry Canada has outlined in the Consultation. Our specific comments on various aspects of the Combinatorial Clock Auction (“CCA”) are set forth below.

### i. Combinatorial Clock Auction Format

3. Several characteristics of the CCA format are attractive from the standpoint of a bidder interested in participating in the 700 MHz auction in Canada. First, the CCA format tends to result in an auction that requires fewer working days to complete (relative to the Simultaneous Multi-Round Auction (“SMRA”) format that Industry Canada has used in prior auctions). Second, the clock rounds of the CCA format tend to function in a manner more consistent with the intent of an escalating price auction -- that is, to enhance price discovery and therefore reduce common-value uncertainty. Third, many of the strategies that were prevalent in the SMRA auctions are far less likely to occur under the CCA format.

4. The first important characteristic of the CCA design relative to the SMRA format is that CCAs tend to require far less time to complete. This benefits both regulators and participants, as both parties are made better off when the costs of participating in the auction are lower. Although the activity rule and bid increments must still be managed to expedite the auction, the combinatorial bidding aspect of the CCA makes it more natural to have a high activity requirement and larger bid increments, which certainly expedites the auction relative to the SMRA.

5. On a related point, the clock rounds of the CCA tend to offer better price discovery characteristics than the SMRA design. The reason is that without combinatorial bidding the SMRA design typically functioned in activity stages, with gradually ascending activity requirements. This was meant to limit (at least somewhat) exposure risk, such that bidders could discover the price of more valuable licences before bidding on less valuable spectrum that might be desired only as complementary licences. The end result is that SMRAs often functioned in an almost sequential manner, with many rounds required to establish the
winning bidders on the best licences before bidding would commence on secondary or tertiary licences. As a consequence, price discovery was frustrated, particularly for bidders that might primarily be interested in what large bidders might see as secondary licences. Hence, the process was overly cumbersome, added needless weeks to the auction, and the value of some price signals that participants might have valued.

6. Finally, bidding strategies such as parking eligibility that were natural and sometimes necessary components of participation in the SMRA are often rendered obsolete under the CCA format. Parking involves bidding on licences in which a bidder has little or no interest early in the auction to save eligibility points for later in the auction. The sequential nature of many SMRAs often necessitated parking strategies. With package bidding now available in the CCA format, parking strategies become less useful. Moreover, with all clock round bids automatically entered into the supplementary round, parking can distort the relative prices of certain packages and cause bidders to risk winning packages they might not want. Consequently, certain properties of the CCA make it more preferred to the SMRA.

7. For these reasons, WIND generally supports the use of the CCA format. We note, however, that the CCA format only works to the extent that certain characteristics of the auction are present. We discuss these more in our further responses below.

### ii. Generic licence categories

8. WIND agrees with Industry Canada’s proposed structure of licence categories in the auction. Specifically, Industry Canada has first proposed that all licence categories be delineated (in a geographic sense) into Tier 2 licences. WIND agrees with this geographic division because it is small enough to accommodate bidders with specific geographic interests, but it is also sufficiently large such that the number of price clocks in the auction would not become overly burdensome.

9. WIND also agrees with Industry Canada on the generic product groupings as proposed in the Consultation; i.e., in the Consultation, Industry Canada proposed that blocks Lower B/C, Upper C1/C2, and the unpaired blocks D/E be grouped into generic lot categories (within each Tier 2 region). Therefore, in any Tier 2 region there would be four (4) price clocks—one each for the Lower A, Lower B/C, Upper C1/C2, and unpaired D/E product categories.

10. This grouping is sensible. The Lower A block is structurally different from the prime paired blocks (Lower B/C and Upper C1/C2) due to interference issues and the lack of any associated handset ecosystem. The unpaired D/E blocks are similar enough to one another to be grouped together in the clock rounds, but are distinctly different from paired blocks in the auction. Finally, the Upper C1/C2 blocks are sufficiently different from the Lower B/C blocks to warrant this clock structure. That is, the Upper C1/C2 blocks are of slightly different size than the Lower B/C blocks. Moreover, the proximity of the Lower B/C blocks to both the Lower A block and D block make the Lower B/C blocks structurally different.
from the Upper C1/C2. Because of the differences between the Lower B/C block and the Upper C1/C2 block, bidders could benefit from viewing different price signals between those two sets of paired blocks during the clock rounds. Consequently, it makes sense to structure the auction with the Lower B/C blocks as one set of Tier 2 products and the Upper C1/C2 blocks as another set of Tier 2 products.

