

**DECREE OF THE MINISTER OF COMMUNICATION AND INFORMATION
TECHNOLOGY**

NUMBER : 04/PER/M.KOMINFO/01/2006

ON

**AUCTION PROCEDURE OF RADIO FREQUENCY SPECTRUM BAND OF 2.1 GHZ
FOR THE PROVISION OF IMT-2000 CELLULAR MOBILE NETWORK**

BY THE GRACE OF GOD THE ALMIGHTY

MINISTER OF COMMUNICATION AND INFORMATION TECHNOLOGY

Considering: that in order to support the smoothrunning of the selection process by the auction method of the provision of IMT-2000 Cellular Mobile Network at frequency band of 2.1 GHz in line with the structure of B1 frequency and ITU-R M.1036-2 Recommendation so that the implementation may be done appropriately, transparently, and accountably, it is considered necessary to define The Auction Procedure of Radio Frequency Spectrum Band of 2.1 GHz For the Provision of IMT-2000 Cellular Mobile Network by ratifying a Decree of the Minister of Communication and Information Technology.

- Bearing in mind
1. Law of the Republic of Indonesia Number 36 Year 1999 on Telecommunication (State Gazette of the Republic of Indonesia Number 154 Year 1999, Additional State Gazette of the Republic of Indonesia Number 3881)
 2. Law of the Republic of Indonesia Number 20 Year 1997 on Non-Tax State Income (State Gazette of the Republic of Indonesia Number 43 Year 1997, Additional State Gazette of the Republic of Indonesia Number 3687);
 3. Government Regulation of the Republic of Indonesia Number 52 Year 2000 on Provision of Telecommunication (State Gazette of the Republic of Indonesia Number 107 Year 2000, Additional State Gazette of the Republic of Indonesia Number 3980);
 4. Government Regulation of the Republic of Indonesia Number 53 Year 2000 on Use of Radio Frequency Spectrum and Satellite Orbit (State Gazette of the Republic of Indonesia Number 108)

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Year 2000, Additional State Gazette of the Republic of Indonesia Number 3981);

5. Government Regulation of the Republic of Indonesia Number 28 Year 2005 on Tariffs of the Kinds of Non-Tax State Income Applicable at the Department of Communication and Information Technology (State Gazette of the Republic of Indonesia Number 57 Year 2005, Additional State Gazette of the Republic of Indonesia Number 4511);
6. Decree of the President of the Republic of Indonesia Number 9 Year 2005 on Positions, Duties, Functions, Organizational Structure and Work Method of State Ministries of the Republic of Indonesia;
7. Decree of the President of the Republic of Indonesia Number 10 Year 2005 on Organizational Units and Duties of Echelon 1 of State Ministries of the Republic of Indonesia; as amended by the Decree of the President of the Republic of Indonesia Number 15 Year 2005;
8. Decree of the Minister of Communication and Information Technology Number 01/P/M.Kominfo/4/2005 on Organization and Work Method of the Department of Communication and Information Technology;
9. Decree of the Minister of Communication and Information Technology Number 03//P/M.Kominfo/5/2005 on Adjustment of Nomenclatures of a number of Decisions/Decrees of the Minister of Communication which regulate Special Material Contents in the field of Post and Telecommunication;
10. Decree of the Minister of Communication and Information Technology Number 17/PER/M.KOMINFO/10/2005 on Procedure of Licensing and Operational Provision regarding the Use of Radio Frequency Spectrum;
11. Decree ;of the Minister of Communication and Information Technology Number 19/PER/M.KOMINFO/10/2005 on Guidelines for the Implementation of Tariffs on Non-Tax State Income from Licensing Fee of Radio Frequency;

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12. Decree of the Minister of Communication and Information Technology Number 01/PER/KOMINFO/1/2006 on Structuring of Radio Frequency Band of 2.1 GHz for the Provision of IMT-2000 Cellular Mobile Network;
13. Decree of the Minister of Communication and Information Technology Number 02/PER/M.KOMINFO/1/2006 on Selection of Providers of IMT-2000 Cellular Mobile Network at Radio Frequency Band of 2.1 GHz;
14. Decision of the Minister of Communication and Information Technology Number 03/KEP/M.KOMINFO/01/2006 on Business Opportunity For the Provision of Third Generation Cellular Mobile Network of National Coverage;

