



**Telecom Regulatory Authority of India**



**Recommendations**  
**on**  
**Working Guidelines for Spectrum Trading**

**New Delhi 28<sup>th</sup> January, 2014**

**Mahanagar Doorsanchar Bhawan,  
JawaharLal Nehru Marg, New Delhi-110002**

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## **CHAPTER-I**

### **BACKGROUND**

- 1.1 Historically, the use of radio spectrum has been highly regulated. In most countries, the regulator has used command and control mechanism to decide the allocation of spectrum. However, over the past two decades, there has been a growing consensus that because of a significant increase in the demand for spectrum, the hitherto prevalent regulatory paradigm would prove inadequate to deal with the situation in hand. Spectrum license holders, needed flexibility to respond quickly to changes in market demand and technology; the old paradigm would only result in inefficient use of available spectrum and creation of artificial scarcity. This is why policymakers and regulators worldwide have devoted their attention to new ways of spectrum regulation with an increasing emphasis on evolving more flexible and market oriented models to increase opportunities for efficient spectrum usage. Spectrum managers are following diverse approaches for sharing frequencies viz. spectrum sharing, spectrum leasing, spectrum trading, as well as unlicensed spectrum combined with the use of low power radios or advanced radio technologies including ultra wideband and multi-model radios.
- 1.2 Spectrum trading contributes to a more economical and efficient use of frequencies. This is because a trade will only take place if the spectrum is worth more to the new user than it was to the old user, reflecting the greater economic benefit the new user expects to derive from its use. It allows the present user to decide when and to whom the spectrum authorisation will be transferred and what sum it will receive in return. The market, not the regulator, determines the value. Spectrum trading makes it possible for companies to expand more quickly than would otherwise be the case. It also makes it easier for a new market entrant to acquire spectrum in order to enter the market.

- 1.3 In the last decade, a number of countries like USA, Australia, Canada, New Zealand, Guatemala have permitted spectrum trading in the secondary market as an additional means of spectrum distribution. In European Union (EU), Article 9 of the current EU Framework Directive allows member States to provide for the transfer of spectrum rights with certain requirements. As per the Electronic Communications Committee (ECC) Report<sup>1</sup>, in EU there are 13 countries viz. Austria, Czech Republic, Denmark, Finland, France, Lithuania, Norway, Slovak Republic, Spain, Sweden, Switzerland, Turkey, UK where usage rights can be partially traded in frequencies.
- 1.4 In India too, the issue of spectrum trading was considered by the Authority in its Recommendations on ‘Spectrum Management and Licensing Framework’ dated 11<sup>th</sup> May, 2010 and again in its Recommendations on ‘Auction of Spectrum’ dated 23<sup>rd</sup> April, 2012. In these Recommendations, the Authority noted that in countries where spectrum trading was permitted, the spectrum is normally assigned through a market mechanism. However, in India except for 3G/BWA spectrum, all other spectrum available with the TSPs (Telecom Service Provider) had been obtained through an administrative process without paying its market price. Therefore, permitting such TSPs to trade in such administratively allocated spectrum would result in unearned windfall gains to such TSPs. Moreover, this might also result in anti-competitive conduct through consolidation/hoarding of spectrum or through incumbents precluding newcomers from providing service by buying out the spectrum necessary for such service. Therefore, the Authority did not recommend permitting spectrum trading at that point of time.
- 1.5 Subsequently, in December 2012 and March 2013, the Department of Telecommunications (DoT), issued orders for levy of one-time spectrum charges (OTC) for GSM/CDMA spectrum held by the incumbent TSPs for spectrum above 6.2 MHz/5 MHz for GSM/CDMA for the period

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<sup>1</sup> ECC Report on ‘Description of Practices Relative to Trading of Spectrum Rights of Use’, May 2011

01.07.2008 to 31.12.2012 and for spectrum above 4.4 MHz/2.5 MHz for GSM/CDMA from 01.01.2013. The OTC to be levied for spectrum above 4.4 MHz/2.5 MHz was to be based on auction determined price. Therefore, in response to the DoT's reference dated 10<sup>th</sup> July 2013, seeking TRAI's recommendations on the applicable reserve price for the auction of spectrum in the 800 MHz, 900 MHz and 1800 MHz, the Authority suo-motu decided to include the issue of permitting spectrum trading in the country in the Consultation Paper (CP). In the meanwhile, another reference was received from the DoT dated 22<sup>nd</sup> August, 2013, which sought TRAI's recommendations on permitting trading of spectrum obtained through auction and the attendant legal, regulatory and technical framework.

