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by Lulu Rumsey

Azevedo Sette, Pereira Neto, Rolim Viotti and Mundie guide winners through 4G auction

Brazilian firms [Mundie e Advogados](#), [Azevedo Sette Advogados](#), [Pereira Neto | Macedo Advogados](#) and [Rolim, Viotti & Leite Campos Advogados](#) have advised the winning bidders in a fourth-generation (4G) broadband spectrum auction that saw the bidders pay 8.5 billion reais (US\$3.5 billion) in total for their lots.

Claro, Telefônica Brasil and TIM paid almost US\$1 billion each for portions of the bandwidth, which they will use to provide nationwide 4G mobile services, at an auction held last week. Claro and TIM were advised by Azevedo Sette and [Mundie e Advogados](#) respectively, while Telefônica received counsel from both [Pereira Neto](#) and Rolim Viotti.

The auction generated no interest from international providers not already operating in the country, despite the fact that Brazil's minister of communications, Paulo Bernardo, and Joao Rezende, president of telecoms regulator Anatel tried to drum up interest by publicising the sale in both Europe and the US earlier this year. Given the lack of foreign interest [Pereira Neto](#) partner [Caio Mario da Silva Pereira Neto](#), who advised Telefônica on preparing documentation for the auction, says that a lower premium was paid than in the [first-ever](#) 4G auction held in 2012. "Values were closer to the minimum value than in the previous auction, where there was a higher premium being paid because there were more participants," he says. Telefônica, a unit of Spain's Telefónica which trades as Vivo, paid the minimum price for its lot (US\$796 million), while Claro, of Mexico's América Móvil, and TIM, owned by Telecom Italia, paid a little more, handing over US\$804 million each.

Indebted telecoms provider Oi, a fourth major player in Brazil's telecoms market, which participated in the 2012 auction, announced it wouldn't be taking part in the auction towards the end of last month. The lot it was expected to bid on remains unassigned after last week's bid and is expected to be auctioned off separately at a later stage. Its decision to pull out has been viewed by some as a precursor to a merger with one of the other three bidders. "Oi has other options. They could reform the radio frequency they currently have in order to provide 4G through it and they can rely on the 2.5 bandwidth they won in 2012. But they may also enter into agreements with other operators to use their infrastructure to provide 4G," says Rodrigo Azevedo Greco of Rolim Viotti, which helped Telefônica with consultations for the terms of its bid. (Telefônica routinely enlists more than one firm as counsel for auction bids, tasking one firm with documentation and the other with bid consultations.)

Oi's shareholders approved the company's merger with Portugal Telecom (PT) last month, following protracted negotiations and a US\$3.7 billion [share offering](#) by Oi in April. The company, which is around US\$19 billion in debt, first announced it was merging with PT last year, forming a new company called CorpCo based in Rio de Janeiro. Although the merger was sought to help Oi compete with its Brazilian competitors, the result has been the opposite: the merger saw it take on some of PT's debt, adding to its own, which helped contribute to its decision not to partake in the 4G auction. The company is now reportedly considering selling the Portuguese assets it acquired from the PT merger to Luxembourg telecoms company Altice, in an effort to reduce debt load.

The auctioned bandwidth is believed to offer a particularly good signal for mobile internet users, including smartphones and tablets, which telecoms companies view as crucial to competing in the already heavily consolidated industry and to the modernisation of Brazil's telecoms sector. Operators who use the spectrum will be able to use far fewer antennas than they would need to cover the airwaves that were auctioned off in 2012.

The final price tags include added costs that have not been present in previous auctions. "There is a unique rule saying the companies that own the frequencies will have to invest in cleaning them from interference from current users, TVs and radio service providers, meaning collectively they will invest around US\$1 billion before 2018," explains Lucas Martins Magalhães da Rocha of Azevedo Sette, whose firm has advised Claro on five radio frequency bids in the past, including the 2012 4G auction. The spectrum is located in the 700 megahertz frequency band and is currently used by analogue TV broadcasters who are set to swap to a digital format, freeing up the spectrum for mobile operators.

Documents authorising the three companies' successful bids are expected to be signed within a month's time.

Algar Telecom, which operates in Minas Gerais, Goiás, Mato Grosso do Sul, São Paulo, Rio de Janeiro, Paraná and Brasília, paid US\$12 million for a regional licence and is understood to have been advised by Bialer, Falsetti & Valadares Advogados.

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