DECIDES

To ratify : DECREE OF THE MINISTER OF COMMUNICATION AND INFORMATION TECHNOLOGY ON AUCTION PROCEDURE OF RADIO FREQUENCY SPECTRUM BAND OF 2.1 GHz FOR THE PROVISION OF IMT-2000 CELLULAR MOBILE NETWORK

CHAPTER I

GENERAL PROVISIONS

Article 1

In this Ministerial Decree, what is meant by:

1. Radio Frequency Band is part of the radio frequency spectrum that has certain width
2. Radio Frequency Allocation is the listing of certain radio frequency band in the table of radio frequency allocation for use by one or more space radio communication service or astronomical radio service based on certain requirements. This term allocation is also applicable for further division of the above-mentioned frequency bands for each kind of service.
3. Fixation of radio frequency band or radio frequency canal is authorization provided by an administration, in this case by the

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Minister, to a radio station to use radio frequency band or radio frequency canal based on certain requirements.

4. Radio Frequency Band of 2.1 GHz is the cellular frequency band of 1920 – 1980 MHz and 2110 – 2170 MHz as referred to in B1 frequency structure and ITU-R M 1036-2 Recommendation.
5. Selection is the filtering with a view to determining the winner of IMT-2000 cellular mobile network provider through auction process.
6. Auction is the determination of winner of IMT-2000 cellular mobile network provider based on the competition of the value of affordability to pay License Fee of radio frequency band by the respective auction participants.
7. The Auction Team is the Team formed by the Director General whose duty is to compose the provision and the requirements of auction and implement the auction process.
8. The Rate of the License for Radio Frequency Spectrum Band Usage hereinafter called IPPSFR is the License Fee for radio frequency spectrum usage in the form of radio frequency spectrum band.
9. Reserve Price is the minimum price of each block of frequency spectrum band which becomes the auction object receivable by the State and becomes the price limit for auction participants to conduct price offer.
10. *Up Front Fee* is the cost of using radio frequency spectrum band per block of radio frequency band the payment of which is done one (1) time in advance for the validity period of ten (10) years of radio frequency band license.
11. The Principle “Pay as You Bid” is the principle used to fix the amount of Up Front Fee for each winner of the auction based on the highest offer price of the concerned auction winner.
12. The Principle “Minimum Willingness to Pay” is the principle used to fix the yearly amount of the License Fee for Radio Frequency based on the lowest offer price among offer prices of auction winners. The use of this principle ensures that all auction winners are willing to pay.

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CHAPTER II

RADIO FREQUENCY BAND OF 2.1 GHz

Article 2

- (1) The block of radio frequency spectrum band auctioned covers :
 - a. 1940 – 1945 MHz and 2130 – 2135 MHz;
 - b. 1945 – 1950 MHz and 2135 – 2140 MHz; and
 - c. 1950 – 1955 MHz and 2140 – 2145 MHz,
- (2) The block of radio frequency spectrum band referred to in paragraph (1) forms the object of auction.

Article 3

- (1) The auction on the block of radio frequency spectrum band referred to in Article 2 paragraph (1) is done simultaneously and not sequential in nature.
- (2) Maximum block of radio frequency spectrum bargained by the auction participants is two (2) blocks.
- (3) In the event that the auction participants do not release their right to stick using the frequency band allocation ex-Fixed Wireless Access (FWA) with frequency arrangement in line with B1 in the ITU-R M 1036-2 Recommendation after no more using the arrangement according to PCS 1900 pattern, the concerned participants may only be able to bargain one (1) block.

CHAPTER III

AUCTION ASPECT

Article 4

- (1) The auction aspect forms the price of each block of radio frequency band of 2 x 5 MHz at radio frequency spectrum band referred to in Article 2.
- (2) In the auction process, the unit used is Billion Rupiahs/Block/Year.

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- (3) For the sake of fixing, the rate formed from auction is converted into Rupiah unit/MHz/Year.