1.6 The Authority in its recommendations on 'Valuation and Reserve price of Spectrum' dated 9<sup>th</sup> September 2013 examined the issues associated with spectrum trading in detail and noted that:

- Earlier spectrum trading was not allowed primarily on the ground that Telecom Service Providers (TSPs) had obtained spectrum through an administrative process without paying its market price. Therefore, allowing such TSPs to trade in spectrum would have resulted in unearned windfall gains to such TSPs. That concern has been taken care of because the Government has decided that all TSPs will have to pay one-time charge at a market-determined price for their existing spectrum holding beyond 4.4 MHz/2.5MHz for GSM/CDMA for the remaining validity period of the licenses.
- The average spectrum holdings of TSPs in India are low in comparison with international standards. There is an urgent need for consolidation of spectrum holdings. The Authority has already given its recommendations to the Government in November 2011 on guidelines for Mergers and Acquisitions (M&A) in the industry. However, the DoT has not yet announced

the final guidelines. As such, presently no mechanism exists for a telecom company to exit the sector after trading its spectrum holding. Thus, companies (investors) who entered the industry are locked-in: there is no way out (surrendering spectrum to the Government without receiving any refund is a commercial non-option).

1.7 The Authority also observed that consolidation could also be facilitated by allowing market forces to operate i.e. by permitting spectrum trading as it allows far more specific and targeted reallocations of spectrum than can be reached through M&A activity. A TSP holding spectrum that is paid for but in excess of its current requirements would then be able to directly trade these holdings with another TSP which requires additional spectrum for its operations. This would help to ensure optimal allocative efficiency of this limited natural resource, making the sector as a whole better off in the bargain. Clarity on the policy framework with regard to spectrum trading would help to unlock the full potential value of spectrum that was proposed to be auctioned.

1.8 In the said recommendations of 9<sup>th</sup> September 2013, the Authority recommended the following on spectrum trading:

- a. Spectrum trading should be permitted in the country. Initially, only outright transfer of spectrum should be permitted.
- b. The eligibility conditions for spectrum trading and participation in spectrum auctions should be the same.
- c. Only that spectrum should be allowed to be traded which has either been obtained through auction or on which the TSP has paid the prescribed market value to the Government. This will also include the spectrum in 2100 MHz and 2300 MHz bands. In case, the spectrum being traded by the TSP was assigned to it administratively, the prescribed market value shall be payable to the Government after adjusting the entry fee paid by the TSP for

acquiring the spectrum (bundled with licence) prorated for the remaining validity of the spectrum. After the first trade, the spectrum shall be at par with the spectrum acquired through auction. Through trading, the validity period of spectrum will not change.

- d. The seller and the purchaser shall be required to inform the Licensor about the spectrum trade. However, no permission shall be required from the Licensor/ Government. The information of the prospective trade is for the purpose of updating the spectrum register. The register should be updated within a maximum time of eight weeks. On expiry of the time limit, the spectrum trade will be treated as effective.
- e. Trading transactions should be subject to the spectrum cap of 50% of the spectrum in a band and 25% of the total commercial spectrum assigned in an LSA.
- f. In case a TSP wishes to sell its spectrum through spectrum trading, after completion of the roll-out obligations, the TSP will be permitted to sell the access spectrum in parts, subject to the minimum quantum of spectrum permitted for trading. However, in case the TSP has not fulfilled its roll-out obligations, then it will have to sell its entire holding of access spectrum and the roll-out obligations will also be transferred to the transferee.
- g. A transfer fee of one percent (1%) of the transactional amount or the prescribed market price, whichever is higher should be imposed on all spectrum trade transactions. The transfer fee should be paid by the transferee to the Government.
- h. If, after a trade, spectrum is intended to be used for any purpose other than its present use, then the details of the technology have to be submitted to the WPC, so as to ensure that the intended use does not create any interference with other users.

