



NMHH

**National Media and Infocommunications
Authority • Hungary**

**DOCUMENTATION OF THE AUCTION
PROCEDURE FOR THE ENTITLEMENTS
OF FREQUENCY USE
OF THE 900 MHZ AND 1800 MHZ
FREQUENCY BANDS**

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The language of the proceedings is Hungarian. The English version is provided for reference only. In the event of any conflict or discrepancy between the Hungarian and English versions, the Hungarian version shall prevail.

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- (1) This document is the competitive procedure documentation (hereinafter: Documentation) of the auction procedure for the entitlements of frequency use of the 900 MHz and 1800 MHz frequency bands (hereinafter: **Auction or auction procedure**) issued by the Office of the National Media and Infocommunications Authority (1015 Budapest, Ostrom u. 23–25., hereinafter: **Auctioneer**) specifying the detailed rules of the Auction and the application process thereof.

1 Fundamental provisions

1.1 Abbreviations of legislation

- (2) This Documentation uses the following abbreviations for legislation.

Abbreviation of the legislation	Title of the legislation
GPAP Act	Act CL of 2016 on General Public Administration Procedures
ANFT	NMHH Decree 3/2011 (IX. 26.) on the national allocation plan of electronic communications network identifiers
Ápszr.	NMHH Decree 4/2011 (X. 6.) on the rules of auction or competitive procedure for obtaining the entitlement of frequency use
Fee Decree	NMHH Decree 1/2011 (III. 31.) on frequency reservation and usage fees
Electronic Communications Act	Act C of 2003 on electronic communications
Electronic Administration and Trust Services Act	Act CCXXII of 2015 on the General Rules for Electronic Administration and Trust Services.
Credit Institutions Act	Act CCXXXVII of 2013 on Credit Institutions and Financial Enterprises

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Abbreviation of the legislation	Title of the legislation
ACP Act	Act I of 2017 on the Code of Administrative Court Procedure
NFFF	NMHH decree 7/2015 (XI.13.) on the national frequency allocation and on the rules of using frequency bands
National Assets Act	Act CXCVI of 2011 on National Assets
Civil Code	Act V of 2013 on the Civil Code
Secondary Trading Decree	NMHH Decree 7/2013 (IX. 19.) on the secondary trading of radio frequencies
Competition Act	Act LVII of 1996 on the Prohibition of Unfair and Restrictive Market Practices

1.2 Definitions

(3) In the application of the Documentation:

Term	Definition
block complementation	An opportunity provided by the Auctioneer to the incumbent participants – only if all the conditions specified in Section (232) exist – where incumbent participants may complement their 1 or 2 MHz entitlements of frequency use expiring in 2029 to 5 MHz frequency blocks after turn 1 of the 900 MHz frequency band.
theoretical user block	A frequency amount created from the total quantity of lots in the frequency range acquired by the participant within the current auction procedure, the position of which is not defined within the frequency band.

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Term	Definition
lot	The separate, theoretical frequency amount within each frequency band defined in Section (24), being the object of this auction, for the entitlement of frequency use of which an Initial Bid, bid or a declaration related to a block complementation can be made.
economic entity	An economic entity as defined in Act CXXX of 2016 on the Code of Civil Procedure.
Authority	The National Media and Infocommunications Authority.
incumbent	Mobile telephone providers in possession of entitlements of frequency use in the 900 MHz frequency band that are not the object of this auction procedure and expire in 2029.
control, direct and/or indirect control or control rights	Legal relationship as specified in the Competition Act
Application	The sum of the documents specified in Section (110).
affiliated undertaking:	A concept defined in Act C of 2000 on Accounting.
Initial Bid	The quantity of the lot specified in Section (24) that the participant indicates as initial bid before the bidding in the given turn of the 1800 MHz frequency band or the given turn of the 900 MHz frequency band (hereinafter referred to as given turn for both frequency bands) starts.
bid	The quantity of lots in the specific frequency band in the first three bidding stages of the bidding that the participant wishes to obtain in a given bidding round of the bidding as well as the offered unit price in the fourth stage of the bidding.

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Term	Definition
bidding	A procedural act for making the bids, held as per the provisions of Chapter 4.9 with the personal participation of the participants after the Initial Bidding.
Bid Support System	The totality of hardware and software assets used by the Auctioneer to support the Initial Bidding and the bidding.
offered unit price	The unit price offered by the participant for a lot in bidding stage 4 of the bidding.
closing list	The document prepared by the Auctioneer per frequency band, which includes the number of lots obtained by the participants in the given frequency band and their prices. The Auctioneer prepares a closing list when the bidding stages and turns of each frequency band are closed, in case of a block complementation as well as after the sale of the given frequency band is closed.
controlling interest	The provisions of Article 8:2 of the Civil Code shall apply to the concept and assessment of majority influence.
new participant	A non-incumbent participant.
malfunction	A permanent or temporary failure of the Bid Support System, or any other technical issue restricting or rendering impossible the intended use.

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Term	Definition
group of undertakings	<p>Enterprises, economic entities which</p> <ul style="list-style-type: none"> a) have controlling interest in each other, or one has a controlling interest in the other, or wherein the same third person or organisation has a controlling interest, b) are controlled by each other, or one has direct or indirect controlling rights over the other, or all are subject to the direct or indirect control of the same third person or organisation, or c) qualify as related undertakings in the sense set down in the Act on Accounting. <p>In the case of enterprises and economic entities belonging to a single group of undertakings, the direct or indirect equity holdings or voting rights of close relatives as defined in the Civil Code shall be applied concurrently (aggregated).</p>

- (4) All other terms used in the Documentation shall mean as defined elsewhere in the Documentation or in the absence of such definitions as defined in the relevant legislative provisions.

1.3 Legal background and detailed rules for the auction procedure

- (5) The auction procedure is an administrative case and an administrative proceedings within the Auctioneer's competence of authority. The auction procedure is subject to the applicable provisions of the Ápszr, the Electronic Communications Act, and the GPAP Act.
- (6) The Documentation defines the detailed rules of the auction procedure pursuant to Section 3 (3) of the Ápszr.
- (7) The Documentation shall apply in issues arising during the auction procedure.

1.4 Communications, representatives

1.4.1 General rules of communication and representation

- (8) Unless otherwise provided by the Documentation, the Auctioneer shall communicate in writing with the applicant/participant and, in the event of a representation with the representative, as stipulated in Section 26 (1) of the GPAP Act.

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- (9) Pursuant to Section 9 of the Electronic Administration and Trust Services Act, economic entity applicants/participants or their representatives must use electronic means of communication and administration in the current procedure, except for those procedural actions where applicants/participants must be physically present.
- (10) The rules of representation are set out in Sections 13 to 14 of the *GPAP Act*.
- (11) In order to ensure the efficiency and speed of communication, the applicant shall name at least one representative with whom the Auctioneer may communicate personally or electronically, in a way that is not considered in writing (together: verbally) (hereinafter: **contact representative**), in cases specified by law or in this Documentation. To this end, the applicant shall, as part of the application as per Section (112), identify their contact representative by name, personal ID, and contact details (such as phone number, telefax number, email address, mailing address in Hungary). As part of the application, the applicant must also expressly and irrevocably declare, without any legal reservation, that it accepts the fact that any communication via the contact representative in any of the methods as per Article 26 (1) of the GPAP Act shall qualify as legal effective notice for the applicant/participant.
- (12) Any changes in the identity or data of the contact person or the representative must be immediately, but no later than within 3 days, reported to the Auctioneer in writing.

1.4.2 Special rules of representation and communication at the bidding

- (13) During the bidding and the preceding Initial Bidding, the Auctioneer shall communicate verbally with the participants as per Article 26 (1) of the GPAP Act.
- (14) During the bidding of a given turn, participants entitled to bid as per Section (214) shall be required to ensure continuous personal presence and representation at the bidding and the preceding Initial Bidding.
- (15) During the bidding of a given turn and the preceding Initial Bidding, each participant may simultaneously have up to two (2) and must have at least 1 (one) representative present in the bidding room, each authorised to bid and make individual statements related to the bidding as well as the statements according to Annex 4/B and Annex 4/C.
- (16) The legal consequences of failing to appear at the Initial Bidding and the bidding, specified in Section (105), Items b) and e) as well as Section (209), Item b) shall be accepted by the Applicant expressly, irrevocably and without any legal reservation in the declaration submitted as part of the application as per Section (112).
- (17) Participants may be represented by different representatives at the bidding of each frequency band, at each bidding day of a particular turn, and at different stages of the bidding as per the rules in Annex 5.
- (18) The representative shall provide proof of identification with a suitable document certifying their identity and representation rights at the bidding.

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- a) In the case of legal representation, if the right of representation cannot be established from a public or statutory public register, the representative shall certify the right of representation by the original of the document, from which the right of representation of the representative may be established. The representative shall also submit its notarised specimen of signature or a specimen of signature countersigned by a lawyer or the chamber's legal advisor, except when the representative's notarised specimen of signature or a specimen of signature countersigned by a lawyer or the chamber's legal advisor has already been submitted as part of the Application.
 - b) In the case of authorised representation, the representative shall, in addition to those listed in Item a), submit their power of attorney to bid at the Initial Bidding and the bidding and make statements related to biddings as well as statements according to Annex 4/B and Annex 4/C as well as a notarised specimen of signature of the person or persons signing the power of attorney or their specimen of signature countersigned by the lawyer or the chamber's legal adviser. If the notarised specimen of signature of the person signing the power of attorney or a specimen of signature countersigned by a lawyer or the chamber's legal advisor was submitted as part of the Application, it will not be necessary to present the notarised specimen of signature of the given person or the specimen of signature countersigned by a lawyer or the chamber's legal advisor at the bidding.
 - c) In case of a legal representation that can be established from a public or statutory public register, reference to the public register as evidence of the authorisation to represent can be accepted only if the register contains the notarised specimen of signature of the given representative or the specimen of signature countersigned by a lawyer or the chamber's legal advisor.
- (19) Additional rules of representation related to bidding are included in Annex 5 of the Documentation.

1.5 Contact details of the Auctioneer

- (20) Contact details of the Auctioneer:

Address: 1015 Budapest, Ostrom u. 23-25.

Mailing address: 1525 Pf. 75.

Phone: +36 1 468 0579

Fax: +36 1 457 7188

E-mail: mobil2020@nmhh.hu

Office gate:

Short name of the Authority: NMHH

Full name of the Authority: National Media and Infocommunications Authority

KRID: 516334978

2 General provisions

2.1 Purpose of the Auction

- (21) The fundamental goal of this auction procedure is to reutilise the entitlements of frequency use expiring in April 2022 of the set of frequencies listed in Section (24), also suitable for providing broadband electronic communications service.
- (22) Additional goals of the Auction:
 - a) in addition to the continuous provision of services to existing subscribers, facilitating the deployment of networks supporting 5G services in the long term by expanding the possibilities of broadband use, promoting network developments, and improving coverage;
 - b) promoting the efficient use of the radio spectrum;
 - c) promoting innovation and business development;
 - d) when creating lots and user blocks, supporting the operating conditions of broadband use, specified in international standards.
- (23) Furthermore, this auction also serves the purpose of applying and implementing EU rules for technological harmonisation, and other EU legal acts designed to coordinate frequency utilisation in Hungary in a timely manner.

2.2 Scope of the Auction

- (24) The scope of this auction procedure encompasses those frequency ranges of
- the 880-915/925-960 MHz frequency band (900 MHz frequency band) and
 - the 1710-1785/1805-1880 MHz (1800 MHz frequency band)

according to Annex 1.

The following lots can be bid for during the auction:

Name of frequency band	Number of lots	Frequency amounts offered for sale in total
900 MHz	2x20 MHz (that is 40 MHz) in turn 1 4 lots of duplex 5 MHz each , and 2x10 MHz (that is 20 MHz) <ul style="list-style-type: none"> In the case of turn 2: 2 lots of duplex 5 MHz each or in case of block complementation: 1 lot of duplex 4 MHz each, and 2 lots of duplex 3 MHz each 	6x2x5 MHz or 4x2x5 MHz and 1x2x4 MHz and 2x2x3 MHz that is 60 MHz in total
1800 MHz	12 lots of duplex 5 MHz each	12x2x5 MHz, that is 120 MHz

2.2.1 Reserved price of lots

- (25) The reserved price of one lot per frequency band

Frequency	Reserved price (HUF)	
	In numbers	In letters
900 MHz, turn 1	HUF 12,000,000,000	twelve billion forints
900 MHz, turn 2	HUF 12,000,000,000	twelve billion forints
1800 MHz	HUF 6,000,000,000	six billion forints

- (26) Prices do not include VAT, and pursuant to Article 7 of Act CXXVII of 2007 on value added tax the full auction fee due is VAT-exempt due to the public authority activity nature of this auction procedure.

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- (27) The method of specifying the prices to be paid for lots obtainable through block complementation is described in Sections (237) - (238).

2.2.2 Restrictions on the entitlements of frequency use

- (28) Also taking into account NFFF's provisions, the following quantitative limitations apply to entitlements of frequency use available in the current auction procedure:

a) 900 MHz frequency band

One participant may acquire the entitlement of frequency use of up to 2 (two) lots, that is, 20 (twenty) MHz in turn 1 of the auction procedure and up to 3 (three) lots in total, that is, 30 (thirty) MHz during the whole procedure independent of the participant having other entitlements of frequency use in the 900 MHz frequency band, acquired outside of this procedure.

b) 1800 MHz frequency band

1. As a result of the auction procedure, one participant may own entitlements of frequency use for up to 60 (sixty) MHz, including the amount of frequency related to entitlements of frequency use expiring after 9 April 2022.
 - i. Participants without entitlements of frequency use expiring after 9 April 2022 may acquire entitlements of frequency use for up to 6 (six) lots, that is, for 60 (sixty) MHz.
 - ii. Participants with entitlements of frequency use expiring after 9 April 2022 may only acquire the number of lots that does not violate the rule set out in Subsection 1.
2. Parties entitled to frequency use belonging to a group of undertakings may only acquire a number of lots so that the entitlement holders within the same group of undertakings together have only up to 6 (six) lots, that is, entitlement of frequency use of 60 (sixty) MHz within the territorial scope of the entitlement of frequency use, complying also with the rules of Subsection 1.

2.2.3 Duration of entitlements of frequency use, and the initial date for the utilisation of the user blocks

- (29) Having fulfilled all other statutory conditions, the winning participant may legally install and, based on the framework licence, operate mobile and fixed communication networks (**MFCN**¹) capable of providing electronic communications services from 8 or 9 April 2022, according to the provisions detailed in Annex 1.
- (30) The terms and conditions for the use of frequency bands under this auction procedure are determined by the NFFF.

¹ MFCN: Mobile/Fixed Communications Networks With regards to the convergence of fixed and mobile wireless communication services, the CEPT regulation introduced the umbrella term 'MFCN'.

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- (31) Rules for the transfer of entitlements of frequency use acquired as a result of the auction procedure and for the lease of the right based on the entitlement of frequency use are set down by the NFFF. Rules for the secondary trading of entitlements of frequency use acquired as a result of the auction procedure and the right based thereon are included in the Secondary Trading Decree.

2.2.3.1 Duration of the entitlement of frequency use

- (32) The earliest start dates of the validity, temporal scope of the radio licences issued based on the entitlements of frequency use acquired as a result of the auction procedure are 8 and 9 April 2022. The entitlements of frequency use obtainable as a result of this auction procedure expire on 9 April 2037. This period is extended with the duration of the period during which the party entitled to use the frequency is unable to actually exercise its entitlement in relation to the affected frequency band from 8 or 9 April 2022 because of a measure ordered by an authority decision or court as per the ACP Act, affecting the execution of a resolution according to Section (308).
- (33) The duration of entitlements of frequency use may be extended once without a competitive procedure, with unchanged contract terms and conditions, without the payment of an additional one-time fee, by an additional five (5) years.
- (34) The party entitled to use the frequency may individually request an extension of its entitlement(s) of frequency use according to Section (33) in relation to the acquired entitlements of frequency use subject to the decision closing this auction procedure, separately by user blocks.
- (35) The request for extension may be submitted to the Auctioneer not later than 24 (twenty-four) months before the expiry of the entitlement of frequency use. In the event of failure to comply with the deadline, the extension shall be denied.
- (36) The Auctioneer shall make an official decision on the extension of the entitlement(s) of frequency use or the rejection of the application(s) for the extension of the entitlement(s) no earlier than 21 (twenty-one) months and no later than 18 (eighteen) months prior to the expiration of the entitlements.
- (37) The Auctioneer does not extend the entitlement of frequency use obtained in this auction procedure if:
- a) in respect of the given frequency band spectrum regulation resulting from any international commitment, or primary or secondary legal source of the European Union and relevant to spectrum regulation, or court ruling does not permit the extension of the entitlement(s);
 - b) during the duration of the entitlement of frequency use, until the authority decision specified in (36) has been concluded, the Auctioneer or the President concluded in its resolution that became final that the party entitled to use the frequency or its assignee as per Sections (333)–(335) has repeatedly violated the provisions set forth in the rules on electronic communications related to frequency use, or
 - c) the application for the extension has been submitted by the entitled party past the deadline specified in Section (35).

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2.2.3.2 Usage of the frequency bands obtained in the Auction, coverage requirements

- (38) A description of the technical requirements for spectrum management related to the use of the frequency bands covered by this auction procedure is contained in Annex 1.
- (39) The coverage requirements applicable to the winning participants and the rules governing the assessment of coverage are set out in Annex 2.
- (40) To verify the fulfillment of coverage obligations, the winning participant shall make a declaration to the Auctioneer and provide data about the coverage achieved, first until 15 November 2022, according to the state registered on 15 October 2022, then until 15 November each year, according to the state registered on 15 October, in a table format and with the content described in Section (41).
- (41) The winning participant shall make a declaration and provide data about the fulfillment of the retail coverage obligation, indicating the number of residents covered per municipality and the coverage as a ratio of the total population of the municipality as well as the coverage as a percentage ratio of the total national population based on the most up-to-date data of the CSO available in the time period the data is provided, and also about the extent of the national geographic coverage in case of winning in the 900 MHz frequency band, indicating the technologies applied in the given frequency band. In case several technologies are used in a given band, the applied technology shall also be indicated together with the numbers given per municipality.

2.3 Publication of the Notice

- (42) The auction procedure is launched ex officio on the date of publication of the Notice on the Auctioneer's website: 20 October 2020.

2.4 Registration

- (43) The Documentation is also available to the public on the website of the Auctioneer² and can be downloaded in electronic format free of charge.
- (44) Only persons and entities officially registered as stipulated herein may submit written questions about the Documentation, as allowed for in Section 8. (1) of the Ápszr.
- (45) Registration is allowed from the date of publication of the Notice until the application deadline.

² https://english.nmhh.hu/900-1800_MHz_auction_procedure_documentation

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- (46) Conditions of the registration are to fill out the Data Sheet that can be downloaded from the link³ on the website of the Auctioneer, to send the completed Data Sheet to any of Auctioneer's addresses indicated in Section (9) – as opposed to the provisions of Section (20) – as well as the certification of the payment of the registration fee. If any of these conditions are not met, the registration is invalid.
- (47) The Auctioneer shall register those registered in accordance with the conditions set out in this section and shall notify the registered parties of the fact of such registration. In case of an incomplete registration or one that is inadequate for any other reasons, the Auctioneer shall inform the initiator of the registration by indicating the deficiencies.

2.4.1 The amount and method of payment of the registration fee

- (48) The amount of the registration fee is HUF 100,000 + VAT, totaling HUF 127,000 (one hundred and twenty seven thousand forints).
- (49) The registration fee shall be transferred to the Auctioneer's account number 10032000-00300939-00000017 held at the Hungarian State Treasury, specifying "MFCN2020 regisztráció" (MFCN2020 registration).
- (50) The Auctioneer shall also verify the crediting of the registration fee to its payments account specified in this chapter based on its own records.
- (51) The Auctioneer will send the registered person, organisation and the person or organisation performing the registration an invoice for the registration fee paid.

2.5 Written enquiries

- (52) Registered entities may send written questions about the auction procedure to the Auctioneer as specified in Sections (43)–(47). Questions shall be sent to the Auctioneer's Company Portal contact details specified in Section (20).
- (53) Your questions about the Documentation submitted by those registered in writing up to the 10th day prior to the application deadline will be answered by the Auctioneer within 8 (eight) days so as to ensure that you will have at least 2 (two) days from receiving the answer to the expiry of the application deadline. The Auctioneer may summarise frequently asked questions and answer them collectively. Prior to the application deadline, the Auctioneer will send all written questions raised by registered participants, as well as its answers, to all people or entities having registered or submitted an Application, without disclosing the identity of the party having raised the question. The Auctioneer shall send all the questions asked by applicants and all answers to every applicant, without specifying the name of the inquirers.

³ https://english.nmhh.hu/registration_data_sheet_900-1800_MHz_auction

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- (54) The answers distributed by the Auctioneer only serve informational purposes and, contrary to the Documentation, have no legal effect or legal binding force with regard to individual administrative case or in terms of the regulatory decisions.

2.6 Modification of the auction notice documents

- (55) The Auctioneer may modify the Notice and Documentation so as to ensure an objective, transparent and non-discriminatory procedure pursuant to Section 6 of the Ápszr.
- (56) The Notice and the Documentation may be amended up to the 8th (eighth) day before the application deadline. The Documentation may be amended if the Auctioneer perceives that the Documentation calls for specification or supplementation based on a written enquiry made pursuant to Sections (52)–(53).
- (57) The Auctioneer will publish its amendments to the Notice as required by the rules on the publication of the Notice.
- (58) The Auctioneer will publish its amendments to the Notice by posting them to its bulletin board or publishing them on its website; it will notify registered parties of the publication and contents of the amendments within 2 (two) days of the publication.
- (59) Amendments to the Notice and the Documentation enter into force upon their publication.
- (60) The publication date shall be the date of publication of the amendment to the Documentation on the Auctioneer's website.

2.7 Conditions of participation and conflict of interest

2.7.1 Conditions of participation

- (61) The following persons and economic entities may participate in the auction procedure:
- a) those complying with the conditions set out in Section 9 of the Ápszr. and having paid the participation fee as required under Section (107);
 - b) those having special experience in the operation of public MFCN network and providing mobile phone services for at least 3 (three) years, and the number of their MFCN users (active SIM cards) exceeded 100,000 (one hundred thousand) on 31 December 2019;
 - c) those having no customs or social security contributions overdue for longer than 60 (sixty) days or overdue taxes registered by the central tax authority, or any overdue payment obligations to separate state funds, except if the creditor has agreed to the payment of the debt at a subsequent date;
 - d) those not being the subject of proceedings for a declaration of bankruptcy, liquidation, winding-up, forced liquidation or any other dissolution proceedings;

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- e) those not having supervisory or frequency fee payment obligations towards the Auctioneer which are more than 30 days overdue (the Auctioneer verifies outstanding supervisory or frequency fee payment obligations based on its own records; you are not required to furnish proof);
- f) those having declared in the document submitted as part of the Application, irrevocably and unconditionally acknowledging that the contents of the Documentation and the Notice are binding upon them;
- g) those who are obligated to use electronic means of communication and administration or specified as a representative a person who is legally obligated to use electronic means of communication and administration;
- h) those who have not suspended their activities or whose activities have not been suspended;
- i) those who are (current or past) public officers, employees, consultants or proxies of the Auctioneer having participated in drafting the Documentation, or are close relatives of such persons;
- j) those who have no executive officers or owners holding a share of at least 25 (twenty-five) percent that are (current or past) public officers, employees, consultants or proxies of the Auctioneer having participated in drafting the Documentation, or are close relatives of such persons;
- k) natural persons or sole proprietors who have no prior conviction for any of the following crimes:
 - 1. crimes against public justice as defined in title VII of Chapter XV, heading VI, or economic crime defined in Chapter XVII of Act IV of 1978 on the Penal Code effective on 30 June 2013;
 - 2. corruption as defined in Chapter XXVII of Act C of 2012 on the Criminal Code, crimes against the safety of payments and stamps as defined in Chapter XXXVIII, crimes incurring a loss to the budget as defined in Chapter XXXIX, money laundering as defined in Chapter XL, crimes violating financial management as defined in Chapter XLI, crimes affecting the protection of consumers and the fairness of competition as defined in Chapter XLII or crimes of illicit data acquisition or crimes against information systems as defined in Chapter XLIII of the Penal Code;
- l) those that have no executive officers or owners holding a business share of at least 25 (twenty-five) percent banned from holding an executive office in an economic entity, or previously convicted for any of the crimes listed in Item k);
- m) whose activities have not been restricted by a court in a binding decision pursuant to Article 5(1) and (2) of Act CIV of 2001 on Measures Applicable to Legal Entities under Criminal Law;
- n) those that were not excluded from a previous procedure, completed within 3 (three) years prior to the application deadline, for the use of state assets for the submission of false data;
- o) those that qualify as transparent organisations pursuant to Section 3 (1) 1. of the National Assets Act;

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- p) those that/who during the 24 (twenty-four) months preceding the launch of the auction procedure have not been found guilty, whether in a final administrative ruling by a Hungarian competition authority or a binding judicial decision by a Hungarian court, of violating the rules of Tpv. on the prohibition of agreements aimed at restricting economic competition, the prohibition of abuse of a dominant market position or of concentrations between undertakings, and
- q) those not belonging to an undertaking or group of undertakings that are subject to any of the personal conditions excluding them (from participation) as per Items e), i), j) and p).

2.7.1.1 Joint Application (consortium)

- (62) Each Applicant can only apply and participate independently in the auction procedure; several persons or organisations may not submit an Application together, no consortium may participate in the auction procedure.

2.7.2 Conflict of Interest Rules

- (63) Persons and organisations belonging to a single group of undertakings may not take part in the auction procedure.

3 Detailed rules for the auction procedure

3.1 Fundamental principles of the auction procedure

- (64) When carrying out the auction procedure, the Auctioneer shall proceed in line with the legislations in force – in particular the stipulations set out in the Electronic Communications Act, the GPAP Act, the Ápszt. —, and with this Documentation, taking into consideration the criteria of objectiveness, transparency, non-discrimination and proportionality. In order to fulfil the fundamental principles and the objectives defined in the Electronic Communications Act, the GPAP Act, the Ápszt., the Auctioneer acts in line with the requirement of equal treatment.
- (65) In case of a state of danger announced by the Government of Hungary (hereinafter: **Government**), the announcement of other periods of special legal order, and having regard to the provisions, prohibitions and restrictions set out in legislation for cases of a state of danger, taking into account the safety of the participants of the auction procedure, the Auctioneer, in accordance with the legislative provisions, having regard to the epidemic situation, is entitled to proportionally deviate from the provisions in this Documentation as an adjustment to the measures taken by the Government, including especially, but not exclusively the regulation regarding auction events with personal presence.

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- (66) Applicants/participants shall proceed in line with the principles of good faith and fairness in the auction procedure, and shall cooperate with the Auctioneer for the sake of the fast and successful conclusion of the procedure. Applicants/participants shall not conduct themselves in a manner aimed at deceiving the Auctioneer, shall not issue statements (including the Application) in the course of the auction procedure that contain fallacious (incorrect, false) facts and shall not conceal any data substantial from the perspective of the Auction in any of their statements (including the Application). Applicants/participants shall be liable for the adequacy, valid grounds, timeliness, credibility and truthfulness of the contents of their statements (including the Application) issued in the context of the auction procedure.
- (67) In the event of a breach of the requirements set out in Section (66), if the Documentation does not establish any further legal consequences, the Auctioneer may impose a procedural fine on the applicant or participant.

3.2 Language of the procedure

- (68) The official language of the auction procedure shall be Hungarian. The language of the Documentation, Notice, and all communication between the applicants/participants and the Auctioneer pertaining to the Auction shall be Hungarian. Any document made available by the Auctioneer in another language is provided for informational purposes only.
- (69) If the applicant or participant submits any document in a language other than Hungarian, a certified translation shall be appended. In the event of any dispute, the Hungarian version shall prevail.
- (70) If necessary, public documents issued outside Hungary or private documents certified by a foreign court, authority, notary or any other person bestowed with 'public trust' shall be verified.
- (71) If, due to an international agreement or the practice of reciprocity, having public documents issued abroad and private documents certified by a foreign court of law, administrative authority, notary or any other person bestowed with public trust and submitted as part of its Application, furnished with diplomatic legalisation by the Hungarian mission authority to the country of issuance is not necessary, all documents affected shall be submitted with ample documented evidence separately confirming the legality of abolishing legalisation. The Auctioneer may request further documents, certificates or declarations, rectification of deficiencies or issuance of declarations from the applicant/participant as proof of compliance with the requirements of this chapter.

3.3 Hierarchy of the auction notice documents

- (72) The auction notice includes the Notice published about the auction procedure, this Documentation and its annexes specifying the detailed conditions and provisions of the auction, and any amendments to the Documentation or the Notice.

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- (73) In the event of any discrepancy between the documents constituting the auction notice and other documents, the prevailing order among the documents shall be the following: amendment to the Documentation, this Documentation, amendment to the Notice and the Notice.