11. An alternative that Industry Canada may have considered (or may be considering) is that the Lower B/C blocks and the Upper C1/C2 blocks be included in the clock rounds as a single set of Tier 2 products. One rationale might be the desire to bid in the assignment stage for position adjacent to another winning bidder from the allocation stage. In WIND’s view, a problem with this possible allocation is that it could obscure (during the clock rounds of the auction) the inherent value difference between the Lower B/C blocks and the Upper C1/C2 blocks.

12. To see this, consider the case when all four prime blocks are included in the auction as a single set of Tier 2 products. Suppose that two bidders are interested in purchasing the Lower A and Lower B block together, another is interested in the Lower C and D block, and a third is interested only in a prime paired block and is completely indifferent to the block it wins. Under this circumstance the market would see zero excess demand on the prime blocks, zero excess demand on the unpaired D/E blocks, and one unit of excess demand on the Lower A block. Consequently, the price clock on the Lower A block would rise, and the price clock on all other blocks would remain unchanged. Bidders would internalize this information to mean that the Lower A block was the most valuable in the auction—a signal that is certainly misleading.

13. By contrast, under the existing and proposed design there would be separate clocks for the Lower B/C products and the Upper C1/C2 products. There would be excess demand during the clock rounds for the Lower A block and the Lower B/C blocks, and the clocks for both sets of products would rise. Hence, the clock rounds of the auction would convey more information to bidders, which would provide a more powerful mechanism to reduce common value uncertainty. Specifically, the bidder interested in winning the Lower C/D package would be better able to bid profitably in the clock rounds by expressing trade-offs between the Lower C/D package and, say, a package of any prime paired block only. Bidders whose most valuable package is the Lower A/B blocks would be able to bid by balancing the relative price of that package with a package of a single prime paired block. That is, if the Lower A/B package was too expensive, the bidder would be able to intelligently bid on either a single block in Lower B/C or a single block in Upper C1/C2. This would provide better price signals during the clock rounds and would provide greater certainty that bidders would win their most profitable package between the last clock round and the end of the supplementary round.
iii. Contiguity of A and B blocks

14. Given the separate price clocks for Lower B/C and Upper C1/C2, it makes sense that contiguity would be guaranteed were a bidder to win Lower A and Lower B within a set of regions in the allocation stage. The reason is that bidders interested in winning two prime paired blocks would have the opportunity to bid for adjacency during the clock rounds. That is, by bidding on two units of either Lower B/C or Upper C1/C2 (depending on the relative prices of those packages), they could bid up to their full values for those packages in the clock rounds.

15. Moreover, a bidder winning solely one unit of Lower B/C in the allocation stage could have incentive to attempt to block during the assignment stage a bidder interested in winning Lower A/B. This could be done by submitting a very high assignment bid on the Lower B/C block, potentially only in some regions, for strategic purposes. The possible threat of such a strategy could result in bidders strategically shading their bids on the Lower A block during the clock rounds, as this block may have substantially lower value if it is not won together with the Lower B block. The end result would be a less efficient auction.

iv. Activity Rules during the clock and supplementary rounds

16. It is WIND’s position that regardless of whether a revealed preferences activity rule is adopted in the clock rounds, an activity requirement of 100% should apply during the clock rounds. This would be consistent with virtually every CCA run worldwide to date. Moreover, the 2008 AWS auction in Canada exhibited how an activity rule below 100% can dramatically and needlessly extend the auction. And because the CCA allows for package bidding, there is no need for an activity requirement less than 100%. That is, the rationale for an activity rule less than 100% was that it was needed to mitigate exposure risk, which package bidding now obviates.

17. WIND supports the revealed preferences activity rule during the clock rounds. By allowing bidders to temporarily exceed their eligibility points to bid on packages that they at some point in the auction had points sufficient to bid on and that are now relatively cheaper, bidders have less incentive to point hoard in the clock rounds. This should expedite the allocation stage of the auction.