- 1.9 In the recommendations of September 2013, the Authority also recommended that *“The Government may first accept the above recommendations relating to spectrum trading. After the acceptance of the recommendations is conveyed to TRAI, the Authority shall constitute a Steering Committee consisting of TSPs and Industry Associations to work out the details of the implementation issues”*
- 1.10 In its back-reference dated 11<sup>th</sup> October 2013, the DoT conveyed its in-principle acceptance of Authority's recommendation to permit spectrum trading in the country. Accordingly, in its response dated 23<sup>rd</sup> October 2013, the Authority informed the DoT that it would shortly work out the detailed guidelines for its implementation.
- 1.11 Subsequently, the Authority constituted a Steering Committee of nominated senior officers of TRAI and representatives from various TSPs viz. Aircel, Bharti Airtel, BSNL, Idea, Loop, MTNL, RCOM, Reliance Jio, SSTL, TTSL, Telewings, Videocon, and Vodafone for framing the working guidelines for spectrum trading in the country. After detailed deliberations in a number of meetings, the Steering Committee submitted its report containing the draft guidelines on spectrum trading to the Authority. On most of the issues, there was generally unanimity amongst the Steering Committee members. The Authority analysed the draft guidelines submitted by the Steering Committee and has finalized its recommendations on ‘Guidelines on Spectrum Trading’. Chapter II contains the Guidelines on spectrum trading.



## CHAPTER-II

### WORKING GUIDELINES ON SPECTRUM TRADING

The Authority recommends following working guidelines on spectrum trading:

- 2.1 Spectrum trading refers to the transfer of rights to use the spectrum. The words 'seller' and 'buyer' are used in the context of transferring the rights from one user to another. When a block of spectrum is traded, the associated rights and obligations of the spectrum block shall stand transferred from the seller to the buyer.
- 2.2 Under spectrum trading, only outright transfer of spectrum is permitted, i.e. the ownership of the usage right is transferred to the buyer. Spectrum leasing is not permitted at this point of time.
- 2.3 Spectrum trading will not alter the original validity period of spectrum assignment.
- 2.4 All dues and recoveries till the effective date of transfer shall lie with the seller and after the trade is effected, all dues and recoveries shall lie with the buyer of the spectrum.
- 2.5 A licensee shall not be allowed to trade in spectrum if it has been established that it is in breach of terms and conditions of the licence and the Licensor has ordered for revocation/termination of its licence.
- 2.6 For the present, Spectrum Trading shall be permitted only on a pan-LSA (Licensed Service Area) basis i.e. spectrum cannot be traded for a part of the LSA. In case the spectrum assigned to the seller is restricted to part of the LSA by the Licensor, then, after trading, the rights and obligations of the seller for the remaining part of the LSA with regard to assignment of that spectrum shall also stand transferred to the buyer.

**Example:**

*Suppose, due to non-availability of spectrum in some of the districts of an LSA, spectrum has been assigned to a TSP (seller) in only some parts of an LSA (say in 22 districts out of total 33 districts of Rajasthan) with a promise to assign spectrum in the remaining on its availability and it transfers its right to use the spectrum to another TSP (buyer) through spectrum trading. Then, whenever spectrum in remaining 11 districts become available, the spectrum in these districts shall be assigned to the buyer as per the promise to the seller, after the payment of the balance amount for the remaining 11 districts, if applicable.*

- 2.7 The seller and the buyer shall be required to inform the Licensor regarding the spectrum trade, 6 weeks prior to the effective date of trade. However, no permission will be required from the Licensor/Government for Spectrum Trading.
- 2.8 Spectrum trading will be permitted only in the following bands:
- i. All spectrum bands earmarked for Access Services by the Licensor will be treated as tradable spectrum bands. Currently spectrum in 800MHz, 900MHz, 1800MHz, 2100MHz, 2300MHz and 2500MHz spectrum bands have been allocated for Access Services.
  - ii. Only that spectrum in the above mentioned bands (in sub-para (i)) is permissible to be traded which has either been assigned through an auction in the year 2010 or afterwards, or on which the Telecom Service Provider (TSP) has already paid the prescribed market value (as decided by the Government from time to time) to the Government.
- 2.9 Spectrum trading shall be permitted only in the following block sizes (band wise):