3.4 Secrets protected under the law and the protection of personal data

- (74) During the auction procedure – in particular when allowing access to the documents, during the announcement of the decision and its publication – the Auctioneer shall ensure the protection of personal data, and the secrets and data protected by the law.
- (75) Pursuant to Section 33 (2) of the Electronic Communications Act, the applicant/participant may designate the range of data they deem necessary to be treated as restricted data, with due heed to the protection of the secrets protected under the law, in particular trade secrets or other equitable interests as well as any significant considerations related to electronic communications policy or to the state of competition on electronic communications market, except for data that is public for general public interests and data that may not be classified as restricted data under the law as defined in relevant legislation. In this case the applicant/participant shall also prepare a document version that does not contain the data defined above. (In the case of Application, an unclassified Application as per Section (114).)
- (76) Any data, document, information or notification delivered to the Auctioneer by the applicant/participant in the context of the auction procedure shall be deemed to be a trade secret if qualified as such by the applicant/participant in line with relevant legislation.
- (77) The Initial Bid made before the bidding, the bid made and the unit price offered during the bidding as specified in Sections (194)–(198) and the declaration made according to Annex 4/C and Annex 4/B can not be classified as secret protected under the law or protected for other reason. The Auctioneer may publicly disclose this information to the extent required for conducting the auction procedure and meet statutory requirements.
- (78) Applicants acknowledge that the Auctioneer shall treat the entirety of the Application submitted by them, the annexes and amendments thereto, the portions submitted in the context of rectifying deficiencies and the written questions and declarations submitted to the Auctioneer in compliance with the Electronic Communications Act – in particular Sections 27 and 33 thereof – and with the other relevant legislation governing the handling of data. Accordingly, the Auctioneer, the Auctioneer's officers, employees, authorised parties, experts and organisations and persons acting on their behalf, as well as other persons or bodies authorised by legislation may access data, information and documents protected under the law without the consent of the Applicant, in keeping with the rules governing the protection of trade secrets.
- (79) The Auctioneer, the Auctioneer's officers, employees, authorised parties, experts and organisations and persons acting on their behalf, as well as applicants shall preserve

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secrets protected under the law and ensure that no unauthorised persons gain access to them.

- (80) Data, information and documents containing secrets protected under the law shall be strictly used by the Auctioneer, the Auctioneer's officers, employees, authorised parties, experts and organisations and persons acting on their behalf, as well as Applicants/participants for the purpose of performing their obligations related to the auction procedure defined in legislation or in the Documentation.
- (81) Applicants/participants shall inform their employees, colleagues, authorised parties, performance assistants and all other cooperating entities involved in the Application about the confidential nature and scope of the data, information and documents handled confidentially, and shall oblige them to observe their obligations regarding the protection of data. Applicants/participants shall be held liable for the conduct of their contractors and assistant.
- (82) At the Auctioneer's special request regarding the publicity of data of public interest, the applicant/participant shall clearly specify, supported by justification, which data among those protected under the law would entail disproportionate harm to the applicant/participant's business interests in the event of disclosure or publication.
- (83) The decision concluding the competitive procedure may be freely viewed with the exception of personal data, secrets protected by the law and protected data, and the Auctioneer is obliged to make the decision public.

3.5 Special data management rules for bidding

- (84) The Auctioneer prepares audio and video recordings at the bidding and the preceding Initial Bidding as per Annex 5.
- (85) The purpose of making video and audio recordings is to make sure that this auction procedure is objective, transparent, and non-discriminatory, as required in Section 55 (3) of the Electronic Communications Act and to fully safeguard the security, traceability, and controllability of the Initial Bidding and the bidding, and to record the procedural actions.
- (86) The Auctioneer preserves the video and audio recordings until the final closing of the auction procedure, or, if a public administration lawsuit is filed against the decision closing the auction procedure, for the duration of that lawsuit, and/or for the duration of a repeated procedure, pursuant to the applicable provisions of Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation), and of Act CXII of 2011 on the Right of Informational Self-Determination and on Freedom of Information.
- (87) The legislation pertaining to data processing and the Data Processing Information based thereon (https://nmhh.hu/cikk/199384/Adatkezelesi_tajekoztato) published by the

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Auctioneer shall also apply to the auction procedure. By submitting its Application, the applicant accepts the content of the Data Processing Information.

3.6 Copyrights

- (88) The Applicant hereby acknowledges that the Auctioneer shall acquire non-exclusive usage rights free of charge for the entire duration of the copyright period, for the complete Application submitted – including the information contained therein – whether in its entirety or in parts, as well as any other material, submission or question submitted to the Auctioneer in the context of the application or the auction procedure (hereinafter jointly, for the purposes of this section: **other submissions**). This right – subject to the rules on the protection of secrets protected under the law and pertaining to data of public interest – extends to the use of the Applications and other submissions submitted by the applicant related to this auction procedure, in particular their hard copy or electronic reproduction and their use in the work material prepared by the Auctioneer on the application and the auction procedure.

3.7 The applicant's or participant's responsibility in respect of the Auction

- (89) As part of its Application, the applicant shall submit an unambiguous declaration stating its intent to participate in the auction procedure, including the bidding and the preceding Initial Bidding, in accordance with Section (112), Item a).
- (90) The applicant shall be responsible for studying and interpreting the Documentation, including its annexes. The applicant/participant shall assume the risk of being denied registration in the auction register by the Auctioneer or its Application being pronounced invalid in case of its failure to fulfil the formal requirements defined in the relevant legislation or the Documentation or some other legal consequences recorded in the Documentation are identified.
- (91) The applicant shall be responsible for assessing the domestic electronic communications market and the legislative environment governing electronic telecommunication activities – including the relevant standards and other normative requirements – and any related risks, for keeping abreast of changes, and for complying with current regulations. The Auctioneer assumes no responsibility for any disadvantage affecting the applicant/participant in connection with its failure to adequately assess the domestic electronic communications market and the legislative environment governing electronic telecommunication activities during or following the Auction.
- (92) The applicant/participant shall bear all costs of preparing and submitting the Application. Reimbursement of the participation fee may only be possible in the cases defined in Section 7 (3) of the Ápszt.; in all other cases the Applicant/participant may not reclaim its costs related to the Auction from the Auctioneer, its authorised party, cooperating entity or any other state or public authority or authority on any grounds, irrespective of the Auction's outcome.

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- (93) Applicants/participants shall refrain from any conduct that may impact the outcome of the auction in any form or unfairly influence the decision of another applicant/participant, thus, in particular, from any form of collusion during and outside of the Initial Bidding and bidding, and from making any declarations, statements, or implications – especially in public (through the press, electronic media, online websites or forums) – that may impact
- a) the value of the obtainable entitlements of frequency use,
 - b) the conditions of participation in the Auction, and/or the contents of the Application, or
 - c) the business plans related to the obtained rights.
- (94) If the conduct described in Section (93) is perpetrated by a person or an organisation other than the applicant/participant, the Auctioneer shall assess the degree of responsibility borne by the affected applicant/participant for the statement or conduct, and may request the submission of relevant data.
- (95) In the event of any doubt regarding the regularity of the auction procedure, the Auctioneer may seek the opinion of the Hungarian Competition Authority (GVH, hereinafter: **Competition Authority**), primarily to assess the restricting effect of any misconduct on competition and to evaluate the damage caused. The above shall not restrict the Competition Authority's competence to conduct competition surveillance procedures pursuant to relevant legislation, irrespective of the contents of the Documentation. In order to ensure the fairness of competition and the bidding process, the representative of the Competition Authority may monitor the Initial Bidding and the bidding.
- (96) If it is established in a final administrative or binding court decision that the entitlement of frequency use at issue was obtained based on an unlawful agreement (for the purposes of this section, hereinafter: **cartel agreement**) as per Article 11 of the Competition Act, or it is established in a final administrative or binding court decision following the successful conclusion of the Auction that the applicant/participant had concluded a cartel agreement that also impacted its participation in this Auction, the Auctioneer shall revoke the entitlement of frequency use affected by the cartel agreement. The entitled party's entitlement of frequency use shall be automatically terminated with immediate effect on the day the resolution declaring revocation with immediate effect becoming final or enforceable.

3.8 Auction committee

- (97) In the auction procedure, the Auctioneer will not establish an auction committee as defined in Section 15 (1) of the Ápszt.

3.9 Supervision of compliance with the conditions of the Auction

- (98) The applicant/participant shall comply with the conditions of the formal validity requirements defined in the Documentation from the time of submission of its Application throughout the entire duration of the auction procedure.

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- (99) If the Applicant/participant fails to comply with any of the of participation and conflict of interest conditions for any reason during the auction procedure, it shall immediately notify the Auctioneer thereof. No modifications, changes or legal succession in the person of the applicant/participant affecting the formal validity of the Application shall be permitted during the auction procedure. The applicant/participant shall immediately inform the Auctioneer about any changes or circumstances that imply changes affecting its Application, and at the same time, shall submit any documents required by the Documentation that are affected by the change, in a format similar to that of the original. Notification about changes shall not be considered a modification under Section (137).

3.10 Legal consequences of infringing conduct by the applicant/participant

- (100) The applicant/participant shall comply with the procedural rules and regulations set out in the Documentation and in legislation, in particular in the Ápszr. (in this chapter, hereinafter referred to as: **procedural law obligations**).
- (101) In case of violation of the procedural obligations, the Auctioneer may impose a procedural penalty in accordance with Section 38 of the Electronic Communications Act, or apply the legal consequences of the formal invalidity of the Application in the cases specified in the Documentation, and the Auctioneer shall also enforce the procedural guarantee in cases specified in Sections (104)–(105).
- (102) If the breach of procedural law obligations entails, in addition to the legal consequences identified in this chapter, a fine or legal consequence or indemnification or other civil or criminal liability, the legal consequences applied pursuant to the Documentation or the provisions of the Ápszr. will not exempt the applicant/participant from other legal consequences arising out of their behaviour, and imposing a fine or exercising a procedural guarantee does not affect the right of the Auctioneer to apply other legal consequences.
- (103) Besides imposing the procedural fine set out under Section 38 of the Electronic Communications Act, the Auctioneer shall apply the legal consequences of formal invalidity (that is the Application is deemed formally invalid according to Chapter 3.13) if:
- a) it is established in a binding court judgement – or such judgement is not excluded by the lack of substantiation —, that the criminal conduct by the applicant/participant or its officer, employee, worker, agent or expert has misled the Auctioneer and such conduct has, in the opinion of the Auctioneer, affected the outcome of the auction procedure in earnest or has the potential to do so;
 - b) a final regulatory decision establishes that the Auctioneer has been misled by the unlawful conduct of the applicant/participant, and this conduct influences the results of the merits of the auction procedure or is suitable for that purpose, or
 - c) the applicant/participant violated the provisions in Section (66).

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3.10.1 Exercising procedural guarantee

- (104) The procedural guarantee may be proportionately exercised immediately by the Auctioneer upon the applicant's/participant failing to pay on time the procedural fine levied against it by the Auctioneer. The Auctioneer is entitled to the amount of the exercised procedural guarantee.
- (105) The Auctioneer may exercise the procedural guarantee of Section (104) in the following cases and to the following amounts:
- a) in case the applicant withdraws its Application or any part of it before being registered in the auction register as per Section (172), the Auctioneer immediately exercises the amount equal to 5% of the procedural guarantee the extent of which is specified in Section (121), in relation to the frequency bands in consideration;
 - b) in case the participant withdraws its Application or any part of it, including any of its declarations according to Annex 4/A and Annex 4/D, after being registered in the auction register as per Section (172), its Initial Bid is considered invalid based on Section (186), Item a) or b), or the participant's registration is unsuccessful again on the given bidding day based on the provisions of Annex 5, Item 1.10 and, as a consequence, the participant did or could not make an Initial Bid in the given turn, the Auctioneer shall immediately enforce the amount equal to 25% of the procedural guarantee specified in Section (121) in relation to the given frequency band;
 - c) if the participant withdraws its Initial Bid made in the given turn or any of its bids made in the given turn prior to the handing over of the closing list of the given turn despite the provisions of Sections (182) and (207), the Auctioneer shall immediately enforce the amount equal to 25% of the procedural guarantee specified in Section (121), relevant to the frequency band affected by the withdrawn Initial Bid or bid;
 - d) if the participant, after the handing over of the closing list of the given turn or in the case specified in Section (191), and despite the provisions of Section (182) and (207), withdraws any of its bids made in any bidding round of any bidding stage, its Initial Bid, its declaration on the intent to make block complementation as per Annex 4/C or its declaration as per Annex 4/B, the Auctioneer shall enforce 15% of the procedural guarantee specified in Section (121), in relation to the frequency band in consideration.
 - e) the Auctioneer shall immediately enforce the amount equal to 25% of the procedural guarantee specified in Section (121) for the frequency band subject to the bidding if the participant's Initial Bid or bid, including the Initial Bid, is considered invalid for the following reasons set out in the Documentation:
 - 1. the participant's registration is unsuccessful again on the given bidding day based on the provisions of Annex 5, Item 1.10, and the participant previously made a valid Initial Bid in the given turn; or
 - 2. after making the Initial Bid, the participant or the participant's representative present does not return to the bidding venue after the ordinary or extraordinary break, or the participant or the participant's representative present is obliged to leave the site of the bidding as per Section 1.16 of Annex 5, after which, the registration of the participant in the bidding and in the preceding Initial Bidding is unsuccessful based on Section 1.18 of Annex 5; or

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3. contrary to the procedural rules in Annex 5, the participant or all of its representatives present leave the venue of the bidding before the bidding is closed, after which, the registration of the participant in the bidding is unsuccessful based on Section 2.20 of Annex 5; or
 4. the Auctioneer expelled the participant or its representative present as per Sections 2.16 or 2.17 of Annex 5, after which, the registration of the participant in the bidding is unsuccessful based on Section 2.20 of Annex 5; and
- as a result of any of the cases under Items 1–4, the personal presence or representation of the participant at the bidding is not provided for or ceases.

(106) In case the given procedural action of the participant in the bidding entails the enforcement of more than one of the procedural guarantees mentioned above, the Auctioneer shall enforce the higher procedural guarantee.

3.11 Participation fee and conditions of payment

(107) Applicants to the auction procedure shall pay, via an irrevocable transfer, a participation fee of HUF 50,000,000 (fifty million Hungarian forints) + VAT, totaling HUF 63,500,000 (sixty-three million, five hundred thousand Hungarian forints) to the Auctioneer's account number 10032000-00300939-00000017 held at the Hungarian State Treasury. Specifying "MFCN2020 részvétel" (MFCN2020 participation) in the transfer's comment section.

(108) The Auctioneer will issue an invoice to the relevant entity's name and address after payment of the participation fee is received.

(109) The participation fee will be refunded by the Auctioneer in the case specified in Section 7 (3) of the Ápszr.

3.12 Content of Application

(110) The Application submitted in the manner, at the place and by the time specified in Sections (142)–(153) shall include the documents and declarations specified in Section (112) as well as the unclassified Application for participation specified in Sections (114)–(118) as necessary.

3.13 Invalidity of the Application

(111) Applications shall furthermore be formally invalid if

- a) the participation fee was not paid on time;
- b) the Application was not submitted at the deadline, place, in the form and manner defined in the Notice or the Documentation;

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- c) from the time of the submission of its Application and for the entire duration of the remaining period of the auction procedure, the applicant does not comply with the personal (participation) conditions specified in Section (61), Items a)–o) and q);
- d) the applicant does not meet the conflict of interests conditions defined in Sections (62) and (63) from the time of submission of its Application throughout the entire duration of the auction procedure;
- e) the Application does not contain the performance guarantee specified in Sections (126) and (127) or the procedural guarantee specified in Section (121);
- f) the document, statement or deed submitted as part of the Application does not meet formal requirements or feature the accessories defined in Section (119), Items b)–e) even after the rectification of the deficiencies as per Sections (174)–(176);
- g) despite the rectification of the deficiencies as per Sections (174)–(176), the Application does not include the documents, deeds and statements listed in Section (112), Items a)–i) and k), and if the Application contains data to be handled confidentially as per Section (75), the unclassified Application as per Chapter 3.15;
- h) the applicant failed to submit or adequately submit all documents, statements or deeds required by the GPAP Act, the Ápszr. or the Documentation to make the application complete, and failed to rectify any such deficiencies as per Sections (174)–(176); or
- i) in other cases as specified in Sections (103) and (141).

3.14 Deeds, documents and statements to be submitted as part of the Application

(112) In order to apply for the auction procedure, Applicants shall submit the following deeds, documents and statements in accordance with the formal requirements set out under Section (119) Items b) – e):

- a) An unambiguous declaration according to Annex 4/A in relation to the applicant's intent to participate in the Auction, including the bidding and the preceding Initial Bidding.
- b) The applicant's aggregate declaration included in Annex 4/D.
- c) Any of the following documents suitable for identification of the applicant:
 - 1. certificate of incorporation or certificate issued by a competent foreign authority dated not more than 30 (thirty) days before the application deadline, showing the fact and date of incorporation, the amount of capital registered, the names of the company's owners and the names of the persons authorised to sign on behalf of the company,
 - 2. in case of other organisations, a resolution, authority certificate or any other document officially certifying the registration and the articles of association consolidated with later amendments and effective at the launch of the auction procedure, any other deed of foundation, or a copy thereof certified by a notary no more than 30 (thirty) days prior to the Application deadline; or
 - 3. in case of sole entrepreneurs, a proof of registration (the certified copy of their sole entrepreneur's licence or official document).

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- d) The documents certifying the ownership composition of the applicant (such as the deed of foundation, articles of association, bylaws, share ledger, certificate of incorporation or company certificate) and the documents, deeds or data showing the third persons that belong to the same group of undertakings as the applicant, the natural persons and economic entities that hold a majority influence in the applicant economic entity, those economic entities in which the applicant holds a majority influence, and those economic entities where the applicant has a controlling and/or affiliated undertaking relationship.
- e) Compliance with Section (61), Item o) can be certified by way of a declaration made by the applicant according to Annex 4/D, stating that it qualifies as a transparent organisation according to Section 3 (1) 1) of the National Assets Act. Should any suspicion of doubt concerning the statements on compliance with Section (61), Item o) arise, the Auctioneer may request further documents, certificates or declarations, rectification of deficiencies or issuance of declarations from the applicant or participant to evidence compliance with Section (61), Item o).
- f) The contact details of the representative acting as contact person as per Section (11), as well as the declaration as per Section (11).
- g) Pertaining to the Applicant, the following, no more than 30 (thirty) days old from the application deadline, certificates, documents and declarations specified in Sections (61)–(63) supporting compliance with the conditions for participation:
 - 1. A certificate of compliance by the competent tax authority with the provisions set forth in Section (61), Item c) or reference to being listed in the database of taxpayers with no public debt. (In case of non-resident legal entities or other unincorporated entities, or a legally competent organisation in its own right – non-Hungarian applicant –, a certificate issued by the competent tax authority of the country of establishment on the satisfaction of the condition defined in Section (61), Item c). If the competent authority does not issue certificates on the fulfilment of the conditions defined in Section (61), Item c), then a declaration by the applicant on the fulfilment of the condition, certified by a notary. Such certificates and/or declarations shall be legalised as per Section (70) unless the Applicant provides evidence in accordance with Section (71) that legalisation is not necessary.)
 - 2. A declaration according to Annex 4/D that the applicant is not under any proceeding aimed at terminating the organisation. (In case of non-resident legal entities or other unincorporated entities, or a legally competent organisation in its own right, i.e. a non-Hungarian applicant, a certificate issued by the competent authorities of the country of residence that the applicant is not under any bankruptcy, liquidation, winding-up procedure or any other procedure aimed at terminating the organisation. If the competent authority does not issue the type of certificates defined in this section, then a declaration by the applicant, certified by a notary on the fulfilment of the condition, shall be submitted. Such certificates and/or declarations shall be legalised as per Section (70) unless the applicant provides evidence in accordance with Section (71) that legalisation is not necessary.)
- h) To certify the personal conditions of participation described in Section (61), Item b), applicants providing services outside the territory of Hungary or targeted outside the territory of Hungary shall submit a certificate issued by the competent electronic communications regulatory authority with jurisdiction over the service provided by the

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applicants, which confirms they have experience in operating public MFCN and have been providing public mobile phone services for at least 3 (three) years as well as a certification about the number of their users (active SIM cards) at the time specified in Section (61), Item b). (If the competent authority does not issue certificates on the fulfilment of the conditions defined in Section (61), Item b), the applicant shall submit a declaration on such fact and the fulfilment of the condition, certified by a notary. Such certificates and/or declarations shall be legalised as per Section (70) unless the Applicant provides evidence in accordance with Section (71) that legalisation is not necessary.)

- i) Proof of payment of the participation fee specified in Section (107).
- j) The procedural guarantee as per Sections (120)–(123) as well as the performance guarantee as per Sections (125)–(129), taking into account the provisions of Sections (131)–(134).
- k) All documents and statements outside the scope of items a)–j) above that are compulsory pursuant to the provisions of the Documentation, the GPAP Act or the Ápszr., or that confirm any of the circumstances requiring certification.

(113) The applicant is not obliged to submit a deed or document which is accessible from public or legal publicly registered records.

3.15 Unclassified Application

(114) If the Application contains data to be handled confidentially as per Section (75), the Applicant shall also submit simultaneously with its Application but in a separate, closed packaging, an unclassified application free of confidential information.

(115) As part of the unclassified application, copies of the papers and documents submitted with the Application may also be submitted.

(116) The applicant shall label the packaging of the unclassified Application as “titokmentes” (unclassified).

(117) The provisions of Sections (142)–(153) shall apply to the submission and acceptance by the Auctioneer of the unclassified application.

(118) In the event of any discrepancy between the unclassified and the classified copies of the Application, the version with confidential data shall prevail.

3.16 Formal accessories and formal validity requirements of the Application

(119) Formal accessories and formal validity requirements of the Application

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- a) The Application shall include the documents, deeds and statements listed in Section (112), and if the Application contains data to be handled confidentially as per Section (75), the unclassified Application as per Chapter 3.15 as well.
- b) The Application shall not contain any inserts, deletions or overwritten segments.
- c) The Application shall be drawn up in Hungarian. For the rules on translation and certification, refer to Sections (69)–(71) herein.
- d) The declarations enclosed in the application shall bear the authorised signature. If the applicant is an economic entity, whose written representation is not effected by corporate signature, the declarations attached to the Application shall be signed by the representative of the Applicant, or the Applicant if the said Applicant is a sole proprietor, a physical person. Other documents of the Application need not be signed, and if the Applicant does sign any other document, it does not result in violation of the requirements of formal validity.
- e) The application may not contain any conditions or restrictions contrary to the Documentation.

3.17 Procedural guarantee

- (120) To guarantee the performance of its obligations defined in this Documentation, according to the relevant provisions of the Ápszr. and the chapter hereof, the applicant, as part of their Application, shall submit as procedural guarantee a guarantee undertaken by a credit institution (guarantor's declaration), irrevocable or only revocable subject to the Auctioneer's authorisation, in relation to the frequency bands involved in its Application, with the Auctioneer as its beneficiary.
- (121) Depending on the frequency bands for which the applicant submits an Application, the amount of the procedural guarantee to be submitted as part of the Application shall be:
 - a) HUF 18,000,000,000 (that is, eighteen billion forints) for the 900 MHz frequency band;
 - b) HUF 18,000,000,000 (that is, eighteen billion forints) for the 1800 MHz frequency band;
 - c) for both frequency bands, it is the sum of the amounts indicated in items a) and b), that is, a total of HUF 36,000,000,000 (that is, thirty-six billion forints).
- (122) The applicant shall submit the procedural guarantee in relation to the frequency band involved in its Application – or separately for each frequency band in case of several frequency bands. Several, but no more than 4 (four) guarantees covering the entire amount specified in Section (121) may be submitted as a procedural guarantee for the given frequency band.
- (123) The procedural guarantee shall be valid from the submission of the Application until at least 30 June 2021.
- (124) With the exception of Section (135), the Auctioneer shall release the procedural guarantee within 8 days upon communicating the decision concluding the auction procedure if the Auctioneer did not impose a procedural penalty on the applicant/participant during the Auction procedure, or if it imposed a procedural penalty for a breach of the rules of

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procedure and it was paid. The Auctioneer releases the procedural guarantee upon participant's request if it did not register the participant in its decision that became final.

3.18 Performance guarantee

- (125) The applicant, according to the relevant provisions of the Ápszr. and the chapter hereof, as part of their Application, shall submit as performance guarantee a guarantee undertaken by a credit institution (guarantor's declaration), irrevocable or only revocable subject to the Auctioneer's authorisation, in relation to the frequency bands involved in its Application, with the Auctioneer as its beneficiary.
- (126) Depending on the frequency bands for which the applicant submits an Application, the amount of the performance guarantee to be submitted as part of the Application shall be:
- a) at least HUF 36,000,000,000 (that is, thirty-six billion forints) for the 900 MHz frequency band;
 - b) at least HUF 36,000,000,000 (that is, thirty-six billion forints) for the 1800 MHz frequency band;
 - c) for both frequency bands, it is at least the sum of the amounts indicated in items a) and b), that is, a total of HUF 72,000,000,000 (that is, seventy-two billion forints).
- (127) If for the given applicant, taking into account the provisions of Section (28), Item b), Subitem 1, the acquisition limit enables less lots to be acquired than the 6 specified in Section (28), Item b), Subitem b)1.i, then the amount of the performance guarantee to be submitted by the applicant for the 1800 MHz frequency band as part of its Application is at least the product of the maximum number of lots the given participant may acquire and the reserved price of one lot.
- (128) The applicant shall submit the performance guarantee specified in Section (126) or (127) in relation to the frequency band involved in its Application – or separately for each frequency band in case of several frequency bands. For the given frequency band, a single guarantee covering the entire amount specified in Section (126) or (127) or several, but no more than 4 (four) guarantees adding up to the total amount of the performance guarantee specified in Section (126) or (127) may be submitted as a performance guarantee for the given frequency band.
- (129) The performance guarantee shall be valid from at least the submission of the Application until at least 6 May 2022.
- (130) The full as well as the proportional amount (i.e. equal to the outstanding amount) of the guarantee may be immediately drawn if the Winning participant fails to perform or only partially performs its obligation to pay the full auction fee.

3.19 Common rules of the guarantor's declarations

- (131) As guarantee, a guarantor's declaration – issued by a credit institution meeting the requirements determined in the Documentation – may be accepted, which meets the following conditions:
- a) it is an original document containing a guarantee in which the guarantor undertakes an obligation to perform the guarantee upon the Auctioneer's written request, without inspecting the underlying legal relationship, in line with the rules governing bank turnover, within 3 (three) banking days at the latest, and in which
 - b) the Auctioneer is the sole entitled party of the guarantee, and
 - c) the guarantee is irrevocable or can be revoked only with the authorisation of the Auctioneer.
- (132) The guarantor's declaration shall also include the following:
- a) the name and bank account number of the guarantor;
 - b) the name, address, current account number and tax number (tax identification code) of the obligated party (applicant);
 - c) the amount of the guarantee, expressed in numbers and written as text;
 - d) the start and end date of the guarantee's validity period;
 - e) an obligation according to which the issuer of the guarantee (guarantor) shall pay the amount drawn down by the Auctioneer within 3 (three) banking days via wire transfer to the Auctioneer in the event of the full or partial exercising of the guarantee;
 - f) a declaration by the guarantor stating that the provisions of Article 6:436 of the Civil Code shall not apply; furthermore
 - g) the guarantor's declaration agreeing to notify the Auctioneer of any changes in the data included in the guarantor's declaration in writing within two (2) business days of learning of the occurrence of such change.
- (133) In the present auction procedure, guarantor's declarations of only those credit institutions authorised to offer financial services in Hungary are allowed as a guarantee, which are entitled to provide, as a minimum, the financial services identified in Section 3. (1) g) of the Credit Institutions Act (i.e. undertaking surety and guarantee and other banking obligations).
- (134) Guarantees cannot be accepted if extraordinary measures as per Article 189 of the Credit Institutions Act have been instituted against the guarantor within one year preceding the commencement of the auction procedure. If extraordinary measures are instituted against the guarantor during the term of the auction procedure, the applicant/participant, shall, if called upon by the Auctioneer, furnish sufficient new guarantee(s) as per the Documentation.
- (135) The participants shall extend the guarantees upon Auctioneer's request, with the conditions included in the resolution published by the Auctioneer, or provide a new guarantee if the extension is not possible or upon participant's decision in the following cases:

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- a) if the Auctioneer suspends the auction procedure based on Article 31(4) of the Electronic Communications Act, after the decision taken on resuming the procedure;
- b) if the authority resolution as per Section (308) or (317) is not taken until 31 May 2021 in the auction procedure;
- c) if a public administration lawsuit has been brought against the authority's decision concluding the auction procedure;
- d) if the court ordered the authority to carry out a new procedure.

(136) The guarantees submitted based on the demand of the Auctioneer as per Section (135) shall comply with the provisions of Sections (120)–(122) and (125)–(128) as well as (131)–(134).

3.20 Prohibition of the modification or withdrawal of the Application

(137) The Application cannot be changed or withdrawn.

(138) Submittal of any paper, data or document in response to the Auctioneer's call for rectification, request for declaration or data provision does not qualify as a modification of the Application.

(139) The behaviour of an applicant/participant violating the provisions of this chapter will not dissolve their affiliation with the Application of another applicant/participant.

(140) In case the Application or any part of it is withdrawn before the registration in the auction register as per Section (172) is carried out, the Auctioneer shall apply the legal consequences of an invalid Application against the applicant withdrawing the Application and enforces the procedural guarantee specified in Section (105), Item a).

