

not affect the dollar amount a bidder may bid on licenses.

31. For Auction No. 51 the Bureau proposes to calculate upfront payments on a license-by-license basis using the following formula:

$$\$0.00001 * \text{kHz} * \text{License Area Population, rounded.}$$

The Bureau seeks comment on this proposal.

32. The amount of the upfront payment submitted by a bidder will determine the initial maximum eligibility (as measured in bidding units) for each bidder. Each license is assigned a specific number of bidding units equal to the upfront payment, on a bidding unit per dollar basis. This number does not change during the auction. A bidder's upfront payment is not attributed to specific licenses or packages. Rather, a bidder may place bids on licenses and packages as long as the total number of bidding units associated with those licenses and packages does not exceed the bidder's eligibility. For a package, the Bureau proposes to calculate the bidding units by adding together the bidding units of the individual licenses that make up the package. Eligibility cannot be increased during the auction. Thus, in calculating its upfront payment amount, an applicant should determine the maximum number of bidding units (either individually or in a package) it may wish to bid on in any single round and submit an upfront payment covering that number of bidding units. The Bureau seeks comment on this proposal. The Bureau lists the proposed bidding units and upfront payments for all licenses in Attachment A of the *Auction No. 51 Comment Public Notice*.

C. Activity and Eligibility Rules

33. In order to ensure that the auction closes within a reasonable period of time, an activity rule provides incentives for bidders to participate throughout the auction. The activity rule requires each bidder to have active bids in each round that account for a specified fraction of the bidder's current eligibility, as measured in bidding units. A bidder that does not satisfy the activity rule will either use an activity rule waiver (if any remain) or lose bidding eligibility for the next round. Losing eligibility matters to bidders because a bidder's bidding activity cannot exceed its current eligibility.

i. Measuring Activity

34. In SMR auctions, a bidder's activity in a round is determined by adding the bidding units associated

with licenses on which the bidder is active. A bidder is considered active on a license in the current round of an SMR auction if it is either the high bidder at the end of the previous bidding round (and did not withdraw the high bid in the current round), or if it submits a bid in the current round (and does not subsequently remove the bid). In a package bidding auction, calculating activity levels in a round is not as simple because a bidder can submit bids on different packages that contain one or more of the same licenses. To illustrate this, suppose a bidder submits bids on the following packages in round *t*:

Package/Licenses	Bidding units
Package A:	
South-16 (38,000 bu)	76,000 bu
South-17 (38,000 bu)	
Package B:	
Northeast-17 (34,000 bu).	108,000 bu
South-17 (38,000 bu)	
Central-17 (36,000 bu)	

35. For Auction No. 51, the Bureau proposes to measure a bidder's bidding activity in a round as the maximum number of bidding units the bidder can win considering new bids placed and provisionally winning bids renewed in that round. Thus, when a bidder submits bids in a round the FCC Automated Auction System will determine the set of bids, among the bidder's new bids and renewed provisionally winning bids, that contains the most bidding units and has no overlap among the licenses. For instance, in the example, the two bids contain four distinct licenses. The sum of the bidding units associated with these four licenses is 146,000. However, since both packages contain license South-17, this bidder cannot win both packages at the same time. Under the Bureau's proposal the maximum number of bidding units that the bidder can win is the 108,000 associated with Package B, so the bidder's bidding activity is 108,000 bidding units. The Bureau seeks comment on this proposal.

36. A bidder is also considered to be active if the bidder has provisionally winning bids from the previous round. A bidder's bids made in different rounds will be considered mutually exclusive, so the bidding units associated with provisionally winning bids must be viewed independently from the bidding units associated with current round bids. The Bureau proposes to define a bidder's eligibility activity in a round as the greater of (i) its bidding activity in the round and (ii) the bidding units associated with the

bidder's provisionally winning bids from the prior round. To illustrate how eligibility activity will be calculated in a round the Bureau continues with its example. Suppose this bidder has provisionally winning bids on the following licenses from round *t-1*:

License	Bidding units
South-16	38,000 bu
South-17	38,000 bu

37. The number of bidding units associated with this bidder's provisionally winning bids is 76,000. Recall that the bidder's bidding activity for the round is 108,000 bidding units. The eligibility activity for this bidder in round *t* is therefore 108,000, the greater of its bidding activity (108,000 bidding units) and the bidding units associated with its bids in the provisionally winning set (76,000 bidding units).

ii. Auction Requirement

38. For Auction No. 51, the Bureau proposes that, in each round of the auction, a bidder desiring to maintain its current eligibility would be required to have eligibility activity equal to sixty percent (three-fifths) of its current eligibility. For a bidder that failed to meet the activity requirement in a given round, the Automated Auction System would reduce the bidder's eligibility for the next round to five-thirds times its eligibility activity in the current round. Thus, a bidder's eligibility in the current round is equal to either its eligibility in the previous round (bidder met the activity requirement) or five-thirds of its eligibility activity in the previous round (bidder did not meet the activity requirement), whichever is less:

$$\text{Eligibility (t)} = \text{Min (Eligibility (t-1), } 5/3 * \text{Eligibility Activity (t-1))}$$

39. Activity rule waivers provide an exception to this rule and are discussed in the next section, "Activity Rule Waivers and Reducing Eligibility."

40. In addition, the Bureau proposes to retain the discretion to increase to eighty percent (four-fifths) the proportion of bidding units on which bidders must be active to retain their current eligibility. Any such change will be announced to bidders prior to the beginning of the round in which the change takes effect. The Bureau seeks comment on these proposals. Commenters that believe these activity rules should be modified should explain their reasoning and comment on the desirability of an alternative approach. Commenters are advised to support their claims with analyses and suggested alternative activity rules.