[CY] Digital Platform Auction Suspended

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On 2 July 2010, the bidding process for the selection of the company that would run the second digital platform (the first digital television platform was assigned to the public service broadcaster Cyprus Broadcasting Corporation) was suspended after one of the bidders contested it, following allegations about double-bidding by two contestants. After 13 rounds of an “ascending multiple round auction”, and with two contestants remaining, the bid amounted to EUR 9,000,000 - more than ten times the reserve price set at EUR 850,000.

Following an initial selection of eligible contestants, officially named on 14 May 2010, the bidding process started on 28 June with the participation of three companies, the Cyprus Telecommunication Authority CYTA (a semi-governmental public law body), LRG Enterprises Ltd and Velister Ltd, a company set up by Cyprus private broadcasters. CYTA withdrew from the competition after the seventh round when the bid amounted to EUR 4,000,000, while LRG and Velister continued to reach EUR 9,000,000. Amid allegations by a member of CYTA's board of directors that the organisation’s chairman had secret dealings with LRG officials, Velister contested the validity of the process on claims of double-bidding. The Department of Electronic Communications and the Office of the Commissioner for Electronic Communications and Postal Regulation (CECPR) suspended the contest in order to examine the issue.

In the meantime, without submitting an official complaint, LRG claimed also that CYTA and Velister were involved in double-bidding and that the contest should be cancelled. Some analysts say that the amount of the last bid was too high for the market of Cyprus, which could ultimately lead to the cancellation of the contest.

In another development, in May the President of the Republic referred to the Supreme Court a law passed by the House of representatives to ban CYTA from taking part in the contest for the digital platform. The President had as a first step exercised his right of return of the law to the House for reconsideration, on the grounds that it interferes with specific administrative procedures with the sole goal of excluding CYTA from the auction for the digital platform, and that it constitutes an interference by the legislative power with the rules of competition (see IRIS 2010-6: 1/15). The House insisted on its vote, but with the Supreme Court’s decision pending CYTA eventually could take part in the auction.

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