18. The revealed preferences rule should also be adopted as it is proposed to apply during the supplementary round. This would have the following effects. First, a bidder would be forced to submit intelligent relative value differences for packages inferior to one it is active on entering the supplementary round. Specifically, bids could be submitted on smaller packages, but those bids must be bounded above by the prices in the final clock round. Second, the revealed preferences rule (applied in the supplementary round) would allow bidders to purchase excess supply that might exist at the end of the clock rounds at the last clock round price. As Industry Canada correctly points out, this has the effect of increasing the likelihood
that the allocation at the end of the clock rounds will remain after the supplementary round. WIND believes that this is a fair and efficient manner in which to allocate any excess supply that might exist after the clock rounds. That is, bidders active at the end of the clock rounds would effectively have the opportunity to purchase excess supply at the price under which it was vacated, which would be consistent with the concept of reducing common value uncertainty.

v. The second-price rule

19. WIND supports the use of a second-price rule in this auction. First-price rules are distortionary in that they promote tacit collusion in the auction, and facilitate bidders participating in tit-for-tat punishment strategies. Although such strategies would be reduced somewhat given the anonymous nature of this auction (relative to a full information auction) they would still exist were a first-price or pay-as-bid rule used, given that there are fewer than 100 total licences up for auction. Bidders would be likely to quickly discern who was bidding where and punishment would be used induce certain bid behaviour. With the second-price rule, bidders have less incentive to focus on gaming the auction during the clock rounds and will instead focus on valuation of the spectrum and bidding in accordance with valuation and profits. This is consistent with efficiency, which is Industry Canada’s intent, and the second-price rule should therefore apply.

vi. Information disclosure

20. The information that Industry Canada proposes to disclose during the auction is in line with the current industry standards. That is, in the clock rounds, Industry Canada proposes to disclose excess demand for each clock, and the clock price for the next round. Furthermore, bidders would obviously be able to see their own bids from the prior round of the auction. This is standard for the clock auction format.

(C) Definition and Rules Related to Associated Entities

21. Industry Canada is proposing to revise the auction rules to provide bidders with plans for the sharing of 700 MHz spectrum with improved flexibility and clarity with respect to their individual participation in the auction (and to have the spectrum caps apply separately to them), so long as doing so would not have an adverse impact on the integrity of the auction, or the intent of the spectrum caps.

22. In the previous AWS auction, there were rules that required associated and affiliated entities to bid as one entity. There were also rules limiting the ability of bidders to communicate with one another starting from the date of application to participate in the auction until final payment for the acquired spectrum, and rules restricting post-auction licence transfers so as not to defeat the purpose of the new entrant set-aside in that auction.
23. Industry Canada has now recognized “that changes to the rules should be considered due to the scarcity of spectrum in the 700 MHz band, the high demand for capacity by customers (driven by the use of smart phones and tablets), the high cost network deployment, particularly in rural areas, and the spectrum and network efficiencies that can be realized through the use of more than one block of spectrum through spectrum sharing.”\(^1\) WIND generally supports changes to the spectrum sharing rules to encourage more spectrum sharing. However, WIND is concerned that the current proposals may still be overly restrictive and could have the perverse effect of only enabling meaningful sharing between only two carriers (Bell and TELUS). Bell and TELUS have already engaged in spectrum sharing arrangements and therefore have a pre-existing template with which to quickly strike such deals within the required deadlines. Without additional changes, spectrum sharing may be unduly limited to only Bell and TELUS.

24. Specifically, as we explain further below, Industry Canada’s rules should be adjusted to encourage parties to propose for Industry Canada’s consideration spectrum or network sharing arrangements that have yet to be solidified 30 days before the final deadline to file applications to participate in the auction.