(141) In case the participant withdraws their Application or any part of it after the registration in the auction register as per Section (172), the Auctioneer applies the following legal consequences:

- a) In case the participant did not make any Initial Bid in any of the turns so far, the Auctioneer enforces the procedural guarantee specified in Section (105), Item b).
- b) If a participant has already made an Initial Bid, then
 1. the Auctioneer ignores the declaration on the withdrawal of the Application in relation to the turn in which the Auctioneer has already prepared the closing list of the given turn, and enforces the procedural guarantee specified in Section (105), Item d);
 2. for turns where the Auctioneer has not yet prepared the closing list for the given turn, the Auctioneer invalidates all of the bids of the participant withdrawing the Application, including the Initial Bid, then the Auctioneer terminates the given turn of the bidding, invalidates and cancels all bids made up to that point in the given turn by all bidding participants and then reevaluates the Initial Bids for the given turn as

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per Chapter 4.7 and enforces the procedural guarantee specified in Section (105), Item b).

- c) In cases listed in this Section, the involved participant's representative attending the bidding shall leave the bidding venue, and the participant can not take further part in the bidding or its procedural actions.

4 Auctioning procedure

4.1 Submission of Applications

- (142) Applications may only be submitted in person by applicants or their representatives authorised to submit Applications.
- (143) Natural persons submitting an Application shall identify themselves with a personal identification document.
- (144) If the Applicant's legal representative acts personally and their right of representation cannot be established from a public or statutory public register, they must prove their right of representation – including necessary specimen signatures – by the original of the document from which the right of representation of the representative can be established.
- (145) In the case of a (company) representation by power of attorney, in addition to the provisions of Section (143), the representative shall submit, along with the application, a power of attorney for the submission of the application, and, if this is not verifiable from a publicly or legally registered public register, the notarised specimen of signature of the person or persons signing the power of attorney, or their specimen of signature countersigned by the lawyer or the chamber's legal adviser.
- (146) The application shall be submitted in a single hard copy, in a sealed package.
- (147) If the Application contains data to be handled confidentially as per Sections (74)–(83), the applicant must also submit an unclassified version of the Application pursuant to Section (114).
- (148) The Application must include all documents, statements, deeds and certificates specified under Section (110), as well as all substantive elements set out in the Documentation and in the Ápszr., in the required format and number of copies.
- (149) The fact and circumstances of submitting the Application are certified by a notary. An Application is the totality of the documents submitted in the course of the application authenticated by notary.
- (150) Applicants can submit the Application to Auctioneer's following address between 13:30 and 16:30 on 10 November 2020:

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Address: 1015 Budapest, Ostrom utca 23-25.

- (151) No more than 2 (two) representatives or agents of the same applicant may be present when the Application is submitted. Each applicant may only be present at the submission of its own application.
- (152) One applicant may only submit one Application, multiple applicants may not submit a joint Application. If an applicant submits more than one Application, the Auctioneer shall deem the Application submitted at the latest date within the Application period to be the sole Application submitted.
- (153) When receiving an Application, the Auctioneer will inscribe the exact time and date of receipt on the sealed package and, if not visible on the package, the name of the applicant and the ID# of the auction procedure ("MFCN2020"), will issue a receipt of the Application, and hand it over on site (or sends it to the Applicant if the Applicant or the representative submitting the Application leaves the site prior to the receipt being created) a copy of the notarised records of the submission and its circumstances.

4.2 Opening of Applications

- (154) The Auctioneer will inform the party submitting the Application about the date and time of the opening of the offer. If the person submitting the Application is not the person identified in Section (11), the Auctioneer will also notify the contact representative designated in Section (11) about the date and time of the opening.
- (155) Location of opening the Applications:

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- (156) No more than 3 (three) representatives of the same applicant may be present when the Application is opened. Applicants may only be present at the opening of their own Applications.
- (157) The natural person participating in the opening of the Application must identify themselves with a personal identification document.
- (158) Provisions of Sections (144)–(145) shall apply when opening the applications with the condition that in the case of authorised (company) representation, the authorisation shall apply to the opening.
- (159) Applications shall be opened by the Auctioneer in the presence of a notary.

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- (160) The Auctioneer sequentially numbers the pages of the Application with a numbering stamp. Existing page numbering on the documents, deeds or declarations shall not affect the obligation of the Auctioneer to sequentially number pages. The Auctioneer prepares an electronic copy of each page of the Application in three copies to a durable media, on which the notary records the name of the applicant, the subject of the auction procedure, the place and date when the copy was made and the serial number of the copy. The notary verifies the conformity of the electronic copy with the original on the spot and records it in a notarised deed. The Applicant, the Auctioneer and the notary each receive one electronic copy.
- (161) The notary ensures that the Application cannot be opened without causing any visible damage.
- (162) If the applicant also submitted an unclassified application, the Auctioneer sequentially numbers the pages of the unclassified Application, prepares an electronic copy of each page of the Application in three copies to a durable media, on which the notary records the name of the applicant, the subject of the auction procedure, the place and date when the copy was made and the serial number of the copies. The notary ensures that the unclassified Application cannot be opened without causing any visible damage. The Applicant, the Auctioneer and the notary each receive one electronic copy.
- (163) At the opening, formal validity conditions will not be examined by the Auctioneer.
- (164) The Auctioneer sends to the participant or hands over the first copy of the electronic version of the application and the first copy of the electronic version of the unclassified Application, if such is submitted, prepared during the opening procedure to the applicant or the applicant's representative in the presence of the notary on site.
- (165) The notary present at the location prepares a notarial document of the Applicant (and its representative), the submission of the various Applications, and the opening activities and the handover of the electronic copy. The Auctioneer hands over the copy of the notarised report, following closure of the report to the Applicant present in person or the Applicant's representative, or sends it to the Applicant's address.

4.3 Formal examination of the Application

- (166) The Auctioneer shall examine within 15 (fifteen) days of the expiry of the deadline whether the Application complies with the personal (participation) and formal requirements for validity set out in Section 9 of the Ápszr. and in the Documentation (hereinafter jointly: **formal validity conditions**).
- (167) During the examination of the formal validity of the Application, the Auctioneer examines if any of the invalidity reasons specified in Section (111) exists. The Auctioneer shall also examine whether the Application contains the documents, deeds and statements listed in Section (112), and if the manner, time and format of their submission complies with the conditions in Sections (142)–(152).

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- (168) With regards to the formal validity conditions of the Application, rectification of deficiencies is permitted only in cases specified in Section (111), Items f), g) and h) as per Sections (174)–(176). If persons or organisations within a single group of undertakings submit an Application, the Auctioneer calls upon the persons and organisations concerned to eliminate the conflict of interest. The persons or organisations concerned shall be obliged to eliminate the cause for the conflict of interest within the duration specified in the notice.
- (169) If the Application fails to meet formal validity criteria or still does not meet the conditions of formal validity following the rectification of deficiencies according to the Documentation, the Auctioneer shall deny registration of the applicant as an auction participant.
- (170) The final decision on denying the registration terminates the applicant's client status in the auction procedure.
- (171) If the Auctioneer perceives such grounds for formal invalidity only following registration in the auction register or the cause for formal invalidity comes into being only after such registration and the Application remains invalid after rectification permissible according to the Documentation in specific circumstances, the Auctioneer shall not establish formal invalidity in a separate order, declaring the Application's invalidity in a substantive resolution concluding the procedure.

4.4 Registration as participant

- (172) The Auctioneer registers applicants submitting formally valid Applications in the auction registry.
- (173) The Auctioneer shall notify registered applicants of their registration in the auction register and shall publish the list of applicants registered as participants on its website on the day they are registered. Among the data listed in the auction register, the name and data allowing their identification shall be public.

4.5 Rectification of deficiencies

- (174) If the Application fails to meet formal validity conditions and the Documentation allows for the rectification of deficiencies, the Auctioneer invites the applicant/participant to rectify the deficiencies within 5 (five) days.
- (175) The Auctioneer may set a rectification deadline longer than 5 (five) days — but no more than fifteen (15) days pursuant to Section 10 (5) of the Ápszr. — if the 5 (five) day duration is evidently insufficient for acquiring the data, certificate or declaration or due to reasons of scope.
- (176) If the applicant/participant rectifies the deficiency and supplements missing items within the deadline specified in the call, the Application shall be considered as having been originally correct and complete.

4.6 Rules for initial bids

- (177) During the auction of the 900 MHz and 1800 MHz frequency bands, only those participants can make an Initial Bid in turn 1 who, by filling out the form as per Annex 4/A as part of their Application, make a declaration that they wish to participate in the bidding of the given frequency band and are not subject to any of the reasons of disqualification from the Initial Bidding based on the Documentation. During the auction of the 900 MHz frequency band, only those participants can make an Initial Bid in turn 2 who, upon the Auctioneer's request, by filling out the form as per Annex 4/B during the bidding, make a declaration that they wish to participate in the bidding of the second turn of the 900 MHz frequency band and are not subject to any of the reasons of disqualification from the Initial Bidding based on the Documentation.
- (178) Initial Bids can be made by the participant's representative authorised to make bids on the day and at the site of bidding, exclusively during the Initial Bidding conducted before starting the bidding of the given turn, electronically, using the Bid Support System. Before making the Initial Bid, the Auctioneer informs all the participants about the maximum number of lots they may make an Initial Bid for.
- (179) The participant has a maximum of 5 minutes to make the Initial Bid.
- (180) The minimum value of the Initial Bid is 1 (one), and its maximum value can not exceed the maximum number of lots that can be acquired by the given participant based on the rule limiting the acquisition of the entitlement of frequency use regarding the given turn, specified in Section (28).
- (181) If the number of lots to be sold in the given turn is less than the maximum number of lots that can be acquired by the given participant based on the rule limiting the acquisition of the entitlement of frequency use regarding the given turn, specified in Section (28), then the maximum value of the Initial Bid for the given participant is equal to the lots to be sold in the given turn.
- (182) The Initial Bid cannot be changed or withdrawn.**
- (183) Legal consequences of withdrawing the Initial Bid – despite the prohibition included in Section (182) – are included in Section (105), Item c) and d), Section (209), Item a) as well as Sections (210)–(211).
- (184) If no bidding is conducted in the given turn based on Section (191), and the specific participant withdraws the Initial Bid after the handing over of the closing list specified in Section (182) despite the provisions of Section (192), the Auctioneer, in addition to applying the legal consequence specified in Section (105), Item d), shall ignore the content of the declaration or submission of withdrawal and the participant can not participate further in the bidding of the given frequency band.
- (185) The Auctioneer shall ignore the declaration or submission for the purpose of modifying the Initial Bid and carries on with the procedure based on the original Initial Bid.

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- (186) The Initial Bid made in the given turn is invalid if
- a) the bid is not made according to the provisions of Section (178) by the participant;
 - b) the Participant does not make an Initial Bid within the time specified in Section (179); or
 - c) in the cases specified in Section (209).
- (187) No rectification of deficiencies is permitted for an invalid Initial Bid. The Auctioneer shall state the invalidity of the Initial Bid in its regulatory decision concluding the auction procedure. Participants whose Initial Bid is considered invalid for any of the reasons listed in Section (186) can not take part in the rest of the bidding of the given frequency band. The Auctioneer will disregard the invalid Initial Bid in its assessment as per Section (189).
- (188) If there is a reason of invalidity in relation to the Initial Bid of any of the participants in turn 1 of the bidding related to the 900 MHz frequency band, the given participant can not make a declaration about block complementation and – if such a procedure is carried out – can not participate in turn 2 of bidding.

4.7 Evaluation of initial bids

- (189) After the Initial Bidding, the Auctioneer summarises the total number of lots for the acquisition of which the participant(s) made a valid Initial Bid, and checks whether this total exceeds the number of lot(s) created and acquirable in the given turn.
- (190) If, for a particular turn, the number of Initial Bid(s) proven valid as a result of the test under Section (189) shows that the total number of lots bid for by participants exceeds the number of lots acquirable in the given turn, then the Auctioneer conducts the bidding as per Sections (194)–(198) for that particular turn.
- (191) If, for a particular turn the number of Initial Bid(s) valid as a result of the test under Section (189) shows that the total number of lot(s) bid for by the participant(s) does not exceed the number of lot(s) created and acquirable in the given turn, then the Auctioneer does not conduct the bidding as per Sections (194)–(198) in relation to that particular turn.
- (192) In the case described in Section (191), the Auctioneer shall prepare a closing list that closes the given turn and in which it determines the amount of lots acquired by the particular participant(s) in the given turn, at the reserved price specified in Section (25). If the auction of the given frequency band consists of only one turn or the given turn is also the last turn, the Auctioneer shall prepare a closing list that closes the auction of the given frequency band. In its decision concluding the procedure, the Auctioneer determines the winning participant(s) regarding acquired lot(s) for the given frequency band based on this list.
- (193) If the case described in Section (191) occurs in the first turn of the 900 MHz frequency band, the Auctioneer, after closing the first turn as per Section (192), carries on with the auction of the 900 MHz frequency band according to Section (228)–(245).

4.8 Bidding procedure

(194) The Auctioneer will conduct the biddings separately for each frequency band, in the following order:

- a) 900 MHz frequency band, turn 1;
- b) 900 MHz frequency band, turn 2;
- c) 1800 MHz frequency band

4.8.1 Date and time of the bidding

(195) The Auctioneer informs the involved participants about the exact time of starting the bidding in an order, 8 days before the day of the bidding.

(196) If there is no participant who submitted a letter of intent as per Annex 4/A to participate exclusively in the auction of the 1800 MHz frequency band, the Auctioneer shall conduct the Initial Bidding and the bidding of the 1800 MHz frequency band – if all other conditions set out in the Documentation are fulfilled – directly after the closure of the bidding of the 900 MHz frequency band.

(197) If the Initial Bidding, the bidding or the trial auction can not be started at the time specified in the order as per Section (195) or in the order as per Section (199) because of a force majeure or permanent malfunction, the Auctioneer shall inform the relevant participants in an order, not later than the time of the bidding and trial auction specified in the above mentioned orders, and shall notify the relevant participants about the new start date and time in an order, at least two days before the new start date and time of the Initial Bidding, bidding or trial auction.

(198) If the bidding of the given frequency band is not completed on its starting day, the Auctioneer, in the absence of an oral communication to the contrary, will continue the bidding at 10 am of the next business day at the earliest, after the registration specified in Annex 5, Item 1.4. The Auctioneer shall also notify the contact representative specified in Section (11).

4.8.2 Test auction

(199) The Auctioneer conducts a trial auction prior to the bidding, at the site of the bidding. The Auctioneer informs the participants about the method, place and time of the trial auction in an order, after their registration. Participation in the trial auction is not mandatory.

(200) The Auctioneer will give detailed information to the participants in the course of the trial auction, will demonstrate the Initial Bidding and the bidding procedure, and will give them hands-on practice to learn the handling of the Bid Support System.

4.9 Bidding rules

4.9.1 General rules of bidding

- (201) Bidding takes place if for any frequency band, the total number of lots to be acquired by the participants based on their Initial Bids exceeds the number of lots created and available for the 1800 MHz frequency band and the given turn of the 900 MHz frequency band.
- (202) In the given turn of the bidding – taking into account the rules of Section (28), limiting the acquisition of entitlements of frequency use – participants can not acquire more lots than those according to their valid Initial Bid made in the given turn.
- (203) Considering the provisions of Section (202), the Initial Bid made by the given participant before the given turn can not be raised during the given turn of the bidding, and the participant can not raise its bid in subsequent bidding rounds of the bidding stages of the given turn. Based on the above, a bid made by a participant in a given bidding round within a given bidding stage can not exceed its bid made in the bidding round preceding the given bidding round. If bidding stage 1, 2 or 3 of a given turn consists of only one bidding round, then provisions of Section (255), Item b), Section (262), Item b) and Section (273), Item b) apply.
- (204) Participants who bid 0 (zero) in any bidding round (including also the case set down in Section (206)) may not bid in the next bidding round of that bidding stage.
- (205) Participants will have 5 minutes in each bidding round to make their bids (in the 4th bidding stage their offered unit price); the bidding round will end sooner if all bidders have already made their bids in the given bidding round. After the 5-minute time limit has expired, no bid may be made.
- (206) If the participant, except for the 4th bidding stage, makes no bid in a bidding round within the 5-minute time limit, the Auctioneer takes it to mean during the evaluation as per Section (221) following the closing of that bidding round that the participant did not wish to acquire any lots in that bidding round at the price set by the Auctioneer, and the Auctioneer records a zero bid.
- (207) Bids submitted during the bidding for a frequency band may not be changed or withdrawn.
- (208) Legal consequences of withdrawing the bid – despite the prohibition included in Section (207) – are included in Section (105), Item c) and d), Section (209), Item a) and Sections (210)–(211).
- (209) All bids of the participant concerned made in the given turn shall be considered invalid, including the Initial Bid, if:
- a) despite the provisions of Section (137), Section (182) or Section (207), the participant withdraws their Application or their Initial Bid related to the given turn or any bid made in any of the bidding rounds of any bidding stage related to the given turn before the handing over of the closing list of the given turn; or

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- b) the personal presence of the participant or either of its representatives is not guaranteed on the bidding day because of any of the following cases:
 - 1. in the case of repeated unsuccessful registration as per Section 1.10 of Annex 5, if the participant previously made a valid bid or Initial Bid;
 - 2. after making the Initial Bid, the participant or the participant's representative present does not return to the bidding venue after the ordinary or extraordinary break or is obliged to leave the site of the bidding as per Section 1.15 of Annex 5, after which, the registration of the participant in the bidding is unsuccessful based on Section 1.17 of Annex 5;
 - 3. contrary to the procedural rules in Annex 5, the participant or all of its representatives present leave the venue of the bidding before the bidding turn is closed, after which, the registration of the participant in the bidding is unsuccessful based on Section 2.20 of Annex 5;
 - 4. the Auctioneer expels the participant or all of its representatives present from the bidding as per Sections 2.16 or 2.17 of Annex 5, after which the registration of the participant at the bidding venue shall be deemed unsuccessful, as per Section 2.20 of Annex 5.
- (210) In the case specified in Section (209), the Auctioneer terminates the given turn of the bidding, and invalidates and cancels all bids made up to that point in the given turn by all bidding participants and then reevaluates the Initial Bids for the given turn as per Chapter 4.7 ignoring the specific participant's invalid Initial Bid related to the given turn.
- a) In the case described in Section (191), the Auctioneer closes the bidding related to the given turn and records in the closing list the winning participant(s) submitting valid Initial Bids in the given turn, for the number of lots indicated in the Initial Bids made by the participant(s) in the given turn, at the reserved price specified in Section (25). In its decision concluding the procedure, the Auctioneer ascertains the winning participant(s) regarding acquired lot(s) in the given turn on the basis of this closing list.
 - b) In the case described in Section (190), the Auctioneer conducts the bidding for the given turn, starting with bidding round 1 of bidding stage 1.
- (211) If the participant, after the handing over of the closing list of the given turn and despite the provisions of Section (182) or Section (207), withdraws any of its bids made in any bidding round of any bidding stage or its Initial Bid for a given turn or its declaration on the intent to make block complementation as per Annex 4/C, the Auctioneer shall ignore the content of this declaration or submission, and enforces the procedural guarantee the extent of which is specified in Section (105), Item d), and if there is reason to carry on with the bidding, the participant can not participate in the bidding related to the given frequency band.
- (212) After closing the auction of the given frequency band, the Auctioneer informs at the bidding site all participants who made valid bids for a particular frequency band about the number of lots they obtained, and enters this result in the closing list. In its decision concluding the procedure, the Auctioneer determines the winning participant(s) regarding acquired lot(s) for the given frequency band based on this closing list.
- (213) The procedure of the Initial Bidding and bidding is included in Annex 5 of the Documentation.

4.9.2 Bidding turns, bidding stages and bidding rounds of bidding stages

- (214) Only those participants can participate in the bidding of a given frequency band who are not subject to any of the reasons of disqualification from the bidding based on the Documentation and who, by submitting the completed Annex 4/A, stated in their Application that they would like to participate in the Initial Bidding and the bidding, and made a valid Initial Bid, and only those participants can participate in turn 2 of the 900 MHz frequency band who made a valid Initial Bid in turn 1 and, by submitting the completed Annex 4/B, stated that they would like to participate in the Initial Bidding and bidding of turn 2.
- (215) Bidding for the 900 MHz frequency band may consist of 2 turns. Bidding for the 1800 MHz frequency band consists of 1 turn. Turns consist of bidding stages.
- (216) A bidding stage begins when it is opened and ends when it is closed. One turn may consist of four bidding stages.
- (217) A bidding stage is composed of bidding rounds (with Stage 4 only having a single bidding round.) Only one bid can be made in a single bidding round using the Bid Support System, the general description of which is included in Annex 7.
- (218) A bidding round begins when it is opened and ends when it is closed. The number of bidding rounds in a bidding stage is not limited, except for bidding stages 3 and 4. The Auctioneer keeps raising the lot price from bidding round to bidding round within a bidding stage, except for bidding stage 4, using the price increments specified in Sections (251), (258) and (265).
- (219) When opening each bidding stage, the Auctioneer informs the bidding participants about the number of lots created in that particular turn and available for bidding, and, with the exception of bidding stage 4 about:
- a) the unit price specified by the Auctioneer for a lot in bidding round 1 of the given bidding stage as well as the price increments used by the Auctioneer within that bidding stage, according to the provisions of Sections (251), (258) and (265), and each bidding participant separately about:
 - b) the number of lots the given participant may bid for in bidding round 1 of the given bidding stage of the given turn.
- (220) At the end of each bidding stage, the Auctioneer informs participants about the following:
- a) the lots to be included in the closing list,
 - b) if a new bidding stage will be held, which participants will or will not take part in the new bidding stage.
- (221) At the end of each bidding round the Auctioneer summarises the bids of the participants and ascertains the number of valid bids for each participant. Based on the evaluation of the bidding round, the Auctioneer informs participants about the number of lots they bid validly

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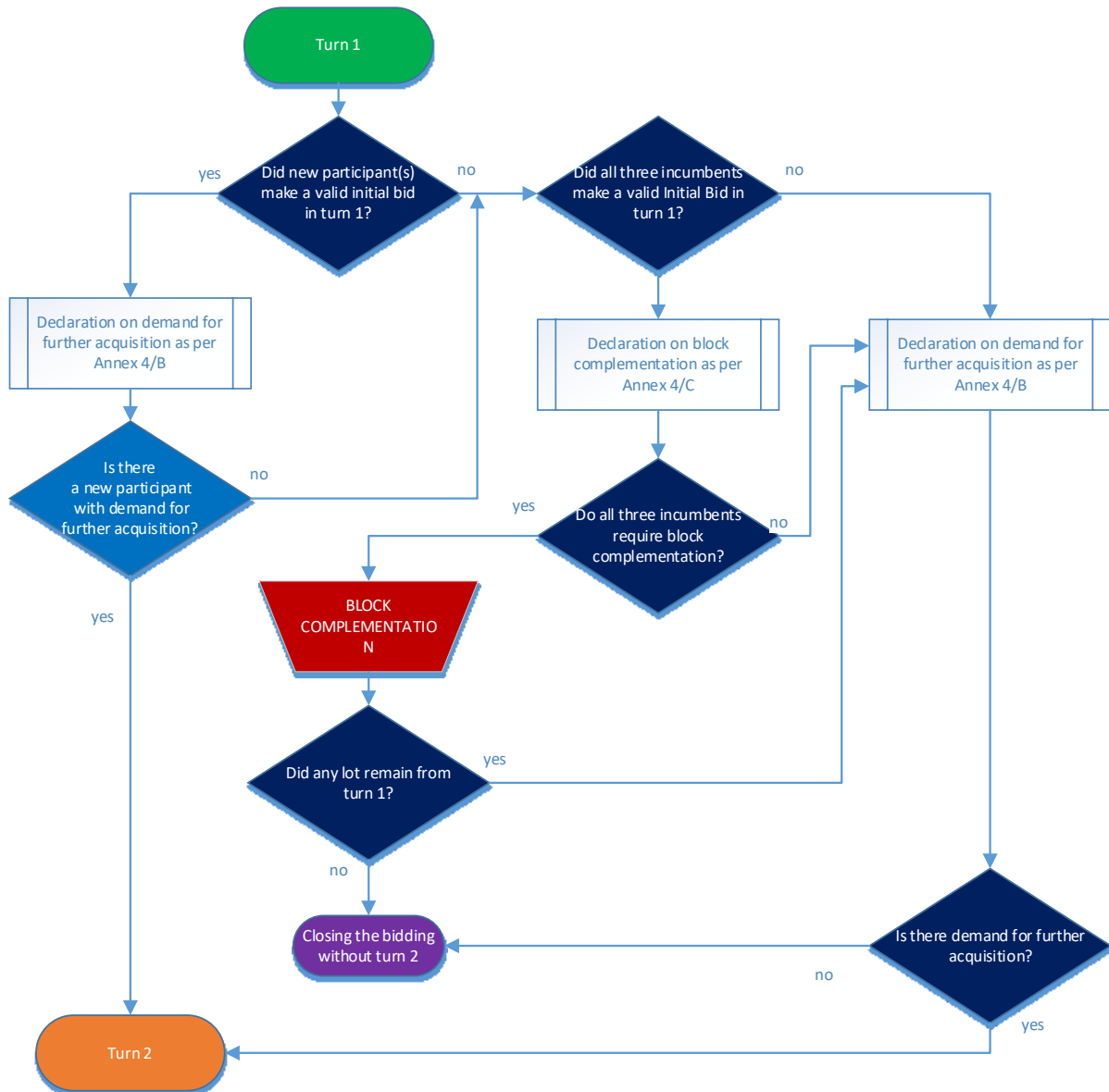
for, whether the bids made and summarised by the Auctioneer for that bidding round exceed the number of lots created in that particular turn and made available for bidding in that bidding stage, and in that context, whether a new bidding round will be necessary, and which participant(s) may take part in the next bidding round.

- (222) If, based on the number of valid bids of bidding participants, it is found that the total number of lots bid for by bidding participants does exceed the number of lots created in the given turn and made available for bidding, the Auctioneer will open the next bidding round within that particular bidding stage, with the exception of the case described in Section (266).
- (223) Unless otherwise provided for in the Documentation, a bidding stage will be closed if the Auctioneer establishes, on the basis of the bidding participants' valid bids, during the evaluation as per Section (221) following the closure of a bidding round that the total number of lots bid for by bidding participants is equal to or less than the number of lots created in the given turn and made available for bidding in that particular bidding stage.
- a) In bidding stages 1 to 3, the closure of the stage implies the closure of the turn too if it is established in the particular bidding stage, on the basis of the evaluation as per Section (221), that the total number of lots bid for by bidding participants is equal to the number of lots created in the given turn and made available for bidding in that particular bidding stage. If there is a 4th bidding stage at the bidding, the Auctioneer closes the given turn of the bidding after bidding stage 4 is conducted – including the lottery described in Sections (285)–(290). After closing the turn, the Auctioneer records the number of lots the participants acquired in the given turn and their price in the closing list. In its decision concluding the procedure, the Auctioneer determines the winning participant(s) regarding acquired lot(s) for the given frequency band based on this closing list.
- b) Unless otherwise provided for by the special rules of Sections (246)–(290), a new bidding stage will be opened after closing a bidding stage if the Auctioneer establishes, on the basis of the bidding participants' valid bids, during the evaluation as per Section (221) following the closure of a bidding round that the total number of lots bid for by bidding participants decreased below the number of lots created in the given turn and made available for bidding in that particular bidding stage. In this case, the Auctioneer shall include in the closing list the number of lots for which each bidder has made valid bids in the last bidding round of the closed bidding stage of the given turn, and the number of lots acquired by bidding participants making bids higher than zero, and their prices.

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4.9.3 Particular conditions of the bidding of the 900 MHz frequency band, block complementation

(224) The following diagram shows the schematic process of the 900 MHz frequency band's bidding:



(225) For the 900 MHz frequency band, the lots specified in Section (24) shall be auctioned starting with the reserved price determined in Section (25), in no more than two turns, by applying block complementation if necessary, according to the following.

(226) Entitlements of frequency use of a total of 4 (four) lots may be acquired in turn 1.

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- (227) After making the Initial Bids as per Chapter 4.6 and the evaluation of the Initial Bids as per Chapter 4.7 – except for the case described on Section (191) – turn 1 shall be conducted according to the rules described in Chapter 4.9, Sections (201)–(223) and (247)–(290).
- (228) After closing turn 1, the Auctioneer examines whether there was any new participant in turn 1 and whether new participant(s) made a valid Initial Bid. If there was, then after turn 1 is closed, the auction of the 900 MHz frequency band continues at the bidding venue as per Sections (229)–(230), and if there was not, it continues as per Section (231).
- (229) If there is at least one new participant who made a valid Initial Bid in turn 1, the Auctioneer asks the new participant (or new participants if there are more than one) to make a statement about whether they want to participate in turn 2. The intent to participate in turn 2 can only be indicated by filling out the declaration as per Annex 4/B on site and handing it over to the Auctioneer. The call for making a declaration and the rules of making the declaration are governed by the provisions of Sections 6.1–6.4 of Annex 5.
- (230) If during making the declaration as per Section (229),
- a) there is at least one new participant who declares in their statement as per Annex 4/B that they wish to participate in turn 2, the Auctioneer shall call all incumbent participants to make their declarations as per Annex 4/B, then the auction of the 900 MHz frequency band continues with the Initial Bidding as per Chapter 4.6, preceding the bidding of turn 2;
 - b) each new participant declares in their declaration as per Annex 4/B that they do not want to participate in turn 2, the Auctioneer continues the auction of the 900 MHz frequency band with examining the existence of the condition set out in Section (232), Item a), then, depending on the result, carries on with the declarations according to Section (233) or Section (234).
- (231) If in turn 1, only incumbents made valid Initial Bids, the Auctioneer examines whether the condition of the call for making a declaration regarding the block complementation according to Section (232), Item a) exists.
- (232) A call for making a declaration regarding the block complementation may be carried out in the following cases:
- a) if all three incumbents made a valid Initial Bid in turn 1, and
 - b) new participants did not make any valid Initial Bids in turn 1, or
 - c) each new participant who made a valid Initial Bid in turn 1 state in their declarations according to Annex 4/B that they do not wish to participate in turn 2.
- (233) If the Auctioneer determines that the conditions of the call for making a declaration regarding the block complementation described in Section (232) do not exist, the auction of the 900 MHz frequency band continues with calling upon the incumbents to make their declarations according to Annex 4/B. The call for making a declaration and the declaration are governed by the provisions of Sections 6.1–6.4 of Annex 5.
- (234) If the Auctioneer determines that the conditions of the call for making a declaration regarding the block complementation described in Section (232) do exist, the auction of the

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900 MHz frequency band continues with calling upon the incumbents to make their declarations about block complementation according to Annex 4/C.

