

minimum opening bid. In the rounds after an acceptable bid is placed on a license, the minimum acceptable bid for that license will be equal to the standing high bid plus the defined increment.

127. As detailed, for each license in Auction No. 48, the defined increment for the minimum acceptable bid is based on a percentage of the standing high bid on the license or, if no bid has been placed on the license, a percentage of the minimum opening bid for the license. Presuming, for example, that the percentage being used is 20 percent—the initial value at the start of the auction—and the standing high bid for a license is \$10,000, the minimum acceptable bid will be \$12,000.

128. In addition, the Bureau proposed discretion to use a smaller defined increment to calculate acceptable bids higher than the minimum acceptable bid. The smaller defined increment would be calculated using a smaller percentage than the percentage used to calculate the defined increment that sets the minimum acceptable bid. For example, 20 percent might be used to calculate the defined increment for the minimum acceptable bid and 10 percent might be used to calculate the smaller defined increment used to calculate higher acceptable bids. In all other respects, the smaller defined increment would be calculated in exactly the manner described for the initial defined increment, including rounding. In this case, for the example in which the standing high bid for a license is \$10,000 and the minimum acceptable bid is \$12,000, the values for the minimum acceptable bid and higher amounts will be calculated as follows:

Defined Increment

$$\begin{aligned} &= (\text{Standing High Bid} * 1.2\{\text{rounded}\}) \\ &\quad - \text{Standing High Bid} \\ &= (\$10,000 * 1.2\{\text{rounded}\}) - \$10,000 \\ &= (\$12,000\{\text{rounded}\}) - \$10,000 \\ &= \$12,000 - \$10,000 \\ &= \$2,000 \end{aligned}$$

Smaller Defined Increment

$$\begin{aligned} &= (\text{Standing High Bid} * 1.1\{\text{rounded}\}) \\ &\quad - \text{Standing High Bid} \\ &= (\$10,000 * 1.1\{\text{rounded}\}) - \$10,000 \\ &= (\$11,000\{\text{rounded}\}) - \$10,000 \\ &= \$11,000 - \$10,000 \\ &= \$1,000 \end{aligned}$$

Minimum Acceptable Bid

$$\begin{aligned} &= \text{Standing High Bid} + \text{Defined Increment} \\ &= \$10,000 + \$2,000 \\ &= \$12,000 \end{aligned}$$

One Increment Higher Than Minimum Acceptable Bid

$$\begin{aligned} &= \text{Minimum Acceptable Bid} + \\ &\quad (\text{Smaller Defined Increment} * 1) \\ &= \$12,000 + (\$1,000 * 1) \\ &= \$12,000 + \$1,000 \end{aligned}$$

$$= \$13,000$$

Two Increments Higher Than Minimum Acceptable Bid

$$\begin{aligned} &= \text{Minimum Acceptable Bid} + \\ &\quad (\text{Smaller Defined Increment} * 2) \\ &= \$12,000 + (\$1,000 * 2) \\ &= \$12,000 + \$2,000 \\ &= \$14,000 \end{aligned}$$

129. This procedure would enable bidders unwilling to raise the standing high bid by twice the defined increment to place bids higher than the minimum acceptable bid. Thus, in the example, a bidder wanting to bid above the minimum acceptable bid but unwilling to raise the standing high bid of \$10,000 by twice the defined increment of \$2,000 (\$4,000 or 40 percent) would have the flexibility to bid \$13,000, raising the standing high bid by \$3,000. In the case of a license for which the standing high bid has been withdrawn, the minimum acceptable bid will equal the second highest bid received for the license. The additional bid amounts are calculated using the defined increment, as stated. The Bureau will adopt these proposals for Auction No. 48.

130. Finally, bidders are cautioned in selecting their bid amounts because, as explained in the following section, bidders who withdraw a standing high bid from a previous round, even if mistakenly or erroneously made, are subject to bid withdrawal payments.

vi. Bid Removal and Bid Withdrawal

131. In the *Auction No. 48 Comment Public Notice*, the Bureau proposed bid removal and bid withdrawal procedures. With respect to bid withdrawals, the Bureau proposed limiting each bidder to withdrawals in no more than two rounds during the course of the auction. The two rounds in which withdrawals are utilized, the Bureau proposed, would be at the bidder's discretion. The Bureau received no comments on this issue.

132. Procedures. Before the close of a bidding round, a bidder has the option of removing any bids placed in that round. By using the "remove bid" function in the bidding system, a bidder may effectively "unsubmit" any bid placed within that round. A bidder removing a bid placed in the same round is not subject to withdrawal payments. Removing a bid will affect a bidder's activity for the round in which it is removed, *i.e.*, a bid that is subsequently removed does not count toward the bidder's activity requirement. This procedure, about which the Bureau received no comments, will enhance bidder flexibility during the auction. Therefore, the Bureau will adopt these procedures for Auction No. 48.

133. Once a round closes, a bidder may no longer remove a bid. However, in later rounds, a bidder may withdraw standing high bids from previous rounds using the withdraw bid function in the Automated Auction System (assuming that the bidder has not exhausted its withdrawal allowance). A high bidder that withdraws its standing high bid from a previous round during the auction is subject to the bid withdrawal payments specified in 47 CFR 1.2104(g).

Note: Once a withdrawal is placed during a round, that withdrawal cannot be unsubmitted.

134. In previous auctions, the Bureau has detected bidder conduct that, arguably, may have constituted strategic bidding through the use of bid withdrawals. While the Bureau continues to recognize the important role that bid withdrawals play in an auction, *i.e.*, reducing risk associated with efforts to secure various licenses in combination, it concludes that, for Auction No. 48, adoption of a limit on their use to two rounds per bidder is the most appropriate outcome. By doing so the Bureau believes it strikes a reasonable compromise that will allow bidders to use withdrawals. The Bureau's decision on this issue is based upon our experience in prior auctions, particularly the PCS D, E and F block auctions, and 800 MHz SMR auction, and is in no way a reflection of its view regarding the likelihood of any speculation or "gaming" in this auction.

135. The Bureau will therefore limit the number of rounds in which each bidder may place withdrawals to two rounds. These rounds will be at the bidder's discretion, and there will be no limit on the number of bids that may be withdrawn in either of these rounds. Withdrawals during the auction will still be subject to the bid withdrawal payments specified in 47 CFR 1.2104(g). Bidders should note that abuse of the Commission's bid withdrawal procedures could result in the denial of the ability to bid on a market.

136. If a high bid is withdrawn, the minimum acceptable bid will equal the second highest bid received for the license, which may be less than, or equal to, in the case of tied bids, the amount of the withdrawn bid. To set the additional bid amounts, the second highest bid also will be used in place of the standing high bid in the formula used to calculate bid increments. The Commission will serve as a "place holder" high bidder on the license until a new bid is submitted on that license.

137. Calculation. Generally, the Commission imposes payments on