25. Thus, for Industry Canada to encourage and support spectrum sharing and all of the associated benefits of increased investment and innovation, the following measures are preferred:

a) A confidential application process where a single party or multiple parties can bring forward any spectrum sharing proposal, whether binding or simply theoretical, 60 days prior to the filing of applications to participate in the auction. Such parties would be given an advance ruling as to (i) whether the articulated spectrum sharing arrangement between two or more parties would be determined by Industry Canada to preclude individual participation in the auction (and whether separate spectrum caps would remain in place); and (ii) whether, if no such arrangement is entered into going into the auction, such proposed sharing arrangements would be permissible post-auction notwithstanding the spectrum caps.

b) In this regard, Industry Canada should permit confidential bilateral discussions between itself and the applicant(s) in order that a ruling may be obtained which supports the sharing proposal (i.e., with or without modifications); and

c) Industry Canada should publish summaries of any advance ruling in respect of binding sharing arrangements prior to commencement of the auction. Rulings with respect to non-binding arrangements should be published at the time the parties seek to make binding their proposed spectrum sharing arrangements (post-auction close). These

---

\(^1\) SMSE-002-12, Policy and Technical Framework, Mobile Broadband Services (MBS) – 700 MHz Band, Broadband Radio Service (BRS) – 2500 MHz Band, March 2012 at paragraph 138.
parties should be able to rely on the advance ruling to the extent consent for a sharing arrangement is sought on the terms originally proposed.

26. WIND submits that less restrictive spectrum sharing rules will not defeat the purpose of spectrum caps in the upcoming auction. The intent of spectrum caps - to allow at least three (and likely four) bidders to acquire 5MHz paired prime 700 MHz blocks of spectrum in every licensed area, can be achieved without unduly sacrificing sharing flexibility; spectrum caps are designed to encourage more market participants whereas spectrum sharing permits optimal investment and innovation with respect to a scarce spectrum resource. The two are not exclusive. It is possible to achieve both by maintaining caps during the auction and by permitting spectrum sharing, and processes that allow parties to explore what may be permissible in this regard can only serve to further Industry Canada’s stated objectives.

27. In addition, encouraging sharing arrangements will not undermine the integrity of the auction as interested bidders will continue to have the strong incentives to acquire as much spectrum as they can in order to meaningfully participate in the Canadian wireless market. Those parties that fail to acquire spectrum will have no sharing options and they will lose their ability to continue to offer advanced wireless products and services.

28. WIND also submits that rules that encourage sharing of spectrum should similarly be applied to spectrum acquired in other auctions (and, in particular, the AWS auction\(^2\)). Policies supporting spectrum sharing should not vary from band-to-band simply because there was a set-aside in the AWS auction and spectrum caps in the upcoming 700MHz auction. The rationale for sharing applies with equal force regardless of the band being shared.

i. The types of agreements that should be captured under the definition of Associated Entities

29. The following definition of Associated Entities has been proposed by Industry Canada:

“Any entities that enter into any partnerships, joint ventures, agreements to merge, consortia or any arrangements, agreements or understandings of any kind, either explicit or implicit, relating to the acquisition or use of any spectrum in the 700 MHz band will be treated as Associated Entities. Typical roaming and tower sharing agreements would not cause entities to be deemed associated.”

30. Under the proposed definition, any arrangements with another potential bidder that relate in any way to the future use of the 700MHz spectrum directly or indirectly would be deemed to

\(^2\) New entrants that acquired set-aside spectrum in the AWS auction are not permitted to share spectrum with the incumbent wireless carriers for five years post-auction. The same analysis used to permit sharing in the 700MHz auction (notwithstanding spectrum caps) should be applied to proposed AWS spectrum sharing arrangements involving new entrants and incumbents during the five years post the AWS auction.
create an “Associated Entity” relationship. This is a broad definition that will capture a wide array of arrangements. Although WIND does not take issue with the definition itself, it must also be accompanied by processes (as suggested above) that do not penalize companies for seeking out spectrum sharing arrangements in advance of the auction, as well as processes that promote clarity for parties contemplating sharing agreements post auction.

**ii. The level of information to be disclosed to the public**

31. WIND submits that for spectrum sharing arrangements concluded before the application date for the auction, the only information that should be made public is a narrative description of the arrangement sufficient for the other bidders to understand the general relationship between the parties and Industry Canada’s reasons for permitting (or denying) the relationship, if any. Any other information requested by Industry Canada in connection with an Associated Entity review that the applicant considers to be confidential should be treated as such. There should not be any disclosure of proposed spectrum sharing arrangements that Industry Canada is asked to review prior to the commencement of the auction. If and when the parties to an advance ruling seek to finalize a sharing agreement, Industry Canada should then, and only then, disclose a narrative description of the arrangement and Industry Canada’s reasons for permitting the relationship, if any.