CHAPTER IV

TARIFFS

Article 5

The price referred to in Article 4 paragraph (1) forms the Tariff of the license of using radio frequency spectrum band (IPPSFR) 2 x 5 MHz per year which becomes the basis for the calculation of the yearly License Fee of radio frequency spectrum band for the period of ten (10) years in accordance with the payment scheme defined in this Ministerial Decree.

Article 6

- (1) The IPPSFR tariffs consist of the following components:
- a. *Up Front Fee*, and or
 - b. License Fee of Radio Frequency Spectrum Band.
- (2) The calculation of IPPSFR Tariffs referred to in paragraph (1) in the auction process is done through offer above of the Reserve Price.

CHAPTER V

RESERVE PRICE

Article 7

- (1) Reserve Price forms a minimum price receivable by the State on each block of radio frequency spectrum band auctioned referred to in Article 2 paragraph (1).

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- (2) Reserve Price for each block of radio frequency spectrum band auctioned referred to in paragraph (1) is determined in a separate Ministerial Decree
- (3) The Auction Team submits the Reserve Price to auction participants before the implementation of pre-qualification

CHAPTER VI

AUCTION PROCEDURE

Part One

General

Article 8

- (1) The Director General forms an Auction Team with the tasks of composing the provision and auction requirements and implementing the auction process.
- (2) The auction process is implemented simultaneously using the method of Closed Envelopes in two (2) stages (*2-Stage Sealed Bid Auction*) for the three blocks of frequency auctioned.

Article 9

The stage of auction process referred to in Article 8 paragraph (2) consists of:

- a. First Stage Auction;
- b. Second stage Auction

Part Two

Clarification Meeting

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Article 10

- (1) The Auction Team referred to in Article 8 paragraph (1) holds a Clarification Meeting as follows :
 - a. The First Clarification Meeting is held before the process of prequalification;
 - b. Pre-Auction Clarification Meeting is held before the First Stage Auction process.
- (2) The Clarification Meeting referred to in paragraph (1) is attended by the representatives of auction participants with the following provision:
 - a. At most attended by three (3) representatives for each auction participant;
 - b. At least one (1) person attending the Clarification Meeting is authorized to sign Tender Document at the time of auction process;
 - c. At least one (1) person attending the Clarification Meeting will be present at the time of auction process.
- (3) Auction participants must submit written questions to obtain response or clarification from the Auction Team.
- (4) The result of the Clarification Meeting is stated in a Record of the Clarification Meeting signed by the Auction Team and the representatives of each of the auction participants attending the Clarification Meeting.
- (5) The time and place of the holding of the Clarification Meeting are determined by the Auction Team.

Part Three

Pre-Qualification

Article 11

- (1) Pre-qualification is carried out based on evaluation on completeness of the following requirements:
 - a. Application form;
 - b. Proof of *refundable deposit* of registration;

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- c. Photocopy of Deed of Establishment of the Company and its amendments;
 - d. Business Plan (including Development Plan);
 - e. Ownership structure;
 - f. Original of Bid Bond ;
 - g. A Declaration Letter Stating the Affordability to Provide Performance Bond;
 - h. A Written Statement regarding the Representative of Participants;
 - i. A Declaration Letter Stating the Affordability to Provide Offer Price Above the Reserve Price;
 - j. A Declaration Letter Stating the Affordability to Pay Up Front Fee and Tariffs of the License for the Use of Radio Frequency Spectrum Band and other Obligations;
 - k. A Declaration Letter Stating the Non Involvement in the Legal Problems and Court Related to Bankruptcy;
 - l. A Declaration Letter Stating the Affordability to Open the Capability of Roaming for Participating Providers of the existing cellular mobile network to open the capability of roaming for other auction winners who are not Providers of the existing cellular mobile network;
 - m. A Declaration Letter Stating the Non Conduct of Collusion;
 - n. A Declaration ;Letter Stating the Affordability of Using Products of Domestic Industry;
 - o. A Declaration Letter Stating the Affordability to Develop the Indonesian Human Resources;
 - p. A Declaration Letter Stating the Affordability of FWA Providers at PCS 1900 related to the Number of Blocks that can be offered;
 - q. A Declaration Letter Stating the Affordability to carry out R & D and Innovation;
 - r. A Declaration Letter Stating the Affordability to Comply with the Minimum Provision of Network Spread Out (Network Expansion);
 - s. A Declaration Letter Stating the Affordability to Comply with the prevailing provision (regulation) during the Selection Process/Auction and the Provision of Auction Team.
- (2) The completeness of the requirements is done based on the format defined by the Auction Team
- (3) The whole affordability submitted at the time of pre-qualification is done without any condition, binding, and will be incorporated into the license for the provision by auction winners.

