

**Your Communications**

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Geoff Chapman, Floor 11  
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Wyndham House  
189 Marsh Wall  
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7 October 2002

Dear Mr Chapman,

**Implementing Spectrum Trading**

Your Communications holds four licences in the 28GHz spectrum in the West Midlands, North-East, North-West and the North. We welcome the opportunity to offer our comments in response to the Radiocommunications Agency's (RA) consultation on Implementing Spectrum Trading.

Your Communications generally welcomes the RA's proposals to introduce spectrum trading in the course of the next few years. When effective and properly designed we believe spectrum trading will result in increased economic efficiency through market force valuation and innovative spectrum use being deployed.

**Question 1**

We have noted the various modes of spectrum trading identified by the RA. We believe that these modes of trade would probably cover most if not all foreseeable types of spectrum trading. We believe the more flexible a trading mode for a particular spectrum the more trading (with ensuing economic benefits) will take place in that spectrum. In particular we would argue that the possibility to change the use of traded spectrum could be particularly attractive to potential buyers.

**Question 5**

As holders of 28GHz spectrum licences we support the RA's proposal to include broadband fixed wireless access in the first "batch" of spectrum that would be opened to trading. We believe that this will create interesting business opportunities for broadband operators and could deliver significant advantages in terms of product development. In turn, this would facilitate the rollout of broadband across the UK.

In this context, we would draw the RA's attention to the specific case of point-to-point radio links that currently are licensed on a one-yearly basis. It would be useful if the RA could

elaborate how it foresees trading taking place with regard to those kind of short-term spectrum licences.

### **Question 8**

We believe that spectrum trading should be introduced as quickly as possible so that the market were able to avail itself of the commercial opportunities trading would bring about.

### **Question 10**

The aim should be to make trading in spectrum as flexible as possible which means that permissions to reconfigure and change the use of spectrum need to be as broad as possible. Spectrum trading has the potential to reinvigorate the use of redundant spectrum that is being sterilised because of strict licensing conditions governing its use. Spectrum trading could therefore assist in combating the negative effects of the current downturn in the telecommunications markets. Furthermore, we believe that the introduction of a more flexible usage regime through trading in one type of spectrum could assist in the commercial deployment of other spectrum. A particular example of this would be the use of 28GHz spectrum for backhauling 3G mobile traffic.

### **Question 13**

We appreciate the competition concerns that may arise from spectrum trading and we believe that there may be scope for the production of trading guidelines to assist companies in assessing when a particular transaction might be deemed anti-competitive. It is extremely important that any prior clearance procedures do not unduly hinder the emergence of effective and competitive trading. In terms of clearance procedure, one might consider implementing a system based on the EU merger clearance procedure with a strict deadline (perhaps a month or even two weeks) on OFCOM to determine whether a particular transaction gives rise to competition concerns and therefore warrants a more in-depth investigation. Absent any decision to enter into an in-depth investigation the transaction would automatically be considered cleared.

In response to the second part of this question, we believe that there may well be trading transactions that should be blocked on competition grounds. As perhaps an extreme example, transactions giving one company control over more than one licence in spectrum allocated with national coverage and with a limited number of players (such as, e.g., 3G spectrum) should obviously be investigated carefully.

### **Question 20**

We believe that the RA's involvement in the trading process should be kept to an absolute minimum. In practice there is no reason for the RA to do anything further than to keep a record of what spectrum is being sold between what parties. Needless to say the RA must be able to supervise and enforce the usage conditions attached to any traded spectrum.

We do not believe that there is any reason to create some kind of artificial trading place for spectrum. We would argue that the market is perfectly capable to satisfy any need for a specific brokering function. There is no doubt that a broker would appear fairly quickly in the market if there was a market demand for that.

We believe that too much enforced publication of potential sellers and buyers could actually do more harm than good to the introduction of spectrum trading. As far as we can see the UK market for spectrum would be sufficiently small to enable buyers and sellers to find each other without regulatory intervention.

**Question 21**

We do not believe it would be appropriate to publish details of potential trades before they take place. We do not really see what purpose such publication could serve. However we do believe that advance publication could undermine sensitive commercial negotiations.

Please do not hesitate to contact us should you have any questions concerning the above.

Yours sincerely,

Rickard Granberg  
Head of Regulatory Affairs