

[REDACTED]

Dear CMA Team

Thank you for the opportunity to comment on the potential remedies to offset the issues created by the proposed merger. Community Fibre are a FTTP network operator and ISP in London [REDACTED]. We have introduced meaningful competition to the fixed telecoms market in London with over 300,000 customers paying lower prices for a faster product with better service. All Community Fibre customers have been acquired from incumbent operators.

Community Fibre is supportive of the merger as it believes that having a large, well-funded, high capacity and high performance network is essential to bring meaningful competition to BTEE and VMO2. We believe that the enlarged network will enable the merged entity to offer better service and more attractive packages as it will need to unlock mobile customers from BTEE and VMO2 who are increasingly tied in by fixed-mobile service bundles. We think it very unlikely that the merged entity would, for example, reduce data bundles as predicted in the provisional findings. The trend is very much in the opposite direction.

We do agree that remedies will be required to develop a more competitive mobile market by protecting and, more importantly, encouraging additional new entrants via the MVNO route. We believe that the combination of the network Investment Commitment and capacity based Wholesale protections can be an effective set of remedies.

An Investment Commitment should be focussed on coverage, elimination and prevention of congestion (especially in urban areas), availability of capacity for continued future usage growth both for the retail and wholesale customers of the merged entity and for additional wholesale providers. Also important will be the achievement of performance measures as recognised by customers eg. download, upload speeds, latency etc. We do not believe that a purely site based commitment will create the required country wide performance improvements that can accrue from the merger. Any Investment Commitment spend should be capable of being identified as contributing or being dedicated to delivering the target network performance measures. Setting the targets for the Investment commitment outcomes should be conducted by experts and monitored by a suitably qualified monitor. Ofcom would seem to be well placed, with suitable enforcement powers, to monitor this condition.

We believe that the Investment Commitment is preferential to a partial asset sale in which the buyer will of necessity be sub scale and thus always at an economic disadvantage.

As for wholesale we believe that Vodafone and Three currently are the main active bidders for new entrants but neither currently have the scale economics to provide wholesale rates that enable profitable growth. This is evidenced by their relatively small share of the

MVNO market and difficulty in attracting the well established MVNOs to their network. We believe that a large, scaled network provides an essential platform to create capacity to bring more competition to the wholesale and thus the retail market.

In conjunction with the network Investment Commitment we believe that capacity based Wholesale protections will be essential. The provisional findings focus on potential harm to existing MVNO's. Whilst protections for existing MVNO's are important we believe that it is even more important to stimulate and enable new low cost mobile providers, bringing further competition to the market will be beneficial. Appropriate conditions for a capacity remedy would include:

- Capacity being set aside for MVNO buyers
- The capacity available being set at a level well above current MVNO use to support the growth of existing MVNOs and new market entrants
- The capacity to be available to over an extended period to allow MVNO's to "grow into" the capacity
- Pricing to be set close to network economics with a sanity check to ensure that, based on a basket of retail pricing of the lowest priced MVNOs, a wholesale capacity user can achieve a gross margin of at least 60-70%.
- Payment for the capacity to be on "pay as you grow" basis to ensure minimal cash entry barriers to new entrants.

I will be happy to engage further if helpful.

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