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- (4) The whole completeness of the requirements must be submitted at the latest at the end of the period of the delivery of the completeness of requirements determined by the Auction Team, except if there is an additional information required by the Auction Team within the framework of checking and detailed examination.

Article 12

- (1) The opening of the completeness of requirements for the sake of pre-qualification is done by the Auction Team in front of the notary public and may be attended by the representatives of auction participants at most three (3) persons per auction participant.
- (2) Based on evaluation through checking and detailed examination, the Auction Team proposes the names of the selection participants that have passed the pre-qualification to the Minister.
- (3) The Minister determines the selection participants that have passed the pre-qualification.
- (4) The Auction Team notifies in writing the result of the passing of pre-qualification to each of the selection participants.

Article 13

- (1) Upon notification of the Auction Team on the pre-qualification, result, the auction participants may make a written protest during the given period.
- (2) The Auction Team conducts an evaluation on the written protest of the participant on the pre-qualification result and will respond to the protest before the auction process takes place.
- (3) The response to the written protest of the participant on the pre-qualification result is final and binding.

Article 14

The Auction Team announces to the public the result of the passing of pre-qualification.

Part Four

Bid Bond

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Article 15

- (1) Every auction participant shall deliver bid bond in the form of bank guarantee addressed to the Chairman of the Auction Team.
- (2) The amount of the bid bond per desired block of radio frequency spectrum band is Rp.5,000,000,000 (five billion rupiahs).
- (3) The validity period of the bid bond is at least three (3) months.
- (4) The auction participant shall ensure the sufficient amount of the bid bond in the auction process.

Part Five

First Stage Auction

Article 16

- (1) The Auction Team announces the time limit for the delivery of the tender value of the First Stage Auction.
- (2) The Auction Participants enter the tender value using the available format, levied with sufficient revenue stamps, marked with the official stamp of the Company, participant of the auction, and signed by the authorized official of the Company.
- (3) The tender is inserted into the closed envelope without marking any sign what so ever and must be received by the Auction Team within the prescribed period for the receipt of tender value of the first stage.
- (4) The tender value is submitted in the format of round figure with the unit of billion rupiahs per block of 2 x 5 MHz.
- (5) The tender value must at least be above the reserve price.
- (6) Auction participants must indicate the number of blocks of radio frequency spectrum band to be tendered, and when it is not indicated, the number of blocks of radio frequency spectrum band is considered to be only one (1) block.
- (7) Each envelope of tender is received by the Auction Team without being opened and receipt is given covering the name of the auction participant and the time of delivery (date, hour, minute).

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- (8) At a determined time, the Auction Team opens all the tender envelopes.
- (9) The opening of each of the envelopes of offer prices will be done in front of the Notary public and Record will be made for that purpose.
- (10) The event of opening the envelopes of offer prices of the First Stage may be attended by representatives of auction participants

Article 17

- (1) The Auction Team examines the authenticity of the respective envelopes of offer prices of the First Stage.
- (2) Tender of the First Stage is stated authentic if:
 - a. Submitted in the format and envelope defined by the Auction Team;
 - b. Submitted within the time limit of submitting the tender of the First Stage determined by the Auction Team;
 - c. Written clearly in figures or letters of the offer prices per block (2 x 5 MHz);
 - d. Signed by the person authorized by the auction participant to sign the letter of offer price;
 - e. Supported by the sufficient amount of bid bond;
 - f. The offer value (offer price) is above the reserve price.
- (3) The decision of the Auction Team on the authenticity of the tender of the First Stage is final and binding.