- (235) As part of the request to make a declaration as per Section (234), the Auctioneer requires a statement from the incumbents whether they want to complement their frequency ranges in the 900 MHz frequency band, which are not subject of this procedure and expire in 2029, for the price calculated according to the provisions of Sections (237)–(238), in a way that the size of the user block to be created together with the complement, expressed in MHz, can be divided with 5 with no remainder.
- (236) The demand for block complementation as per Section (235) can only be indicated by filling out the declaration as per Annex 4/C on site and handing it over to the Auctioneer in response to the Auctioneer's call for making such declaration. The call for making a declaration and the declaration are governed by the provisions of Sections 6.1–6.3 and 6.5 of Annex 5.
- (237) The price to be paid for the block complementation by the given participant is the product of the 90% of the price per 1 MHz of the lot(s) acquired by the given participant in turn 1 of the 900 MHz frequency band and the MHz amount of frequencies used for block complementation by the given participant. (For example, if the given participant needs duplex 4 MHz for the block complementation, the given participant's price regarding the block complementation of the duplex 4 MHz is calculated as follows: (total price of the lot(s) acquired by the given participant in turn 1 in HUF / total amount of the lot(s) acquired by the given participant in turn 1 in MHz)*0.9*8 MHz.)
- (238) If an incumbent who did not acquire any lots in turn 1 would like to make use of the option of block complementation, its average price shall be the average price weighted by the number of lots acquired by all the other participants in turn 1. The unit price to be paid in case of block complementation shall be determined by applying the provisions of Section (237) as required.
- (239) If during the declaration described in Section (234), all incumbents unanimously declare that they wish to complement their frequency ranges in the 900 MHz frequency band, expiring in 2029, according to the conditions set out in Sections (237)–(238), the Auctioneer prepares a closing list about the fact and the result of the block complementation.
- (240) If any of the incumbents does not submit the declaration as per Annex 4/C or fails to submit it as specified in Section 6 of Annex 5, or if at least one incumbent does not require block complementation or other conditions of the block complementation, as per Section (232), are not fulfilled, there shall be no block complementation and the auction of the 900 MHz frequency band continues with calling upon the participants to make the declaration as per Annex 4/B.
- (241) In the case described in Section (239), the Auctioneer
- a) continues the auction of the 900 MHz frequency band by calling upon the participants to make their declarations as per Annex 4/B if the number of lots included in the closing list after closing turn 1 is less than the total number of lots that may be acquired in turn 1.

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- b) closes the auction if the number of lots included in the closing list after closing turn 1 is equal to the total number of lots that may be acquired in turn 1.

(242) There may be a turn 2 during the auction of the 900 MHz frequency band if

- a) the number of lots included in the closing list after closing turn 1 is less than the total number of lots that may be acquired in turn 1, and
- b) no block complementation is carried out based on Section (240)

and at least one of the participants declares that they would like to participate in turn 2 in its declaration as per Annex 4/B.

(243) Only participants who made a valid Initial Bid in turn 1 may participate in the bidding of turn 2 after making a statement, by submitting the declaration provided in Annex 4/B at the bidding before the opening of the bidding of turn 2, that they wish to participate in the Initial Bidding and bidding of turn 2, and who are not subject to any of the reasons of disqualification from participating in the bidding based on the Documentation.

(244) The number of lots that may be acquired in turn 2 depends on the number of lots included in the closing list after closing turn 1 and whether a block complementation specified in Section (235) occurs.

- a) In case the number of lots included in the closing list after closing turn 1 equals the total number of lots that may be acquired in turn 1 and there is no block complementation as per Section (240), then 2 (two) lots may be acquired in turn 2.
- b) If the number of lots included in the closing list after closing turn 1 is less than the total number of lots that may be acquired in turn 1, the number of lots available in turn 2 will be as follows:
 - 1. in case there was a block complementation as per Section (239) after turn 1, the number of lots available in turn 2 is the difference between the total number of lots available in turn 1 and the number of lots in the closing list after closing turn 1.
 - 2. in case there was no block complementation as per Section (240) after turn 1, the difference between the total number of lots available in turn 1 and the number of lots in the closing list after closing turn 1 shall be added to the 2 (two) lots originally available in turn 2 as per Section (24).

(245) After making the Initial Bids as per Chapter 4.6, turn 2 shall be conducted according to the bidding rules described in Chapter 4.9.

4.9.4 Special rules of bidding

(246) Special rules provided in this chapter supplement the general rules set down in Sections (201)–(223).

4.9.4.1 Bidding stage 1

(247) Only participants who made a valid Initial Bid related to the given turn of the bidding within the specified deadline can participate in bidding stage 1 of the given turn.

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(248) If the given turn is turn 2 of the bidding, the Auctioneer determines the number of lots sold in turn 2 according to Section (244).

(249) In bidding round 1 of bidding stage 1 of each turn of the bidding of the given frequency band, the lot price equals the sum of the reserved price regarding the given frequency band and the price increment for the given frequency band, specified in Section (251). Thereafter the Auctioneer raises the lot price in each subsequent bidding round by the price increment for that particular frequency band as per Section (251).

(250) In each bidding turn of the given frequency band, the Auctioneer keeps raising the reserved price related to the given frequency band by the set increments specified in Section (251) for the given frequency band between successive bidding rounds of bidding stage 1 until the Auctioneer establishes during the evaluation as per Section (221) following the closure of that bidding round that the total number of lots bid for by bidding participants exceeds the number of lots created in the given turn and made available for bidding. The number of bidding rounds is not limited in bidding stage 1.

(251) The Auctioneer sets the following price increments in bidding stage 1 of each turn of the given frequency band:

- a) 900 MHz frequency band: HUF 1,200,000,000 (that is, one billion, two hundred million forints);
- b) 1800 MHz frequency band: HUF 600,000,000 (that is, six hundred million forints);

4.9.4.2 Bidding stage 2

(252) In bidding stage 2 of the given turn of the bidding, only those participants can participate who:

- a) if more than one bidding rounds were held in bidding stage 1 of the given turn, then those who made a valid bid in the last-but-one bidding round of bidding stage 1 of the given turn, and made a lower bid in the last bidding round of bidding stage 1 of the given turn than in the last-but-one bidding round (including the case when they made zero bid in the last bidding round of bidding stage 1 of the given turn, including the case specified in Section (206));
- b) if only 1 (one) bidding round was held in bidding stage 1 of the given turn, then those who made a lower bid in bidding round 1 of bidding stage 1 of the given turn than their Initial Bid (including the case when they made zero bid, also including the case specified in Section (206)).

(253) The following participants are not allowed to take part in bidding stage 2 of the given turn of the bidding:

- a) if more than one bidding rounds were held in bidding stage 1 of the given turn, then those who made a zero bid in the last-but-one bidding round or any of the preceding bidding rounds of bidding stage 1 of the given turn (including the case according to Section (206)), or those who made the same bid in the last-but-one and last bidding rounds of bidding stage 1 of the given turn and thus acquired the number of lots corresponding to their bid in bidding stage 1 of the given turn; or

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- b) if only 1 (one) bidding round was held in bidding stage 1 of the given turn, then those who made the same bid in bidding round 1 of bidding stage 1 of the given turn as their Initial Bid made in the given turn.
- (254) The Auctioneer establishes the number of lots available in bidding stage 2 of the given turn by subtracting the number of lots in the closing list and obtained in bidding stage 1 of the given turn by participants bidding in bidding stage 1 of the given turn from the number of lots created in the given turn and available in bidding stage 1.
- (255) In bidding stage 2 of the given turn, the Auctioneer establishes the maximum number of lots available for the particular participant and/or the largest bid allowed for the particular participant by the following method:
- a) if more than one bidding rounds were held in bidding stage 1 of the given turn, then it subtracts the bid made in the last bidding round (which may be zero) by the specific participant from the bid made in the last-but-one bidding round of bidding stage 1 of the given turn. However, if the number so obtained exceeds the number of lots available in bidding stage 2 of the given turn, then the Auctioneer sets the largest bid allowed for that particular participant to equal the number of available lots in bidding stage 2 of the given turn;
 - b) if only 1 (one) bidding round was held in bidding stage 1 of the given turn, then it subtracts the bid made by the specific participant in bidding round 1 of bidding stage 1 of the given turn (which may be zero) from the Initial Bid made in the given turn. However, if the number so obtained exceeds the number of lots available in total in bidding stage 2 of the given turn, then the Auctioneer sets the largest bid allowed for that particular participant to equal the number of available lots in bidding stage 2 of the given turn.
- (256) In bidding round 1 of bidding stage 2 of the given turn, the lot price equals the sum of the price determined by the Auctioneer in the last-but-one bidding round of bidding stage 1 of the given turn – or the reserved price of the given frequency band if no such price exists – and the price increment specified in Section (258) for the given frequency band. Thereafter the Auctioneer raises the lot price in each subsequent bidding round by the price increment for that particular frequency band as per Section (258).
- (257) In the given turn of the bidding, the Auctioneer keeps raising the price established in bidding round 1 of bidding stage 2 of the given turn by the increments set in Section (258) with respect to the given frequency band between successive bidding rounds of bidding stage 2 of the given turn until the Auctioneer establishes during the evaluation as per Section (221) following the closure of that particular bidding round that the total number of lots bid for by bidding participants exceeds the number of lots created in the given turn and made available for bidding in bidding stage 2 of the given turn. The number of bidding rounds is not limited in bidding stage 2.
- (258) The Auctioneer sets the following price increments in bidding stage 2 of each turn of the given frequency band:
- a) 900 MHz frequency band: HUF 480,000,000 (that is, four hundred eighty million forints);
 - b) 1800 MHz frequency band: HUF 240,000,000 (that is, two hundred forty million forints);

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4.9.4.3 Bidding stage 3

- (259) In bidding stage 3 of the given turn of the bidding, only those participants can participate who:
- a) if more than one bidding rounds were held in bidding stage 2 of the given turn, then those who made a valid bid in the last-but-one bidding round of bidding stage 2 of the given turn, and made a lower bid in the last bidding round of bidding stage 2 of the given turn than in the last-but-one bidding round (including the case when they made zero bid in the last bidding round of bidding stage 2 of the given turn, including the case specified in Section (206));
 - b) if only 1 (one) bidding round was held in bidding stage 2 of the given turn, then those who made a lower bid in bidding round 1 of bidding stage 2 of the given turn than the number of lots acquirable by them in bidding stage 2 of the given turn (including the case when they made zero bid, also including the case specified in Section (206)).
- (260) The following participants are not allowed to take part in bidding stage 3 of the given turn of the bidding:
- a) if more than one bidding rounds were held in bidding stage 2 of the given turn, then those who made a zero bid in the last-but-one bidding round or any of the preceding bidding rounds of bidding stage 2 of the given turn (including the case according to Section (206)), or those who made the same bid in the last-but-one and last bidding rounds of bidding stage 2 of the given turn and thus acquired the number of lots corresponding to their bid above in bidding stage 2 of the given turn, or
 - b) if only 1 (one) bidding round was held in bidding stage 2 of the given turn, then those who made a bid in bidding round 1 of bidding stage 2 of the given turn equal to the number of lots acquirable by them in bidding stage 2 of the given turn.
- (261) The Auctioneer establishes the number of lots available in bidding stage 3 of the given turn by subtracting the number of lots in the closing list and obtained in bidding stage 2 of the given turn by participants bidding in bidding stage 2 of the given turn from the number of lots available in bidding stage 2 of the given turn.
- (262) In bidding stage 3 of the given turn, the Auctioneer establishes the maximum number of lots available for the particular participant and/or the largest bid allowed for the participant by the following method:
- a) if more than one bidding rounds were held in bidding stage 2 of the given turn, then it subtracts the bid made in the last bidding round (which may be zero) by the specific participant from the bid made in the last-but-one bidding round of bidding stage 2 of the given turn. However, if the number so obtained exceeds the number of lots available in bidding stage 3 of the given turn, then the Auctioneer sets the largest bid allowed for that particular participant to equal the number of available lots in bidding stage 3;
 - b) if only 1 (one) bidding round was held in bidding stage 2 of the given turn, then it subtracts the bid made in bidding round 1 of bidding stage 2 of the given turn (which may be zero) from the number of lots available for the given participant in bidding stage 2 of the given turn. However, if the number so obtained exceeds the number of lots available in bidding stage 3 of the given turn, then the Auctioneer sets the largest bid

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allowed for that particular participant to equal the number of available lots in bidding stage 3 of the given turn.

- (263) In bidding round 1 of bidding stage 3 of the given turn, the lot price equals the sum of the price determined by the Auctioneer in the last-but-one bidding round of bidding stage 2 of the given turn, or the price determined by the Auctioneer in the last-but-one bidding round of bidding stage 1 of the given turn if no such price exists, or the reserved price related to the given frequency band if no such price exists, and the price increment specified in Section (265) for the given frequency band. Thereafter the Auctioneer raises the lot price in each subsequent bidding round by the price increment for that particular frequency band as per Section (265).
- (264) In the given turn of the bidding, the Auctioneer keeps raising the price established in bidding round 1 of bidding stage 3 of the given turn by the increments set in Section (265) with respect to the given frequency band between successive bidding rounds of bidding stage 3 of the given turn until – but no further than the closure of bidding round 10 – the Auctioneer establishes during the evaluation as per Section (221) following the closure of that particular bidding round that the total number of lots bid for by bidding participants exceeds the number of lots created in the given turn and made available for bidding in bidding stage 3 of the given turn.
- (265) The Auctioneer sets the following price increments in bidding stage 3 of each turn of the given frequency band:
- a) 900 MHz frequency band: HUF 120,000,000 (that is, one hundred twenty million forints);
 - b) 1800 MHz frequency band: HUF 60,000,000 (that is, sixty million forints);
- (266) The number of bidding rounds held by the Auctioneer is limited to 10 (ten) in bidding stage 3 of the given turn. If bidding round 10 of bidding stage 3 of the given turn ends so that the total number of lots bid for by the participants exceeds the number of lots available in bidding stage 3 of the given turn, then the Auctioneer closes bidding stage 3 of the given turn without drawing up a closing list.

4.9.4.4 Bidding stage 4

- (267) In bidding stage 4 of the given turn of the bidding, only those participants can participate who:
- a) if more than one bidding round was held in bidding stage 3 of the given turn, and bidding stage 3 of the given turn ends in any of the first 10 (ten) bidding rounds because the total number of lots bid for by the participants is lower than the number of lots available in bidding stage 3 of the given turn, then those can participate who made a valid bid in the last-but-one bidding round of bidding stage 3 of the given turn, and made a lower bid in the last bidding round of bidding stage 3 of the given turn than in the last-but-one bidding round (including the case when they made zero bid in the last bidding round of bidding stage 3 of the given turn, including the case specified in Section (206));

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- b) if only 1 (one) bidding round was held in bidding stage 3 of the given turn, then those can participate who made a lower bid in bidding round 1 of bidding stage 3 of the given turn than the number of lots acquirable by them in bidding stage 3 of the given turn (including the case when they made zero bid, also including the case specified in Section (206));
- c) if bidding round 10 of bidding stage 3 of the given turn ends so that the total number of lots bid for by participants exceeds the number of lots available in bidding stage 3 of the given turn, then those can participate who made valid bids larger than zero in bidding round 10 of bidding stage 3 of the given turn.

(268) The following participants are not allowed to take part in bidding stage 4 of the given turn of the bidding:

- a) if more than one bidding round was held in bidding stage 3 of the given turn, and bidding stage 3 of the given turn ends in any of the first 10 (ten) bidding rounds because the total number of lots bid for by the participants is lower than the number of lots available in bidding stage 3 of the given turn, then those who made a 0 (zero) bid in the last-but-one bidding round or any of the preceding bidding rounds of bidding stage 3 of the given turn (including the case described in Section (206)); or those who made the same bid in the last-but-one and last bidding rounds of bidding stage 3 of the given turn and thus acquired the number of lots corresponding to their bid above in bidding stage 3 of the given turn;
- b) if only 1 (one) bidding round was held in bidding stage 3 of the given turn, then those who made a bid in bidding round 1 of bidding stage 3 of the given turn equal to the number of lots acquirable by them in bidding stage 3 of the given turn,
- c) if bidding round 10 of bidding stage 3 of the given turn ends so that the total number of lots bid for by participants exceeds the number of lots available in bidding stage 3 of the given turn, then those who made a 0 (zero) bid in bidding round 10 of bidding stage 3 of the given turn (including the case described in Section (206)).

(269) The Auctioneer conducts a single bidding round in bidding stage 4. In this bidding round, participants shall specify the single unit price they would offer to acquire a lot (hereinafter: **offered unit price**). The maximum number of lots to which the unit price offered by a given participant is related (that is, the maximum number of lots the given participant may buy at the offered unit price) is determined by the Auctioneer according to the rules provided in Sections (270) and (273).

(270) If bidding round 10 of bidding stage 3 of the given turn ends so that the total number of lots bid for by participants exceeds the number of lots available in bidding stage 3 of the given turn, then the bidding participants shall specify the offered unit price they would be willing to pay for obtaining the number of lots indicated in their bid in bidding round 10 of bidding stage 3 of the given turn. In this case, the total number of lots available to all participants in bidding stage 4 of the given turn is equal to the number of lots available in bidding stage 3 of the given turn. The unit price offered by the given participant is related to no more than the number of lots indicated by the given participant in bidding round 10 of bidding stage 3 of the given turn (that is, the given participant can not acquire more lots at the offered unit price than the number of lots indicated in its bid in bidding round 10 of bidding stage 3 of the given turn). The specific participant may acquire a smaller number of lots in bidding stage 4 of the given turn than indicated in the bid made in bidding round

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10 of bidding stage 3 of the given turn only if the specific participant can not acquire the number of lots indicated in its bid in bidding round 10 of bidding stage 3 of the given turn because of the ordering of the offered unit prices as per Section (279).

- (271) If bidding stage 3 of the given turn ends in any of its bidding rounds because the total number of lots bid for by participants falls below the number of lots available in bidding stage 3 of the given round, the Auctioneer informs participants about the total number of lots available in bidding stage 4 of the given turn and the maximum number of lots to which the unit price offered by the given participant is related (that is, the maximum number of lots the given participant may buy at the offered unit price).
- (272) In the case described in Section (271), the Auctioneer establishes the number of lots available in bidding stage 4 of the given turn by subtracting the number of lots in the closing list and obtained in bidding stage 3 of the given turn by participants bidding in bidding stage 3 of the given turn from the number of lots available in bidding stage 3 of the given turn.
- (273) In the case described in Section (271), the maximum number of lots to which the unit price offered by the given participant in bidding stage 4 of the given turn is related (that is, the maximum number of lots the given participant may buy at the offered unit price) is determined by the Auctioneer as follows:
- a) if more than one bidding rounds were held in bidding stage 3 of the given turn, then it subtracts the bid made in the last bidding round (which may be zero, including the case described in Section (206)) by the specific participant from the bid made in the last-but-one bidding round of bidding stage 3 of the given turn. However, if the number so obtained exceeds the number of lots available in bidding stage 4 of the given turn, the maximum number of lots to which the unit price offered by the given participant is related (that is, the maximum number of lots the given participant may buy at the offered unit price) is determined by the Auctioneer as the number of available lots in bidding stage 4 of the given turn;
 - b) if only 1 (one) bidding round was held in bidding stage 3 of the given turn, then it subtracts the bid made in bidding round 1 of bidding stage 3 of the given turn (which may be zero, including the case described in Section (206)) from the number of lots available for the given participant in bidding stage 3 of the given turn. However, if the number so obtained exceeds the number of lots available in bidding stage 4 of the given turn, the maximum number of lots to which the unit price offered by the given participant is related (that is, the maximum number of lots the given participant may buy at the offered unit price) is determined by the Auctioneer as the number of available lots in bidding stage 4 of the given turn;
 - c) the specific participant may acquire fewer lots in bidding stage 4 of the given turn than those determined by the Auctioneer in accordance with Items a) and b) above only if the given participant can not acquire the number of lots determined based on the provisions of Items a) and b) above because of the situation resulting from the ordering of the offered unit prices as per Section (279).

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4.9.4.4.1 Requirements for the offered unit price

- (274) In the case specified in Section (270), the unit price offered by the participant can not be lower than the price specified by the Auctioneer in bidding round 10 of bidding stage 3 of the given turn.
- (275) In the case specified in Section (273), Item a), the unit price offered by the participant can not be lower than the price specified by the Auctioneer in the last-but-one bidding round of bidding stage 3 of the given turn.
- (276) In the case specified in Section (273), Item b), the unit price offered by the participant can not be lower than the price set by the Auctioneer in the last-but-one bidding round of bidding stage 2 of the given turn, or the price set by the Auctioneer in the last-but-one bidding round of bidding stage 1 of the given turn if only 1 (one) bidding round was held in bidding stage 2 of the given turn, or the reserved price in the absence of such a price.
- (277) The offered unit price must be given by the participant in HUF, which must comply with the following numbering rules, in addition to the rules in Sections (274)–(276):
- a) the amount must be an integer;
 - b) the last 3 (three) digits of the amount may not be 3 (three) consecutive numerals in increasing or decreasing order;
 - c) the last 3 (three) digits of the amount may not be 3 (three) identical numerals.
- (278) If the given participant does not specify in bidding stage 4 of the given turn a unit price that complies with the requirements related to the offered unit price, set out in the Documentation – including the case where the given participant does not make a bid within the 5 (five) minute time limit –, the Auctioneer shall consider as the offered unit price the last price for which the participant made a valid bid higher than zero in any of the stages of the given turn before bidding stage 4 of the given turn, and as such, take that into account in its evaluation as per Section (280). If there is no such bid, the Auctioneer considers the offered unit price to be the reserved price.

4.9.4.4.2 Evaluation of the offered unit prices, lottery

- (279) The Auctioneer sorts the unit prices valid according to Sections (274)–(278) in decreasing order according to the following rules:
- a) lists the unit price offered by a given participant as many times as the number of lots for which the given participant had to specify the offered unit price according to the rules in Sections (270) and (273);
 - b) within the order created according to item (a), the unit price offered by the same participant in relation to all of the lots is given the same serial number (considering their equal amounts);
 - c) the Auctioneer assigns the lowest (no. 1) serial number to the highest offered unit price, and then increases the serial number (no. 2 and so on) with each lower offered unit price;

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- d) if several participants have offered the same unit price in stage 4 of the given turn, the Auctioneer assigns the same serial number to each offered unit price (considering their equal amounts) of each participant involved.
- (280) The Auctioneer will examine the offered unit prices sorted as per Section (279), and, while also taking into account the rules in Sections (281)–(283), creates the closing list with the unit prices offered in bidding stage 4 of the given turn, progressing from the smallest to the highest serial number as long as it is possible considering the number of lots still available in bidding stage 4 of the given turn.
- (281) If the identical offered unit prices of participants resulted in a draw in bidding stage 4 of the given turn, preventing the Auctioneer from ascertaining the valid offered unit prices that would result in winning in relation to the last, still available lot or lots according to the valuation described in Section (280), the Auctioneer conducts a lottery according to Sections (284)–(290). In this case those participants take part in the lottery that submitted identical offered unit prices in bidding stage 4 of the given turn for the last ranked available lot(s) (i.e. their offered unit prices are ranked the same).
- (282) If offered unit prices of only the same participant caused a draw, the Auctioneer will not hold a lottery as per Sections (284)–(290). In this case, the last ranked available lot(s) are considered acquired by that particular participant.
- (283) If in bidding stage 4 of the given turn, none of the participants specify a unit price that complies with the requirements related to the offered unit price, set out in the Documentation, the Auctioneer acts according to the provisions of Section (278).
- (284) If a lottery is required in accordance with Sections (285)–(288), the Auctioneer shall promptly conduct it in the presence of a notary at the site of the bidding after bidding stage 4 of the given turn.
- (285) If a lottery is needed to close the bidding of the given turn, the following procedure is applied:
- a) an employee of the Auctioneer writes the names of the involved participants on separate sheets of paper of identical size, folds them identically in clear view, places them in separate envelopes, seals the envelopes, and puts them into a transparent bowl, then
 - b) another employee of the Auctioneer reaches into the bowl, flips over a few envelopes, pulls the winning participants' envelope out of the bowl, and hands over that envelope to a third employee of the Auctioneer, then
 - c) the Auctioneer's third staff member opens the sealed envelope and announces the winning participant's name.
- (286) The participant picked first is the winner of the lots available to them in bidding stage 4 of the given turn, or if fewer are included in the lottery, then of the lots included.
- (287) If the number of lots available to the first picked participant in bidding stage 4 of the given turn is less than the number of lots included in the lottery, the Auctioneer subtracts the

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number of lots taken by the first picked participant from the number of lots included in the lottery, arriving at the number of lots left available.

(288) Then:

- a) If two participants take part in the lottery, the number of lots left available is awarded to the second, not picked participant.
- b) If three or more participants take part in the lottery, the Auctioneer has another participant picked from the bowl, and continues this procedure until the winning participants of each lot left available in bidding stage 4 of the given turn are determined.

(289) The events and the results of the lottery are recorded by a notary in the minutes. The Auctioneer will record the number of lots obtained by the participants during the lottery in the closing list.

(290) The rules in Annex 5 shall apply mutatis mutandis to the lottery.

5 Establishing the results of the auction procedure

5.1 Forming user blocks

(291) The Auctioneer forms user blocks in each frequency band, based on the closing lists prepared for those frequency bands after closing the bidding, by merging all lots won by each participant in a particular frequency band into a single theoretical user block according to the information listed in the closing lists, and positioning that block or blocks within the particular frequency band(s) in accordance with this Documentation.

(292) The Auctioneer includes the results of forming user blocks in its decision concluding the procedure.

(293) The Auctioneer positions the theoretical user blocks in both frequency bands – taking into account the common rules laid down in Sections (291)–(294) and the special rules laid down in Sections (297)–(305) – so that the user blocks created as a result of this auction procedure forms the largest possible contiguous frequency range.

(294) If a participant who acquired theoretical user block(s) has an entitlement of frequency use in the given frequency band at the time this auction procedure is started (hereinafter referred to as **previous entitlement**), the Auctioneer's goal shall be to ensure the largest possible overlap between frequency ranges of user blocks from the previous entitlement and those to be created as a result of this Auction (hereinafter referred to as **the principle of the largest possible overlap**).

(295) In case all incumbents acquire lot in the 900 MHz frequency band or both participants having entitlement of frequency use expiring in 2029 in the 1800 MHz frequency band

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acquire lot in the given band, Auctioneer repositions the blocks expiring in 2029 during the forming of user blocks if all winners having entitlement use expiring in 2029 in the given band consent.

- (296) In the case described in Section (295), the Auctioneer calls the participants having entitlement expiring in 2029 to make a declaration. If any of the winners does not make a declaration within the time available to make the declaration or if the declaration is not unambiguous, the Auctioneer shall interpret this as if the given winner did not consent to the repositioning. In this case, the Auctioneer tries to form the blocks based on the principles set out in Section (298) by leaving the entitlements expiring in 2029 unchanged and in their original position. In case all the winners gave their consent, during the formation of user blocks, the Auctioneer creates contiguous user blocks from entitlements expiring in 2029 and the theoretical user blocks acquired as a result of this auction procedure. Previous entitlements will be positioned to the edge of user blocks defined by the NFFF. In case of the 900 MHz frequency band, entitlements expiring in 2029 that are next to each other remain next to each other, and the entitlement expiring in 2029 is placed on the upper edge of the user block of the entitled party on the lower edge of the frequency band.

5.1.1 Special rules for the 900 MHz frequency band

- (297) In case of block complementation according to Sections (231)–(239), the Auctioneer repositions the 1 (one) and 2 (two) MHz duplex blocks expiring in 2029 during the formation of user blocks based on the incumbents' consent given as per Annex 4/C. During the formation of user blocks, the Auctioneer creates contiguous user blocks from previous entitlements and the theoretical user blocks acquired as a result of this auction procedure. Previous entitlements will be placed on the edge of the user blocks as per the NFFF in a way that previous entitlements that are next to each other remain next to each other, and the previous entitlement is placed on the upper edge of the user block of the entitled party on the lower edge of the frequency band.
- (298) In all cases different from that described in Section (297), besides letting previous entitlements unchanged and in their place, the Auctioneer intends to apply the principle of the largest possible overlap and to make user blocks as per the NFFF continuous (hereinafter referred to as the **principle of block continuity**).