**Table-1**

<b>Spectrum band</b>	<b>Block Size</b>
800 MHz	2x1.25 MHz
900 MHz	2x200 KHz

1800 MHz	2x200 KHz
2100 MHz	2x5 MHz
2300 MHz	20 MHz in TDD
2500 MHz	20 MHz in TDD and 2x10 in FDD

Option for permitting spectrum trading in a smaller block size for 2300 MHz and 2500 MHz band was also examined. However, in view of the fact that in TDD duplexing scheme, there is a requirement of substantial guard-band between spectrum assignments of different TSPs and reducing the block size from 20 MHz to 10 MHz would lead to wastage of precious spectrum, it has been decided to keep the block-size the same as was prescribed during the assignment of spectrum through the auction by the Licensor.

2.10 The terms and conditions attached to the spectrum under the provisions specified in the relevant Notice Inviting Application (NIA) document or otherwise shall continue to apply after the transfer of spectrum unless specifically mentioned in these guidelines.

2.11 The following eligibility conditions shall be applicable for participating in spectrum trading:

- i. Only CMTS/UASL/UL (AS)/UL licensees shall be eligible to participate in the spectrum trading. The entire spectrum held by the licensee in a particular spectrum band within an LSA should be tradable i.e. it has either been assigned through an auction in the year 2010 or afterwards, or on which the TSP has already paid the prescribed market value (as decided by the Government from time to time) to the Government.
- ii. The requirement for net worth and paid-up equity capital of the buyer shall be as given below:
  - For participating in trading, the net worth requirement of the buyer would be Rs. 100 Crore for each service area except for Jammu & Kashmir and North-East Service Areas, where it will be Rs. 50 Crore for each service area. The net worth shall be as defined in the

Companies Act 2013, as amended from time to time. The buyer shall submit a certificate to this effect (provided by the Company Secretary/Statutory Auditors of the Applicant Company and countersigned by the duly authorized Director of applicant Company) while intimating the WPC about the trade.

- The net worth of those promoters having at least 10 % paid-up equity holding in the company participating in the spectrum trading (buyer) shall also be taken into consideration
- The buyer shall have a minimum paid-up equity capital equal to one tenth of net worth prescribed above and shall submit a certificate to this effect (while intimating the WPC about the trade, provided by the Company Secretary/Statutory Auditors of the applicant company and countersigned by duly authorized Director of the Company) while applying for transfer of spectrum. This paid-up equity requirement would be in addition to the prescribed paid-up equity for obtaining Unified Licence.
- The minimum paid-up equity requirements for obtaining the spectrum shall be met and maintained till the validity period of the right to use spectrum.

***Example:***

*Suppose a buyer (company A) intends to participate in spectrum trading in the two service areas of Andhra Pradesh and Jammu & Kashmir. Suppose company A's paid-up equity capital is Rs E and its net worth is Rs N. Also suppose that the X, Y, and Z are the three promoters of company A holding paid-up equity capital of 0.5E, 0.45E and 0.05E respectively and that each promoter has a net worth of  $X^n$ ,  $Y^n$ , and  $Z^n$  respectively. Then,*

- *The buyer's net worth requirement shall be Rs 150 crore (Rs 100 crore + Rs 50 crore).*
- *For the buyer to meet the net worth requirement,*

**$N + X^n + Y^n$  shall be  $\geq$  Rs 150 crore**

(since  $X^n$  and  $Y^n$  represent the net worth of promoters X and Y who each hold paid-up equity capital  $\geq$  10% of E, while  $Z^n$  is not taken into account because promoter Z holds paid-up equity capital  $<$  10% of E; E being the paid-up equity capital of company A and N being company A's net worth)

- Further, it shall also be required that  
**E shall be  $\geq$  Rs 15 crore** (i.e., 10% of Rs 150 crore)
- Company A shall maintain its net worth requirement for the validity period of the right to use spectrum.