Article 18

The Auction Team announces :

- a. The valid offer value (offer price) of the First Stage without indicating the party that has submitted said offer value (offer price) in the format determined by the Auction Team.
- b. Names of the participants entitled to submit tender of the Second Stage.
- c. The time limit for the delivery of offer price of the auction of the Second Stage.

Part Six
Second Stage Auction

Article 19

- (1) Auction Participants enter the offer value using the available format, levied with sufficient revenue stamps, marked by the stamp of the Company, participant of the auction, and signed by the authorized official of the Company, participant of the auction.
- (2) The offer or tender is inserted into the closed envelope without marking any sign what so ever and must be received by the Auction Team within the prescribed period for the receipt of offer value of the second stage.
- (3) The offer value is submitted in the format of round figures with the unit of billion rupiahs per block of radio frequency spectrum band of 2 x 5 MHz.
- (4) The auction participants must indicate the number of blocks ,of radio frequency spectrum band to be offered, and when it is not indicated, the number of blocks of radio frequency spectrum band is considered to be only one (1) block.
- (5) The offer value must at least be the same as that of the First Stage.
- (6) In the event that the offer value of the Second Stage is less than that of the First Stage and has the potential of creating the auction result which becomes a loss for the State, then the applicable offer value of the Second Stage is that of the First Stage.
- (7) The maximum increase of offer price of the tender of the First Stage by the respective auction participants is unlimited.
- (8) Every envelope of offer is received by the Auction Team without being opened and receipt is given covering the name of the auction participant and the time of delivery (date, hour, minute).
- (9) At a determined time, the Auction Team opens all the envelopes of offer
- (10)The opening of each of the envelopes of offer prices will be done in front of the Notary public and Record will be made for that purpose.

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- (11) The event of opening the envelopes of offer prices of the Second Stage may be attended by representatives of auction participants

Article 20

- (1) The Auction Team examines the authenticity of the respective envelopes of tender of the Second Stage.
- (2) Tender of the Second Stage is stated authentic if:
- a. Submitted in the format and envelope defined by the Auction Team;
 - b. Submitted within the time limit of submitting the tender of the Second Stage determined by the Auction Team;
 - c. Written clearly in figures or letters of the offer prices per block (2 x 5 MHz);
 - d. Signed by the person authorized by the auction participant to sign the letter of offer price.
 - e. Supported by the sufficient amount of bid bond;
 - f. The offer value is at least the same as that of the First Stage.
- (3) The decision of the Auction Team on the authenticity of the tender of the Second Stage is final and binding.

Article 21

- (1) The valid participant of the First Stage that does not submit tender at the Second Stage or submit a lower offer may be considered to submit offer at the second round with the same value as that of the First Stage if that case may provide better auction result for the interest of the State.
- (2) The valid participant of the First Stage that submits an invalid tender at the Second Stage, may be considered to submit a tender at the Second Stage with the same value as that of the first stage if that case may provide better auction result for the interest of the State.
- (3) If it does not provide better result for the interest of the State, the tenders of participants referred to in paragraphs (1) and (2) are considered null and void.

Article 22

The Auction Team carries out recapitulation of the offer value (offer price) based on the format defined by the Auction Team.

Part Seven

Determination of the Auction Winner

Article 23

- (1) The auction winner is determined based on the highest level of offer value of the rate of the use of radio frequency spectrum band and based on the availability of blocks of frequency bands.
- (2) The Auction Team undertakes the allocation of the number of auction objects in accordance with the block offer submitted by the auction participants starting from the auction participant that submits the highest offer.
- (3) The auction objects are allocated to the auction winners in accordance with the availability.
- (4) For auction participant that submits offer for two blocks of radio frequency spectrum, band and the position of the offer level is at a sequence that may possibly do the allocation of radio frequency spectrum band for only one (1) block, the concerned auction participant may only obtain one (1) block of radio frequency spectrum band.