5.1.2 Special rules for the 1800 MHz frequency band

- (299) The Auctioneer acts according to the rules set out in Sections (300)–(304) during the formation of the user blocks, following the order of the paragraphs.
- (300) In case a participant who owns a previous entitlement of frequency use in the 1800 MHz frequency band acquired a theoretical user block, the Auctioneer places the given participant's theoretical user block acquired in this auction procedure next to the frequency block related to the entitlement of frequency use expiring in 2029.
- (301) In case a service provider who owns an entitlement of frequency use at the bottom of the 1800 MHz frequency band at the time this auction procedure is started acquires an

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entitlement of frequency use in this auction procedure and it is greater than necessary to ensure the block continuity at the bottom of the frequency band, but their user block can be placed to another part of the frequency band in a way that the principle of block continuity can be ensured for all entitled parties, the Auctioneer shall primarily take the principle of block continuity into account, and shall only apply the principle of the largest possible overlap as an auxiliary principle.

- (302) If ensuring the continuity of all theoretical user blocks is impossible, the Auctioneer carries out the positioning by creating two block parts from the theoretical user block of a winning participant.
- (303) The Auctioneer forms two block parts from the theoretical user block of the winning participant who does not own an entitlement of frequency use expiring in 2029 in the 1800 MHz frequency band and won a larger theoretical user block in this auction procedure.
- (304) If more than one winning participants acquired a similar sized theoretical user block, but they do not own an entitlement of frequency use expiring in 2029 in the 1800 MHz frequency band, the Auctioneer shall provide block continuity to the participant who is obligated to pay the higher total amount of auction fee in the 1800 MHz frequency band of all the participants winning similar sized theoretical user blocks.
- (305) In case the participant to whom the Auctioneer will not ensure block continuity can not be determined even based on the provisions of Section (304), the Auctioneer shall apply the lottery described in Section (285) as required to select the participant not entitled to block continuity of all the winning participants who do not own an entitlement of frequency use expiring in 2029 in the 1800 MHz frequency band.

5.1.3 Rules of selection from several possible solutions

- (306) In case the formation of user blocks can not be determined based on the rules of Sections (293)–(305), taking into consideration that there may be several legal solutions simultaneously to form the user blocks, the Auctioneer draws up to 5 (five) possible plans to determine the user blocks. Amongst the numbered plans prepared by the Auctioneer, the first one is the solution it finds the most favourable overall based on technical considerations, and the fifth one is the solution it finds the most unfavourable.
- (307) In the case mentioned in Section (306), the Auctioneer sends the plans to all involved winning participants after the bidding, and at the same time, calls upon the participants to indicate in their declarations the plan that contains the user block formation method most appropriate for them. If a participant does not make a declaration within the time available to make the declaration, or does not indicate any of the plans in its declaration, the Auctioneer shall determine the user block formation system based on the declarations of the other participants. If all the participants indicate the same plan, the Auctioneer shall form the user blocks according to that plan. If winning participants indicate different plans, the Auctioneer shall form the user blocks based on the plan that is considered the most appropriate by the majority of the winning participants in their declarations. In case there is no majority backed plan or there are several of these, the Auctioneer shall form the user blocks according to the solution indicated as the first one.

5.2 Announcing winners

- (308) The Auctioneer's regulatory decision concluding the auction procedure shall state the following:
- a) if the auction procedure is successful, based on the closing lists prepared after closing the bidding, the winner(s) of the Auction and the won entitlement of frequency use of the user block or blocks formed as per Sections (291)–(307); or
 - b) the fact that the auction procedure was unsuccessful.
- (309) The Auctioneer makes a consolidated resolution for all user blocks involved in the auction procedure.
- (310) The Auctioneer will notify each participant of the procedure about its decision, and will publish its decision on its website.
- (311) Redress against the decision concerning the results of the Auction shall be governed by the provisions of the Electronic Communications Act and the Administrative Procedures Act.
- (312) The winner may be selected only from among participants that, from the submission of their application, have continuously complied with the conditions set out in the Documentation and in the Ápszr.
- (313) In its decision concluding the auction procedure, the Auctioneer shall announce the conditions of usage of the user block in line with the Documentation and the Application(s) of the winner(s).
- (314) Through obtaining their entitlements of frequency use, the winning participant obtains exclusive rights to initiate a framework licencing procedure for the use of the frequencies acquired.
- (315) The start date of the temporal scope of the entitlement of frequency use is the day the decision made as per Section 21, Paragraph (1), Item a) of Ápszr. becomes final. The earliest start date of the validity of the radio licence issued based on the entitlement of frequency use is 8 or 9 April 2022.

5.3 Declaring the auction procedure unsuccessful

- (316) The procedure is unsuccessful if no Applications were submitted or if all Applications are invalid.
- (317) The Auctioneer notifies each participant of its decision to pronounce the auction procedure unsuccessful, and also publishes the decision on its website.

5.4 Termination of the auction procedure

(318) In the cases set out under Section 20 (1) of the Ápszr., the Auctioneer terminates the procedure by way of an order.

6 Obligations resulting from the acquisition of entitlements of frequency use

(319) The Auctioneer oversees full compliance with and performance of the stipulations set out in the administrative resolution specified in Section (309) within the context of an administrative supervisory procedure.

(320) The entitled party must meet the conditions listed attached to the acquisition of the entitlements of frequency use as listed in the Documentation and the regulations pertaining to electronic communications during the entire duration thereof, and if it fails to meet any condition, the legal consequences set out in the Electronic Communications Act shall apply.

6.1 Conditions of payment of the total auction fee

(321) The winner of the auction procedure shall pay the total auction fee as per the following.

(322) The total auction fee shall be paid until 6 April 2022.

(323) The total auction fee shall be transferred to the Concession Fees account number 10032000-01031582 managed by the Hungarian State Treasury, specifying "MFCN2020 teljes árverési díj" (MFCN2020 total auction fee) in the comment section.

(324) In the event of late payment, the Auctioneer is entitled to charge a late payment penalty as per the GPAP Act and, following a one-off demand for payment and the expiration of the payment deadline specified in the demand for payment, to satisfy its claim from the performance guarantee provided by the participant and submitted as per Sections (125)–(130).

6.2 Frequency assignment, radio licence

(325) When using the user block(s) received in the course of this auction procedure, frequency assignment is not necessary for the installation and deployment of the radio system. Radio station and system installation and deployment are subject to planning, with the pertaining installation and radiation parameters defined in the course of planning. Designs do not have to be presented or submitted to the Auctioneer; however, subsequently, upon the

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request of the auctioneer, the detailed design documentation of both current and former stations shall be made available within 5 (five) days, duly signed.

- (326) The radio station and radio equipment can be operated based on the framework licence, once it is finalised. When submitting to the Auctioneer its application for a framework licence, the submitting party shall take into account any applicable deadlines for the licencing procedure, as stipulated in legislation. No further individual licence needs to be requested for the deployment and operation of the individual stations.
- (327) The framework licence includes the general conditions for operating the electronic communications network without any specific parameters of any particular radio station.
- (328) As stipulated in the framework licence, detailed data on each station must be provided to the Auctioneer electronically, in the format defined by the Auctioneer, via the PcHIF/PC Data Exchange application
(http://nmhh.hu/tart/index/153/Elektronikus_adatszolgaltatas_PCAdatcsere)
- (329) As part of its reporting obligation, the entitled party shall inform the Authority about the selected technology to be used, within one month following its acquisition of the licence in the case of a technology upgrade, or within one month following the commissioning of the technology selected. In addition to the name of the technology, the actual nominal channel spacing and the channel centre frequency must also be included in the report.
- (330) User stations are exempted from individual licencing obligations.

6.3 Extent of the band fee, terms of payment

- (331) Use of the frequencies is subject to a frequency fee (hereinafter: band fee) from 8 or 9 April 2022 to the end of the temporal scope of the entitlement of frequency use. For the detailed rules on establishing the amount of the band fee, please refer to the Fee Decree.
- (332) The band fee shall be paid monthly, against the invoice issued by the Auctioneer, via bank transfer to the Authority's bank account 10032000-00300939-00000017 with the Hungarian State Treasury.

6.4 Conditions for the secondary trading of entitlements of frequency use

- (333) The entitlement of frequency use acquired in the auction procedure may be transferred and leased either partially or entirely.
- (334) The entitlement of frequency use may be partially transferred, in relation to the frequency, by base blocks.

- (335) The Secondary Trading Decree governs the procedural laws on the secondary trading of the entitlement of frequency use acquired in the auction procedure.

6.5 Cooperation in special periods and in the interest of national defense

- (336) Frequency use rights holders shall comply with the provisions set out in the Electronic Communications Act and other legislation regarding special periods and cooperation with state organisations in the interest of national defense. The use of certain frequency bands may be restricted during special periods.

6.6 Cooperation for the purposes of gathering confidential information

- (337) Frequency use rights holders shall comply with the relevant provisions set out in the Electronic Communications Act, the Act on National Security Services, and Government Decree 180/2004 (V. 26.) on the rules of cooperation between the organisations performing electronic communications tasks and the organisations authorised to collect confidential information and obtain confidential data.

6.7 Data disclosure

- (338) Frequency use rights holders shall disclose to the Auctioneer any data necessary for performing the tasks within the competence of the Auctioneer, as defined in relevant legislation, in the manner and with the conditions set forth in legislation, even if such data qualify as trade secret. Upon the request of the holder of the entitlement of frequency use, the Auctioneer shall handle the data disclosed by them confidentially and in line with data protection rules. Data disclosure to the Auctioneer is free of charge.

6.8 Revoking entitlements of frequency use upon request

- (339) Upon the request of the holder of the entitlement of frequency use, the Auctioneer shall withdraw the entitlement and right of frequency use.
- (340) If the entitled party requests the withdrawal of the entitlement of frequency use obtained in the context of the auction procedure, the amount paid by the participant for the entitlement of frequency use (in particular the total auction fee) shall not be reimbursed.

Annex 1

Spectrum Management Specifications

1. Legislative background

Spectrum management specifications are contained in the NFFF, in particular in Annexes 2, 3 and 4 thereof.

2. Use of radio frequencies in national border zones

In the case of cross-border frequency use, only those stations may use such frequencies that meet the conditions and requirements stipulated in the currently effective agreements and protocols signed by the Auctioneer and the neighboring countries, or for which, in the absence of such a document, the Auctioneer successfully carried out individual international coordination.

An abstract of the agreements and protocols referred to in the previous paragraph can be found in the document entitled "Information on the requirements of the international coordination agreements in the in fixed service and land mobile service" available on the NMHH website, here:

http://nmhh.hu/dokumentum/263/nemzetkozi_koord_megall_allando_helyu_es_foldi_mozgo.pdf

Agreements concluded or amended after the auction procedure may supplement or override earlier agreements.

The Auctioneer shall involve the affected holders of entitlements of frequency use in the preparation of the amendments.

The Auctioneer will make available all relevant agreements as PDF files to applicants or participants upon their request.

Pursuant to a network operator agreement approved by the Auctioneer and the frequency managing authorities of neighboring countries, frequency uses other than those specified in international coordination agreements are also permitted.

3. Other requirements for the use of frequency bands

In addition to the specifications laid down in the NFFF, the holder of the entitlement of frequency use must also comply with the conditions outlined in this annex when designing and installing networks and when using frequencies. The regulations laid down in this annex may supplement the given regulatory requirements in the NFFF and may define conditions that serve long-term use in accordance with the ongoing EU harmonisation process.

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Other requirements for the use of the frequency bands subject of this auction procedure are listed in the following annexes:

1.A. 900 MHz frequency band

1.B. 1800 MHz frequency band

1.A. 900 MHz frequency band

1.A.1. Additional baseline criteria for the use of the 900 MHz frequency band

- a) Provisions in this annex apply to the operation of **MFCN** networks capable of providing electronic communications services in the 880–915/925–960 MHz frequency band.
- b) In accordance with the currently valid harmonised European regulation, Annex 2 of the NFFF in force at the time this auction procedure is started includes the following applications: GSM, in-band and standalone EC-GSM-IoT, UMTS, LTE, in-band LTE-MTC, LTE-eMTC, NB-IoT, guard band GB-NB-IoT and standalone SA-NB-IoT as well as WiMAX. The general technical requirements in effect according to the European harmonised regulations, related to applications that can be used in the 900 MHz frequency band are specified in the NFFF.
- c) Studies, with which the European Commission mandated CEPT for the purpose of reviewing the harmonised technical regulations currently valid in the 900 MHz and 1800 MHz frequency bands in order to develop the least restrictive harmonised technical conditions enabling the usage of the frequency band for the new generation of terrestrial wireless systems (5G NR) too and to create the rules ensuring compatibility with technologies already used in the frequency band, are still in process at the time this auction procedure is started. The European Commission will amend the EU legislation⁴⁵ taking into consideration the new CEPT reports containing the results of these studies.
- d) As a result of the started EU harmonisation process, the plan is to introduce a channelling arrangement based on using 5 MHz base blocks in the 900 MHz frequency band too, requiring block edge masks providing adequate protection in addition to ensuring the coexistence of the new broadband systems and GSM or the systems based on GSM technology.
- e) The harmonised technical conditions, still under development, making the use of other technologies possible (e.g. using block edge mask) will be implemented in the national legislation after the ongoing international regulation is adopted, during a future amendment of the NFFF, after delivering on the implementation obligations related to the harmonised EU legislation.
- f) For a frequency arrangement that supports broadband wireless services (e.g. 4G, 5G) and is based on 5 MHz base blocks, the guard bands according to the NFFF in effect at the time this auction procedure is started will also be awarded, therefore, the following FDD

⁴ CEPT Report 072: Report from CEPT to the European Commission in response to the Mandate “to review the harmonised technical conditions for certain EU-harmonised frequency bands and to develop least restrictive harmonised technical conditions suitable for next-generation (5G) terrestrial wireless systems” Report A: Review of technical conditions in the paired terrestrial 2 GHz and the 2.6 GHz frequency bands, and the usage feasibility of the 900 MHz and 1800 MHz frequency bands

⁵ Draft CEPT Report xx: Report from CEPT to the European Commission in response to the Mandate “to review the harmonised technical conditions for certain EU-harmonised frequency bands and to develop least restrictive harmonised technical conditions suitable for next-generation (5G) terrestrial wireless systems” Report B: Develop channelling arrangements and common and minimal (least restrictive) technical conditions, for the 900 MHz and 1800 MHz, suitable for 5G terrestrial wireless systems in compliance with the principles of technology and service neutrality (draft)

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frequency ranges can be created:

Table 1.A1.1

Frequency range [MHz]	Designation of frequency range	Direction of transmission
880–915	lower block band,	Uplink connections of end-user station, repeater station
925–960	upper block band.	https://stir.nmhh.hu/publicview/?p=d&name=3melleklet#MFCN -downlink connections of station

g) Table 1.A.1.2 contains the division of the lower and upper block bands into FDD base blocks:

Table 1.A1.2

Base block	Lower block band [MHz]	Upper block band [MHz]
1	880–885	925–930
2	885–890	930–935
3	890–895	935–940
4	895–900	940–945
5	900–905	945–950
6	905–910	950–955
7	910–915	955–960

- h) This auction procedure covers the 900 MHz frequency band's frequency ranges for which entitlements of frequency use expiring on 7 and 8 April 2022 exist as well as awardable guard bands according to the NFFF in effect on the day of starting the auction procedure, as follows:
- i. 880.1-889.9 / 925.1-934.9 MHz, 891.9-901.9 / 936.9-946.9 MHz and 904.9-914.9 / 949.9-959.9 MHz;
 - ii. 880-880.1 / 925-925.1 MHz and 914.9-915 / 959.9-960 MHz
- i) In this auction procedure, 6 pieces of 2x5 MHz lot will be awarded in total, which, during the formation of user blocks, will be identical to the base blocks specified in Table 1.A1.2, except for frequency ranges affected by the entitlement of frequency use expiring in 2029. Based on the entitlements of frequency use acquired in the 900 MHz frequency band during this auction procedure, base blocks described in Table 1.A1.2 can be put in operation only after the existing entitlements expire, except when the entitled parties who own a entitlement of frequency use in the frequency band agree otherwise in an agreement complying with the relevant legal provisions, for example under a band reconfiguration.
- j) Channel centre frequencies may be selected wherever permitted under relevant standards, however, near the edges of user blocks, channels must be placed so as to ensure that the channel pertaining to the centre frequency falls entirely within the frequency block(s) of the holder of the entitlement of frequency use, even when requirements of in-block frequency use of user block(s) determined as a result of the auction are being adhered to and if the

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nominal spacing for the selected technology and the prescribed channel edge separation are being utilised, unless otherwise agreed by holders of entitlement of frequency use using adjacent user blocks within the frequency.

- k) On the basis of a bilateral or multilateral agreement of holders of entitlements of frequency use, and with the consent of all affected parties, the holder of the entitlement of frequency use may deviate from the technical requirements set out in Annex 3 to the NFFF and this Documentation with the exception of those specified in item l). The holder of the entitlement of frequency use shall, in these cases, still satisfy the requirements for the protection of other services, applications and networks, meet the technical conditions resulting from cross-border coordination, and tolerate any interference that may result from the changed situation.
- l) The entitled user of the user block may not deviate from the following spectrum management requirements specified in Annex 3 of the NFFF and this Documentation:
 - access mode;
 - frequency range of downlink and uplink connections;
 - duplex spacing.

1.A.2. Requirements to avoid interference to applications in adjacent frequency bands

Channel centre frequencies may be selected wherever permitted under relevant standards, however, channels must be placed so as to ensure that the channel pertaining to the centre frequency falls entirely within the 880-915/925-960 MHz frequency band, even if the nominal channel spacing of the technology selected is utilised, to be able to guarantee compatibility with applications operating in adjacent frequency bands.

1.A.2.1 Requirements of compatibility between GSM-R and MFCN networks

Results of ECC Report 096⁶ and 146⁷ as well as CEPT Report 041⁸ regarding the separation bands between different systems shall be taken into consideration for the interference-free operation between railway networks operating in the 876–880/921–925 MHz frequency band (GSM-R) and MFCN networks planned in the 900 MHz frequency band. MFCN networks planned in the 900 MHz band shall be designed and implemented in a way that the separation band between the channel edges of different systems, necessary for the interference-free operation of GSM-R systems operating in adjacent bands, is provided according to the listed reports, except when relevant bilateral or multilateral agreements concluded between the affected parties entitled to frequency use provide otherwise.

⁶ ECC Report 096: Compatibility between UMTS 900/1800 and systems operating in adjacent bands

⁷ ECC Report 146: Compatibility between GSM MCBTS and other services (TRR, RSBN/PRMG, HC-SDMA, GSM-R, DME, MIDS, DECT) operating in the 900 and 1800 MHz frequency bands

⁸ CEPT Report 041: Report from CEPT to European Commission in response to Task 2 of the Mandate to CEPT on the 900/1800 MHz bands "Compatibility study for LTE and WiMAX operating within the bands 880-915 MHz / 925-960 MHz and 1710-1785 MHz / 1805-1880 MHz (900/1800 MHz bands)"

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1.A.2.2. Obligation of cooperation between operators of GSM-R and MFCN networks

In accordance with the relevant ECC Report 162, prior to the deployment of their respective stations, operators of networks operating in the 876–880/921–925 MHz frequency band and the 880-915/925-960 MHz frequency band being subject of this auction procedure are subject to a consultation obligation.

The operator of mobile telephone network must take all necessary measures and use all necessary technical solutions in order to avoid or minimise harmful interference to GSM-R networks along and in the proximity of railroad lines. Solutions to reduce interference may be the limitation of radiated power, the careful selection of antenna characteristics and the direction of emission, the application of filters and separation distances as well as the careful selection of frequency reuse, the switching off of the resource block when using LTE or 5G NR or more advanced technologies in the future etc.

1.A.2.3. Ensuring compatibility between future railway networks and MFCN

The revision of legislation related to railway mobile networks is under way on an international level. The introduction of broadband systems (LTE/5G NR) is planned for railway communication purposes in the future, therefore, compatibility conditions between different systems must be reconsidered. The ongoing revision of the harmonised legislation of the 880-915/925-960 MHz frequency band set to develop block edge mask values that take into account the protection of applications operating in adjacent bands.

1.B. 1800 MHz frequency band

1.B.1. Additional baseline criteria for the use of the 1800 MHz frequency band

MFCN applications can be operated in the 1800 MHz frequency band if the following requirements are taken into account.

- a) In accordance with the harmonised European regulation in effect, Annex 2 of the NFFF in force at the time this auction procedure is started includes the following applications: GSM, in-band and standalone EC-GSM-IoT, UMTS, LTE, in-band LTE-MTC, LTE-eMTC, NB-IoT, guard band GB-NB-IoT and standalone SA-NB-IoT as well as WiMAX. The general technical requirements in effect according to the European harmonised regulations, related to applications that can be used in the 1800 MHz frequency band are specified in the NFFF.
- b) Studies, with which the European Commission mandated CEPT for the purpose of reviewing the harmonised technical regulations in force in the 900 MHz and 1800 MHz frequency bands in order to develop the least restrictive harmonised technical conditions enabling the usage of the frequency band for the 5G NR too and to create the rules ensuring compatibility with technologies already used in the frequency band, are still in process at the time this auction procedure is started. The

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European Commission will amend the EU legislation^{9,10} taking into consideration the new CEPT reports containing the results of these studies.

- c) The harmonised technical conditions, still under development, making the use of other technologies possible (e.g. using block edge mask, active antenna system) will be introduced in the national legislation after the ongoing international legislation is adopted, during a future amendment of the NFFF, when member states deliver on the implementation obligations related to the harmonised EU legislation.
- d) This auction procedure covers the 1800 MHz frequency band's
- i. 1710-1725 / 1805-1820 MHz,
 - ii. 1740-1755 / 1835-1850 MHz, as well as
 - iii. 1755-1785 / 1850-1880 MHz frequency ranges
- for which entitlements of frequency use expiring on 7 and 8 April 2022 exist.
- e) Channel centre frequencies may be selected wherever permitted under relevant standards, however, near the edges of user blocks, channels must be placed so as to ensure that the channel pertaining to the centre frequency falls entirely within the frequency block of the holder of the entitlement of frequency use, even when requirements of in-block frequency use of the user block specified in the announcement documentation of the auction procedure are being adhered to and if the nominal spacing for the selected technology and the prescribed channel edge separation are being utilised, unless the entitled parties agree otherwise on the use of adjacent user blocks in the frequency.
- f) The holder of the entitlement of frequency use may deviate from the technical requirements set out in Annex 3 to the NFFF only with the exception of those specified in item g), on the basis of a bilateral or multilateral agreement of holders of entitlements of frequency use, and with the consent of all affected parties. The holder of the entitlement of frequency use shall, in these cases, still satisfy the requirements for the protection of other services, applications and networks, meet the technical conditions resulting from cross-border coordination, and tolerate any interference that may result from the changed situation.
- g) The entitled user of the user block may not deviate from the following spectrum management requirements specified in Annex 3 of the NFFF:
- access mode;
 - frequency range of downlink and uplink connections;

⁹ CEPT Report 072: Report from CEPT to the European Commission in response to the Mandate "to review the harmonised technical conditions for certain EU-harmonised frequency bands and to develop least restrictive harmonised technical conditions suitable for next-generation (5G) terrestrial wireless systems" Report A: Review of technical conditions in the paired terrestrial 2 GHz and the 2.6 GHz frequency bands, and the usage feasibility of the 900 MHz and 1800 MHz frequency bands

¹⁰ Draft CEPT Report xx: Report from CEPT to the European Commission in response to the Mandate "to review the harmonised technical conditions for certain EU-harmonised frequency bands and to develop least restrictive harmonised technical conditions suitable for next-generation (5G) terrestrial wireless systems" Report B: Develop channelling arrangements and common and minimal (least restrictive) technical conditions, for the 900 MHz and 1800 MHz, suitable for 5G terrestrial wireless systems in compliance with the principles of technology and service neutrality (draft)

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- duplex spacing.

1.B.2. Requirements to avoid interference to applications in adjacent frequency bands

Channel centre frequencies may be selected wherever permitted under relevant standards, however, channels must be placed so as to ensure that the channel pertaining to the centre frequency falls entirely within the 1710-1785/1805-1880 MHz frequency band, even if the nominal channel spacing of the technology selected is utilised, to be able to guarantee compatibility with applications operating in adjacent frequency bands.

Annex 2

Coverage requirements and verifying coverage

The coverage requirements described in Section 1 of this Annex are relevant for acquiring an entitlement, winning in the 900 MHz and/or the 1800 MHz frequency band, taking the following aspects into consideration:

- in the 900 MHz frequency band, coverage requirements must be fulfilled independent of the amount of spectrum acquired;
- in case of the 1800 MHz frequency band, coverage requirements must be fulfilled by winning participants who own the entitlement of frequency use of at least a 2x10 MHz spectrum, including the amount of spectrum acquired in the frequency band in previous auction procedures;
- the obligations concerning the coverage of networks used to provide public electronic communications services must be fulfilled according to the technical requirements related to the technology utilised; and
- if an entitled party uses more than one technology within a given frequency band, the requirements can be fulfilled with one or more technologies.

1. Coverage requirements

The coverage requirements shall be fulfilled as follows:

- a) if the participant acquires an entitlement of frequency use only in the 900 MHz frequency band in this auction procedure, the participant shall ensure a coverage of 97% of the country's population and at least 85% of the country's geographic area with this frequency band not later than 15 October 2022 as well as a coverage of 99% of the country's population and at least 90% of the country's geographic area by 15 October 2025;
- b) if the participant acquires an entitlement of frequency use only in the 1800 MHz frequency band in this auction procedure, the participant shall ensure a coverage of at least 70% of the country's population with this frequency band not later than 15 October 2022 as well as a coverage of at least 75% of the country's population by 15 October 2025;
- c) if the participant acquires entitlements of frequency use in both the 900 MHz and the 1800 MHz frequency bands in this auction procedure, the participant shall ensure a coverage of 97% of the country's population and at least 85% of the country's geographic area with any of the two frequency bands or with the two together not later than 15 October 2022 as well as a coverage of 99% of the country's population and at least 90% of the country's geographic area by 15 October 2025.

2. Verification of the coverage requirements

The Authority will measure conformance with the required metrics using mobile test systems in moving vehicles.

The Authority evaluates the data obtained during the measurement and records the circumstances and the results of the measurement in a measurement report.

2.1. Technical requirements

The coverage requirements shall be considered as being met if the signal level measured with a measuring receiver on the decoded broadcast control channel (BCCH) (see table 2.1) – measured at a height of 1.8 m above sea level and with an antenna gain of 0 dBi, also taking the channel spacing of the technology applied (GSM, UMTS, WiMAX or LTE) into account – reaches the technical requirements for coverage.

Minimum signal levels required for the frequency bands in this auction procedure for the representative applications according to the current legislation are contained in Table 2.1 below.

Table 2.1:

Band	GSM (RxLev)	UMTS (RSCP)	LTE (RSRP)
900 MHz	-93 dBm	-96 dBm	-110 dBm
1800 MHz	-93 dBm	-96 dBm	-110 dBm
Abbreviations: RxLev (Received Signal Level): reception level of the BCCH – Broadcast Channel; RSCP (Received Signal Code Power): pilot (reference) channel level measured after decoding; RSRP (Reference Signal Received Power): received performance of the reference carrier.			

In case the legislation changes after the auction procedure is started as a result of the ongoing international inspections, and the 900 MHz and 1800 MHz frequency bands become available for other applications as well (e.g. 5G NR) based on the NFFF after the adoption of the international regulation, the Auctioneer shall determine the requirements for the given signal levels in accordance with the new legislation, after consultation with the entitled parties.

2.2. Checking the meeting of technical requirements

Coverage requirements are considered fulfilled by the Authority if:

- Towns and cities with a population of 50,000 or more:** In a randomly selected area of at least 10 sq km within the municipal boundaries, the measured signal levels reach the minimum value set down in Section 2.1. Technical requirements of this Annex along at least 80% of the total length of all roads covered, taking into account prevailing traffic conditions.

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- b) **Towns and cities with a population of between 6,000 and 50,000:** In a randomly selected area covering at least 50% of the area within the inner municipal boundaries, the measured signal levels reach the minimum value set down in Section 2.1. Technical requirements of this Annex along at least 80% of the total length of all roads covered, taking into account prevailing traffic conditions.
- c) **Towns and cities with a population of 6,000 or less:** Within the inner municipal boundaries, the measured signal levels reach the minimum value set down in Section 2.1. Technical requirements of this Annex along at least 80% of the total length of all roads covered, taking into account prevailing traffic conditions.
- d) **Coverage in Budapest:** Throughout 90 percent of each individual route listed below, as well as within the ring road, the measured signal levels reach the minimum indoor level prescribed for the frequency band:
 - a. along the entire length of Róbert Károly körút, Hungária körút, Könyves Kálmán körút, Rákóczi bridge, Dombóvári út, Sárbogárdi út, Karolina út, Villányi út, Budaörsi út, Alkotás utca, Krisztina körút, Vérmező út, Margit körút, Török utca, Elvis Presley tér, Árpád Fejedelem útja and Árpád bridge (ring road).
 - b. Váci út, Rákóczi út, Kerepesi út, Üllői út, Soroksári út, Hegyalja út, Attila út and the lower embankments of Buda and Pest, within the area marked out by the route (ring road) specified in the paragraph above;
- e) **National geographic coverage:** on all national motorways, carriageways and single and double-digit primary roads as well as primary road no 100, the measured signal levels remain above the minimum outdoor level prescribed for the frequency band along 85% of the total length of each individual route by 15 October 2022 as well as along 90% of the total length of each individual route by 15 October 2025.
- f) **National population-based coverage:** in compliance with Section 1 of Annex 2, the Auctioneer will examine in relation to the given frequency band the number of residents covered per locality as well as their coverage as a ratio of the total local population and the ratio of the coverage of all covered localities related to the national population.

