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Office of the Communications Authority

29/F, Wu Chung House,
213 Queen's Road East,
Hong Kong
Attention: Head, Regulatory 4

Dear Sirs,

We refer to the Consultation Paper pertaining to "Arrangement for the Frequency Spectrum in the 900 MHz and 1800 MHz Bands upon Expiry of the Existing Assignments for Public Mobile Telecommunications Services and the Spectrum Utilisation Fee" ("Consultation Paper") issued by the Communications Authority ("CA") on 3 Feb 2016 and write to express our views as follows.

Brocade believes that Option 1: Right of first refusal to be offered to the incumbent operators should be the best choice for the following reasons:

1. Customer Service Continuity: we believe that keeping the status quo is the best means to maintain customer service continuity. From our perspective, Options 2 and 3 both involve frequency spectrum reallocation of the incumbent operators and the situation will be made worse if such incumbent operators' spectrum was reduced as a result of Options 2 and 3.

2. Encourage long term investment and innovative services: again, keeping the status quo will encourage long term investment and subsequent introduction of innovative services.

Based on the foregoing, our responses to the CA's questions raised in the Consultation Paper are as follows:-

Question 1: Given the CA's views that there are likely to be competing demands for the 900/1800 MHz Spectrum, is there any overriding public policy reason for the CA to consider not adopting a market-based approach pursuant to the Spectrum Policy Framework and to favour the full-fledged administratively-assigned approach (Option 1) for the Re-assignment of the 900/1800 MHz Spectrum?

The overriding public policy reason is to ensure service continuity and cause as little disruption to the customers' service as possible. Hence, Option 1 is preferred.

Question 2: What are your views on whether the full-fledged administratively-assigned approach (Option 1) would achieve the four identified objectives in the Re-assignment of the 900/1800 MHz Spectrum?

We strongly believe that Option 1 will help achieve the 4 identified objectives, namely:-

- (a) ensuring customer service continuity;
- (b) efficient spectrum utilisation;
- (c) promotion of effective competition; and
- (d) encouragement of investment and promotion of innovative services.

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Question 3: Do you have any concerns about the continuity of customer services, in particular as regards the provision of 2G voice services, to local users and inbound visitors if the full-fledged market-based approach (Option 2) were to be adopted for the Re-assignment of the 900/1800 MHz Spectrum?

We have grave concern over the continuity of customer services if Option 2 was adopted.

Question 4: What are your views on the full-fledged market-based approach (Option 2) in achieving the four identified objectives in the Re-assignment of the 900/1800 MHz Spectrum?

It is our view that Option 2 will not be able to achieve the 4 identified objectives.

Question 5: What are your views on the hybrid approach (Option 3) in achieving the four identified objectives in the Re-assignment of the 900/1800 MHz Spectrum?

Again, it is our view that Option 3 will not be able to achieve the 4 identified objectives.

Question 6: Would you consider the proposed arrangement to set aside 2 x 5 MHz of the 900/1800 MHz Spectrum as the RFR Spectrum for each of the four MNOs to ensure continuous provision of 2G services during the first three years of the new spectrum assignment term too much, too little or about right? Is there any arrangement other than the provision of RFR Spectrum to each of the four MNOs would also ensure continuity of 2G services for a reasonable period of time in the new 15-year spectrum assignment term?

The proposed assignment to set aside 2 x 5 MHz of the 900/1800 MHz spectrum as the RFR spectrum for each of the 4 MNOs is too little. Our view is the status quo shall be maintained.

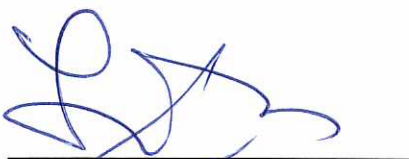
Question 7: Among the four hybrid sub-options, what is your preference and why? Do you have any other variants to the hybrid option you would like to suggest, and if so, what are the details and the justifications?

Our view is the status quo shall be maintained.

Question 8 and onwards:

Our general view is that the spectrum utilization fee shall not be set on too high a level. Considering the general worldwide economic environment with risk of downturn, such spectrum utilization fee shall be set at a reasonable level.

Sincerely,



Larry Tam
Managing Director
Hong Kong & Macau