Article 24

- (1) The Auction Team determines the auction winners and the number of blocks of radio frequency spectrum band won by the respective auction winners.
- (2) The Auction Team informs the auction participants regarding the determination of the auction winners and the number of blocks of radio frequency spectrum band won by the respective auction winners.

Article 25

- (1) If it happens that the offer price is the same especially at the Second Stage, then the priority of allocation of frequency bands is based on the time of the delivery of the offer within the limit of time set by the Auction Team.
- (2) The offer submitted earlier is placed at a higher level or, in other words, has more priority to obtain allocation of the auctioned frequency band in accordance with the availability.

Article 26

- (1) On the decision of the Auction Team regarding the auction result, the auction participants may submit a written protest during the period provided but only for the aspect related directly to the concerned participants.
- (2) The Auction Team conducts an evaluation on the written protest vis-à-vis the pre-qualification result and will provide a decision before the implementation of the auction result.
- (3) The decision of the Auction Team on the protest of the auction participant is final and binding.

Article 27

The Auction Team announces the whole result of the auction to the public.

Part Eight

Determination of the Amount of Tender Price

Article 28

- (1) The determination of tender price as a basis for fixing the License Fee of Radio Frequency per block of radio frequency spectrum band per year refers to the lowest tender price among auction winners in accordance with the principle of *minimum willingness to pay*.

- (2) Payment of the rate of the license for using frequency spectrum band is done based on the payment scheme referred to in Attachment I.
- (3) The amount of the payment for IPPSFR rate referred to in paragraphs (1) and (2) is also applicable for users of frequency band of 2.1 GHz for the existing IMT-2000 mobile network.

Article 29

- (1) The amount of *up-front fee* per block for each auction winner is two (2) times the offer value (offer price) of the respective auction winners in line with the principle of *pay as you bid*.
- (2) The *up-front fee* per block for selection participant that still retains his right to obtain ex-FWA frequency allocation and also wins one (1) block of this auction result, is determined at the amount of *up-front fee* in accordance with the provision of paragraph (1) which is also applicable to ex-FWA frequency block.
- (3) The *up-front fee* per block for selection participant that still retains his right to obtain ex-FWA frequency allocation but does not win one (1) block of this auction result, is determined at the amount of the lowest *up-front fee* per block among auction winners.

Part Nine

Stopping Rule

Article 30

- (1) In the normal situation, the auction process will end after the auction winners of the Second Stage are known.
- (2) If at the First Stage only one (1) or two (2) offers are valid, the auction process will be terminated.
- (3) The auction participant that submits a valid offer referred to in paragraph (2) is determined to be an auction winner.
- (4) The allocation priority of radio frequency spectrum block among auction participants is determined based on the level of valid offer value (valid offer price) and the obligation for auction winner is determined based on the afore-mentioned valid offer value.

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- (5) If at the first round there is no valid offer, the Auction Team will propose an auction winner and frequency allocation among auction participants will be determined by the Minister based on the evaluation result at the time of pre-qualification.
- (6) If the case happens as in paragraph (3), the Minister may annul the auction process and selection.

Part Ten

Determination of Auction Winner

Article 31

- (1) The determination of winner is done based on the highest offer price level for each block of radio frequency spectrum band that becomes the object of the auction.
- (2) The determination of the auction object to the winner is done based on the offer level and is allocated until the auction object brings to an end.

Article 32

In the event that offer prices are the same, the determination of the winner of higher level is for the participant that submits an offer earlier within the entry period of the offer.

CHAPTER VII

PAYMENT SCHEDULE OF AUCTION RESULT

Article 33

- (1) The auction winner must, at the latest thirty (30) work days after his determination as auction winner, pay the auction result comprising:
 - a. *Up-front fee*;
 - b. License Fee of radio frequency spectrum band for the first year.

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- (2) The auction winner must pay yearly the license fee of radio frequency spectrum band for the second year up to tenth year according to the scheme as indicated in the Attachment of this Ministerial Decree.