Total national population-based coverage is achieved when, for any randomly selected locality featured in the entitled party's spreadsheet, the coverage rate established using the measurements specified in Section 2.2. Checking the meeting of technical requirements, Items a)–e) of this Annex and complying with the requirements set out in Annex 2 of the Documentation reaches or exceeds the respective ratio reported by the entitled party.

Annex 3

Rules of identifier management

1. Identifier assignment

Winning participants without an identifier assignment licence at the time the auction procedure is started may put the identifiers defined in the ANFT into service under the terms and conditions stipulated therein and subject to an assignment licence.

Mobile telephone services and mobile internet access may be provided for mobile subscriber numbers (MSISDN) specified under Section 2.3 of Annex 1 to ANFT. Voice over mobile IP may be provided for nomadic telephone numbers (SHS=21) specified under Section 2.4 of Annex 1 to ANFT. For machine-to-machine communication, the M2M number range (SHS=71) defined in Section 2.10 of Annex 1 to ANFT may be used.

Should the conditions stipulated under Section 1.2.2 of Annex 1 to NMHH Decree 2/2011 (IX. 26.) on the order of management regarding the identifiers of electronic communications networks prevail, the Authority will make available, for shared use by other mobile operators, a sub-range of one of the reserved service or network identifiers (SHS = 50) for mobile subscriber numbers (MSISDN) required for the provision of the mobile telephone service.

For the use of identifiers thereby assigned, a fee stipulated in NMHH Decree No. 5/2012 (IX. 24.) on the tariffs charged for reservation and use of identifiers needed for electronic communications services shall be paid.

2. Number portability

For the assigned identifiers, number portability shall be guaranteed in accordance with NMHH Decree 2/2012 (I. 24.) on the detailed rules of number portability.

Annex 4/A

Letter of intent on the participation in the auction procedure announced for the entitlements of frequency use related to the 900 MHz and 1800 MHz frequency bands (hereinafter referred to as auction procedure)

Name of Applicant

By signing this letter of intent, the Applicant declares expressly, irrevocably and without legal reservations or restrictions that

- they intend to participate in the auction procedure and make an Initial Bid in relation to the following (one or both) frequency band(s) being the subject of the procedure:

☐

Turn 1 of the 900 MHz frequency band

☐

1800 MHz frequency band

- they accept the legal consequences of failing to participate in the Initial Bidding and the bidding, set out in the Documentation.

Place and date: _____, _____ 2020

signature

The letter of intent shall be filled out by the Applicant taking into consideration the following:

1. The applicant shall indicate the frequency band(s) in the Initial Bidding and bidding of which it intends to participate by putting two intersecting lines (i.e. X or +, with their point of intersection falling into the selected square) in the check box next to the frequency bands.
2. The modification and withdrawal of the letter of intent are subject to the legal consequences included in the Documentation.
3. The letter of intent shall not contain any inserts, deletions or overwritten segments.
4. The letter of intent shall be signed by an authorised signature. If the Applicant is an economic entity whose written representation is not effected by corporate signature, the letter of intent shall be signed by the representative of the applicant, or the Applicant if said Applicant is a sole proprietor, a physical person.
5. The Applicant may not attach any limitations or conditions to the letter of intent.
6. REQUIRED: NAME OF APPLICANT, PLACE AND DATE OF SIGNATURE, FILLING OUT THE CHECKBOX, SIGNATURE

Annex 4/B

Letter of intent

regarding the auction procedure announced for the entitlements of frequency use related to the 900 MHz and 1800 MHz frequency bands (hereinafter referred to as auction procedure)

on the participation in turn 2 (hereinafter for the purposes of this declaration: turn 2) of the auction of the 900 MHz frequency band

Name of participant:

By signing this letter of intent, the Participant declares expressly, irrevocably and without legal reservations or restrictions that

☐ **they would like to participate** in turn 2 and to **make an Initial Bid** in the Initial Bidding procedure of turn 2 as an expression of this intention to participate, and acknowledges the legal consequences of withdrawing their Initial Bid made in turn 2 or any other bid as well as of the lack of representation, specified in the Documentation.

OR

☐ **they DO NOT wish to participate** in turn 2

Place and date: Budapest, _____ 2020

signature

The letter of intent shall be filled out by the Participant taking into consideration the following:

1. Should NOT be filled out at the time of application! The declaration as per this annex shall be made exclusively by filling out the declaration on site and handing it over to the Auctioneer, according to Sections (229)–(230) of the Documentation.
2. The Participant shall select one of the Would like to participate/DO NOT wish to participate possibilities and indicate whether they would like to participate in turn 2 of the auction of the 900 MHz frequency band by putting two intersecting lines (i.e. X or +, with their point of intersection falling into the selected square) in the appropriate check box next to the selected possibility.
3. The modification and withdrawal of the letter of intent are subject to the legal consequences included in the Documentation.
4. The letter of intent shall not contain any inserts, deletions or overwritten segments.
5. The letter of intent shall be signed by the Participant's representative authorised to bid at the bidding and make declarations related to the bidding on behalf of the Participant independently.
6. The Participant may not attach any limitations or conditions to the letter of intent.
7. REQUIRED: NAME OF PARTICIPANT, PLACE AND DATE OF SIGNATURE, FILLING OUT THE CHECKBOX, SIGNATURE

Annex 4/C

Statement

regarding the auction procedure announced for the entitlements of frequency use related to the 900 MHz and 1800 MHz frequency bands (hereinafter referred to as auction procedure) on making use of the block complementation in the 900 MHz frequency band

Name of participant: _____ (filled in by the Auctioneer.)

By signing this letter of intent, the participant declares expressly, irrevocably and without legal reservations or restrictions that they would like to **make use of the possibility of block complementation** in the 900 MHz frequency band, as per Section 4.9.3 of the Documentation and **with the conditions specified therein, for the following quantities and at the following price:**

_____ MHz for a total of: HUF _____ (IN FIGURES),
that is, _____ forints (IN LETTERS)
(filled in by the Auctioneer.)

☐ Yes

OR

☐ No

For the efficient use of the radio spectrum, in case only incumbents acquire entitlements of frequency use and block complementation is carried out, the Participant consents for their 1 (one) and 2 (two) MHz duplex block related to the entitlement of frequency use expiring in 2029 to be repositioned by the Auctioneer during the forming of user blocks under this procedure, according to the rules set out in Section (297) of the Documentation.

Place and date: Budapest, _____ 2020

signature

The declaration shall be filled out by the Participant taking into consideration the following:

1. Should NOT be filled out at the time of application! The declaration as per this annex shall be made exclusively by filling out the declaration on site and handing it over to the Auctioneer, according to Sections (234)–(237) of the Documentation.
2. **The Participant's name, the amount of block complementation and the consideration to be paid shall be filled in by the Auctioneer at the bidding venue!**
3. The Participant shall select one of the Yes/No possibilities and indicate whether they would like to make use of the possibility of block complementation by putting two intersecting lines (i.e. X or +, with their point of intersection falling into the selected square) in the appropriate check box next to the selected possibility.
4. The modification and withdrawal of the declaration are subject to the legal consequences included in the Documentation.
5. The declaration shall not contain any inserts, deletions or overwritten segments.
6. The declaration shall be signed by the Participant's representative authorised to bid at the bidding and make declarations related to the bidding on behalf of the Participant independently.

The language of the proceedings is Hungarian. The English version is provided for reference only. In the event of any conflict or discrepancy between the Hungarian and English versions, the Hungarian version shall prevail.

7. The Participant may not attach any limitations or conditions to the declaration.
8. REQUIRED: PLACE AND DATE OF SIGNATURE, FILLING OUT THE CHECKBOX, SIGNATURE

Annex 4/D

APPLICANT'S DECLARATION

Name of Applicant

as applicant (hereinafter referred to as **Applicant**) to the auction procedure announced *for the entitlements of frequency use related to the 900 MHz and 1800 MHz frequency bands* on DD/MM/2020

1. accepts to be bound by the provisions of the documentation of the auction procedure announced for the entitlements of frequency use related to the 900 MHz and 1800 MHz frequency bands (hereinafter referred to as Documentation) and the Notice published regarding the auction procedure (hereinafter referred to as Notice), irrevocably and without reservations or restrictions;
2. acknowledges that people and organisations belonging to a single group of undertakings may not take part in the auction procedure;
3. expressly and irrevocably accepts, without any legal reservation, that any communication to the contact representative using any of the communication methods described in Paragraph (1), Section 26 of the GPAP Act shall qualify as legally effective notice towards the applicant or participant;
4. expressly and irrevocably undertakes, without any legal reservation, to participate in the bidding and the preceding Initial Bidding procedure and to make an Initial Bid according to the rules of the Documentation for the frequency bands for which they submitted an independent and unambiguous letter of intent according to Section (110) of the Documentation, furthermore, acknowledges the legal consequences of failing to attend or make an Initial Bid.
5. declares that
 - a) the Applicant's Application complies with the conditions set out in Section 9 of Ápszr.;
 - b) the Applicant paid the participation fee as required under Section (107);
 - c) the Applicant has no customs or social security contributions overdue for longer than 60 (sixty) days or overdue taxes registered by the central tax authority, or any overdue payment obligation to separate state funds, not including those where the creditor has agreed to the payment of the debt at a subsequent date;
 - d) the Applicant is not under any proceeding aimed at their termination;
 - e) the Applicant is not the subject of proceedings for a declaration of bankruptcy, liquidation, winding-up, forced liquidation or any other dissolution proceedings;
 - f) the Applicant does not have supervisory or frequency fee payment obligations towards the Auctioneer that are more than 30 (thirty) days overdue;
 - g) the Applicant has not suspended their activities;
 - h) the Applicant's activities have not been suspended;
 - i) the Applicant is not a (current or past) public officer, employee, consultant or proxy of the Auctioneer who participated in drafting the Documentation, or is a close relative of such person;
 - j) the Applicant has no executive officers or owners holding a share of at least 25 (twenty-five) percent who are (current or past) public officers, employees, consultants or proxies of the Auctioneer having participated in drafting the Documentation, or are close relatives of such persons;
 - k) the Applicant has no executive officers or owners holding a business share of at least 25 (twenty-five) percent banned from holding an executive office in an economic entity, or previously convicted for any of the crimes listed in Item I);
 - l) in case of an application as a natural person or sole proprietor, the Applicant has no prior conviction for any of the following crimes:

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- 1) crimes against public justice as defined in title VII of Chapter XV, heading VI, or economic crime defined in Chapter XVII of Act IV of 1978 on the Penal Code effective on 30 June 2013;
 - 2) corruption as defined in Chapter XXVII of Act C of 2012 on the Criminal Code, crimes against the safety of payments and stamps as defined in Chapter XXXVIII, crimes incurring a loss to the budget as defined in Chapter XXXIX, money laundering as defined in Chapter XL, crimes violating financial management as defined in Chapter XLI, crimes affecting the protection of consumers and the fairness of competition as defined in Chapter XLII or crimes of illicit data acquisition or crimes against information systems as defined in Chapter XLIII of the Penal Code;
- m) the Applicant's activities have not been restricted by a court in a binding decision pursuant to Article 5(1) and (2) of Act CIV of 2001 on Measures Applicable to Legal Entities under Criminal Law;
 - n) the Applicant was not excluded from a previous procedure, completed within three years prior to the application deadline, for the use of state assets for the submission of false data;
 - o) the Applicant qualifies as a transparent organisation pursuant to Section 3 (1) 1. of the National Assets Act;
 - p) during the 24 months preceding the launch of the auction procedure, the Applicant has not been found guilty, whether in a final administrative ruling or a binding judicial decision, of violating the prohibition of agreements aimed at restricting economic competition, the prohibition of abuse of a dominant market position or of concentrations between undertakings;
 - q) during the 24 months preceding the launch of the auction procedure, the Applicant has not been found guilty, whether in a final administrative ruling or a binding judicial decision, of violating the obligations prescribed by Regulation (EU) 2016/679 of the European Parliament and of the Council on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC by making the identification data of the data controller public and ordering the final decision to be made public;
 - r) the Applicant applies for and participate in the auction procedure as an individual instead of together with several people or as a consortium;
 - s) the Applicant does not belong to an undertaking or group of undertakings that are subject to any of the personal conditions excluding them from participation as per Section (61), Items e), i), j), p) of the Documentation.

Place and date: _____, ____ day ____ month ____ year

Signature:

The declaration shall be filled out by the Applicant taking into consideration the following:

1. The modification and withdrawal of the declaration are subject to the legal consequences included in the Documentation.
2. The declaration shall not contain any inserts, deletions or overwritten segments.
3. The declaration shall be signed by an authorised signature. If the Applicant is an economic entity whose written representation is not effected by corporate signature, the letter of intent shall be signed by the representative of the applicant, or the Applicant if said Applicant is a sole proprietor, a physical person.
4. The Applicant may not attach any limitations or conditions to the declaration.
5. REQUIRED: NAME OF APPLICANT, PLACE AND DATE OF SIGNATURE, SIGNATURE

Annex 5

The Initial Bidding and the bidding procedure

1. Entry procedure for the Initial Bidding and the bidding

- 1.1. Those entitled to take part in the Initial Bidding may only enter the venue used for the organisation of the bidding (hereinafter referred to as **bidding venue**) after an identity, security and – taking into consideration the epidemic situation referred to in Section (65) of the Documentation – health inspection. People without fever may enter the bidding venue only after disinfecting their hands. Wearing a mask that continuously covers the nose and the mouth and – if possible – keeping the social distance of one and a half meters is obligatory for all participants at the bidding venue (together hereinafter referred to as **health rules**).
- 1.2. Only the following may enter the bidding venue: participants who are entitled to make an Initial Bid and bid in the bidding related to the 900 MHz and 1800 MHz frequency bands according to Section (214) as well as their representatives, the Auctioneer's employees, the notary, the representative of the Competition Authority and any staff involved in the event's organisation.
- 1.3. In order to facilitate registration, participants may indicate any representative(s) they wish to have appear in person at the Initial Bidding or bidding at least 24 hours before the date specified in Section (195) regarding the bidding for the relevant frequency band (hereinafter referred to as **pre-registration**). Pre-registrations can be sent to the Auctioneer's email address or other electronic means of contact listed in Section (20). During pre-registration, participants are required to provide the following information: the name and address(es) of the participant and their representative(s), as well as the numbers of the documents verifying their identity. The Auctioneer shall confirm all valid pre-registrations. Pre-registration is not a condition for participating in the Initial Bidding and the bidding, and cannot substitute for registration as described under Item 1.6.
- 1.4. For turn 1 of the 900 MHz frequency band and for the 1800 MHz frequency band, in order to participate in the Initial Bidding, participants who submitted a letter of intent as per Annex 4/A or their representatives must appear at the bidding venue between 9:00 a.m. and 9:30 a.m. on the bidding day indicated in the order including the time of bidding, sent by the Auctioneer. Participants or their representatives are considered to have appeared on time at the bidding venue if they indicate at the registration location of the bidding venue no later than 9:30 a.m. that they are present with the intention of participating in the Initial Bidding and the bidding as participant or the participant's representative.
- 1.5. Participants or at least 1 (one) of their representatives shall remain on site until the bidding day is closed as described under Item 5.
- 1.6. When entering the bidding venue, the participants or their representatives shall register, during which procedure, participants attending the Initial Bidding and the bidding shall identify themselves, and their representatives shall identify themselves and certify their representation rights as per Section (18) (hereinafter referred to as **registration**). During the registration, the notary shall record the name, personal identification data and the date of registration of the participant or its representative.

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- 1.7. The registration of the participant fails if, on the given bidding date
 - 1.7.1. neither the participant nor any of the participant's representatives are present at the bidding venue by the deadline specified as per Item 1.4,
 - 1.7.2. neither the participant nor any of the participant's representatives has begun registration by the deadline specified as per Item 1.4, or
 - 1.7.3. during the registration, neither the participant nor any of the participant's representatives has verified their identity and their right of representation in accordance with Section (18).
- 1.8. In the event of a failed registration, the Auctioneer shall, without delay, inform the participant's listed contact representative at the phone number specified in the application after the duration listed in Item 1.4 about the failure to register and the legal consequences of failure to re-register as per Item 1.11. The Auctioneer makes an audio recording of the notification. If the participant's listed contact representative is not available at the contact information, the Auctioneer shall retry the notification within 15 (fifteen) minutes of the time of the first notification. Failure to notify shall not affect the participant's obligation under Item 1.9, nor shall the participant be exempted from the legal consequences resulting from failure to comply with its obligation under Item 1.9. The Auctioneer shall document the fact and content of the notification.
- 1.9. In the event of a failed registration, the participant shall ensure the on-site appearance and registration of the participant or its representative entitled to bid by no later than 10:30 AM.
- 1.10. The registration shall be deemed to have failed repeatedly if, on the given bidding date and during the duration as per Item 1.9,
 - 1.10.1. neither the participant nor any of the participant's representatives are present at the bidding venue by the deadline specified as per Item 1.9,
 - 1.10.2. neither the participant nor any of the participant's representatives has begun registration by the deadline specified as per Item 1.9, or
 - 1.10.3. during the registration, neither the participant nor any of the participant's representatives has verified their identity and their right of representation in accordance with Section (18).
- 1.11. The participant can not make an Initial Bid for the turn(s) conducted on the given day, or if they have already made an Initial Bid or bid on a previous day, they can not take part in the bidding of the given turn(s) if the registration fails again as per Item 1.10. In this case, the Auctioneer acts as detailed in the Documentation and applies the legal consequences specified therein.
- 1.12. After successful registration, the participant or their representative may enter the bidding venue after undergoing the identity and security inspection based on the provisions of Act CXXXIII of 2005 on Security Services and the Activities of Private Investigators as well as the health inspection. The organisation or person (hereinafter jointly referred to as "**the person maintaining order**") shall be entitled to the inspection by the Auctioneer or the person mandated to provide the order of the venue used for the organisation of the bidding. After the inspections, the participant and their representative receives a badge confirming the regularity of the entry.

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- 1.13. The identity, security and health inspection shall mean the following inspections during the entry:
 - 1.13.1. the obligation to pass through a metal detecting security gate,
 - 1.13.2. inspection of packages,
 - 1.13.3. measurement of the body temperature.
- 1.14. If the participant and/or their representative leaves the bidding venue during ordinary or extraordinary break, they shall submit themselves to a repeated identity, security and health inspection upon their return. In the event that the participant and/or their representative fails to return to the bidding venue following the ordinary or extraordinary break, or refuses to undergo the identity, security and health inspection, therefore, the presence of the participant or their representative at the bidding can no longer be assured, the Auctioneer shall proceed in accordance with Items 1.16–1.18 as required.
- 1.15. The person maintaining order is required to facilitate the persons participating in the procedure to exercise of their rights and fulfil their obligations, as prescribed in the legislation and in the Documentation. To this end, the person maintaining order may take the following actions:
 - 1.15.1. if, during the identity, security and health inspection or the Initial Bidding or bidding, they detect any behaviour that infringes or threatens the order of the Initial Bidding or the bidding, as well as the safety and health of the people present or public security, they shall be entitled to call for the end to the infringement by the infringing participant or its representative, forbid devices particularly dangerous to public safety being taken to the premise, or request participants to comply with the health rules, and if this does not yield results, they may expel the person from the bidding venue;
 - 1.15.2. any person refusing to undergo the identity, security and health inspection may be denied entry to the bidding venue and may be requested to leave the venue.
- 1.16. In the cases described under Items 1.15.1–1.15.2, the participant in question or their representative must leave the bidding venue. If this results in the participant in question no longer having adequate representation at the Initial Bidding or the bidding, the Auctioneer shall document this fact. The participant shall ensure participation in the Initial Bidding as well as the appearance and registration of the participant or its representative entitled to bid not later than within an hour.
- 1.17. The Auctioneer shall promptly call on the participant's contact representative, as described in Item 1.8, in order to ensure that the participant shall arrange for the presence and registration of the participant or a representative who is eligible for participation in the Initial Bidding or bidding. The Auctioneer shall also inform the participant of the legal consequences of omitting said registration, as per Item 1.18. The Auctioneer makes an audio recording of the notification. If the participant's listed contact representative is not available at the contact information, the Auctioneer shall retry the notification within 15 (fifteen) minutes of the time of the first notification. Failure to notify shall not affect the participant's obligation under Section 1.16, nor shall the participant be exempted from the legal consequences resulting from failure to comply with its obligation under said section. The Auctioneer shall document the fact and content of the notification.

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1.18. If

- 1.18.1. neither the participant nor any of the participant's representatives are present at the bidding venue by the deadline specified as per Item 1.16,
- 1.18.2. neither the participant nor any of the participant's representatives has begun registration by the deadline specified as per Item 1.16, or
- 1.18.3. during the registration, neither the participant nor any of the participant's representatives has verified their identity and their right of representation in accordance with Section (18),
- 1.18.4. the participant or the participant's representative refuses to undergo the identity, security and health inspection and to be subject to the rules of security, or fails to comply with the identity, security and health requirements, and therefore, their registration is considered unsuccessful,

as a consequence of which the personal presence or the representation of the participant in the bidding can no longer be assured, the affected participant can not make an Initial Bid for the given turn(s) conducted on the given day, or if they have already made an Initial Bid or bid on a previous day, they can not take part in the bidding of the given turn(s) any longer, including the participation in the Initial Bidding and bidding of the 1800 MHz frequency band when conditions specified in Section (196) exist. In this case, the Auctioneer acts as detailed in the Documentation and applies the legal consequences specified therein.

2. Rules of the Initial Bidding and the bidding procedure

- 2.1. The Auctioneer shall appoint an Auction Manager to manage the Initial Bidding and the biddings, and shall appoint a Security Manager to ensure the order and security of the auction.
- 2.2. The participant and/or at least 1 (one) of their representatives involved in the bidding of the given turn must continuously (with the exception of ordinary or extraordinary breaks) remain at the bidding venue until bidding is closed or the time it is adjourned as per Item 5.
- 2.3. The notary shall prepare a protocol of the bidding and the preceding Initial Bidding, and the Auctioneer shall document the process. The Auctioneer shall prepare image and sound recordings of the Initial Bidding and the bidding for the purpose of reconstructing the bidding actions, as well as to ensure the fairness and proper documentation of the competition, as follows:
 - 2.3.1. inside the bidding booths: a picture of the screen and the keyboard as it is being used,
 - 2.3.2. inside the bidding room: picture and sound recordings of the screens, the projector, the Auction Manager, as well as any statements of the participants or their representatives.
- 2.4. The Auctioneer shall open the Initial Bidding of turn 1 of the 900 MHz frequency band and – except for the conditions specified in Section (196) – that of the 1800 MHz frequency band at the earliest at 10:00 AM on each bidding day, or 11:00 AM in cases specified in Items 1.9 and 1.16. The Initial Bidding and bidding of turn 2 of the 900 MHz frequency band shall be conducted subsequently, directly after making the declarations about block complementation as per Annex 4/C and submitting the declarations regarding participation in turn 2 according to

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Annex 4/B. No new bidding round or Initial Bidding can be started after 7:00 PM, but any bidding round or Initial Bidding in progress must be completed. Based on the decision of the Auctioneer – taking into account the provisions of Section (65) – the bidding may be continued or new Initial Bidding may be started after 7:00 PM if all participants unanimously agree.

- 2.5. To safeguard the fairness of competition, both the Initial Bidding and the bidding will be held in a separate bidding room of the bidding venue.
- 2.6. During the Initial Bidding and the bidding, only the notary, the participant and its representative (no more than 2 individuals at a time) entitled to bid in the given turn according to Section (214) as well as the Auctioneer's employees and the people authorised by the Auctioneer may be present in the bidding room.
- 2.7. At the start of the Initial Bidding, the Auction Manager holds a short briefing to the bidding participant and their representatives about the Initial Bidding, especially about making the Initial Bid in the Bid Support IT System, and then conducts a trial Initial Bidding. If, during the Initial Bidding, any of the participants or representatives detects an error that obstructs making the Initial Bid according to the rules of the Documentation, they shall report it to the Auction Manager without delay. In this case, the Auctioneer calls an extraordinary break as per Item 3.8, and the representatives and participants are obligated to leave the bidding room. In case of a force majeure or permanent malfunction affecting the Initial Bidding, the Auction Manager adjourns the Initial Bidding, and informs the present participants or their representatives about the time the Initial Bidding is expected to be held.
- 2.8. After the Initial Bidding, if the bidding can be conducted based on the provisions of Section (190), the Auction Manager opens the bidding day regarding the given turn with bidding round 1 if the next bidding round is bidding round 1 on that day. In case of an adjourned bidding, the Auctioneer acts according to Item 4.4. In case turn 2 of the 900 MHz frequency band is held continuously as per Item 2.4, the Auctioneer shall not apply the provisions of Items 2.8-2.10.
- 2.9. After the start of the bidding day, the Auction Manager holds a short briefing to the participants and/or their representatives about the process and basic rules of the bidding as well as the operation of the Bid Support IT System. Following this briefing, the participant and/or their representatives may ask questions related to the contents of the briefing, and the Auctioneer shall answer these questions.
- 2.10. Following the briefing as per Item 2.9, the Auction Manager holds a test bidding round during which the participants and/or their representatives shall check and verify the proper operation of the basic functions of the system supporting the bidding. If, during this trial run, a participant or representative detects an error obstructing bidding according to the rules of the Documentation, they shall report it to the Auction Manager without delay.
- 2.11. During the bidding, the applicant or its representative shall immediately notify the Auction Manager of any circumstance preventing the participant from bidding as per the rules in the Documentation. If needed, upon the request of the participant or their representative, the Auction Manager calls an extraordinary break as per Item 3.6.
- 2.12. Unless otherwise stipulated in the Documentation, the participant and/or their representatives shall stay in their designated bidding booths within the bidding room, isolated from other participants or other participants' representatives, during the Initial Bidding as well as from the

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start until the finish of the specific bidding stage. The bidding participant and its representative may only leave the bidding booth and the bidding room during an ordinary or extraordinary break announced by the Auctioneer.

- 2.13. The bidding booth first assigned to participants participating in the bidding of several frequency bands at the trial auction shall remain the bidding booth assigned to the participant in question for the duration of the entire auction procedure, including the Initial Bidding.
- 2.14. The participant or the representative shall leave the bidding booth and the bidding room after the closing of the given bidding phase if a new bidding phase is to be carried out, but the participant, according to the provisions of the Documentation, may not participate in the new bidding stage.
- 2.15. During the Initial Bidding and after the opening of the bidding stage, the participants and their representatives may not communicate with other participants and representatives during their stay in the bidding room. Participants and their representatives may take their mobile phones and video and audio recording devices to the bidding room but may not make any video or audio recordings in the bidding room.
- 2.16. Upon the infringement of any of the rules of conduct in Items 2.12, 2.14–2.15 or 3.11, the Auctioneer calls upon the violating participant to cease and desist. In the case of repeated infringement or an infringement endangering the fairness of competition, the Auctioneer may expel the participant and/or impose a procedural fine.
- 2.17. Anyone who interferes with the order of the bidding, including the Initial Bidding, may be reprimanded by the Auction Manager or, in the case of repeated or grave disturbance, may be expelled from the room or be subject to a procedural fine, with the assistance of the Security Manager. Expelled participants or expelled representatives may not place valid Initial Bids/bids, and must immediately leave the bidding booth and the bidding room.
- 2.18. If, as a result of a participant or their representative being expelled, the presence or representation of the participant in question can no longer be adequately ensured at the bidding, the Auctioneer shall call for an extraordinary break. The affected participant shall ensure the on-site appearance and registration of the participant or its representative entitled to make an Initial Bid/bid within 1 (one) hour of the extraordinary break being called.
- 2.19. The Auctioneer shall promptly call on the participant's contact representative, as described in Item 1.7, in order to ensure that the participant shall arrange for making an Initial Bid as well as the presence and registration of the participant or a representative who is eligible to participate in the bidding, and shall also inform the participant of the legal consequences of omitting said registration, as per Item 2.20. The Auctioneer makes an audio recording of the notification. If the participant's listed contact representative is not available at the contact information, the Auctioneer shall retry the notification within 15 (fifteen) minutes of the time of the first notification. Failure to notify shall not affect the participant's obligation under Section 2.18, nor shall the participant be exempted from the legal consequences resulting from failure to comply with its obligation under Section 2.18. The Auctioneer shall document the fact and content of the notification.
- 2.20. If

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- 2.20.1. neither the participant nor any of the participant's representatives are present at the bidding venue by the deadline specified as per Item 2.18,
- 2.20.2. neither the participant nor any of the participant's representatives has begun registration by the deadline specified as per Item 2.18, or
- 2.20.3. none of the participant's representatives has verified their identity and their right of representation in accordance with Section (18) before the deadline indicated in Item 2.18,
- 2.20.4. the participant or their representative refuses to undergo the identity, security and health inspection after the successful registration,

and therefore, the personal presence or the representation of the participant in the bidding can no longer be assured, the participant can not make an Initial Bid for the given turn(s) conducted on the given day, or if they have already made an Initial Bid or bid on a previous day, they can not take part in the bidding of the given turn(s) any longer. In this case, the Auctioneer acts as detailed in the Documentation and applies the legal consequences specified therein.