- iii. The buyer should be in compliance of the spectrum cap (ceiling) of 25% of its total spectrum holding in 800/900/1800/2100/2300/2500 MHz bands with applicable paired band put together and 50% within a given band in each of the LSA. For the purpose of calculation of the cap, the spectrum being acquired through spectrum trading would be included in the total spectrum assigned. Total spectrum assigned for unpaired and both the uplink and downlink spectrum in the case of paired spectrum is to be taken into account, e.g. 2x5 MHz (i.e. 5 MHz of paired spectrum) shall be counted as 10 MHz, whereas 20 MHz (unpaired spectrum) shall be counted as 20 MHz only.
- iv. The seller should clear its spectrum usage charges (SUC) and its instalment of payment (in case seller had acquired the spectrum through auction and opted for deferred payment) till the effective date of trade.

**Example:**

Consider the following hypothetical case of a schedule of payments in a case where the seller had opted for deferred payment:

<b>Schedule of payments</b>		
<b>Instalment</b>	<b>Due date for payment</b>	<b>Amount (Rs crore)</b>
<i>Upfront payment</i>	<i>25-03-2013</i>	<i>330.00</i>
<i>First instalment</i>	<i>26-03-2016</i>	<i>129.93</i>
<i>Second instalment</i>	<i>26-03-2017</i>	<i>129.93</i>
<i>Third instalment</i>	<i>26-03-2018</i>	<i>129.93</i>
<i>Fourth instalment</i>	<i>26-03-2019</i>	<i>129.93</i>

<i>Fifth instalment</i>	<i>26-03-2020</i>	<i>129.93</i>
<i>Sixth instalment</i>	<i>26-03-2021</i>	<i>129.93</i>
<i>Seventh instalment</i>	<i>26-03-2022</i>	<i>129.93</i>
<i>Eighth instalment</i>	<i>26-03-2023</i>	<i>129.93</i>
<i>Ninth instalment</i>	<i>26-03-2024</i>	<i>129.93</i>
<i>Tenth instalment</i>	<i>26-03-2025</i>	<i>129.93</i>

*If the effective date of trade is 31-03-2020, the seller must have cleared SUC due till that date as well as all the payments due up to and including the fifth instalment of deferred payment indicated in the table.*

- v. Where an issue, pertaining to the spectrum proposed to be transferred is pending adjudication before any court of law, the seller shall ensure that its rights and liabilities are transferred to the buyer as per the procedure prescribed under the law and any such transfer of spectrum will be permitted only after the interest of the Licensor has been secured.

2.12 The buyer shall acquire a Wireless Operating Licence (WOL) or get the WOL amended, as the case may be, from the Wireless Planning & Coordination Wing (WPC) before using the spectrum acquired through spectrum trading.

2.13 The right to use the spectrum shall be subject to the fulfillment of the relevant licence conditions and any other conditions that may be specified by the Licensor/Government from time to time.

2.14 A TSP is permitted to sell either its entire spectrum holding in a spectrum band or a part of it. In each case, obligations of sellers and buyers will be as follows:

**Seller**

- i. The seller will place details of proposed trade in the public domain at least six weeks before the effective date of transfer.
- ii. If a TSP (seller) sells the entire quantity of its spectrum in a band then the contingent roll-out obligations of that spectrum will stand transferred to the buyer.

- iii. In case a TSP (seller) wishes to sell only a part of its spectrum holding in a particular band then:
- The seller shall remain responsible for the roll-out obligations linked with that spectrum band.
  - The seller has to ensure that it continues to hold a minimum quantum of spectrum in that band so as to meet the roll-out obligations and Quality of Service (QoS) norms as prescribed by the TRAI/Licensor from time to time after the sale of spectrum.

### **Buyer**

- i. The buyer shall be responsible for the roll-out obligations linked with the spectrum being acquired through spectrum trading. If it is acquiring the entire spectrum holding of the seller, then the time period for compliance of the roll-out obligations will remain the same as was originally prescribed, subject to a minimum period of two years, subject to the validity period of the spectrum.

### ***Example:***

*Suppose the seller has 10 MHz of spectrum in a particular band in an LSA and it has roll-out obligations for a period of seven years. After a period of three years of holding, if it sells its entire 10 MHz of spectrum holding, then, the buyer will get four years (i.e. remaining period for seller to fulfill its roll-out obligations) from the effective date of transfer to fulfill the roll-out obligations. If it sells its entire 10 MHz of spectrum holding, after a period of six years of holding, then, the buyer will get two years (and not one year) to fulfill the roll-out obligations.*

- ii. If the buyer is acquiring a part of the spectrum holding of the seller in a spectrum band, then both buyer and seller will have spectrum holding in that band after the trade. In such a scenario, both will be responsible for the roll-out obligations. However, to fulfil the roll-out obligations, the buyer shall be entitled only to the time period as was originally provided during the assignment of the spectrum by the DoT.