CHAPTER VIII

PERFORMANCE BOND

Article 34

- (1) Each auction winner shall submit a performance bond to the Director of Telecommunication, Directorate General of Post and Telecommunication, in accordance with the schedule determined in the Tender Document..
- (2) The amount of the performance bond per block won for the first year is Rp. 20,000,000,000 (twenty billion rupiahs) or 5% of the tender price, whichever is higher.
- (3) The amount of the performance bond per block of radio frequency spectrum band won for the second year up to the tenth year is Rp. 20,000,000,000 (twenty billion rupiahs) or 5% of the projection of the rate of license for frequency band that must be paid in the following year, whichever is higher.
- (4) For the sake of the calculation of Performance Bond that must be determined one year in advance, *BI Rate* of the previous year may be used as a projection.
- (5) The validity period of the performance bond must at least be one (1) year.
- (6) If the performance bond is executed, the auction winner shall immediately replace it with a new performance bond.

CHAPTER IX

COLLUSION AND MANIPULATION

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Article 35

- (1) It is forbidden for any form of practical collusion and manipulation in the process of Auction either done by one or more or together among auction participants
- (2) For participants that commit practical collusion and manipulation, their participation is annulled including the rights they have obtained as auction winners.

CHAPTER X

SANCTIONS

Article 36

Violations that bring about the imposing of sanctions in the form of disqualification and abolishment of auction participants or auction winners and the execution of Bid Bond , among other things, are as follows :

- a. Intentionally presenting untrue data in the pre-qualification document;
- b. Annulment of participation in the selection process after having made registration of application;
- c. Annulment of participation in the selection process after having gone through the process of pre-qualification;
- d. Annulment of participation in the selection process at the auction stage;
- e. Does not do the offer at the time of First Stage auction;
- f. Conduct an invalid offer in the first stage namely by submitting the same offer value (offer price) as or below Reserve Price;
- g. Conduct an invalid offer namely does not indicate the value submitted as offer price, either in the First Stage or in the Second Stage;
- h. Conduct communication with other Auction Participants during the running of the auction process leading toward collusion among fellow participants of the auction.

Article 37

- (1) Violations that bring about the imposing of sanctions in the form of execution of Performance Bond, among other things, are as follows:

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- a. Do not comply with the obligation to pay as auction winners within thirty (30) days since the date of the determination of auction winners;
 - b. Do not comply with other obligations as auction winners in accordance with the commitment.
- (2) Against the afore-mentioned violations, the Minister may annul the right as providers of IMT-2000 mobile network.

Article 38

At the pre-qualification stage, participants are declared drop out if:

- a. Commit violation referred to in Article 36;
- b. Submit pre-qualification document beyond the determined time limit;
- c. The pre-qualification document submitted is not complete as set out in the List of Examination referred to in the Attachment of Auction Document, except the documents already submitted at the time of registration;
- d. There exist illegal documents ,i.e.:
 - 1) A declaration letter which is not signed by authorized person in line with the provision of Auction Document ;
 - 2) The value of Bid Bond is less than the requirement.

Article 39

At the stage of auction process (Stage I and Stage II), participants are declared drop out, if:

- a. Commit violations referred to in Article 36;
- b. Submit offer beyond the determined time limit;
- c. There exist invalid offer, among other things, Tender Letter of the First Stage has not been signed by authorized person.

CHAPTER XI

FINAL PROVISIONS

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Article 40

If there be any mistake in the provision of this regulation and or matters that have not been regulated in this Ministerial Decree, corrections and improvement will be made to this end.

Article 41

This Ministerial Decree shall come into force on the date of its ratification.

Done at: JAKARTA
On : January 30, 2006

MINISTER OF COMMUNICATION AND INFORMATION TECHNOLOGY,

Signed

SOFYAN A. DJALIL

COPIES of this Decree are sent to:

1. President of the Republic of Indonesia;
2. Vice-President of the Republic of Indonesia;
3. Coordinating Minister of Economic Affairs;
4. Minister of Finance;
5. Minister of Law and Human Rights;
6. Minister, State Secretary;
7. Chairman of the Audit Board of the Republic of Indonesia;
8. Secretary General, Inspector General, Directors General, and Heads of Bodies within the Department of Communication and Information Technology;
9. Heads of Bureaus and Heads of Centres within the Secretariat General of the Department of Communication and Information Technology.

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