- 2.21. If a participant or their representative fails to comply with Item 2.2 by leaving the bidding before it is closed in accordance with Item 5 – with the exception of an ordinary or extraordinary break – and as a result, the presence or representation of the participant in question can no longer be adequately ensured at the bidding, the Auctioneer shall call for an extraordinary break. The affected participant shall ensure the on-site appearance and registration of the participant or its representative entitled to bid within an hour of the extraordinary break being called. The stipulations of Items 2.18–2.20 shall apply to notifying the contact representative and the legal ramifications of failure to register.

3. Ordinary and extraordinary break, interruption of onsite bidding

- 3.1. The Auction Manager may call a 15 (fifteen) minute ordinary break between the bidding stages. With the consent of all participants and/or their representatives, the Auction Manager may waive the ordinary break and continue bidding without a break.
- 3.2. Once in each bidding stage, any participant may request the Auction Manager to call an ordinary break of up to 30 (thirty) minutes (meaning that only one ordinary break per bidding stage may be requested by those present at the bidding on behalf of a single participant). An ordinary break may be requested after the end of a bidding round (i.e. between two rounds of bids) as per Section (218).
- 3.3. If the Auction Manager observes an irregularity, he is entitled to interrupt the bidding and call an extraordinary break.
- 3.4. After the announcements in Items 2.10 and 2.11, the Auction Manager interrupts the bidding and calls an extraordinary break. If the participant or its representative has repeatedly submitted a report on the bidding day and manifestly wrongly, the Auctioneer may impose a procedural fine.
- 3.5. In the events described in Section (209), Item a) and Item b), bullets 2–4, the Auctioneer shall interrupt the bidding and call an extraordinary break.

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- 3.6. Upon the justified request of any participant and/or their representative, the Auctioneer may interrupt the bidding and call an extraordinary break. If the participant or their representative requests the interruption of the bidding and the ordering of an extraordinary break repeatedly on the same day and obviously without any grounds, the Auctioneer may impose a procedural fine.
- 3.7. The Auction Manager may, at any time, interrupt onsite bidding and call an extraordinary break for any compelling reason within the Auctioneer's interest or in case of any malfunction.
- 3.8. The duration of the extraordinary break is 30 (thirty) minutes or less. The extraordinary break may be extended once by no more than 60 (sixty) minutes on the basis of the Auction Manager's decision. If the bidding cannot resume even after the extension, the Auctioneer shall adjourn the bidding as per Item 4.1, and shall reschedule the bidding.
- 3.9. If the auction is interrupted and an extraordinary break is called after the bidding round has begun, but before the current bidding round is complete, the Auctioneer shall pause bidding, and shall remove any bids made for the incomplete bidding round.
- 3.10. When an extraordinary break is called, the Auction Manager informs the participants and the representatives of the participants of the expected time bidding resumes.
- 3.11. Following the announcement of regular breaks, and extraordinary breaks, all participants and/or their representatives shall leave the bidding room.
- 3.12. After the ordinary or extraordinary break is over, participants are entitled to continue bidding via different representatives registered as per this annex and having undergone the inspection as per Item 1.13 with the condition that no participant may have more than 2 (two) representatives present at the bidding venue and no more than two representatives present in the bidding room at any time, according to the rule provided in Item 2.6. The Auctioneer provides the participant's representatives with separate rooms per participant.
- 3.13. After the extraordinary break is over, the Auction Manager will proceed with the bidding from the last closed bidding round or, failing this, bidding round 1 of the given bidding stage.

4. Adjourning the bidding

- 4.1. In the event of force majeure or a long-term malfunction affecting the bidding, in the case described in Item 3.8, or if the bidding could not be concluded by the time stipulated in Item 2.4, the Auction Manager shall cease and adjourn the bidding. If the auction is adjourned before the current bidding round is complete, the Auctioneer shall remove any bids made for the incomplete bidding round.
- 4.2. If bidding is adjourned, the Auction Manager informs attendant participants and/or their representative about the time bidding is expected to resume and which participants are entitled to make bids. The Auction Manager shall also close the bidding day as per Item 5.
- 4.3. Unlike the situation described in Item 1.4, participants or their representatives who, based on any of the provisions of Items 1.11, 1.18 or 2.20, are not entitled to make further bids or Initial Bids may not participate in the new bidding day.
- 4.4. In the event the bidding is adjourned, the Auction Manager shall inform the participants and their representatives of the results of adjourned bidding and shall continue the bidding from

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the last bidding round closed before the adjournment as per Item 4.1 or, failing that, with the Initial Bidding of the given frequency band, or if this has already been conducted, shall open bidding round 1 of bidding stage 1.

5. Closing the bidding day

- 5.1. The Auction Manager shall close the bidding day, if:
 - 5.1.1. the bidding of each frequency band has been closed, or there is no reason to continuously conduct the next turn as described in Item 2.4 of Annex 5,
 - 5.1.2. it is past the time specified in Item 2.4, and the Auction Manager adjourns the bidding as per Item 4.1, or
 - 5.1.3. closes the bidding based on the evaluation of the Initial Bids carried out according to Section (189) (including the evaluation after declaring the Initial Bid invalid) in the case regulated by Section (191).
- 5.2. After closing the bidding, the Auctioneer prepares a closing list, the notary finalises the report prepared during the bidding, and the Auction Manager hands over one copy of both the closing list and the notary's report to the participants or the representatives of the participants.
- 5.3. Participants and/or their representatives shall leave the bidding venue after the bidding day is closed.

6. Rules of making the declarations as per Annex 4/B and Annex 4/C of the Documentation after closing turn 1 of the 900 MHz frequency band

- 6.1. The declarations as per Annex 4/B and Annex 4/C of the Documentation shall be made as part of the bidding, at the bidding venue.
- 6.2. Participants shall stay in the bidding booth at the time of making the declarations as per Annex 4/B and Annex 4/C of the Documentation Participant's representative authorised to bid and make statements related to the bidding on behalf of the participant independently, who verified their representation rights according to Section (18) of the Documentation, is entitled to make the declarations. Making the declaration is subject to the rules in this annex as required.
- 6.3. The Auctioneer verbally requires the participants to make the declarations as per Annex 4/B and Annex 4/C of the Documentation. The Auctioneer ignores participants' letter of intent regarding the modification or withdrawal of these declarations after they are made. The participants have 5 (five) minutes to make their declarations after the ordinary break. The Auctioneer shall always inform all involved participants about the content of each participant's declaration after evaluating the declarations, before the Initial Bidding of turn 2.
- 6.4. If any of the participants does not make the declaration as per Annex 4/B within the time available, or does not make the declaration as prescribed in Item 6.2 or 6.3 of this annex or the sample declaration as per Annex 4/B of the Documentation, the given participant can not participate in turn 2. No rectification of deficiencies is permitted when the declaration is made.
- 6.5. If any of the incumbents does not make the declaration as per Annex 4/C within the time available, or does not make the declaration as prescribed in Item 6.2 or 6.3 of this annex or the sample declaration as per Annex 4/C of the Documentation, the Auctioneer shall interpret

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that as the given participant not wanting to make use of the block complementation as per Section (235). No rectification of deficiencies is permitted when the declaration is made.

Annex 6 – Bidding examples

The following examples illustrate the procedure of bidding as per Chapters 4.8 and 4.9 of the Documentation.

The information contained in this Annex should not be construed as an interpretation of the Documentation. The sole objective of the examples provided in the Annex is to illustrate the individual rules of bidding as described in Chapters 4.8 and 4.9 of the Documentation. Unlike the Documentation, the examples provided have no legal effect or legal binding force with regard to individual administrative proceedings or administrative decisions.

The Auctioneer may apply or interpret the provisions contained in the Documentation in the context of a detailed examination of the circumstances of the case in the course of an auction procedure or official procedure; accordingly, the Auctioneer reserves the right to interpret the provisions of the Documentation differently from the examples set out in this Annex.

The applicant shall be responsible for studying and interpreting the rules contained in the Documentation.

Bidding – Example 1 – 900 MHz

Bidding – Example 1 – 900 MHz: Turn 1, bidding stage 1

Initial state:

- There are three participants: Participant “A”, “B” and “C” (all three are incumbent participants).
- The number of lots created within the frequency band and available in turn 1 is 4.
- The maximum number of lots a given participant can acquire in turn 1 is 2.
- The Initial Bid row displays the reserved price of the lots as well as the valid Initial Bids made by the individual participants, which also determine the maximum amount of lots the given participant may bid for in bidding round 1 of bidding stage 1.
There are a total of 6 lots the participants are competing for, which exceed the number of obtainable lots in turn 1 (4).
- During bidding round 1 of bidding stage 1, the unit price of the lots is equal to the reserved price (HUF 12 billion) increased by the price increment (HUF 1.2 million), which is then further increased by the price increment for every bidding round.

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Bidding stage 1						
Bidding round	Lot price (HUF)	Number of lots competed for				Number of lots available in turn 1
		Participant "A"	Participant "B"	Participant "C"	Total	
Initial Bid	12,000,000,000	2	2	2	6	4
Bidding round 1	13,200,000,000	2	2	2	6	4
Bidding round 2	14,400,000,000	2	2	2	6	4
Bidding round 3	15,600,000,000	2	1	0	3	4
Bidding stage 1 – Winning bid	15,600,000,000	2	1	0	3	

Summary of the results of bidding stage 1

a) Through continuously incrementing the reserved price by the price increment, bidding stage 1 ends in bidding round 3 because this is the bidding round where the total number of lots competed for by participants (3) became less than the number of lots created in the frequency band and available in turn 1 (4).

b) Results of bidding stage 1:

Participant "A": obtained 2 lots.

Participant "B": obtained 1 lot.

Participant "C": did not obtain any lot.

The above acquisition is registered in the closing list.

c) Number of lots on offer in the next, 2nd bidding stage: 1 (4-3)

d) Participants who may take part in the next, 2nd bidding stage:

In stage 2, the number of lots available to each participant can be determined by subtracting the bid made in the last (3rd) bidding round of bidding stage 1 from the bid made in the last-but-one (2nd) bidding round of bidding stage 1.

- Participant "B": may bid for 1 or fewer lots ($2-1=1$);
- Participant "C": may have bid for 2 or fewer lots ($2-0=2$), but since there was only 1 lot left unsold in total, participant "C" may also bid for only 1 lot.

e) Participant "A" can not participate in the next, 2nd bidding stage: because they already acquired the maximum number of lots acquirable in turn 1 (2 lots).

The language of the proceedings is Hungarian. The English version is provided for reference only. In the event of any conflict or discrepancy between the Hungarian and English versions, the Hungarian version shall prevail.

Bidding – Example 1 – 900 MHz: Turn 1, bidding stage 2

Initial state:

- There are two participants: Participant “B” and “C”.
- The number of lots still available in the frequency band is 1 based on item c) of the analysis regarding the previous bidding stage.
- The Initial Status row displays the initial status for the lots (as of the last-but-one bidding round in the previous bidding stage) and the associated price, as well as the highest bids available to the individual participants in bidding round 1 of bidding stage 2.
- During bidding round 1 of bidding stage 2, the price of the lots is equal to the unit price for the last-but-one bidding round in bidding stage 1 (HUF 14.4 billion) increased by the price increment for bidding stage 2 (HUF 480 million), which is then further increased by the price increment for every bidding round.

Bidding stage 2						
Bidding round	Lot price (HUF)	Number of lots competed for				Number of lots available in bidding stage 2
		Participant “A”	Participant “B”	Participant “C”	Total	
Initial status	14,400,000,000	-	1	1	2	1
Bidding round 1	14,880,000,000	-	1	1	2	1
Bidding round 2	15,360,000,000	-	1	1	2	1
Bidding round 3	15,840,000,000	-	0	0	0	1
Bidding stage 2 – Winning bid	15,840,000,000	-	0	0	0	

Summary of the results of bidding stage 2

a) Bidding stage 2 ended in bidding round 3, because here the total number of lots competed for by participants (0) became less than the number of lots available during bidding stage 2 (1).

b) Results of bidding stage 2: none of the participants obtained any lot.

c) Number of lots on offer in the next, 3rd bidding stage: 1 (1-0)

d) Participants taking part in the next, 3rd bidding stage may make bids as follows:

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In stage 3, the number of lots available to each participant can be determined by subtracting the bid made in the last (3rd) bidding round of bidding stage 2 from the bid made in the last-but-one (2nd) bidding round of bidding stage 2.

- Participant "B": may bid for 1 or fewer lots (1-0=1).
- Participant "C": may bid for 1 or fewer lots (1-0=1);

e) Participants "B" and "C" are both entitled to attend bidding stage 3: because based on item d), they have all made valid bids in the 2nd (last-but-one) bidding round of bidding stage 2, and they have all made lower bids (0) in the last bidding round than in the last-but-one bidding round.

Bidding – Example 1 – 900 MHz: Turn 1, bidding stage 3

Initial state:

- There are two participants: Participant "B" and "C".
- The number of lots still available in the frequency band is 1 based on item c) of the analysis regarding the previous bidding stage.
- The Initial Status row displays the initial status for the lots (as of the last-but-one bidding round in the previous bidding stage) and the associated price, as well as the highest bids available to the individual participants in bidding round 1 of bidding stage 3.
- During bidding round 1 of bidding stage 3, the price of the lots is equal to the unit price for the last-but-one bidding round in bidding stage 2 (HUF 15.36 billion) increased by the price increment for bidding stage 3 (HUF 120 million), which is then further increased by the price increment for every bidding round.

Bidding stage 3						
Bidding round	Lot price (HUF)	Number of lots competed for				Number of lots available in bidding stage 3
		Participant "A"	Participant "B"	Participant "C"	Total	
Initial status	15,360,000,000	-	1	1	2	1
Bidding round 1	15,480,000,000	-	1	1	2	1
Bidding round 2	15,600,000,000	-	1	1	2	1
Bidding round 3	15,720,000,000	-	1	1	2	1
Bidding round 4	15,840,000,000	-	1	1	2	1

The language of the proceedings is Hungarian. The English version is provided for reference only. In the event of any conflict or discrepancy between the Hungarian and English versions, the Hungarian version shall prevail.

Bidding stage 3						
Bidding round	Lot price (HUF)	Number of lots competed for				Number of lots available in bidding stage 3
		Participant "A"	Participant "B"	Participant "C"	Total	
Bidding round 5	15,960,000,000	-	1	1	2	1
Bidding round 6	16,080,000,000	-	1	1	2	1
Bidding round 7	16,200,000,000	-	1	1	2	1
Bidding round 8	16,320,000,000	-	1	1	2	1
Bidding round 9	16,440,000,000	-	1	1	2	1
Bidding round 10	16,560,000,000	-	1	1	2	1

Summary of the results of bidding stage 3

a) Bidding stage 3 ended in bidding round 10 because the number of bidding rounds reached 10, the maximum, while the total number of lots competed for by participants (2) still exceeded the number of lots available during bidding stage 3 (1) in bidding round 10.

b) Results of bidding stage 3:

No lots obtained by any of the participants.

c) Number of lots on offer in the next, 4th bidding stage: 1 (1-0)

d) Participants taking part in the next, 4th bidding stage may make bids as follows:

- Participant "B": May propose a unit price in order to obtain 1 lot
- Participant "C": May propose a unit price in order to obtain 1 lot

e) Participants "B" and "C" are both entitled to attend bidding stage 4: because bidding stage 3 ended in bidding round 10 with both participants having made a valid bid, but there was no acquisition in this bidding stage.

The language of the proceedings is Hungarian. The English version is provided for reference only. In the event of any conflict or discrepancy between the Hungarian and English versions, the Hungarian version shall prevail.

Bidding – Example 1 – 900 MHz: Turn 1, bidding stage 4

Initial state:

- There are two participants: Participant “B” and “C”.
- The number of lots still available in the frequency band is 1 based on item c) of the analysis regarding the previous bidding stage.
- Participants must bid the offered unit price for the lots they are auctioning for in bidding round 10 of bidding stage 3, which can not be lower than the price bid during bidding round 10 of bidding stage 3, and must also comply with the numbering rules included in Section (277) of the Documentation.

Bidding stage 4			
Name of participant	Number of lots competed for	Lowest offered unit price that can be validly bid (HUF)	Offered unit price (HUF)
Participant “B”	1	16,560,000,001	16,560,000,246
Participant “C”	1	16,560,000,001	16,560,000,246
Total	2		33,120,000,492

Summary of the intermediate results of bidding stage 4

Descending order of the offered unit prices:

Item	Name of participant	Offered unit price (HUF)
1.	Participant "B"	16,560,000,246
1.	Participant "C"	16,560,000,246

a) The participants offered the above unit prices for 1 lot each. All unit prices offered by the participants are valid, as they meet the minimum requirements stipulated in Sections (274)–(276) of the Documentation, as well as the numbering rules set out in Section (277).

b) Intermediate results of bidding stage 4:

In bidding stage 4, Participants "B" and "C" offered the same unit price, resulting in a draw; since they have equal claims to the 1 lot available in bidding stage 4, their ranking should be decided by a lottery.

c) Number of lots to be distributed via lottery: 1

d) Participants "B" and "C" are entitled to participate in the lottery, as they ended up in a draw.

Bidding – Example 1 – 900 MHz: Turn 1: Lottery

Lottery				
Name of participant	Number of lots competed for	Offered unit price (HUF)	Ranking after the lottery	Number of lots obtained
Participant "B"	1	16,560,000,246	2.	0
Participant "C"	1	16,560,000,246	1.	1
Total	2			1

The language of the proceedings is Hungarian. The English version is provided for reference only. In the event of any conflict or discrepancy between the Hungarian and English versions, the Hungarian version shall prevail.

Bidding – Example 1 – 900 MHz: Results of turn 1 after the lottery in bidding stage 4

Results after the lottery in bidding stage 4:

Item	Name of participant	offered unit price (HUF)
1.	Participant “C”	16,560,000,246
2.	Participant “B”	16,560,000,246

- Participant “C”: obtained 1 lot.
- Participant “B”: obtained 0 lot.

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The Auctioneer shall record the results of the lottery as well as all the acquisitions related to the given frequency band in the course of the bidding in the closing list.

The language of the proceedings is Hungarian. The English version is provided for reference only. In the event of any conflict or discrepancy between the Hungarian and English versions, the Hungarian version shall prevail.

Bidding – Example 1 – 900 MHz: Turn 1: Results of the bidding

Results of the bidding				
Name of participant	Name of bidding stage	Number of lots won	Obtained lot prices by section (HUF)	One-off fee payable (HUF)
Participant “A”	Bidding stage 1	2	15,600,000,000	31,200,000,000
	Bidding stage 2	-	-	-
	Bidding stage 3	-	-	-
	Bidding stage 4	-	-	-
	Total	2		31,200,000,000
Participant “B”	Bidding stage 1	1	15,600,000,000	15,600,000,000
	Bidding stage 2	-	-	-
	Bidding stage 3	-	-	-
	Bidding stage 4	-	-	-
	Total	1		15,600,000,000
Participant “C”	Bidding stage 1	-	-	-
	Bidding stage 2	-	-	-
	Bidding stage 3	-	-	-
	Bidding stage 4	1	16,560,000,246	16,560,000,246
	Total	1		16,560,000,246

Bidding – Example 1 – 900 MHz: Declarations to be made after turn 1:

After turn 1, all three participants declare that they would like to make use of the possibility of block complementation. According to the content of said declarations, bidding ends (turn 2 is not conducted) and the frequency amount equal to 2 lots ($2 \times 2 \times 5 = 20$ MHz) will be allocated using block complementation.

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The calculation of the price payable for the block complementation according to the provisions of Section (237) of the Documentation is as follows:

Name of participant	Amount of frequency allocated (MHz)	Fee to be paid for the allocated amount (M HUF)
Participant "A"	2*4 MHz (8 MHz)	Based on the 90% of the average price of the lots acquired by participant "A" (HUF 31,200,000,000/20 MHz*0.9*8 MHz): HUF 11,232,000,000
Participant "B"	2*3 MHz (6 MHz)	Based on the 90% of the average price of the lots acquired by participant "B" (HUF 15,600,000,000/10 MHz*0.9*6 MHz): HUF 8,424,000,000
Participant "C"	2*3 MHz (6 MHz)	Based on the 90% of the average price of the lots acquired by participant "C" (HUF 16,560,000,246/10 MHz*0.9*6 MHz): HUF 8,942,400,133

Bidding – Example 2 – 900 MHz

Bidding – Example 2 – 900 MHz: Turn 1, bidding stage 1

Initial state:

- There are four participants: Participants “A”, “B”, “C” (all three are incumbent participants) and “D” (new participant).
- The number of lots created within the frequency band and available in turn 1 is 4.
- The maximum number of lots a given participant can acquire in turn 1 is 2.
- The Initial Bid row displays the reserved price of the lots as well as the valid Initial Bids made by the individual participants, which also determine the maximum amount of lots the given participant may bid for in bidding round 1 of bidding stage 1.
- There are a total of 7 lots the participants are competing for, which exceed the number of obtainable lots in turn 1 (4).
- During bidding round 1 of bidding stage 1, the unit price of the lots is equal to the reserved price (HUF 12 billion) increased by the price increment (HUF 1.2 million), which is then further increased by the price increment for every bidding round.

The language of the proceedings is Hungarian. The English version is provided for reference only. In the event of any conflict or discrepancy between the Hungarian and English versions, the Hungarian version shall prevail.

Bidding stage 1							
Bidding round	Lot price (HUF)	Number of lots competed for					Number of lots available in turn 1
		Participant "A"	Participant "B"	Participant "C"	Participant "D"	Total	
Initial bid	12,000,000,000	2	2	1	2	7	4
Bidding round 1	13,200,000,000	2	2	1	2	7	4
Bidding round 2	14,400,000,000	2	2	1	2	7	4
Bidding round 3	15,600,000,000	2	2	1	2	7	4
Bidding round 4	16,800,000,000	1	1	0	1	3	4
Bidding stage 1 – Winning bid	16,800,000,000	1	1	0	1	3	

Summary of the results of bidding stage 1

a) Through continuously incrementing the reserved price by the price increment, bidding stage 1 ends in bidding round 4 because this is the bidding round where the total number of lots competed for by participants (3) became less than the number of lots created in the frequency band and available in turn 1 (4).

b) Results of bidding stage 1:

Participants "A", "B", and "D": obtained 1 lot.

Participant "C": did not obtain any lot.

The above acquisition is registered in the closing list.

c) Number of lots on offer in the next, 2nd bidding stage: 1 (4-3)

d) Participants who may take part in the next, 2nd bidding stage:

In stage 2, the number of lots available to each participant can be determined by subtracting the bid made in the last (4th) bidding round of bidding stage 1 from the bid made in the last-but-one (3rd) bidding round of bidding stage 1.

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- Participant "A": may bid for 1 or fewer lots (2-1=1).
- Participant "B": may bid for 1 or fewer lots (2-1=1);
- Participant "C": may bid for 1 or fewer lots (1-0=1);
- Participant "D": may bid for 1 or fewer lots (2-1=1).

e) All participants are entitled to attend the next, 2nd bidding stage: because based on item d), they have all made valid bids in the 3rd (last-but-one) bidding round, and they have all made lower bids in the last bidding round than in the last-but-one bidding round.

Bidding – Example 2 – 900 MHz: Turn 1, bidding stage 2

Initial state:

- There are still four participants: Participants "A", "B", "C", and "D".
- The number of lots still available in the frequency band is 1 based on item c) of the analysis regarding the previous bidding stage.
- The Initial Status row displays the initial status for the lots (as of the last-but-one bidding round in the previous bidding stage) and the associated price, as well as the highest bids available to the individual participants in bidding round 1 of bidding stage 2.
- During bidding round 1 of bidding stage 2, the price of the lots is equal to the unit price for the last-but-one bidding round in bidding stage 1 (HUF 15.6 billion) increased by the price increment for bidding stage 2 (HUF 480 million), which is then further increased by the price increment for every bidding round.

Bidding stage 2							
Bidding round	Lot price (HUF)	Number of lots competed for					Number of lots available in bidding stage 2
		Participant "A"	Participant "B"	Participant "C"	Participant "D"	Total	
Initial status	15,600,000,000	1	1	1	1	4	1
Bidding round 1	16,080,000,000	1	1	1	1	4	1
Bidding round 2	16,560,000,000	1	1	1	1	4	1
Bidding round 3	17,040,000,000	1	1	1	1	4	1
Bidding round 4	17,520,000,000	1	1	1	1	4	1
Bidding round 5	18,000,000,000	0	0	0	0	0	1

The language of the proceedings is Hungarian. The English version is provided for reference only. In the event of any conflict or discrepancy between the Hungarian and English versions, the Hungarian version shall prevail.

Bidding stage 2							
Bidding round	Lot price (HUF)	Number of lots competed for					Number of lots available in bidding stage 2
		Participant "A"	Participant "B"	Participant "C"	Participant "D"	Total	
Bidding stage 2 – Winning bid	18,000,000,000	0	0	0	0	0	

Summary of the results of bidding stage 2

a) Bidding stage 2 ended in bidding round 5 because here the total number of lots competed for by participants (0) became less than the number of lots available during bidding stage 2 (1).

b) **Results of bidding stage 2:** none of the participants obtained any lot.

c) **Number of lots on offer in the next, 3rd bidding stage:** 1 (1-0)

d) **Participants taking part in the next, 3rd bidding stage may make bids as follows:**

In bidding stage 3, the number of lots available to each participant can be determined by subtracting the bid made in the last (5th) bidding round of bidding stage 2 from the bid made in the last-but-one (4th) bidding round of bidding stage 2.

- Participant "A": may bid for 1 or fewer lots (1-0=1).
- Participant "B": may bid for 1 or fewer lots (1-0=1).
- Participant "C": may bid for 1 or fewer lots (1-0=1);
- Participant "D": may bid for 1 or fewer lots (1-0=1).

e) **All participants are entitled to attend the next, 3rd bidding stage:** because based on d), they have all made valid bids in the 4th (last-but-one) bidding round of bidding stage 2, and they have all made lower bids (0) in the last bidding round than in the last-but-one bidding round.

Bidding – Example 2 – 900 MHz: Turn 1, bidding stage 3

Initial state:

- There are still four participants: Participants "A", "B", "C", and "D".
- The number of lots still available in the frequency band is 1 based on item c) of the analysis regarding the previous bidding stage.
- The Initial Status row displays the initial status for the lots (as of the last-but-one bidding round in the previous bidding stage) and the associated price, as well as the highest bids available to the individual participants in bidding round 1 of bidding stage 3.
- During bidding round 1 of bidding stage 3, the price of the lots is equal to the unit price for the last-but-one bidding round in bidding stage 2 (HUF 17.52 billion) increased by the price increment for bidding stage 3 (HUF 120 million), which is then further increased by the price increment for every bidding round.

The language of the proceedings is Hungarian. The English version is provided for reference only. In the event of any conflict or discrepancy between the Hungarian and English versions, the Hungarian version shall prevail.

Bidding stage 3							
Bidding round	Lot price (HUF)	Number of lots competed for					Number of lots available in bidding stage 3
		Participant "A"	Participant "B"	Participant "C"	Participant "D"	Total	
Initial status	17,520,000,000	1	1	1	1	4	1
Bidding round 1	17,640,000,000	1	1	1	1	4	1
Bidding round 2	17,760,000,000	1	1	1	1	4	1
Bidding round 3	17,880,000,000	1	1	1	1	4	1
Bidding round 4	18,000,000,000	1	1	1	1	4	1
Bidding round 5	18,120,000,000	1	1	1	1	4	1
Bidding round 6	18,240,000,000	1	1	1	1	4	1
Bidding round 7	18,360,000,000	1	1	1	1	4	1
Bidding round 8	18,480,000,000	1	1	1	1	4	1
Bidding round 9	18,600,000,000	1	1	0	1	3	1
Bidding round 10	18,720,000,000	1	1	-	1	3	1

Summary of the results of bidding stage 3

a) Bidding stage 3 ended in bidding round 10 because the number of bidding rounds reached 10, the maximum, while the total number of lots competed for by participants (3) still exceeded the number of lots available during bidding stage 3 (1) in bidding round 10.

The language of the proceedings is Hungarian. The English version is provided for reference only. In the event of any conflict or discrepancy between the Hungarian and English versions, the Hungarian version shall prevail.

b) Results of bidding stage 3:

No lots obtained by any of the participants.

c) Number of lots on offer in the next, 4th bidding stage: 1 (1-0)

d) Participants taking part in the next, 4th bidding stage may make bids as follows:

- Participant "A": May propose a unit price in order to obtain 1 lot
- Participant "B": May propose a unit price in order to obtain 1 lot
- Participant "D": May propose a unit price in order to obtain 1 lot

e) Participants who may not take part in the next, 4th bidding stage:

Participant "C" could not make a bid in bidding round 10 because they bid for 0 (zero) lots in bidding round 9 of bidding stage 3.

The language of the proceedings is Hungarian. The English version is provided for reference only. In the event of any conflict or discrepancy between the Hungarian and English versions, the Hungarian version shall prevail.

Bidding – Example 2 – 900 MHz: Turn 1, bidding stage 4

Initial state:

- There are only three participants left: Participants “A”, “B”, and “D”.
- The number of lots still available in the frequency band is 1 based on item c) of the analysis regarding the previous bidding stage.
- Participants must bid the offered unit price for the lots they are auctioning for in bidding round 10 of bidding stage 3, which can not be lower than the price bid during bidding round 10 of bidding stage 3, and must also comply with the numbering rules included in Section (277) of the Documentation.

