

NTT DOCOMO INC.

COMMENTS ON OFCA'S CONSULTATION PAPER

ARRANGEMENTS FOR THE FREQUENCY SPECTRUM IN THE 1.9 – 2.2 GHz BAND UPON
EXPIRY OF THE EXISTING FREQUENCY ASSIGNMENTS FOR 3G MOBILE SERVICES

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1. INTRODUCTION

NTT DOCOMO INC. (DOCOMO), an international investor as well as one of the shareholders and roaming partners of Hutchison Telephone Company Limited (HTCL), is pleased to submit herewith comments on the Consultation Paper ("CP") issued by the Office of the Communications Authority ("OFCA") on 30 March 2012 titled "Arrangements for the Frequency Spectrum in the 1.9 – 2.2 GHz Band upon Expiry of the Existing Frequency Assignments for 3G Mobile Services".

2. GENERAL

The volume of mobile data traffic has been rapidly growing globally in recent years and it is expected to expand further as Smartphones and mobile data services continue to grow. In order to cater for the rapid growth of market demands, mobile operators need to invest in their network capacity as well as to explore innovative technologies and services.

DOCOMO expects that telecom regulators consider arrangements to encourage operators to invest in building state-of-the-art network infrastructures and introducing innovative technologies and services which would contribute to the sustainable development and growth of mobile communications industry.

3. KEY COMMENTS

- ◆ Regulator should ensure the service continuity for the customers
 - The existing operators might be required to either degrade or discontinue their current services if the existing frequency assignment was not maintained upon license renewal. This would not only affect the operators' customers but also affect the inbound roamers visiting Hong Kong.
 - In such a case, customers, including inbound roamers, could be forced to change the

handset to continue to benefit from the current service.

- For those reasons, the regulator should ensure that license renewal would not cause any negative consequences to the current customers.

- ◆ Regulator should conduct in-depth analysis on appropriate level of spectrum utilization fee (“SUF”).
 - An increase in SUF might be beneficial to the Government’s public financing, but to the contrary, it could be a heavy financial burden for the mobile operators.
 - If the mobile operators face significant rise of SUF, the possible negative consequences would be:
 1. Mobile operators might be forced to pass on the financial burden to consumers, hence consumers would face price increase.
 2. Mobile operators could become reluctant to continue investing to maintain the same quality of services, and the pace of introduction of innovative mobile communication services could slowdown.
 - For those reasons, the level of the SUF should be minimized, to allow and encourage mobile operators to continue to invest for service innovation.

4. CONCLUSION

DOCOMO supports Option 1 (License renewal), because this would be most likely to eliminate our concerns explained above. DOCOMO requests that OFCA further conducts in-depth analysis from various aspects for the continuity of consumer service and sustainable development of mobile industry in Hong Kong.

Lastly, DOCOMO expects that Hong Kong continues to maintain its excellent reputation for encouraging foreign investments and participation in technology development. .

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