**Example:**

*Suppose the seller has 10 MHz of spectrum in a particular band in an LSA and it has roll-out obligations for a period of seven years. If it sells part of its spectrum holding (say 5 MHz), the seller shall remain responsible for the roll-out obligations linked to the spectrum in that band. The buyer shall also fulfill roll-out obligations linked with the spectrum band. In this case, buyer will get entire seven years from the effective date of transfer.*

- iii. If the buyer has met some or all of its roll-out obligations through its prior spectrum holding in that band, it shall be taken into account and the buyer will not be required to repeat the required testing for roll-out obligations it has already met.
  - iv. The buyer has to ensure that, after trading, it acquires a minimum quantum of spectrum in that band so as to meet the roll-out obligations and QoS norms as prescribed by the TRAI/Licensor from time to time.
- 2.15 If the buyer does not intend to change the use of spectrum from its present usage, the issue of interference is not likely to arise. Only the buyer may have to coordinate the use of frequencies with the neighbouring users. However, if, after spectrum trading, spectrum is intended to be used for any purpose other than its present usage, then:
- i. Details of the technology, which the buyer intends to use, will have to be intimated to the WPC, so as to ensure that the intended use does not create any interference with other users.
  - ii. The buyer has to make a provision for the guard-bands from its spectrum holding to ensure that no interference is caused to the users holding adjacent spectrum.
- 2.16 A TSP will not be permitted to trade any spectrum in the spectrum band in which it has acquired any spectrum through trading (or auction) for a period of 2 years from the effective date of transfer of spectrum (or



effective date of assignment), i.e. TSP is required to hold spectrum for at least two years from the date it acquires the spectrum.

2.17 A non-refundable transfer fee of one percent (1%) of the transactional amount or one percent (1%) of the prescribed market price, whichever is higher shall be imposed on all spectrum trade transactions. The transfer fee shall be paid by the buyer (transferee) to the Government.

2.18 Frequency swapping/reconfiguration i.e. rearrangement of spot frequencies in the same band, from within the assignments made to the licensees will not be treated as trading of spectrum.

2.19 Existing rules applicable to Spectrum Usage Charge (SUC) shall continue to apply on spectrum acquired through spectrum trading. Spectrum acquired through spectrum trading will be treated akin to spectrum acquired through auction.

2.20 **Process of Spectrum Trading:**

- i. Spectrum trading would be a two party/licensee transaction. However, the seller is free to choose any suitable mechanism to find the prospective buyer (e.g. tender, auction etc).
- ii. Both the trading parties shall jointly give a prior intimation of 6 weeks before the effective date of the trade to the WPC. The transfer fee shall be paid by the buyer at the time of intimation. The intimation will be made to WPC in a prescribed format placed at **Annexure I**.
- iii. On receipt of intimation of proposed trade, the WPC will place the details of the prospective trade on its web-site, which will contain information about the seller and the buyer (name, address), their licence references, information about the spectrum (quantum of spectrum, frequencies), transaction amount, effective date as indicated by seller/buyer and all other relevant details.

- iv. A licensee shall not be allowed to trade in spectrum if it has been established that it is in breach of terms and conditions of licence and the Licensor has ordered for revocation /termination of its licence.
- v. It will be the responsibility of the trading parties to ensure that they fulfill all the eligibility conditions. However, the WPC may object to the trade and inform the reasons of objection to the trading parties in writing within a maximum period of two weeks from the date of intimation of spectrum trade. The WPC can object only if :-
  - a. The seller and buyer do not meet the eligibility conditions for participating in the spectrum trading, as prescribed in these guidelines, or
  - b. The spectrum proposed to be traded is not tradable spectrum as per the extant guidelines, or
  - c. The applicable transaction fee is not paid, or
  - d. Spectrum caps are being violated by the buyer.
- vi. The trading parties will reply to the WPC within a maximum period of two weeks from the date of receipt of intimation regarding the objection from the WPC. The WPC will take a final decision and communicate within the next two weeks to the trading parties.
- vii. The WPC shall update its record regarding transfer of spectrum within a maximum time of two weeks after the effective date of trade.
- viii. Intimation regarding the trading shall be provided by the buyer and seller to the Licensor, TRAI and any other relevant agencies prescribed by the Government from time to time within 30 days from the effective date of transfer of spectrum.
- ix. TSPs are individually and collectively responsible for complying with the trading regulations, including spectrum caps and interference norms etc.

