

## The Nigerian Auction of the 2G Spectrum (B)

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### Rule Alteration

The NCC decided, four days before the auction, that to allay fears about the coin toss it would change the rules of the auction. To eliminate the coin toss, the NCC set up a rule where there was no longer a maximum bid on the sealed bid phase of the auction. In the unlikely event that there was a tie between bidders, then these bidders would have to rebid with their tied bid being the new minimum bid. However, by setting up this new rule, the NCC had to relax one of its stated goals of the auction.

When the NCC took out the maximum bid requirement, it was now possible that the bidders in the sealed bid phase could bid more

than the final amount in the ascending phase. Thus the NCC had two options. It could either make all of the bidders from both the sealed and ascending phase pay the new high bid amount, or it could make the sealed bid phase winner pay more than the other winners. If the NCC allowed a higher price for all bidders, this would defeat the goal of having bidders only pay the last amount they said “Yes” to. This goal was to make sure that bidders did not have to pay more than their maximum valuation for the spectrum. If the NCC allowed different prices to be paid, this would defeat the goal of having all winners pay the same price for identical pieces of the spectrum.

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### References

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