32. The reasons for not having public disclosure (including to other bidders) of non-binding proposed sharing arrangements in the pre-auction period is that the prospect of public disclosure will discourage vetting of potential sharing arrangements, thus leaving potential bidders with greater uncertainty as to what is permissible post auction with respect to allowed sharing arrangements. Uncertainty, in turn, discourages potential investment.

**iii. The proposal that entities that are deemed Associated Entities may apply to be treated as separate entities for participation in the auction**

33. WIND agrees with the proposal that Associated Entities could be permitted to apply to Industry Canada to participate in the auction separately.

**iv. The provision that typical roaming and tower sharing be specifically excluded from the revised definition of Associated Entities and whether other types of agreements such as the purchase of backhaul capacity should be deemed excluded**

34. WIND agrees that typical roaming and tower sharing agreements would not cause entities to be deemed Associated Entities. Also, tower backhaul leases that are route and bandwidth specific that are negotiated on an arm’s-length basis should be excluded from the above definition of Associated Entities.
v. The proposal that Associated Entities may request to have the spectrum caps apply to them separately, based on an analysis of their association and of whether they intend to compete in the same licence service area

35. Industry Canada is proposing that Associated Entities could request that the spectrum caps apply individually. To obtain this approval, Industry Canada is proposing that bidders be required to demonstrate that they intend to compete separately in the applicable licence area and continue to function as competitors to a level satisfactory to Industry Canada. WIND supports the approach being proposed by Industry Canada and encourages implementation of this proposal in a manner that encourages spectrum sharing, not just by Bell and TELUS who already have a sharing model implemented, but also by others that may not be able to cement sharing arrangements in the time-period leading up to the auction.

vi. The criteria to be considered in determining whether the entities are competing

36. To obtain approval to have spectrum caps apply individually, Industry Canada is proposing that bidders be required to demonstrate that they intend to compete separately in the applicable licence area and continue to function as competitors to a level satisfactory to Industry Canada. WIND supports this criteria.

vii. The proposal that no changes be made to the affiliated entities rule

37. WIND agrees that no changes are required from the last spectrum auction with respect to the proposed “Affiliated Entities” definition or affiliated entity rules. Affiliate participation in the auction would undermine the integrity of the auction process.

(D) Rules Prohibiting Collusion that would apply to Bidders in the 700 MHz Auction

38. WIND agrees that in order to maintain the integrity of the auction, bidders should be prohibited from signalling either publicly or privately, their bidding intentions or post-auction market structure related to spectrum in the 700 MHz band, while the auction is ongoing.

39. Given that Industry Canada is proposing to allow the participation of some Associated Entities as separate bidders in this auction process, the prohibition of collusion rules require updating as proposed by Industry Canada.

40. The only additional change that WIND suggests is that an allowance be made for the disclosure of contemplated agreements to Industry Canada as part of an advance ruling request as follows:

“The application form to participate in the auction will include a declaration that the applicant will be required to sign certifying that
the applicant has not entered into any agreements, arrangements or understandings of any kind with any competitor, other than those disclosed to Industry Canada (including proposed agreements which are the subject of an advance ruling request), regarding the spectrum licences being auctioned or the post-auction market structure. The applicant must also certify that it will not discuss during the auction, any agreements, arrangements or understandings of any kind with any competitor, including its disclosed Associated Entities, regarding the spectrum licences being auctioned or the post-auction market structure. For the purposes of this certification, "competitor" means any entity, other than the applicant and/or its affiliates, which could potentially be a bidder in this auction based on its qualifications, abilities or experience.”  {Proposed new words bolded and underlined}

(E) **SPECTRUM LICENCES IN THE 700 MHz BAND WITH A 20-YEAR LICENCE TERM**

41. WIND agrees with the proposal to extend the 700 MHz band licence to 20 years as this would create greater incentive for investment in the development and deployment of network infrastructure, technologies and innovation.

(F) **SPECTRUM AGGREGATION LIMITS**

42. Industry Canada has already decided to implement the following spectrum caps:

- Decision B3-1: A spectrum cap of two paired blocks in the 700 MHz band (blocks Lower A, Lower B, Lower C, Upper C1 and Upper C2) is applicable to all licensees.