Bidding stage 4			
Name of participant	Number of lots competed for	Lowest offered unit price that can be validly bid (HUF)	Offered unit price (HUF)
Participant “A”	1	18,720,000,001	18,720,000,246
Participant “B”	1	18,720,000,001	18,720,000,246
Participant “D”	1	18,720,000,001	18,720,000,124
Total	3		

The language of the proceedings is Hungarian. The English version is provided for reference only. In the event of any conflict or discrepancy between the Hungarian and English versions, the Hungarian version shall prevail.

Summary of the intermediate results of bidding stage 4

Descending order of the offered unit prices:

Item	Name of participant	Offered unit price (HUF)
1.	Participant "A"	18,720,000,246
1.	Participant "B"	18,720,000,246
2.	Participant "D"	18,720,000,124

a) The participants offered the above unit prices for a total of 1 lot. All unit prices offered by the participants are valid, as they meet the minimum requirements stipulated in Sections (274)–(276) of the Documentation, as well as the numbering rules set out in Section (277).

b) Intermediate results of bidding stage 4:

In bidding stage 4, participants "A" and "B" offered the same unit price, while participant "D" made a lower bid, which resulted in a tie, and since they have equal claims to the 1 lot available in bidding stage 4, their ranking should be decided by a lottery.

c) Number of lots to be distributed via lottery: 1

d) Participants "A" and "B" are entitled to participate in the lottery, as they ended up in a draw.

Bidding – Example 2 – 900 MHz: Turn 1: Lottery

Lottery				
Name of participant	Number of lots competed for	offered unit price (HUF)	Ranking after the lottery	Number of lots obtained
Participant "A"	1	18,720,000,246	1.	1
Participant "B"	1	18,720,000,246	2.	0
Total	2			1

The language of the proceedings is Hungarian. The English version is provided for reference only. In the event of any conflict or discrepancy between the Hungarian and English versions, the Hungarian version shall prevail.

Bidding – Example 2 – 900 MHz: Results of turn 1 after the lottery in bidding stage 4

Results after the lottery in bidding stage 4:

Item	Name of participant	Offered unit price (HUF)
1.	Participant "A"	18,720,000,246
2.	Participant "B"	18,720,000,246
3.	Participant "D"	18,720,000,124

- Participant "A": obtained 1 lot.
- Participant "B": obtained 0 lot.
- Participant "D": obtained 0 lot.

The Auctioneer shall record the results of the lottery as well as all the acquisitions related to the given frequency band in the course of the bidding in the closing list.

The language of the proceedings is Hungarian. The English version is provided for reference only. In the event of any conflict or discrepancy between the Hungarian and English versions, the Hungarian version shall prevail.

Bidding – Example 2 – 900 MHz: Turn 1: Results of turn 1 of the bidding

Results of turn 1 of the bidding				
Name of participant	Name of bidding stage	Number of lots won	Obtained lot prices by section (HUF)	One-off fee payable (HUF)
Participant “A”	Bidding stage 1	1	16,800,000,000	16,800,000,000
	Bidding stage 2	-	-	-
	Bidding stage 3	-	-	-
	Bidding stage 4	1	18,720,000,246	18,720,000,246
	Total	2		35,520,000,246
Participant “B”	Bidding stage 1	1	16,800,000,000	16,800,000,000
	Bidding stage 2	-	-	-
	Bidding stage 3	-	-	-
	Bidding stage 4	-	-	-
	Total	1		16,800,000,000
Participant “C”	Bidding stage 1	-	-	-
	Bidding stage 2	-	-	-
	Bidding stage 3	-	-	-
	Bidding stage 4	-	-	-
	Total	0		0
Participant “D”	Bidding stage 1	1	16,800,000,000	16,800,000,000
	Bidding stage 2	-	-	-
	Bidding stage 3	-	-	-
	Bidding stage 4	-	-	-
	Total	1		16,800,000,000

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Bidding – Example 2 – 900 MHz: Declarations to be made after turn 1:

After turn 1, the new participant (participant “D”) declares that they would like to participate in turn 2, therefore, turn 2 is conducted (in this case, conditions of the block complementation do not exist, therefore, the declarations of the incumbents regarding block complementation will not be requested). Incumbent participants also declared before the Initial Bidding of turn 2 that they would like to participate in turn 2.

Bidding – Example 2 – 900 MHz: Turn 2, bidding stage 1

Initial state:

- There are four participants: Participants “A”, “B”, “C”, and “D”.
- The number of lots available in the turn 2 is 2.
- The maximum number of lots a given participant can acquire in turn 2 is 2, with the additional condition that a maximum of 3 lots can be acquired in total during the two turns.
- The Initial Bid row displays the reserved price of the lots as well as the valid Initial Bids made by the individual participants, which also determine the maximum amount of lots the given participant may bid for in bidding round 1 of bidding stage 1. Participant “A” may bid for only 1 lot because they already acquired 2 lots during turn 1 of the bidding.
There are a total of 7 lots the participants are competing for, which exceed the number of obtainable lots in turn 2 (2).
- During bidding round 1 of bidding stage 1, the unit price of the lots is equal to the reserved price (HUF 12 billion) increased by the price increment (HUF 1.2 million), which is then further increased by the price increment for every bidding round.

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Bidding stage 1							
Bidding round	Lot price (HUF)	Number of lots competed for					Number of lots available in turn 2
		Participant "A"	Participant "B"	Participant "C"	Participant "D"	Total	
Initial bid	12,000,000,000	1	2	2	2	7	2
Bidding round 1	13,200,000,000	1	2	2	2	7	2
Bidding round 2	14,400,000,000	1	2	2	2	7	2
Bidding round 3	15,600,000,000	1	2	2	2	7	2
Bidding round 4	16,800,000,000	1	2	2	2	7	2
Bidding round 5	18,000,000,000	1	2	2	2	7	2
Bidding round 6	19,200,000,000	0	0	0	0	0	2
Bidding stage 1 – Winning bid	19,200,000,000	0	0	0	0	0	

Summary of the results of bidding stage 1

a) Through continuously incrementing the reserved price by the price increment, bidding stage 1 ends in bidding round 6 because this is the bidding round where the total number of lots competed for by participants (0) became less than the number of lots available in turn 2 (2).

b) Results of bidding stage 1: none of the participants obtained any lot.

c) Number of lots on offer in the next, 2nd bidding stage: 2 (2-0)

d) Participants taking part in the next, 2nd bidding stage may make bids as follows:

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In bidding stage 2, the number of lots available to each participant can be determined by subtracting the bid made in the last (5th) bidding round of bidding stage 1 from the bid made in the last-but-one (6th) bidding round of bidding stage 1.

- Participant "A": may bid for 1 or fewer lots (1-0=1).
- Participant "B": may bid for 2 or fewer lots (2-0=2).
- Participant "C": may bid for 2 or fewer lots (2-0=2).
- Participant "D": may bid for 2 or fewer lots (2-0=2);

e) All participants are entitled to attend bidding stage 2: because based on item d), they have all made valid bids in the 5th (last-but-one) bidding round of bidding stage 1, and they have all made lower bids (0) in the last bidding round than in the last-but-one bidding round.

Bidding – Example 2 – 900 MHz: Turn 2, bidding stage 2

Initial state:

- There are still four participants: Participants "A", "B", "C", and "D".
- The number of lots still available in the frequency band is 2 based on item c) of the analysis regarding the previous bidding stage.
- The Initial Status row displays the initial status for the lots (as of the last-but-one bidding round in the previous bidding stage) and the associated price, as well as the highest bids available to the individual participants in bidding round 1 of bidding stage 2.
- During bidding round 1 of bidding stage 2, the price of the lots is equal to the unit price for the last-but-one bidding round in bidding stage 1 (HUF 18 billion) increased by the price increment for bidding stage 2 (HUF 480 million), which is then further increased by the price increment for every bidding round.

Bidding stage 2							
Bidding round	Lot price (HUF)	Number of lots competed for					Number of lots available in bidding stage 2
		Participant "A"	Participant "B"	Participant "C"	Participant "D"	Total	
Initial status	18,000,000,000	1	2	2	2	7	2
Bidding round 1	18,480,000,000	1	2	2	2	7	2
Bidding round 2	18,960,000,000	1	1	2	1	5	2
Bidding round 3	19,440,000,000	1	0	0	0	1	2

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Bidding stage 2							
Bidding round	Lot price (HUF)	Number of lots competed for					Number of lots available in bidding stage 2
		Participant "A"	Participant "B"	Participant "C"	Participant "D"	Total	
Bidding stage 2 – Winning bid	19,440,000,000	1	0	0	0	1	

Summary of the results of bidding stage 2

a) Bidding stage 2 ended in bidding round 3, because here the total number of lots competed for by participants (1) became less than the number of lots available during bidding stage 2 (2).

b) Results of bidding stage 2:

Participant "A": obtained 1 lot.

Participants "B", "C" and "D": did not acquire any lots.

The above acquisition is registered in the closing list.

c) Number of lots on offer in the next, 3rd bidding stage: 1 (2-1)

d) Participants taking part in the next, 3rd bidding stage may make bids as follows:

In stage 3, the number of lots available to each participant can be determined by subtracting the bid made in the last (3rd) bidding round of bidding stage 2 from the bid made in the last-but-one (2nd) bidding round of bidding stage 2.

- Participant "B": may bid for 1 or fewer lots (1-0=1).
- Participant "C": may have bid for 2 or fewer lots (2-0=2), but since there was only 1 lot left unsold in total, participant "C" may also bid for only 1 lot.
- Participant "D": may bid for 1 or fewer lots (1-0=1).

Participants "B", "C", and "D" are all entitled to attend bidding stage 3: because based on item d), they have all made valid bids in the 2nd (last-but-one) bidding round of bidding stage 2, and they have all made lower bids (0) in the last bidding round than in the last-but-one bidding round.

e) Participants who may not take part in the next, 3rd bidding stage:

Participant "A" can not participate in bidding stage 3 because they acquired the maximum number of 1 lot acquirable by them in turn 2.

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Bidding – Example 2 – 900 MHz: Turn 2, bidding stage 3

Initial state:

- There are three participants: Participants “B”, “C” and “D”.
- The number of lots still available in the frequency band is 1 based on item c) of the analysis regarding the previous bidding stage.
- The Initial Status row displays the initial status for the lots (as of the last-but-one bidding round in the previous bidding stage) and the associated price, as well as the highest bids available to the individual participants in bidding round 1 of bidding stage 3.
- During bidding round 1 of bidding stage 3, the price of the lots is equal to the unit price for the last-but-one bidding round in bidding stage 2 (HUF 18.96 billion) increased by the price increment for bidding stage 3 (HUF 120 million), which is then further increased by the price increment for every bidding round.

Bidding stage 3							
Bidding round	Lot price (HUF)	Number of lots competed for					Number of lots available in bidding stage 3
		Participant “A”	Participant “B”	Participant “C”	Participant “D”	Total	
Initial status	18,960,000,000	-	1	1	1	3	1
Bidding round 1	19,080,000,000	-	1	1	1	3	1
Bidding round 2	19,200,000,000	-	1	1	1	3	1
Bidding round 3	19,320,000,000	-	1	1	1	3	1
Bidding round 4	19,440,000,000	-	1	1	1	3	1
Bidding round 5	19,560,000,000	-	0	1	0	1	1
Bidding stage 3 – Winning bid	19,560,000,000	-	0	1	0	1	

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Summary of the results of bidding stage 3

a) Bidding stage 3 ended in bidding round 5 because in this bidding round, the total number of lots competed for by participants (1) was equal to the number of lots available during bidding stage 3 (1).

b) Results of bidding stage 3:

Participant "C": obtained 1 lot.

Participants "B" and "D" did not acquire any lots.

The above acquisition is registered in the closing list.

Turn 2 of the bidding ended in bidding stage 3 since all the lots available in turn 2 (2) were allocated.

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Bidding – Example 2 – 900 MHz: Turn 2: Results of turn 2 of the bidding

Results of turn 2 of the bidding				
Name of participant	Name of bidding stage	Number of lots won	Obtained lot prices by section (HUF)	One-off fee payable (HUF)
Participant “A”	Bidding stage 1	-	-	-
	Bidding stage 2	1	19,440,000,000	19,440,000,000
	Bidding stage 3	-	-	-
	Total	1		19,440,000,000
Participant “B”	Bidding stage 1	-	-	,
	Bidding stage 2	-	-	-
	Bidding stage 3	-	-	-
	Total	0		0
Participant “C”	Bidding stage 1	-	-	-
	Bidding stage 2	-	-	-
	Bidding stage 3	1	19,560,000,000	19,560,000,000
	Total	1		19,560,000,000
Participant “D”	Bidding stage 1	-	-	-
	Bidding stage 2	-	-	-
	Bidding stage 3	-	-	-
	Total	0		0

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Bidding – Example 2 – 900 MHz: Aggregated results of the bidding (turns 1 and 2):

Results of turns 1 and 2 of the bidding					
Name of participant	Number of the turn	Name of bidding stage	Number of lots won	Obtained lot prices by section (HUF)	One-off fee payable (HUF)
Participant "A"	Turn 1	Bidding stage 1	1	16,800,000,000	16,800,000,000
		Bidding stage 2	-	-	-
		Bidding stage 3	-	-	-
		Bidding stage 4	1	18,720,000,246	18,720,000,246
		Turn 1 aggregated	2		35,520,000,246
	Turn 2	Bidding stage 1	-	-	-
		Bidding stage 2	1	19,440,000,000	19,440,000,000
		Bidding stage 3	-	-	-
		Turn 2 aggregated	1		19,440,000,000
	Turns 1 and 2	Turns 1 and 2 aggregated	3		54,960,000,246
Participant "B"	Turn 1	Bidding stage 1	1	16,800,000,000	16,800,000,000
		Bidding stage 2	-	-	-
		Bidding stage 3	-	-	-
		Bidding stage 4	-	-	-
		Turn 1 aggregated	1		16,800,000,000
	Turn 2	Bidding stage 1	-	-	-
		Bidding stage 2	-	-	-
		Bidding stage 3	-	-	-
		Turn 2 aggregated	0		0
	Turns 1 and 2	Turns 1 and 2 aggregated	1		16,800,000,000
Participant "C"	Turn 1	Bidding stage 1	-	-	-

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		Bidding stage 2	-	-	-
		Bidding stage 3	-	-	-
		Bidding stage 4	-	-	-
		Turn 1 aggregated	0		0
	Turn 2	Bidding stage 1	-	-	-
		Bidding stage 2	-	-	-
		Bidding stage 3	1	19,560,000,000	19,560,000,000
		Turn 2 aggregated	1		19,560,000,000
	Turns 1 and 2	Turns 1 and 2 aggregated	1		19,560,000,000
	Participant “D”	Turn 1	Bidding stage 1	1	16,800,000,000
Bidding stage 2			-	-	-
Bidding stage 3			-	-	-
Bidding stage 4			-	-	-
Turn 1 aggregated			1		16,800,000,000
Turn 2		Bidding stage 1	-	-	-
		Bidding stage 2	-	-	-
		Bidding stage 3	-	-	-
		Turn 2 aggregated	0		0
Turns 1 and 2		Turns 1 and 2 aggregated	1		16,800,000,000

Bidding – Example 3 – 1800 MHz

Bidding – Example 3 – 1800 MHz: Bidding stage 1

Initial state:

- There are four participants: Participants “A”, “B”, “C”, and “D”.
- There are 12 lots available within the frequency band
- There is no minimum limit during the procedure, and the maximum number of lots a given participant can acquire is 6 ($6 \times 2 \times 5 = 60$ MHz) with the condition that participants may not end up possessing entitlements for more than 60 MHz as the sum of their frequency range involved in the entitlements, rights of frequency use acquired before the auction procedure started and the entitlements, rights of frequency use newly acquired in the current auction procedure.
- The Initial Bid row displays the reserved price of the lots as well as the valid Initial Bids made by the individual participants, which also determine the maximum amount of lots the given participant may bid for in bidding round 1 of bidding stage 1.
There are a total of 17 lots the participants are competing for, which exceed the number of obtainable lots. Participants “A” and “C” already own entitlements of frequency use at the time the auction procedure is started, therefore, they made their initial bids with the maximum limit available to them in mind (“A”: 4 and “C”: 5).
- During bidding round 1 of bidding stage 1, the unit price of the lots is equal to the reserved price (HUF 6 billion) increased by the price increment (HUF 600 million), which is then further increased by the price increment for every bidding round.

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Bidding stage 1							
Bidding round	Lot price (HUF)	Number of lots competed for					Number of lots within the frequency band
		Participant "A"	Participant "B"	Participant "C"	Participant "D"	Total	
Initial bid	6,000,000,000	4	6	5	2	17	12
Bidding round 1	6,600,000,000	4	6	5	2	17	12
Bidding round 2	7,200,000,000	4	5	5	2	16	12
Bidding round 3	7,800,000,000	4	4	5	2	15	12
Bidding round 4	8,400,000,000	1	3	2	1	7	12
Bidding stage 1 - Winning bid	8,400,000,000	1	3	2	1	7	

Summary of the results of bidding stage 1

a) Through continuously incrementing the reserved price by the price increment, bidding stage 1 ends in bidding round 4, because here the total number of lots competed for by participants (7) became less than the number of lots available in the frequency band (12).

b) Results of bidding stage 1:

- Participant "A": obtained 1 lot.
- Participant "B": obtained 3 lot.
- Participant "C": obtained 2 lots.
- Participant "D": obtained 1 lot.

The above acquisition is registered in the closing list. 5 lots remained.

c) Number of lots on offer in the next, 2nd bidding stage: 5 (12-7)

d) Participants who may take part in the next, 2nd bidding stage:

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In stage 2, the number of lots available to each participant can be determined by subtracting the bid made in the last (4th) bidding round of bidding stage 1 from the bid made in the last-but-one (3rd) bidding round of bidding stage 1.

- Participant "A": may bid for 3 or fewer lots ($4-1=3$).
- Participant "B": may bid for 1 or fewer lots ($4-3=1$).
- Participant "C": may bid for 3 or fewer lots ($5-2=3$).
- Participant "D": may bid for 1 or fewer lots ($2-1=1$).

e) All participants are entitled to attend the next, 2nd bidding stage: because based on item d), they have all made valid bids in the 3rd (last-but-one) bidding round, and they have all made lower bids in the last bidding round than in the last-but-one bidding round.

Bidding – Example 3 – 1800 MHz: Bidding stage 2

Initial state:

- There are still four participants: Participants "A", "B", "C", and "D".
- The number of lots still available in the frequency band is 5 based on item c) of the analysis regarding the previous bidding stage.
- The Initial Status row displays the initial status for the lots (as of the last-but-one bidding round in the previous bidding stage) and the associated price, as well as the highest bids available to the individual participants in bidding round 1 of bidding stage 2.
- During bidding round 1 of bidding stage 2, the price of the lots is equal to the unit price for the last-but-one bidding round in bidding stage 1 (HUF 7.8 billion) increased by the price increment for bidding stage 2 (HUF 240 million), which is then further increased by the price increment for every bidding round.

Bidding stage 2							
Bidding round	Lot price (HUF)	Number of lots competed for					Number of lots available in bidding stage 2
		Participant "A"	Participant "B"	Participant "C"	Participant "D"	Total	
Initial status	7,800,000,000	3	1	3	1	8	5
Bidding round 1	8,040,000,000	3	1	2	1	7	5
Bidding round 2	8,280,000,000	3	1	2	1	7	5
Bidding round 3	8,520,000,000	3	1	2	1	7	5
Bidding round 4	8,760,000,000	0	1	1	1	3	5

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Bidding stage 2							
Bidding round	Lot price (HUF)	Number of lots competed for					Number of lots available in bidding stage 2
		Participant "A"	Participant "B"	Participant "C"	Participant "D"	Total	
Bidding stage 2 - Winning bid	8,760,000,000	0	1	1	1	3	

Summary of the results of bidding stage 2

a) Bidding stage 2 ended in bidding round 4, because here the total number of lots competed for by participants (3) became less than the number of lots available during bidding stage 2 (5).

b) Results of bidding stage 2:

- Participant "A": did not obtain any lot.
- Participant "B": obtained 1 lot.
- Participant "C": obtained 1 lot.
- Participant "D": obtained 1 lot.

The above acquisition is registered in the closing list. 2 lots remained.

c) Number of lots on offer in the next, 3rd bidding stage: 2 (5-3)

d) Participants taking part in the next, 3rd bidding stage may make bids as follows:

In bidding stage 3, the number of lots available to each participant can be determined by subtracting the bid made in the last (4th) bidding round of bidding stage 2 from the bid made in the last-but-one (3rd) bidding round of bidding stage 2, taking into account the number of lots being the subject of bidding stage 3.

- Participant "A": may bid for 2 or fewer lots (it does not matter if $3-0=3$ because there are only 2 lots available in bidding stage 3 according to item c)).
- Participant "C": may bid for only 1 lot ($2-1=1$).

e) Participants who may not take part in the next, 3rd bidding stage:

- Participant "B", as they made the same bid in the last-but one (3rd) and last (4th) bidding round of bidding stage 2, which they acquired in the second bidding stage ($1-1=0$).
- Participant "D", as they made the same bid in the last-but one (3rd) and last (4th) bidding round of bidding stage 2, which they acquired in the second bidding stage ($1-1=0$).

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Bidding – Example 3 – 1800 MHz: Bidding stage 3

Initial state:

- There are two participants: Participant “A” and “C”.
- The number of lots still available in the frequency band is 2 based on item c) of the evaluation regarding the previous bidding stage.
- The Initial Status row displays the initial status for the lots (as of the last-but-one bidding round in the previous bidding stage) and the associated price, as well as the highest bids available to the individual participants in bidding round 1 of bidding stage 3.
- During bidding round 1 of bidding stage 3, the price of the lots is equal to the unit price for the last-but-one bidding round in bidding stage 2 (HUF 8.52 billion) increased by the price increment for bidding stage 3 (HUF 60 million), which is then further increased by the price increment for every bidding round.

Bidding stage 3							
Bidding round	Lot price (HUF)	Number of lots competed for					Number of lots available in bidding stage 3
		Participant “A”	Participant “B”	Participant “C”	Participant “D”	Total	
Initial status	8,520,000,000	2	-	1	-	3	2
Bidding round 1	8,580,000,000	2	-	1	-	3	2
Bidding round 2	8,640,000,000	2	-	1	-	3	2
Bidding round 3	8,700,000,000	1	-	1	-	2	2
Bidding stage 3 - Winning bid	8,700,000,000	1	-	1	-	2	

Summary of the results of bidding stage 3

a) Bidding stage 3 ended in bidding round 3, because this was the bidding round where the total number of lots competed for by participants (2) became equal to the number of lots available during bidding stage 3 (2), and so bidding was closed.

b) Results of bidding stage 3:

- Participant “A”: obtained 1 lot.

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- Participant “B”: did not obtain any lot.
- Participant “C”: obtained 1 lot.
- Participant “D”: did not obtain any lot.

All of the lots obtained in bidding stages 1-3 are entered into the closing list. The participants have successfully obtained all 12 lots.

Bidding – Example 3 – 1800 MHz: Results of the bidding

Results of the bidding				
Name of participant	Name of bidding stage	Number of lots won	Obtained lot prices by section (HUF)	One-off fee payable (HUF)
Participant “A”	Bidding stage 1	1	8,400,000,000	8,400,000,000
	Bidding stage 2	-	-	-
	Bidding stage 3	1	8,700,000,000	8,700,000,000
	Total	2		17,100,000,000
Participant “B”	Bidding stage 1	3	8,400,000,000	25,200,000,000
	Bidding stage 2	1	8,760,000,000	8,760,000,000
	Bidding stage 3	-	-	-
	Total	4		33,960,000,000
Participant “C”	Bidding stage 1	2	8,400,000,000	16,800,000,000
	Bidding stage 2	1	8,760,000,000	8,760,000,000
	Bidding stage 3	1	8,700,000,000	8,700,000,000
	Total	4		34,260,000,000
Participant “D”	Bidding stage 1	1	8,400,000,000	8,400,000,000
	Bidding stage 2	1	8,760,000,000	8,760,000,000
	Bidding stage 3	-	-	-
	Total	2		17,160,000,000

Annex 7

The description of the software supporting bidding

This brochure describes the basic functionality of the software used by the Auctioneer to conduct bidding (hereinafter: **Software**) as part of the Bid Support System, and how the Software represents the bidding rules as specified in Chapters 4.6-4.9 of the Documentation, and how it supports bidding. In connection with the bidding system, the description, as needed, refers to the specific rules of the bidding procedure described in Chapters 4.6-4.9 of the Documentation.

1. Bidding shall be conducted by the Auctioneer using the software developed specifically for the bidding procedure.
2. The software operates in a closed system, is disconnected from the Internet and from any other external network.
3. The software is a Windows-based application consisting of two separate parts:
 - 3.1. one called "Auctioneer" (hereinafter: the **Auctioneer Interface**), which is used exclusively by the Auctioneer during the bidding,
 - 3.2. and one called "Participant" (hereinafter: **Participant Interface**), which is used by the participants during the bidding. Each participant receives its own Participant Interface and can only use and see its own Participant Interface.
4. The Auctioneer can start and close the Initial Bidding round and each bidding round on the Auctioneer Interface, and can use this interface to switch to the next bidding stage in the case specified in Section (223), Item b).
5. Each participant present at the bidding can only make their Initial Bids and further bids on their own Participant Interface, which is independent of all other Participant Interfaces. The Auctioneer provides each participant with a numeric keypad to enter the Initial Bid and the bids. After entering the Initial Bid and the bid and clicking on the "Submit" button, a confirmation window pops up on the Participant Interface where Participants are able to see their bid waiting to be sent, and the Initial Bid and the bid is sent to the Auctioneer after the "Yes" button is clicked. If the participant clicks on the "No" button in the confirmation window, the Initial Bid or the bid is not sent to the Auctioneer, and the participant returns to the window where they can enter the Initial Bid or the bid. In this case, the participant shall enter the Initial Bid or the bid again – taking into consideration the time available for the given bidding round –, which will be submitted to the Auctioneer after clicking the "Submit" button and then the "Yes" button in the confirmation window, as described above.
6. The software tracks the minimum number of lots that can be acquired by each participant in the specific bidding round of the specific bidding stage of the bidding for the specific frequency bands as per the acquisition rules in Section (28) and the number of lots already acquired by the

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participant in the preceding bidding stages as well as the maximum number of lots that can still be obtained at the time of bidding, and subject to the rules set out in Sections (201)–(203).

7. When entering the Initial Bids and in stages 1-3 of the bidding, the Software allows bids only in the range between the minimum and maximum limits applicable to the specific participant during the Initial Bidding and in the specific bidding round of the specific bidding stage of the bidding regarding the given turn. If the participant attempts to make a bid outside of this range in the bidding cell, an automatic error message is displayed on the Participant Interface, and the Submit button becomes inactive.
8. The “Submit” button remains inactive on the Participant Interface until the participant enters in the bidding cell a number that is in the range as defined under Item 7. If the participant does not wish to acquire any lot at the price specified by the Auctioneer in the given bidding round, it may only use the “Skip bidding round (0)” button to indicate its intent to the Auctioneer. Entering 0 (zero) in the bid field and submitting it as an Initial Bid or bid is not possible considering the provisions of Item 7. After using the “Skip bidding round (0)” button, a confirmation message is automatically displayed on the Participant Interface, where the participant can select the “Yes” or the “No” button depending on whether or not they really meant to use the “Skip bidding round (0)” button. When making the Initial Bids, the “Skip bidding round (0)” button is inactive considering Section (180).
9. On the Participant Interface, the participant can track the time remaining from the specific bidding round of the specific bidding stage of the bidding of the given turn, as specified in Section (205), during which it can make a single bid or use the “Skip bidding round (0)” button once in accordance with Section (217). If the participant has made a bid in a given bidding round, used the “Skip bidding round (0)” button, or the time available for making the bid has expired, both the “Submit” and the “Skip bidding round (0)” buttons will become inactive on the Participant Interface, and in the latter case, the message “Bidding is over” will appear at the place where the time remaining from the specific bidding round is otherwise displayed.
10. After using the “Submit” button on the Participant Interface, the participant cannot modify or overwrite its bid, even if there is still time remaining for the specific bidding round.
11. In bidding stage 4, participants can also enter the offered unit price using a numeric keypad. Following the entry of the offered unit price, the software also displays the number as a text to help participants make sure that the amount entered is correct. Next, the participant can submit the offered unit price using the “Submit” button.
12. In bidding stage 4, the Participant Interface displays the numbering rules as per Section (277), as well as the minimum unit price that can be submitted by the participant as per Sections (274)–(276) and the numbering rules contained in Section (277). If the offered unit price entered does not comply with the numbering rules or those on the minimum offered unit price defined in Sections (274)–(276), the Participant Interface will automatically display an error message. The “Submit” button will become active only if the offered unit price complies with the rules in the Documentation. The “Skip bidding round (0)” button is inactive in bidding stage 4.
13. Participants may also use the Participant Interface to keep track of the number of the current bidding stage and bidding round during the bidding of the given turn, the number of lots still available to them in the bidding round of the bidding stage, the price determined by the Auctioneer for 1 (one) lot in the specific bidding round of the specific bidding stage, a table of the bids made in

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the previous bidding rounds, and also the bidding rounds of the previous bidding stages in which they have already acquired lots and their prices.

14. Participants will only be able to enter numerals on the Participant Interface, and only in the cells for the bid and the offered unit price. All other values are automatically calculated by the software and cannot be modified/overwritten by the participants.