2.21 The Licensor reserves the right to modify these guidelines from time to time as it may deem fit.

2.22 The banks/financial institutions (lenders) who have entered into a tripartite agreement with the Licensor and licensee for the spectrum held by the licensee shall not be allowed to trade the spectrum. However, in the event of material defaults of terms and conditions of loan agreements between lenders and the licensee (holder of spectrum obtained through spectrum trading), the lender shall have the right to seek assignment or transfer of usage rights over the spectrum to a buyer or selectee with the prior permission of the Licensor in accordance with the tripartite agreement subject to, the buyer, meeting the prescribed eligibility conditions. *For example, when a licensee is in material default of amounts due under its loan agreements with lenders, the lenders may initiate, with the permission of the Licensor, action for transfer or takeover of usage rights over spectrum to a selectee company who will then assume all the obligations and responsibilities of the previous holder of usage rights towards the Licensor.*

2.23 The tripartite agreement between the buyer of spectrum (licensee), Licensor, and lender (provided for under the licence) should also incorporate a provision for seeking transfer, assignment, and endorsement of usage rights of the spectrum acquired through trading to a buyer/ selectee of the lender's choice in the event of material default of the lender's dues. While doing so, it has to be ensured that the tripartite agreement between the seller of the spectrum (licensee), the Licensor, and the seller's lender is also amended to the extent of the quantum of spectrum traded.

2.24 The amended format of the Tripartite Agreement should be made a part of the Unified Licence Agreement.

**Sub: - Intimation for Trading for Spectrum**

We wish to buy/ sell the spectrum & the details are given below.

S. No.	Item	Status
1.	Name of the Buyer/ TSP	
2.	License No. of the Buyer	
3.	Name of the Seller/ TSP	
4.	License No. of the Seller	
5.	Name of Licensed Service Area for trading	
6.	Band of the spectrum for trading	
7.	Total spectrum available with seller in LSA band wise	
8.	Total spectrum available with buyer in LSA band wise	
9.	Amount of spectrum (in MHz) to be Traded (a)	
10.	Frequency slots in the band to be Traded	
11.	Amount of administrative spectrum with the Seller	
12.	Amount of spectrum obtained by Seller through auction year wise	
13.	Whether administratively assigned spectrum has been converted to tradable spectrum by the Seller (attach proof of payment to the Govt.)	
14.	Amount of spectrum left with Seller band wise after sale band wise	
15.	Amount of spectrum with buyer after purchase band wise	
16.	Effective date of trade	
17.	Price per MHz (b)	
18.	Total cost (a x b)	
19.	Transaction fee (one percent (1%) of the transactional amount or one percent (1%) of the prescribed market price, whichever is higher) to DoT, Amount/DD No.	
20.	Does it meet the band wise & overall spectrum wise Spectrum Cap limits	
21.	Spectrum cap %age held by buyer post trade in the spectrum band traded	
22.	Spectrum cap %age held by buyer post trade in the overall spectrum	
23.	Present Use of Spectrum	
24.	Intended Use of Spectrum	

Date of Intimation to WPC .....

Certified that:

1. Authorization approved by POA/Board resolution of respective companies.
2. Seller will be able to fulfil all the obligations linked with the spectrum including the roll-out obligations with the remaining amount of spectrum in the band. It has cleared its SUC charges and its installment of payment (in case seller has acquired the spectrum through auction and opted for deferred payment) till effective date of trade. For the matters under litigation, it shall clear the dues arising after the court decision.
3. Buyer fulfils all the eligibility conditions for acquiring the spectrum and shall assume all the obligations linked with the spectrum including roll-out obligations.

**Seller**  
**(Authorized Signatory)**

**Buyer**  
**(Authorized Signatory)**

Copy to: **1. DoT**  
**2. TRAI**