- Decision B3-2: A spectrum cap of one paired block within blocks Lower B, Lower C, Upper C1 and Upper C2 is applicable to all large wireless service providers. Large wireless service providers are defined as companies with 10% or more of the national wireless subscriber market share, or 20% or more of the wireless subscriber market share in the province of the relevant licence area.

- Decision B3-6: The spectrum caps put in place for the 700 MHz auction will continue to be in place for five years following licence issuance. Therefore, no transfer of licences or issuance of new licences will be authorized if it allows a licensee to exceed the spectrum cap during this period.

43. The proposed licence conditions set out in the Consultation appropriately reflect the above spectrum limit conditions.

44. The Consultation also contains a statement that “Subordinate licences may not count towards the licensee’s aggregation limit if the licensees demonstrate to the satisfaction of Industry
Canada that they meet the criteria with respect to competing in the applicable service area.” WIND agrees with the proposed licence condition.

(G) **TRANSFERABILITY AND DIVISIBILITY**

45. Licensees may apply, in writing, to transfer its licence in whole or in part (divisibility), in both the bandwidth and geographic dimensions in accordance with Client Procedures Circular CPC-2-1-23, * Licensing Procedure for Spectrum Licences for Terrestrial Services*, as amended from time to time (“CPC-2-1-23”). Licensees may also apply to use a subordinate licensing process.

46. CPC-2-1-23 provides for written notification to the Industry Canada in respect of all proposed licence transfers, as well as a declaration from all interested parties that compliance with the eligibility criteria and other Conditions of Licence has been satisfactorily addressed. CPC-2-1-23 then goes on to state that once a licence transfer is approved by the Department, the original licence(s) will be revoked and a new licence(s) will be issued in its place.

47. To increase the certainty for prospective licensees and to assist them in raising the capital to build networks using the licensed spectrum, the Conditions of Licence should be updated to reflect greater certainty and flexibility with respect to licence transfers. The Condition of Licence as it relates to transferability should be updated to include a requirement that Minister shall approve the transfer of licence(s) upon receipt of evidence that the compliance with the eligibility criteria and other Conditions of Licence has been satisfactorily addressed. Compliance with the roll-out conditions should not be assessed until the time has elapsed for satisfaction of the applicable condition.

48. Such a provision would enable licensees to more easily borrow capital against the security of their spectrum licence(s) and for creditors to take control of spectrum assets when there is an event of default where the particular creditor (or its designated entity) can meet the applicable foreign ownership rules.

(H) **ELIGIBILITY CRITERIA**

49. Industry Canada is proposing a condition of licence that:

   “A licensee operating as a radiocommunication carrier must comply on an ongoing basis with the applicable eligibility criteria in subsection 10(2) of the *Radiocommunication Regulations*. The licensee must notify the Minister of Industry of any change that would have a material effect on its eligibility. Such notification must be made in advance for any proposed transactions within its knowledge.”

50. WIND agrees with the proposed condition of licence.
(I) **TREATMENT OF EXISTING SPECTRUM USERS**

51. Industry Canada is proposing the following condition of licence:

   “The licensee must comply with the displacement policies set out in SMSE-002-12, *Policy and Technical Framework: Mobile Broadband Services (MBS) — 700 MHz Band, Broadband Radio Service (BRS) — 2500 MHz Band.*”

52. WIND agrees with the proposed condition of licence.

(J) **RADIO STATION INSTALLATIONS**

53. Rules exist for radio authorizations and approval of each site on which radio apparatus, including antenna systems, may be located. These rules also cover the erection of all masts, towers and other antenna-supporting structures and other related matters. Accordingly, Industry Canada proposes a condition of licence which states: “The licensee must comply with Client Procedures Circular CPC-2-0-03, *Radiocommunication and Broadcasting Antenna Systems*, as amended from time to time.”

54. WIND agrees with the proposed condition of licence.

(K) **TECHNICAL INFORMATION**

55. WIND agrees with the proposed condition of licence.

(L) **COMPLIANCE WITH LEGISLATION, REGULATION AND OTHER OBLIGATIONS**

56. WIND agrees with the proposed condition of licence.

(M) **TECHNICAL CONSIDERATIONS, AND INTERNATIONAL AND DOMESTIC COORDINATION**

57. WIND agrees with the proposed condition of licence.

(N) **LAWFUL INTERCEPT REQUIREMENTS**

58. WIND has reviewed the draft submission of CWTA and adopts CWTA’s position that the proposed Condition of Licence be eliminated.

