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Telecoms M&A accelerates competition on frequency bands

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The Taiwan telecoms market will soon resume the "Three Kingdoms" scenario, in which Chunghwa Telecom, FarEasTone and Taiwan Mobile each take one third of the market shares in 4G and 5G mobile broadband services.

On 31 December 2021, Taiwan Mobile suddenly announced its acquisition of T-Star. Further, on 25 February 2022, FarEasTone decided to enter into a full merger with Asia Pacific Telecom in order to gain market share in the intense competition for frequency bands. (for further details please see "[NCC approves first application for 5G spectrum sharing](#)" and "[Technology, media and telecoms trends to watch in 2022](#)").

While the two M&As are pending review and approval before the Fair Trade Commission (FTC) and the National Communications Commission (NCC) respectively, a critical compliance issue for the "Big Three" arises from the NCC's ex ante regulation on limit of frequency assignments.

Article 18 of the Regulations for Administration of Mobile Broadband Business came into effect on 3 September 2019 and specifically set out that:

- except for the NCC's special approval, no frequency assignment shall be made if the mobile broadband operator gains exceed one-third of the total bandwidth of the mobile broadband service; and
- for the frequency bands below 1 gigahertz, no single mobile broadband operators may be assigned more than one third of total bandwidth released for bids.

Chunghwa Telecom has previously purchased from Asia Pacific Telecom 20 megahertz (MHz) in 900 MHz band pending approval from the NCC. While the "Three Kingdoms" scenario approaches, the above ex ante regulation would become the hurdle of business expansion for each of the "Big Three" in the deals they are pursuing unless the NCC gives its special approval to respective applications before it. Likewise, the FTC will apply its market power assessment on frequency bands assignment in the two mergers above. It would be interesting to see in the latter half of 2022 a collaboration between the NCC and the FTC on this matter and how they monitor the developing oligopoly in the Taiwan telecoms market.

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