(O) **RESEARCH AND DEVELOPMENT REQUIREMENT**

59. WIND has reviewed the draft submission of CWTA and adopts CWTA’s position that the proposed Condition of Licence be eliminated.
Industry Canada is proposing the following condition of licence:

“Where a licensee holds a licence for two or more paired blocks of 700 MHz spectrum in a licence area, or has access to two or more paired blocks of 700 MHz spectrum in a licence area either directly or indirectly, that licensee must deploy 700 MHz spectrum:

(a) to cover 90% of the population of its HSPA network footprint as of March 2012, within five years of the issuance of the initial 700 MHz licence; and

(b) to cover 97% of the population of its HSPA network footprint as of March 2012, within seven years of the issuance of the initial 700 MHz licence.”

WIND notes that the above requirements will not in and of themselves result in the expansion of high speed broadband beyond current service areas. WIND recommends that, given the increased distance propagation of 700 MHz spectrum, 700 MHz network footprints should be expanded to cover 103% of the population of existing HSPA footprints within common licensed areas within seven years of the initial 700 MHz licence.

Industry Canada is proposing the following condition of licence:

“Licensees will be required to demonstrate to the Minister of Industry that their spectrum has been put to use, as specified in the table below within 10 years of the initial issuance of the licence.

<table>
<thead>
<tr>
<th>Tier 2 Service Area Name</th>
<th>Minimum Population Coverage*</th>
</tr>
</thead>
<tbody>
<tr>
<td>2-01 Newfoundland and Labrador</td>
<td>30%</td>
</tr>
<tr>
<td>2-02 Nova Scotia and P.E.I</td>
<td>30%</td>
</tr>
<tr>
<td>2-03 New Brunswick</td>
<td>40%</td>
</tr>
<tr>
<td>2-04 Eastern Quebec</td>
<td>50%</td>
</tr>
<tr>
<td>2-05 Southern Quebec</td>
<td>50%</td>
</tr>
<tr>
<td>2-06 Eastern Ontario and Outaouais</td>
<td>50%</td>
</tr>
<tr>
<td>2-07 Northern Quebec</td>
<td>30%</td>
</tr>
</tbody>
</table>

* Based on most recent census information available at the time of assessment.
Table 3 — Proposed General Deployment Requirements

<table>
<thead>
<tr>
<th>Tier 2 Service Area Name</th>
<th>Minimum Population Coverage*</th>
</tr>
</thead>
<tbody>
<tr>
<td>2-08 Southern Ontario</td>
<td>50%</td>
</tr>
<tr>
<td>2-09 Northern Ontario</td>
<td>50%</td>
</tr>
<tr>
<td>2-10 Manitoba</td>
<td>50%</td>
</tr>
<tr>
<td>2-11 Saskatchewan</td>
<td>40%</td>
</tr>
<tr>
<td>2-12 Alberta</td>
<td>50%</td>
</tr>
<tr>
<td>2-13 British Columbia</td>
<td>50%</td>
</tr>
<tr>
<td>2-14 Yukon, NWT and Nunavut</td>
<td>20%</td>
</tr>
</tbody>
</table>

67. WIND agrees with the proposed general roll-out requirements.

(R) **Mandatory Antenna Tower and Site Sharing**

68. WIND agrees with the proposed condition of licence.

(S) **Mandatory Roaming**

69. WIND agrees with the proposed condition of licence.

(T) **Requirement for Annual Reporting**

70. WIND agrees with the proposed condition of licence.

(U) **Opening Bids**

71. WIND agrees with the proposed opening bid requirements.

(V) **Eligibility Points for Spectrum Licences in the 700 MHz Band**

72. WIND agrees with the proposed eligibility points.

(W) **Pre-Auction Deposits**

73. WIND agrees with the proposed pre-auction deposit rules.

(X) **Renewal Process for Spectrum Licences in the 700 MHz Band**

74. WIND agrees with the proposed renewal process for spectrum licences.